



MEMORANDUM

TO: District of Columbia Zoning Commission

FROM:  Jennifer Steingasser, Deputy Director

DATE: July 22, 2014

SUBJECT: Zoning Commission Case No. 14-04: **Public Hearing Report** for a Consolidated Planned Unit Development at 21st and K Streets NW

This report is being submitted less than 10 days prior to the Zoning Commission's Public Meeting. The Office of Planning respectfully requests that the Commission waive its rule and accept this report into the record.



I. SUMMARY RECOMMENDATION

The proposal is not inconsistent with the Comprehensive Plan and, as such, the Office of Planning (OP) recommends that the PUD be **approved, subject to the Applicant addressing:**

- DDOT's TDM measures;
- The project's commitment to First Source Employment and CBE Agreements; and
- The resolution and fulfillment of the Housing Linkage requirement.

II. APPLICATION IN BRIEF

Location: The location of the new development is at the southwest corner of 21st and K Streets NW (Square 74, Lots 832 and 840); 2100 K Street NW; Ward 2, ANC 2A.

Applicant(s): Professional Associates and the Internal Finance Corporation¹ (the "Applicant")

Current Zoning: C-3-C

Property Size: Overall site: Square 74, Lots 49, 832, and 840 (the entire square), consisting of 83,201 square feet of land area (hereinafter, the "Property")²
Development site: Square 74, Lots 832 and 840, comprising approximately 11,111 square feet of land area (hereinafter, the "Development Site")

Proposal: The Applicant proposes the replacement of an existing detached 9-story building with a new 11-story, 130' tall office expansion to the abutting IFC building.

Relief and Zoning: No zoning relief has been requested.

III. SITE DESCRIPTION

The Property is bordered by Pennsylvania Avenue to the south, K Street to the north, and 21st Street to the east. Most of the subject square is occupied by the IFC headquarters, a 718,424 square foot and 130' tall building. IFC has a principal entrance on Pennsylvania Avenue and underground parking accessed from 21st Street and K Street. A 9-story free-standing building is located on the Development Site at the square's northeast corner and is separated from the IFC by a private alley easement.³ An existing curb cut along 21st Street leads to 3-levels of underground parking at the Development Site building.

IV. AREA DESCRIPTION

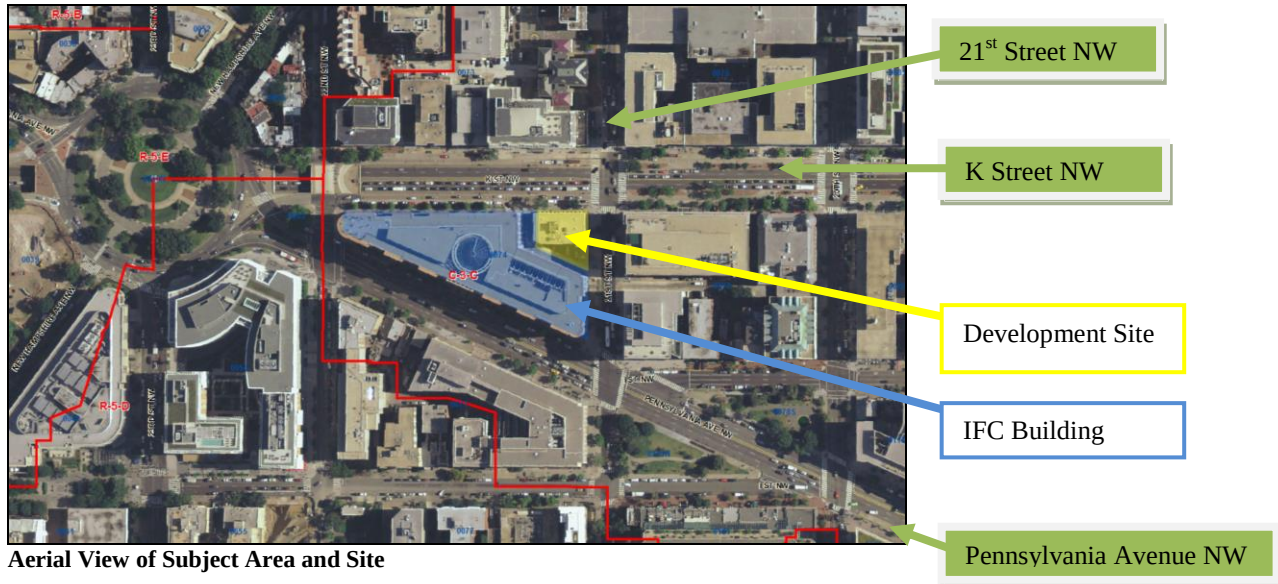
To the immediate north and east of the Development Site, across K Street and 21st Streets respectively, are predominately high density office buildings.⁴ More broadly, the area consists of intensive office development, a range of residential building types, and The George Washington University campus. A block to the west of the Property is Washington Circle, and the Foggy Bottom Metro Station is approximately three blocks southwest of the Property.

¹ IFC owns Lot 49, and Associates owns Lots 832 and 840. IFC is a member of the World Bank Group.

² The subject Property will be combined into a single lot of record.

³ "Declaration of Covenants (Alley Closing)", 1990. A portion of the private alley is located on Lot 49 and a portion on Lot 840.

⁴ An exception is a small two-story commercial building is located at the northwest corner of K and 21st Streets.



V. PROJECT DESCRIPTION

The Applicant proposes an 11-story commercial addition replacing an existing 9-story detached office building at the southwest corner of K and 21st Streets. The addition would be 154,765 square feet in size (a slight increase of just over 1,000 sq.ft. from the proposal at setdown), a total 1.86 of the total Property FAR. The Property's overall floor area ratio would rise to 10.49 FAR. The FAR would be achieved through the following mechanisms: § 1709.21 (allows 10.0 FAR with transfer of development rights (TDRs)) and § 1709.24 (allows a discretionary FAR maximum of 10.5 for approved PUDs in a receiving zone where 130' heights are achievable).

The new office space is proposed as an addition for zoning purposes, with Sheet 51 of the Applicant's July 11, 2014 submission showing a connection at the second level (earlier plans indicated that floors would be internally connected to the IFC building from the second level and above). Similarly, garage levels would be interconnected beginning on the second level and below. However, the new office space would also be designed to allow the independent operation of the addition with a standalone lobby entrance as well as separately accessible parking and loading facilities.

The addition would include 48 vehicular parking spaces and a minimum of 39 bicycle spaces⁵ within four underground parking levels. The addition also would be constructed above an existing alley easement, which would provide at-grade access to a 12'x30' loading berth, a 100 square foot platform, and a 10'x20' delivery space within the new development. The project continues to include an extension of security features, such as bollards, that presently encircle the IFC building, and Pepco vaults in the sidewalk, at least some of which are existing. Such features would be reviewed as part of a separate public space process.

The design has not changed significantly from setdown – minor changes include:

- Changes to the rooftop embellishment, particularly to slope the top of embellishment;
- An increase in the amount of retail space to about 4,000 sq.ft.;
- Some changes to materials, for example to change the terra cotta proposed for portions of the street level to stone panels; and
- A removal of the request for flexibility for the mezzanine level retail space.

⁵ As noted in the DDOT report of July 21, 2011

VI. FLEXIBILITY

No relief from specific zoning regulations is requested.

The Applicant has requested typical design and material related flexibility related to interior layout, final materials section, streetscape design, layout, dimensions, and configuration of the parking garage, retail entrances, signage, layout of the green roof, and to potentially reduce the final height of the roof structure.

The Applicant has deleted the previous request for use flexibility for the mezzanine retail space.

VII. PUD EVALUATION STANDARDS AND PUBLIC BENEFITS AND PROJECT AMENITIES

The application does not request any zoning change or additional height, although the Applicant is requesting .49 additional FAR (41,018 square foot increase) through the PUD. The C-3-C zone permits the proposed commercial and retail uses.

The PUD standards further provide that the *“impact of the project on the surrounding area and upon the operations of city services and facilities shall not be unacceptable, but shall instead be found to be either favorable, capable of being mitigated, or acceptable given the quality of public benefits in the project.”* (§2403.3)

Sections 2403.5 – 2403.13 of the Zoning Regulations discuss the definition and evaluation of public benefits and amenities. In its review of a PUD application, § 2403.8 states that “the Commission shall judge, balance, and reconcile the relative value of the project amenities and public benefits offered, the degree of development incentives requested, and any potential adverse effects according to the specific circumstances of the case.” To assist in the evaluation, the Applicant is required to describe amenities and benefits, and to “show how the public benefits offered are superior in quality and quantity to the typical development of the type proposed...” (§ 2403.12). The application has offered the following amenities and benefits as an offset to the additional development gained through the application process:

1. *Urban design, architecture, landscaping or creation or preservation of open space* – The height and massing generally is appropriate for the site, reflecting its location in an intensively developed commercial area. The addition would include a double height retail and lobby space which should foster a more active street level experience. However, the streetscape design continues to show an extension of security features, such as bollards, that presently encircle the IFC building. Such features would be reviewed as part of a separate public space process.

The design of the tower embellishment has been amended slightly, as most clearly shown on Sheet 11 of the Applicants July 11, 2014 submission, so that it relates better to the adjacent existing building. OP remains supportive of the intention to emphasize the corner, but continues to question the consistency of the entire embellishment to the regulations.
2. *Site planning, and efficient and economical land utilization* – The proposal would more intensively reuse a site located within close proximity to a Metro station and several Metrobus lines.
3. *Transportation features* – The existing alley easement would continue to provide access to loading facilities. Underground parking to the addition would be accessed from an existing curb cut on 21st Street, which would be narrowed (from 24.5' to 20') and shifted 2' further to the north. The DDOT report does not indicate opposition to retaining this curb cut. Forty-eight vehicular parking spaces and a 39 long term bicycle spaces would be provided.

The applicant has provided a Traffic Study, which has been reviewed by DDOT. DDOT has also requested Transportation Demand Management measures, which the applicant is anticipated to address at the public hearing.

4. *Environmental benefits* – The application proposes LEED Gold Certification for the project. A LEED checklist was included in the application, Exhibit A, page 38. Other environmental features include an estimated 4,900 square feet of green roof and underground cistern allowing for the capture of 1.2" of rainfall.
5. *Employment and training opportunities* – OP continues to request that the Applicant address the project's commitment to First Source Employment and CBE Agreements.
6. *Housing and affordable housing* – The increase in commercial square footage beyond the matter of right limit triggers, under the Zoning Regulations and the Comprehensive Plan, a required contribution to the Housing Production Trust Fund (HPTF). The applicant disputes that this payment is required because, as they state on page 2 of their July 11, 2014 submission, "*Section 2404.4 (c) states that no housing linkage is required for a PUD that is subject to the provisions of the Downtown Overlay District ("DD Overlay")*". However, the exact language of this section is as follows:

"§2404.4 The following exclusions (*from the Housing Linkage requirement*) and modifications shall apply:

- (c) No housing requirement pursuant to this section shall apply to a PUD that is proposed for property located within the boundaries of the Downtown Development Overlay District provisions of chapter 17 of this title..."

As the subject site is NOT located within the boundaries of the DD Overlay, OP and OAG agree that the housing linkage requirement applies.

The method for calculating the required HPTF contribution was established through joint discussions between OP, the development community and Council in 2007. The method of calculation, used numerous times for PUDs and alley closings involving a discretionary increase in office density, is based on the assessed value and the density gained through the process. The formula allows for the value of the TDRs to be deducted from the required HPTF contribution. Although an exact amount cannot be determined until the time of the contribution, at this time OP estimates the linkage fee to be just under \$2.3 million. OP provided the applicant with the copy of the standard formula and OP's estimated amount. This payment would be a public benefit, but would not be considered a proffer because it would be a requirement of the project.

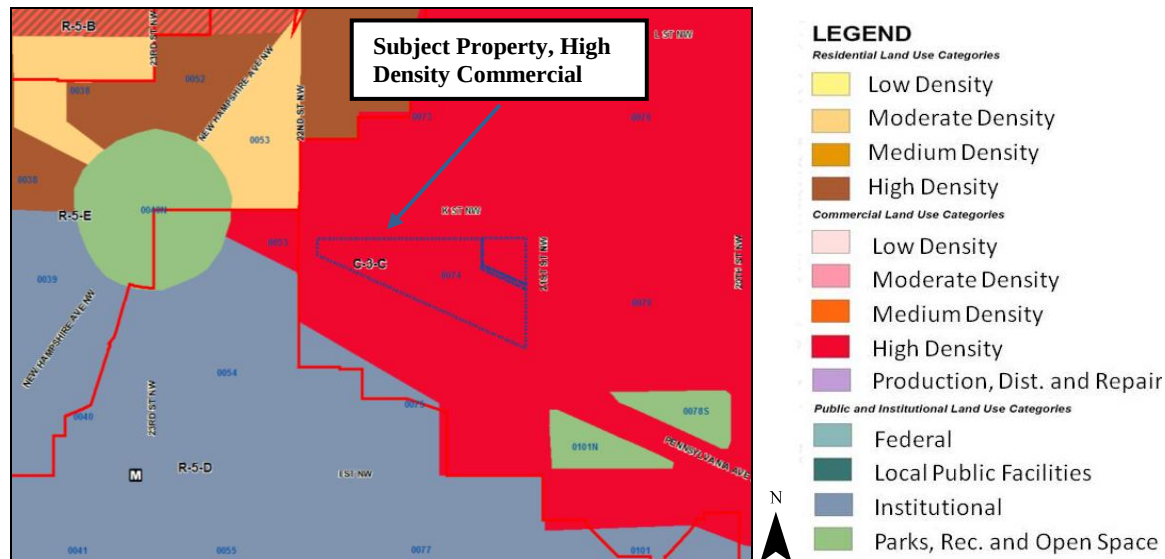
The applicant has proposed a HPTF contribution of \$1,000,000, with an additional \$500,000 if the Commission grants relief from the requirement to buy the additional TDR density needed. Without the TDR cost, the HPTF contribution is estimated at about \$2.6 million.

7. *Uses of special value to the neighborhood or the District of Columbia as a whole* – The Applicant proposes the following additional public amenities / benefits:
 - Street level enhancements: The project would improve the activity at street level with retail and public space improvements. However, OP continues to questions the overall value due to the extension of security bollards in public space.
 - Other Benefits/Amenities: The Applicant has, in their latest submission, noted the following additional public benefits and amenities:
 - \$50,000 to the Foggy Bottom/West End Village for its Medical Advocacy Program.
 - \$105,881 for the planning, research, and graphic design for the development of the North Loop of the Foggy Bottom Heritage Trail.
 - Use of the IFC auditorium for public events, with an estimated annual cost of \$50,000, subject to a number of restrictions.

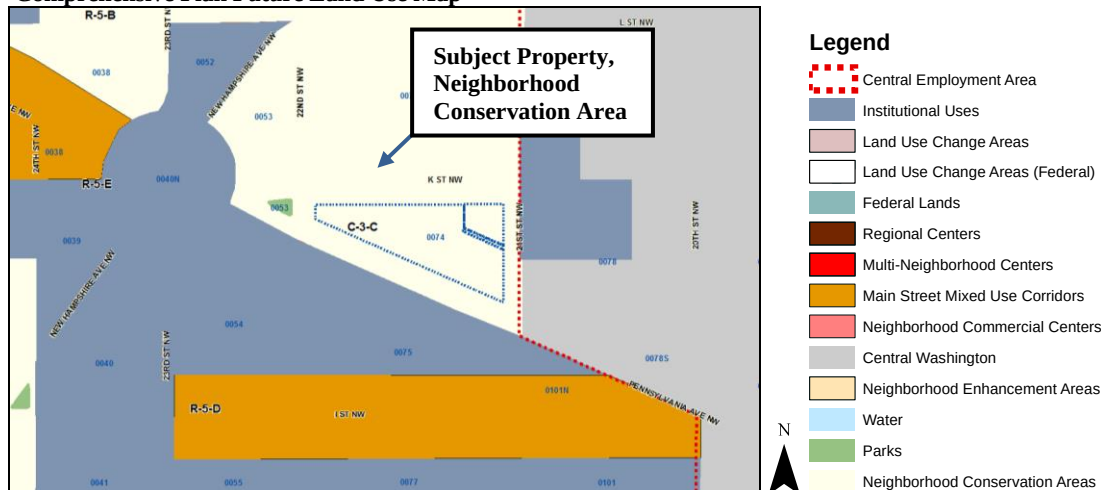
- Retail Space of 4,000 sq.ft. OP supports the inclusion of retail space, but that this would constitute a strong amenity only if the applicant proffers that the space would be made available at reduced rents to a local, neighborhood serving start up retail business.
- Sustainable Design – OP is supportive of the proposal to achieve the equivalent of Gold rating, and the provision of almost 5,000 sq.ft. of green roof.

VIII. COMPREHENSIVE PLAN

The Future Land Use Map recommends the subject site for high density commercial land use.



Comprehensive Plan Future Land Use Map



Generalized Policy Map

The Generalized Policy Map identifies the subject property as a neighborhood conservation area, which stresses that new development should be compatible with the area.

The proposed development is consistent with these designations.

As noted in the OP setdown report, the project would further policy and action statements contained in the Land Use, Environment, Economic Development, and Housing elements of the Comp Plan. The following Comp Plan policies and actions provide guidance:

ED-1.1 Stabilizing and Diversifying Our Economic Base

The District is also a center of international business. The foreign missions and offices of global economic organizations such as the World Bank Group and the IMF represent a major economic sector in their own right with a cumulative direct economic impact in the region of over a billion dollars, and much more in terms of contracting. More importantly, the concentration of missions and institutions makes the District a unique place to conduct business for companies engaging in international investment or transactions. 703.3.

Policy LU-1.3.2: Development Around Metrorail Stations

Concentrate redevelopment efforts on those Metrorail station areas which offer the greatest opportunities for infill development and growth, particularly stations in areas with weak market demand, or with large amounts of vacant or poorly utilized land in the vicinity of the station entrance. Ensure that development above and around such stations emphasizes land uses and building forms which minimize the necessity of automobile use and maximize transit ridership while reflecting the design capacity of each station and respecting the character and needs of the surrounding areas. 306.11.

Policy LU-2.4.1: Promotion of Commercial Centers

Promote the vitality of the District's commercial centers and provide for the continued growth of commercial land uses to meet the needs of District residents, expand employment opportunities for District residents, and sustain the city's role as the center of the metropolitan area. Commercial centers should be inviting and attractive places, and should support social interaction and ease of access for nearby residents. 312.5.

Policy ED-2.1.5: Infill and Renovation

Support the continued growth of the office sector through infill and renovation within established commercial districts to more efficiently use available space while providing additional opportunities for new space. 707.10.

Policy E-3.1.2: Using Landscaping and Green Roofs to Reduce Runoff

Promote an increase in tree planting and landscaping to reduce stormwater runoff, including the expanded use of green roofs in new construction and adaptive reuse, and the application of tree and landscaping standards for parking lots and other large paved surfaces. 613.3.

H-1.2: Ensuring Housing Affordability

"...The District also has been pursuing regulatory measures that require affordable housing in new development. For many years, the city has had a policy requiring developers seeking commercial density bonuses to provide affordable housing or pay into the Housing Production Trust Fund... The foundation for these actions was created by the previous comprehensive Plan and is carried forward in this Element." 504.5.

IX. AGENCY COMMENTS

As of the date of this report, OP has received comments (also submitted to the record) from DDOT, indicating general support for the proposal and recommending specific TDM measures.

X. COMMUNITY COMMENTS

The record does not indicate a submission from ANC 2A. A letter from the West End Citizen's Association (WECA) is filed as Exhibit 21, noting concerns with the proposed benefits and amenities package.

XI. COMMISSION REQUESTS

Below is a summary of the applicant response to information requested by the Zoning Commission at the public meeting of April 15, 2014, at which this case was set down for a hearing, along with OP analysis.

Zoning Commission	Applicant Response⁶	OP Response
Clarify how the rooftop embellishment is considered a “tower” permitted under the Height Act	The applicant has provided additional justification for the proposal, and has provided revisions to the design of this feature, as best shown on Sheet 11.	OP also requested this information in our setdown report. OP remains supportive the intent to emphasize this prominent corner, but continues to question whether this meets the intent of the Height Act provisions for rooftop towers.
Clarify the meaningful connection between the existing and proposed construction	The applicant has provided a drawing showing the location of the meaningful connection, Sheet 51.	OP also requested this information in our setdown report. As designed, the connection would appear to constitute a meaningful connection.
Request for more information regarding the viability of the mezzanine retail	The applicant is no longer requesting flexibility to convert this space to another use.	OP is not opposed to this two story retail space, but agrees with the Commission that upper level retail space can be difficult
Ensure that the HPTF contribution is maximized	The applicant does not agree that a HPTF contribution is required, but has proffered a contribution of \$1 million, with an additional \$1/2 million if the ZC exempts the applicant from the requirement to purchase the TDRs.	OP has conferred with OAG and confirmed that the HPTF contribution is required. As noted in this report, OP has estimated that the required contribution would be approximately \$2.3 million, based on current land values and the proposed size of the addition.

JS/pg
Case Manager, Paul Goldstein

⁶ All references to additional information or drawing are to the Applicant’s submission of July 11, 2014.