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May 24, 2005

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VIA HAND DELIVERY

D.C. Zoning Commission
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Washington D.C. 20001

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D.C. OFFICE OF ZONING
2005 MAY 24 PM 2:39

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

Dear Members of the Commission:

At the conclusion of the public hearing held on April 7, 2005, the Zoning Commission left the record open until May 24, 2005, to allow comment on the market study that was conducted as part of the consultant work product for the H Street Strategic Development Plan. That study is contained as Appendix A to the formal printed report and is also available separately with an Executive Summary on the website of the Office of Planning. The study, by Economics Research Associates (ERA), is dated December 12, 2002.

We believe that the study underestimated the amount of retail which could be supported in the H Street corridor. Consequently, the plan's recommendation to reduce commercial density at the west end of the corridor does not take into account the current realities which the Zoning Commission should address. To that end we note three significant areas that are different today than 2002:

1. The study substantially underestimated the amount of new residential development likely to occur through 2012. In considering the residential market analysis, the study did not consider H Street as a separate market area, but rather looked at it as an extrapolation of the Downtown/Logan Sub-Market. The eastern boundary of that submarket is North Capitol Street, so the study did not give consideration to the potential for new residential units in the adjoining area closest to the H Street corridor. While the area between North Capitol Street and the rail yards north of Union Station is zoned C-3-C in the North Capitol Receiving Zone, many owners of those properties have residential projects under consideration. If only some of the sites are developed with housing, it will still be a major increase in population over and above the level assumed by ERA.

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In addition, within the housing subarea of the corridor, there are three sites which we believe are likely to be developed with housing in the near future. The ERA report does not identify the 2,000 units that were counted as "committed." Likewise, the ERA report projects but does not specify the location of fifty to 100 condominium units and 645 rental units assumed to be built in the future. See the ERA report, pages 31 and 32.

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However, it appears unlikely that the committed units included the 500 new residential units recently approved by the Zoning Commission for the former Children's Museum site (Zoning Commission Order No. 04-22, dated March 24, 2005). That one project is two-thirds of the estimated ten year total. In addition, the property on the south side of H Street between 2nd and 3rd Streets is undeveloped and used as a parking lot and is ripe for residential development in the near term. The property in Square 776, which the Steuart Investment Company addressed in the earlier part of this case, is also available for development. Steuart would very much like to develop a grocery store on the site, but is also proceeding on the assumption that residential development could occur on upper stories, much as JPI has proposed at the site at the corner of Potomac and Pennsylvania Avenues, S.E.

2. In the analysis of the retail market, the ERA study seems to underestimate the income level of households in the primary and secondary trade areas. The plans for new residential buildings which are emerging and which have emerged since 2002 will be targeted for households which are at higher income levels than assumed in the table on page 39 of the report. The study assumed that average household income would rise by only 5.10% over the ten year period from 2002 to 2012, which is an increase of about one-half of one percent per year. This does not seem to reflect increase which would be associated with construction of new high rise residential for sale units in the market area.

3. The ERA study has no specific focus on a grocery store locating along the corridor. Groceries were included in a more general "convenience" category, perhaps on an assumption that full-service grocery stores were leaving the central city and would not be attracted to an urban market which could not provided sites large enough to meet the typical suburban prototype. Recent experience shows that grocery stores are willing to adapt to urban locations and that the city can be served by other than mini-markets or 7-11 type convenience stores. The Commission has received two letters from the Harris-Teeter chain indicating its interest in the corridor and stating its belief that there is already a market demand for a full-service grocery store. A full-sized grocery store becomes an attractor for other uses. With the potential increase in the number of residents in the NoMa area and in the residential subarea of the corridor, both proximate to the western end of the commercial zoning along the corridor, the strongest locations for such a store would be at the west end of the H Street corridor.

In light of the conditions which have changed since the ERA market study was prepared, and consistent with the points made by Steuart Investment and the H Street Community Development Corporation at the hearing, we respectfully request that the Commission allow for a higher level of retail development along the H Street corridor than allowed for in the proposed H Street Overlay. We urge you to specifically consider leaving the nonresidential FAR in the western end of the corridor at 1.5, which is the level permitted under the existing C-2-A zoning.

The proposed commercial FAR of 0.5 is much more restrictive than necessary at the end of the corridor where there are sites able to accommodate larger retail uses, including grocery stores.

Sincerely,

Norman M. Glasgow, Jr.

Steven E. Sher
Director of Zoning and Land Use Services

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