

## MEMORANDUM

**TO:** District of Columbia Zoning Commission

**FROM:** *JL for* Jennifer Steingasser, Deputy Director Development Review & Historic Preservation

**DATE:** May 19, 2025

**SUBJECT:** **OP Report** – Zoning Commission Case No. 15-28A, Request for a Modification with Hearing for an Approved Consolidated Planned Unit Development at 1225 3rd St. NE (Sq. 772, Lots 808, 812, 7000 & 7002).

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### **I. BACKGROUND**

ZC Order 15-28, (September 12, 2016) approved a consolidated Planned Unit Development (PUD) consisting of approximately 69,240 square feet of land area, bordered by N Street, NE and Florida Avenue, NE to the north, a public alley to the south, 4th Street, NE to the east, and 3rd Street, NE to the west. The specific property that is the subject of this request consists of 24,013 square feet of land area and covers the western portion along 3rd Street. The Overall PUD Site is redeveloped as a mixed-use residential and commercial project with underground parking and ground-floor retail. It includes two residential components, a hotel, office/retail space, and additional ground-floor retail.

The requested modification involves the West Building of the Approved PUD containing the NCP Building at the northwest corner, designated by the prior approval for ground-floor retail and two floors of office and/or retail space. An 11-story, 110-foot residential structure with approximately 96 residential units and ground-floor retail was approved between the NCP Building and the East Building. Additionally, an 11-story, 110-foot hotel with approximately 175 rooms, or alternatively a residential condominium, was approved at the southeast corner of the site. The hotel is the last remaining component of the Approved PUD to be constructed and is the subject of this application.

### **II. RECOMMENDATION**

The Office of Planning recommends the Commission **set down for a public hearing** the following as requested by the applicant:

- Modifications to exterior architectural elements; permitted uses on the ground floor; number of guest rooms; and penthouse design; and
- Special Exception relief to allow an eating and drinking establishment within the penthouse and on the outdoor terrace located at the penthouse level, pursuant to Subtitle C § 1501.1(d).

### **III. MODIFICATION and SPECIAL EXCEPTION REQUEST**

The Applicant is requesting the following modifications:

## **Modifications to Exterior Architectural Elements**

The Applicant proposes a redesign of specific exterior architectural elements of the hotel structure to align with interior programmatic needs identified by potential hotel operators post-approval of the PUD. The Modification Plans detail the proposed alterations to the north, south, and west facades of the hotel, maintaining a dark- to medium-grey brick as the primary exterior material. On the north facade, window dimensions would be reduced while retaining their two-story expression. On the west facade, the recessed windows and shallow terraces on the upper guest room floors would be replaced with a fixed window system, slightly recessed from the main facade. Modifications to the ground floor window pattern on the south side include fewer, larger windows that enhance interaction with the public space and alley, while maintaining the window pattern consistency on upper floors. Additional brick banding on the north and south facades would provide increased articulation and visual interest. The roof plane would also be architecturally enhanced.

## **Modifications to Permitted Uses in a Portion of NCP Building Ground Floor**

Under the Order, the ground floor of the NCP Building was approved for approximately 10,850 GFA of retail and commercial use. Since its completion, nearly all of this retail and commercial space has remained vacant due to weaknesses in the retail sector following the pandemic. The Applicant is requesting the ability to modify the permitted uses of the NCP Building's ground floor to allow up to approximately 10,000 GFA of hotel use, including function rooms, exhibit spaces, and/or commercial adjuncts, if the future hotel operator can utilize such space.

## **Modification to Hotel Guest Room Count and Related Flexibility**

Under the Order, the Commission approved an 11-story hotel with approximately 175 hotel guest rooms (or residential condominiums) at the southeast corner of the Overall PUD Site. The Applicant is currently in discussions with a small number of potential hotel brands to occupy the building. The Applicant is targeting a guest room count of 189 units, but is requesting flexibility depending on the hotel brand that is ultimately chosen. Accordingly, the Applicant is also requesting to modify Condition 3 of the Order to add the following area of minor design flexibility:

- to vary the number of hotel guest rooms by +/- 10%, provided that such variation does not substantially alter the exterior configuration or appearance of the building.

This flexibility reflects similar flexibility already permitted for residential units in the Approved PUD in Condition 3(g) of the Order.

## **Modification of Penthouse Design and Use**

The Applicant is seeking approval to modify the hotel penthouse design and use to meet the operational and mechanical requirements of a hotel operator. Per the Order, the hotel penthouse includes both enclosed and unenclosed mechanical space, along with approximately 2,400 GFA of amenity space. The proposed modifications entail repositioning the penthouse footprint away from 3rd Street and expanding its dimensions in the north-south direction to create a larger outdoor terrace space on the west side of the hotel roof and accommodate a new eating and drinking establishment featuring a bar and dining area (a use permitted by special exception), kitchen, and restrooms. The establishment would occupy roughly 2,700 GFA of habitable penthouse space. Although the footprint will expand towards the north and south, it would maintain a setback of 1:1 from the roof edge along 3rd Street by approximately 33 feet and nine inches—exceeding the required 1:1 setback considerably. A 1:1 setback is not present along the east side of the penthouse. On the west side, the penthouse will be set back accordingly.

Additionally, the Applicant proposes to update the penthouse's architectural design. The new design would feature typical storefront windows and doors, clad in dark metal paneling. A window wall system would enclose the perimeter of the new eating and drinking establishment, rising vertically to a distinctively shaped parabolic glass roof that overhangs the penthouse walls. This design aims to create a

more luminous and spacious environment to attract patrons, guests, and nearby residents and workers to the rooftop venue.

The Applicant also seeks special exception relief to allow an eating and drinking establishment at the hotel's penthouse and outdoor terrace level. This request is pursuant to Subtitle C § 1501.1(d) and must meet the general exception standard in Subtitle X § 901.2. OP initial analysis is below.

The proposed modifications would have a minimal impact on the approved public benefits and amenities package. Applicant would continue to preserve and rehabilitate the NCP Building as well as maintain a minimum of 3,000 square feet of retail space designated for "maker" uses, as defined in the order. All other public benefits and amenities would either remain unchanged or have already been satisfied.

#### **IV. OP ANALYSIS**

##### **a. Not Inconsistent with the Comprehensive Plan and Other Relevant Public Policies and Programs**

The evaluation of the Comprehensive Plan is limited to assessing the consistency of the proposed modifications to the Approved PUD, including when examined through a racial equity lens. On balance, the proposed PUD modifications should have a generally neutral impact on consistency with the Comprehensive Plan, including when viewed through a racial equity lens, with some potential positive effects on access to economic opportunity. No significant inconsistencies were identified between the proposed modifications and applicable Comp Plan policies. The proposed PUD including the modification would support multiple Comp Plan policies, including those within Central Washington Area Element, Land Use Element, Housing Element, Economic Development Element, Urban Design Element, and Historic Preservation Element.

##### **b. Special Exception Review Standards**

The Applicant is requesting special exception relief to facilitate an eating and drinking establishment within the hotel's penthouse and on the outdoor terrace located at the penthouse level. This relief is requested pursuant to Subtitle C § 1501.1(d), which requires the Applicant meet the general special exception criteria outlined in Subtitle X § 901.2. OP analysis of this section is as follows.

#### **Subtitle X Section 901 SPECIAL EXCEPTION REVIEW STANDARDS**

*901.2 The Board of Zoning Adjustment is authorized under § 8 of the Zoning Act, D.C. Official Code § 6-641.07(g)(2), to grant special exceptions, as provided in this title, where, in the judgment of the Board of Zoning Adjustment, the special exceptions:*

- (a) Will be in harmony with the general purpose and intent of the Zoning Regulations and Zoning Maps;*

The proposed eating and drinking establishment would be in harmony with the intent of Zoning Regulations and the MU-9 PUD-related zoning, meant for high-density mixed-use development. This includes office, retail, and housing with a focus on employment and residential use. Restaurants, bars, and lounges are allowed by right in the MU-9 zone.

- (b) Will not tend to affect adversely, the use of neighboring property in accordance with the Zoning Regulations and Zoning Maps; and*

The proposed eating and drinking establishment should not adversely affect the use of neighboring properties. The limited size and location of the establishment at the roof level should mitigate its potential impact on the neighborhood and ensure its compatibility with adjacent uses. In addition, the proposed establishment is surrounded by other high- or medium-density mixed-use developments that provide a buffer for the lower-scale residential rowhomes to the east and south, which are located a minimum of 400 feet from the Property. Finally, the proposed eating and drinking establishment would

be subject to all applicable District noise control laws and review by the ABCA which will further mitigate potential for adverse effects on neighboring properties related to noise and hours of operation.

**c. Racial Equity Analysis**

The applicant filing at Exhibit 3 provides a full review of the proposal against the Comprehensive Plan, including when viewed through a racial equity lens. Subtitle Z-704.3 states that a modification with a hearing “shall meet the requirements for, and be processed as, a second-stage PUD application.” Further, the application requirements in Z§300.12(k), requires “an updated racial equity analysis since the first-stage PUD was approved”.

According to the Racial Equity Tool, the Commission will use the following criteria, themes and questions in its evaluation of a zoning action’s consistency with the Comprehensive Plan, as viewed through a racial equity lens.

- *What Comprehensive Plan policies related to racial equity will potentially be advanced by approval of the zoning action?*

Approval of the proposed zoning action would not significantly advance or impede the stated policies of the Comprehensive Plan related to equity since the requested modifications, including the special exception relief, are related to a change of use in the penthouse that would not adversely impact neighboring properties, nor result in loss of affordable housing, nor lead to other inequities for the neighborhood or planning area as a whole. The addition of the eating and drinking establishment could create some additional employment opportunities for area residents.

*What Comprehensive Plan policies related to racial equity will potentially not be advanced by approval of the zoning action?*

A review of the Comprehensive Plan did not indicate any policies related to racial equity that would be significantly impaired by the proposed modification to the PUD.

- *When considering the following themes/questions based on Comprehensive Plan policies related to racial equity, what are the anticipated positive and negative impacts and/or outcomes of the zoning action? Note: Additional themes may also apply.*

Factor	Question	OP Response
Direct Displacement	Will the zoning action result in displacement of tenants or residents?	The site is currently vacant and the hotel has no residential uses, so the proposed special exception relief would not result in any direct displacement of hotel or neighborhood residents.
Indirect Displacement	What examples of indirect displacement might result from the zoning action?	No indirect displacement is anticipated to result from the requested modifications or zoning relief. The provision of a new drinking establishment should not affect housing costs in the vicinity, nor affect new housing options and opportunities for existing neighborhood residents.
Housing	Will the action result in changes to: <ul style="list-style-type: none"> <li>▪ Market Rate Housing</li> <li>▪ Affordable Housing</li> <li>▪ Replacement Housing</li> </ul>	The proposed use and exterior modifications would not have a significant effect on new housing development. The HPTF contribution generated by the rooftop eating and drinking establishment would assist in maintaining or constructing affordable housing in the District.

Factor	Question	OP Response
Physical	Will the action result in changes to the physical environment such as: <ul style="list-style-type: none"> <li>▪ Public Space Improvements</li> <li>▪ Infrastructure Improvements</li> <li>▪ Arts and Culture</li> <li>▪ Environmental Changes</li> <li>▪ Streetscape Improvements</li> </ul>	The property is currently required to comply with the most current standards for these areas, as well as with the requirements of the PUD. The proposed changes should not impact the physical environment components as stated. Overall, the PUD should result in significant improvements to the public realm.
Employment Opportunity	Is there a change in access to opportunity? <ul style="list-style-type: none"> <li>▪ Job Training/Creation</li> </ul>	The proposed action of including an eating and drinking establishment could provide new employment opportunities, especially considering the requested use modification of the NCP Building. The hotel use approved in the PUD would provide significant employment opportunities to area residents.
Access to Services	<ul style="list-style-type: none"> <li>▪ Healthcare</li> <li>▪ Addition of Retail/Access to New Services</li> </ul>	The modification would not result in new services or impacts on existing services. The site is close to amenities which is a benefit to visitors in NoMa and Union Market areas. The site is also close to transit, providing access for guests and employees.
Community	How did community outreach and engagement inform/change the zoning action?	The Applicant’s statement at <a href="#">Exhibit 3</a> notes discussions with the ANC, property owners and residents close to the site, and the NoMa BID, and will continue this outreach. Potential concerns regarding a minor increase in the number of vehicle trips to the property and a modest increase in noise have been addressed and no further mitigations were requested.