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May 11, 2005

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Re Zoning Commission Case No 04-27
H Street Overlay District

Dear Members of the Commission

We understand that the Office of Planning was to submit to the Zoning Commission the market study that had been conducted as part of the consultant work product for the H Street Strategic Development Plan That study was performed by Economics Research Associates, and is dated December 12, 2002

We strongly feel that there are two major points that the Zoning Commission should keep in mind in evaluating the retail study

1 It appears that the study seems to have substantially underestimated the amount of residential development which seems very likely to occur within the ten year time period, then projected through 2012 The report projected 2,000 rental units as being committed for delivery in the Logan Circle/Downtown sub-market (a proxy for the H Street sub-market) by year-end 2004, and further estimates another 3,500 to 4,400 within the next eight years The report anticipates the H Street corridor will capture 15% of those units, or 750 total residential rentals or condos, by the end of 2012 However, we must further assume that several recently proposed developments, such as the 500 new residential units now proposed and approved for the former Children's Museum site, have not been included in their unit count That one project alone exceeds seventy-five percent of the estimated ten year totals for the H Street corridor, an obvious understatement of what the amount of construction that will occur along this corridor The study further seems to have substantially undercounted several additional residential units which are only now in the planning stages or are further advanced in the construction process, such as Mount Vernon Triangle and the NOMA area

2 The study gives little thought to the possibility of a grocery store locating along the H Street corridor For whatever reason, groceries are lumped into the "convenience" category, which is more indicative of mini-markets or something similar to a 7-11 type small convenience store The potential for a full-sized grocery store, which itself becomes a primary force of attraction for other uses and energizes streetscapes, does not appear to have been considered as part of the retail mix We have done sufficient market analysis to feel quite confident that sufficient demand exists to support a full-service grocery store With the potential increase in the number of residents in the NOMA area west of the railroad tracks, a strong case can be made that the stronger location for such a store would be at the western end of the H Street Corridor

ZONING COMMISSION
District of Columbia
CASE NO.04-27
EXHIBIT NO.27

We again urge you to respond favorably to the issues raised by the Steuart Investment Company regarding the property in the block bounded by H, I, 3rd and 4th Streets, N E. It appears to us that that site is a legitimate location for a new grocery store, bringing services much needed to the nearby northeast quadrant of the District

Sincerely,

Keith W Rudemiller
Vice President of Real Estate

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