Exhibit B-2 Responses to the Zoning Commission and OP

	OP Comment	Planning and/or Zoning Rationale
1	June 1, 2021 - In order to render the application not-inconsistent with the Comprehensive Plan, and to provide a benefit commensurate with the degree of flexibility sought through the PUD, a significant portion of the non-residential floor area should be reserved for PDR uses for the life of the project. OP recommends 50% of the non-residential floor area.	The applicant has proposed to construct 50% of the non-residential floor area to "PDR Maker construction specifications" (Exhibit 12A, p. 10), and reserve 5% of that space for PDR / maker uses for a period of five (5) years. This would result in a total commitment of only 1,373 square feet for a period of only five years. This proffer is insufficient, given the policy guidance of the Comprehensive Plan, including the FLUM, as well as the Ward 5 Works Industrial Land Transformation Study ["Ward 5 Works"] and the Florida Avenue Market Small Area Plan ["Small Area Plan"]. For a complete analysis of these policy documents, please see below in this report.
1	October 4, 2021 - The applicant has also made a minor change to their PDR proffer, by increasing the floor area committed to PDR / Maker uses from 5% of the commercial area to 10%, though the commitment is still for only five years.	OP remains concerned about how this use commitment would be deemed not-inconsistent with the Comprehensive Plan and continues to recommend a greater quantity of PDR uses and a longer time commitment.

Applicant Response: The Applicant's proffer now *doubles* its previous PDR/Maker use set aside and the PDR/Maker use set asides that the Commission has approved for recent PUD-related PDR-1 to MU-9 amendments to the Zoning Map. In addition, the Project's commitment to PDR/maker uses and to develop the ground floor to accommodate future PDR/maker tenants is not inconsistent with the Comprehensive Plan, Ward 5 Works or Small Area Plan. Further, the Union Market District has an ample supply of space for PDR/Maker uses. Finally, OP's reports do not ascribe sufficient value to the proffer to construct 50% of the Project's ground floor to PDR/Maker specifications.

- (a.) <u>Commitment to PDR/Maker Uses</u>: The Applicant now proposes to reserve approximately 3,448 square feet (or 10%) of the Project's non-residential GFA on the ground floor to PDR/Maker uses (plus 10% of the up to approximately 11,000 square feet of mezzanines to the extent incorporated), significantly more than the 1,373 square feet mentioned in the June 1, 2021 OP report. As mentioned, the updated proffer doubles the PDR/Maker use setaside requirement in the approved Z.C. Case Nos. 14-12E and 17-14.
- (b.) Consistency with Planning Documents: The Project's PDR/Maker commitment is consistent with amendments to the Comprehensive Plan recently approved by the Council, the Ward 5 Works study, and the Small Area Plan. For instance, the Land Use Element of the Comprehensive Plan now provides that in Mixed-Use/PDR-designated areas on the Future Land Use Map, a designation applicable to the Property, PDR uses are to support community revitalization including new housing. See 10-A DCMR § 315.6 (2021). There is no requirement in the Comprehensive Plan or any of the other planning guidance that PDR uses be the majority or even a predominant ground floor use, however the PDR/Maker use and design characteristics will be a predominant element of the ground floor of the Project.
- (c.) Ample PDR/Maker Use Capacity: To date, the applicant's affiliates have delivered approximately 102,000 square feet of PDR/Maker uses in the Union Market District, with an additional 4,000 square feet of PDR/Maker space in EDENS' development pipeline plus 59,000 square feet more of non-EDENS PDR/Maker space in and around the Union Market District, bringing the total PDR/Maker space in the Union Market area to over 165,000 square feet. As a result, there is an ample pipeline of PDR/Maker use commitments approved and under construction or soon to be under construction. However, the Project's construction of 50% of the ground floor of the building to

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the PDR/Maker specifications allows for the building to house additional PDR/Maker uses if demand for square footage exceeds the 165,000 square feet mentioned above. EDENS is conscious of the importance of preserving a diverse tenant mix to protect the vitality of the prior and existing Union Market tenants and the long-term viability of the Union Market District. The notion that the loss of wholesale, light industrial, and production tenants generally in the City is a result of a lack of available space is understandable, but inaccurate. Rather, the loss of wholesale and light industrial/production uses is a long-term trend related to the growth of a service-based economy in DC and a lack of market demand by wholesale, light industrial, and production types of users to locate in areas of DC such as the Union Market District. EDENS' belief is that the best way to incubate more PDR/Maker uses is to strategically provide effective resources, planning, and logistics to entrepreneurs and small business, through collaborative landlord and developer platforms while also designing an outsized portion of the Project to accommodate potential future PDR/Maker use demand. Mandating a high degree of square footage of PDR/Maker use oversimplifies the issues PDR/Maker tenants face and is counterproductive to our shared goal. The pandemic's adverse effects cannot be ignored either.

(d.) PDR/Maker Specification Benefit: Finally, the OP reports understate the value of the more valuable (and costly) PDR/Maker-related benefit: the commitment to construct 50% of the ground floor to PDR/Maker use specifications. As mentioned above, if future demand for PDR/Maker uses materializes for this space, the Project is ready. This benefit comes at a significant construction expense, and the Applicant is committed to serving PDR/Maker uses in the Union Market District for the long term.

2 June 1, 2021 - In order to render the application not inconsistent with the Comprehensive Plan, and to provide a benefit commensurate with the degree of flexibility sought through the PUD, a higher percentage of the residential floor area should be reserved for inclusionary dwelling units. OP recommends a minimum of 15% of the residential floor area.

The applicant has proposed to dedicate 10% of the residential floor area to IZ units², or approximately 37,500 gross square feet.

This proffer is insufficient, given the

- Policy guidance of the Comprehensive Plan; and
- Direction provided by the Mayor's Order on Housing.

October 4, 2021 - The result of the present discussions is that the applicant has revised their IZ proffer to provide a total of 13% of the residential floor area as IZ, with 11% available at 60% MFI, and 2% at 50% MFI. OP and DHCD have concluded that the amount of affordable housing is sufficient for this PUD, given the deeper level of affordability for some of the IZ units.

<u>Applicant Response</u>: The Applicant shares OP's goal to deliver more affordable housing, considering market dynamics and the overall post-pandemic development environment.

As a result, the Applicant has agreed to *increase its affordable housing proffer to 13%* of the Project's residential gross floor area, with 11% at 60% MFI and 2% at 50% MFI. The Applicant proposes the following:

(a.) Increase the affordable housing set aside to <u>13%</u> of the residential gross floor area. This new commitment is approximately **48,800** gross square feet, up from 12% or approximately **45,360** gross square feet;

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(b.) The affordable housing units will be reserved as follows: 2% of the total project square footage will be reserved at 50% MFI, 11% of the total will be reserved at 60% MFI. In addition, the Project's penthouse uses generate a requirement for up to approximately <u>640</u> gross square feet of additional 50% MFI units, all of which 50% MFI units also constitute a public benefit because those are residential units where none currently exist.

This increase results in the Project <u>adding approximately 50 new affordable housing units</u> as part of the approximately 379 new rental units, where none currently exist.

As far as the Applicant is aware, <u>the Project's 13% set aside is the highest amount of affordable housing</u> in an unsubsidized mixed-use PUD, and the most significant commitment that the Applicant can make for this Project.

June 1, 2021 - The applicant's definition of "PDR / Maker" uses appears to be overly broad and needs refinement. In order to meet the Comprehensive Plan's goal of providing true PDR uses on this site, the definition of which uses are permitted in the PDR-reserved space should be focused, rather than allowing for general retail, which can be accommodated elsewhere in the building.

Applicant Response: The definition proposed in this case was created as part of prior approved PUDs and is limited in its breadth. The Applicant worked with OP in some of these prior PUDs to ensure the definition of PDR/Maker is aligned with what the Comprehensive Plan, Small Area Plan, and Ward 5 Works study intend to require for PDR/Maker users. The definition references a limited number of terms from the Zoning Regulations to allow DCRA and other agencies to easily track project compliance. For reference, the Commission previously approved, with OP's support, in Z.C. Case Nos. 17-14 and 14-12E, the definition proposed in this case.

The PDR/Maker use definition is tailored to promote uses which create vocational employment skills and anticipate future growth. The balance between "maker" and "retail" businesses is evolving and will continue to do so. The PDR/Maker use definition ensures that a variety of makers will locate at the Union Market District, encourages economic growth, and exposes patrons to a dynamic tenant mix that will benefit the entire community.

4 As part of refining the definition of PDR uses, the applicant should examine a separate commitment to small and local businesses.

OP applauds the applicant's idea to support small and local businesses. However, not all small and local businesses would qualify as PDR or maker uses. The applicant has the ability to support true local PDR uses as part of their PDR commitment, but can also support local uses that are not PDR in the remaining commercial space.

Applicant Response: EDENS' approach to developing the Union Market District is to promote, support, and incubate small and local businesses, so as to maintain the unique neighborhood. EDENS has adopted this approach since the beginning of its involvement in the Union Market District. To date, EDENS has helped launch over 100 small businesses and has demonstrated a dedication to curating and supporting a retail and maker ecosystem comprised of small and local businesses. EDENS has seen the value of partnering with small and local businesses and created retail/maker platform concepts like The Market and La Cosecha that bring these types of businesses together to thrive and expand into the DC retail landscape and beyond. The Market comprises 40 small and local vendors that EDENS incubated, and La Cosecha comprises 17 small businesses, all of which are minority-owned. Notably, 42% of the current business in the Union Market District are minority-owned, and 33% are women-owned.

The mix of traditional non-PDR/Maker retail uses, small and local businesses, mom-and-pop retail, and PDR/Maker retail in the Union Market District protects its vitality and success. However, the Applicant is concerned that mandating and expanding beyond the PDR/Maker-related ground floor use requirements to include small and local businesses will lead to long-term vacancy and dead spaces. Ultimately, this will negatively impact the ongoing economic development and growth in the Union Market District, Ward 5 and Northeast DC. The Applicant will

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continue to seek out local and small businesses and make them an essential part of the Project; however, given the shifting nature of the commercial economy, the Applicant cannot agree to a requirement that would limit the PUD to just small and local businesses for the unallocated portions of the Project's first floor.

Nevertheless, small and local businesses are a critical component of EDENS' leasing strategy, corporate ethos, tenant and merchandising mix, and a core element of the DNA at the Union Market District. EDENS' support for small and local businesses has fostered business creation, including assisting with small and local businesses' understanding and crafting of business plans and financing strategies, and encouraged cross-branding opportunities, local community stewardship, and active engagement in the commercial ecosystem created in the Union Market District, and EDENS will continue to champion small and local businesses here and elsewhere in the District.

The applicant should provide an analysis that identifies how the project and commercial tenants would further the *Ward 5 Works* plan.

The Ward 5 Works plan focuses on the adaptation of industrial land to develop a cutting-edge and sustainable production, distribution, and repair industry that diversifies the District's economy, serves as a hub for low-barrier employment, complements and enhances the integrity of neighborhoods, and provides opportunities for arts, recreation and other community amenities. The applicant should address how the specific proposed development furthers this goal.

<u>Applicant Response</u>: The Applicant will provide a more detailed analysis of the Project's consistency with the *Ward 5 Works* study in association with its analysis of the recently-adopted Comprehensive Plan District and Area Elements and Small Area Plan in the Applicant's supplemental pre-hearing submission.

In brief, the Ward 5 Works study focuses on job creation in Ward 5. The Applicant projects that at full build-out, over 22,000 permanent new FTE jobs will have been created in the Union Market District and there will be over 2,450 annual temporary construction jobs over the 10-year build out of the Union Market District. To date, approximately 6,400 of these permanent FTE jobs have already been created and over the past 5 years of construction there have been over 12,000 temporary construction jobs that have been created (i.e., 2,400 annually). EDENS has and continues to support hiring locally for both permanent and temporary construction jobs, which are generally low-barrier to entry jobs that provide employment and opportunity to Ward 5 residents.

6 According to page 3 of Exhibit 12A, the Florida Avenue Market "retains a conglomeration of wholesalers". The applicant should provide a list or summary of which wholesalers remain in the market.

A knowledge of the complete range of current uses within Florida Avenue Market, including existing wholesalers, will help the Commission and staff understand the background for the current PUD.

Applicant Response: The Applicant notes that it does not control the entire Market District and there may be many businesses in the Market District that are not immediately apparent or are otherwise difficult to inventory. Further complicating the analysis, the Applicant is aware that many of the Union Market District "wholesalers" are no longer selling only (or even predominantly) to businesses (i.e., "commonly selling to businesses in bulk" with "little contact with the public" per the usage of the term in 11-B DCMR § 200.2(z)) that are exempt from paying sales taxes on their purchase and have their required resale licenses and instead have pivoted to become effectively retailers, selling directly to consumers and charging sales tax.

The Applicant's use of the "conglomeration" modifier in its previous filing intended to capture the expanding business practices of "wholesalers" which have been adapting to changing customer preferences in recent years. That is, the line between wholesaler and retailer is difficult to definitively draw because some wholesalers-turned-

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retailers continue to use the word "wholesaler" in their name and continue to engage in some limited amount of wholesale activity (per the term's historical meaning as referenced in the Zoning Regulations) but are predominantly retail focused businesses today.

The existing tenant at 1346 4th Street, NE is a bit of a microcosm: the tenant operates under the trade name "Forus Wholesale" and may engage in limited wholesale activity, but it is largely now a retailer. Nevertheless, wholesale operations do continue in the Union Market District, even as business practices have evolved and the meaning of the term has changed.

7 Provide additional explanation for why the additional FAR provided for under X § 303.10 is "essential to the successful functioning of the project".

The explanation provided at Exhibit 12A, p. 16 seems to say that the grade changes result in areas counting as floor area that would otherwise not count. It does not explain, however, as required by the Regulations, why the resulting FAR, above what is normally permitted, would be necessary, and why the design couldn't be refined in other areas of the building to reduce the excess FAR.

Applicant Response: The Applicant has studied its need for additional FAR and has *reduced* its request, such that it now seeks only an additional 2.7% (rather than the 5% previously requested) under Section X-303.10. The request arises out multiple factors relating to the essential functioning of the Project, namely, the planning objectives of creating an active streetscape and continuous streetwall. In order for the Project to successfully function and achieve those planning objectives, the additional 2.7% of GFA is required. The entirety of this additional GFA is contained in mezzanines or in areas below grade. This additional GFA does not increase the apparent bulk of the Project.

- Active streetscape/Mezzanines: One of the goals for this Project in light of the Union Market Streetscape Design Guidelines is to create an animated streetscape that blurs public and private space and extends the public realm into private property. The Project creates an enhanced public streetscape experience by pulling back the building along 4th Street, NE and creating opportunities for the public to interact with the ground floor. This enhanced streetscape experience positively transforms the street into a more pedestrian and bicyclist-friendly environment, better engages the first 20 feet of the building with the public realm, and improves the porosity and connections between public and private. Given the grade changes, the southern end of the Project could have clearances of up to approximately 30 feet. Based on the ultimate tenant mix and configuration of the building to grade, mezzanines are highly likely to be desirable in those tenant spaces and are essential to creating the active streetfront. These mezzanines give rise to a significant component of the request for the additional FAR flexibility. These mezzanines count as GFA and are commercial space. (In addition, the mezzanines' GFA increases the PDR commitment detailed above if such mezzanines are built. Removing this 2.7% GFA flexibility would reduce the amount of PDR space provided if such mezzanines are built, contrary to planning goals.)
- Continuous Streetwall/Grade Change: A second reason the additional GFA is necessary for the essential function of the Project is because of the objective to have a continuous streetwall. This Project will result in a direct connection between 1346 and 1348 4th Street, NE, and 1346 4th Street, NE will remain connected to the adjacent 1340 4th Street, NE. The Union Market District design guidelines call for a continuous street wall consistent with the character of the area. Because of the continuous street wall, the Project's below-grade areas are subject to the "grade-plane" GFA calculation method rather than the "perimeter wall" method. The grade-plane method results in 30,333 sf more GFA below grade than the perimeter wall method. That is, if the Project included a separation between the buildings (and was therefore eligible to use the perimeter wall method), it would not require the density flexibility provided under Section 303.10. There is simply an enormous disparity between the grade-plane and perimeter wall methods for below-grade GFA in this context. In the interest in maintaining the continuous street wall, the Project must employ the grade-plan method, which captures significantly more below-grade areas as GFA. See pages 1-2 of Exhibit F. Similarly, if the grade did not drop down at the rear of the building, the

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additional FAR request would not be necessary.

OP asks why the Project could not be "refined" (i.e., made smaller) to reduce the need for additional FAR. One reason is the extent of the Project's public benefits with respect to housing and PDR uses. By approving the additional FAR flexibility, the Project provides more family-sized units (125 units out of 379 total, a much greater percentage than comparable apartment buildings), including more three-bedroom units. Likewise, the additional mezzanine FAR flows through to result in additional commercial space built to PDR standards and reserved for PDR users. Removing such larger units, including affordable space, and ground floor commercial uses would undermine essential characteristics of the Project.

Another reason is that this is an appropriate location for additional density. There are no public policy objectives that are addressed by shaving approximately 11,000 square feet of GFA from the top of this building. OP does not seem to be objecting to the "apparent" density of the Project (i.e., the height and bulk of the building), only its "accounting" density. This is an appropriate site for a tall building and one that generally fills the lot. The building has courts, appropriate massing, and appropriate articulation. With the 1346 4th Street site remaining very low and with streets or alleys on three sides of the building, there is ample light and air penetration. Further "skinnying up" the design of the building only results in less housing and less PDR space without any concomitant urban design benefit.

8 The mix of residential unit types should include more "family sized" units.

The Comprehensive Plan strongly supports the development of larger units to house families with children. Currently 3% to 4% of the units are proposed to be 3 bedroom, approximately equivalent to 10 to 15 units.

<u>Applicant Response</u>: As part of increasing the Project's affordable housing proffer, the Applicant again studied the demand for various unit types and the current unit mix for the Project. Specifically, the Applicant revisited understanding the need for larger three-bedroom family-sized units and finds the current number of 3 to 4% of such units proffered (10 to 15 units) to be an appropriate number and an important benefit of this PUD.

Furthermore, given that the Applicant has increased the IZ set aside to 13%, there will be a proportionate increase in the number of three-bedroom family-sized units from 2 units to <u>3 affordable three-bedroom units which is a</u> 50% increase.

Finally, the Applicant notes that <u>all three-bedrooms units are a public benefit</u> under the Zoning Regulations, whether affordable or market rate.

9 The applicant should provide a description and drawings showing the proposed interim and ultimate conditions for 1346 4th Street, the existing building that will remain.

1346 4th Street is part of the PUD, but the record does not yet contain drawings for that building, or a description of its use after the bank has finished its interim tenure there. In order for staff and the Commission to evaluate the PUD, complete information about all of the PUD's components is required. Furthermore, OP questions why, as stated on page 8 of Exhibit 12A, the existing curb cuts at 1346 would remain. That would seem to work against District pedestrian safety goals.

<u>Applicant Response</u>: The Applicant understands OP's request and shares OP and DDOT's goals of promoting pedestrian safety. The public space adjacent to 1346 4th Street, NE has been proposed to account for enhancements to pedestrian safety adjacent and immediately to the north of the 1346 4th curb cuts.

The Applicant has studied the curb cuts at 1346 4th Street, NE. Initially that building will be a temporary space for the existing PNC Bank branch on the Property. The Applicant's supplemental submission will include more detailed drawings of the proposed interim streetscape condition while the bank is the tenant. The interim condition will be consistent with the Union Market Streetscape Guidelines. The supplemental submission will also include more detailed drawings of the permanent streetscape improvement condition once the bank has concluded its interim

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use of such space, consistent with the updated 4th Street, NE public space design approach.

To reiterate, the curb cut condition at 1346 4th Street, NE is an interim condition that would exist only for the period that the bank exists in the 1346 4th Street portion of the building. After the bank moves out of 1346 4th Street, the curb cuts would be removed and the streetscape would be improved to match the approach to the north of such segment.

The Applicant will also include further details regarding the 1346 4th Street component of the building in a subsequent submission to the Commission.

Throughout the application (see, for example, p. 7 of Exhibit 12A), the description is ambiguous about the exact mix of uses at the rooftop level. The applicant should commit to an exact penthouse use program.

Staff and Commission review of a PUD is dependent on precise information, including the proposed mix of uses. The use of the penthouse level would impact IZ contributions, and the Commission would also be reviewing features like lighting and noise, depending on the rooftop use.

Applicant Response: The Applicant's preference is to install commercial uses that would be a regional draw to DC and the Union Market District given the unique views from the Property. The Applicant will include additional details regarding the use proposal and related layout of the roof structure, along with the operations of such space in a supplemental filing. The roof structure would include up to approximately 8,000 square feet of commercial use and has been designed for a food and beverage user. All roof structure elements comply with the design requirements of Subtitle C, Chapter 15. An analysis of a potential rooftop restaurant or other commercial space against the applicable special exception criteria is included in Exhibit C and further analysis will be included in a supplemental prehearing filing.

The Applicant is specifically requesting flexibility with respect to penthouse uses so that it can instead deliver residential uses, including amenity uses or common areas in the penthouse, if sufficient demand for rooftop commercial space does not materialize. Habitable penthouse space generates additional 50% MFI units in the Project, whether the penthouse space is a commercial use such as a restaurant or contains residential units.

11 Explore design details that could add interest to the wall on the western exposure of the building, including adding balconies.

Because of the railroad easement, that façade of the building would likely remain highly visible from New York Avenue, and should be more visually interesting and not so plain.

Applicant Response: The Applicant understands the importance of this façade and its visibility to New York Avenue, NE and OP's position. The Applicant also heard the comments from the Zoning Commission. Updated facade drawings and renderings are included as Exhibit 16 in the record and are included again here on pages 5-9 of Exhibit F. Specifically, the western façade has an enhanced degree of articulation and many additional balconies.

The design should incorporate many more balconies for residential units.

According to page 11 of Exhibit 12A, only 17% of the units would have balcony access. While the balconies provided appear to be large in size, a much greater percentage of the building's residents should have access to private outdoor open space and fresh air. Balconies should be of a useable dimension.

Applicant Response: The Applicant has now provided greater than 25% of the residential units with balconies.

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It is worth noting that the current building design for the balconies is unique as these outdoor spaces are deeper than typical, are partially inset and covered, have planted features on the edge, and are designed for true indoor/outdoor living. The design makes these balconies more akin to terraces and gives residents access to fresh air and sweeping views of the District. Indeed, the Project's balconies are 118 square feet on average whereas balconies in comparable new projects are in the 24 to 60 square foot range, so the Applicant is building balconies that are approximately two times larger than the current average in DC and provide true outdoor living rooms for residents. See Exhibit F at pages 3 and 4. Additionally, the Project's balconies create a dramatic cascade of green plantings on the facade and a unique and memorable iconic building in DC. Additional details for the balconies' vegetation and landscaping are also provided in Exhibit F on page 3. The Applicant believes that balancing exemplary design of the proposed balconies with the Project's other outdoor spaces will provide all residents with ample opportunity to access outdoor space.

13 The applicant should provide a sign plan identifying sign locations on the building, and provide additional information about and renderings of the proposed large scale lighting and static signage on the New York Avenue side of the building.

Sign standards are an important element of building design, as their design and placement may impact the appearance of the building. The large scale lighting and signage could have visibility from a great distance, and whether positive or negative, their impact must be understood.

Applicant Response: In light of the Commission's negative feedback regarding the signage and as referenced in Exhibits 15 and 16 and shown on pages 6 through 9 of Exhibit F, the Applicant has removed the western-facing signage component and the integrated lighting component that was previously proposed along the building's New York Avenue frontage. Regarding the rest of the typical retail and residential signage on the building, the Applicant will provide a sign plan in a future submission.

The applicant is encouraged to include solar panels within the project.

Environmental protection is a goal of the Comprehensive Plan and Sustainable DC Plan, and the placement of solar panels on PUD projects is highly supported by OP, DOEE, and the Commission.

<u>Applicant Response</u>: The Applicant commits to providing sufficient solar panel array area on the Project's rooftop to provide no less than 1% of the Project's common area energy requirements.