BEFORE THE DISTRICT OF COLUMBIA
ZONING COMMISSION

PREHEARING STATEMENT OF 401 14 ST SW 2025 LLC REGARDING APPLICABILITY OF IZ PLUS

Z.C. Case No. 26-06

(401 14th Street, SW, Map Amendment, Unzoned to D-8)

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August 27, 2026

I. INTRODUCTION

This Prehearing Statement is submitted on behalf of 401 14 St SW 2025 LLC (the "**Applicant**") in connection with Z.C. Case No. 26-06, the Applicant's pending Map Amendment application (the "**Map Amendment**" or the "**Application**") to rezone the property located at 401 14th Street, SW (Square 0231 and Lot 0803), together with an adjacent 1.18-acre tract of land between Lot 0803 and Maine Avenue, SW designated as Parcel 316/16 (collectively, the "**Property**"), from unzoned (formerly federal) land to the D-8 Zone District. The Office of Planning's Set Down Report, dated July 20, 2026, recommends that the Zoning Commission set the Map Amendment down for public hearing and confirms that the proposed rezoning would not be inconsistent with the Comprehensive Plan.

The Applicant submits this Prehearing Statement to address one issue in advance of the public hearing: whether the proposed Map Amendment should be subject to the enhanced affordable housing set-aside requirements of IZ Plus under Subtitle X § 502.1 of the Zoning Regulations. The Applicant acknowledges that the map amendment, as a rezoning from unzoned to a D zone, falls within the class of amendments identified in § 502.1(a)(3) as generally subject to IZ Plus. The Applicant submits, however, that the Commission should exercise its discretion not to impose the enhanced twenty percent (20%) IZ Plus set-aside on this particular Property, in light of a combination of site-specific historic, environmental, and physical constraints that will substantially limit the density achievable here relative to what the D-8 Zone otherwise permits. The standard eight percent (8%) Inclusionary Zoning set-aside applicable to the D-8 Zone under 11-C DCMR §§ 1001.2(A) and 1003.7 will continue to apply to any residential development on the Property, consistent with the District's citywide affordable housing objectives.

As set forth below, imposing the enhanced set-aside on top of these constraints has the potential to make residential development on the Property infeasible, which would frustrate rather than advance IZ Plus's purpose of producing affordable housing. The Applicant respectfully requests that the Commission find IZ Plus inapplicable to this Map Amendment.

II. THE PROPOSED MAP AMENDMENT SHOULD NOT BE SUBJECT TO IZ PLUS

A. IZ Plus Applicability and the Basis for the Commission's Discretion

The Applicant acknowledges that the proposed rezoning of the Property from unzoned to the D-8 Zone falls within the class of map amendments identified in Subtitle X § 502.1(a)(3) of the Zoning Regulations, a conclusion also reflected in OP's Set Down Report. The Applicant does not contend that IZ Plus is categorically inapplicable to this Map Amendment as a threshold matter. The Applicant submits, however, that the Commission should exercise its judgment not to impose the enhanced twenty percent (20%) IZ Plus affordable set-aside on this Property, and that the standard eight percent (8%) Inclusionary Zoning set-aside remains the appropriate requirement for any future residential development undertaken here.

IZ Plus was designed to capture a portion of the additional value created when a map amendment substantially increases a property's development capacity, in exchange for an enhanced affordable housing contribution calibrated to that increased value. This premise assumes that the additional density made available by the map amendment can, in fact, be economically realized. Where a property's site-specific physical and regulatory constraints substantially limit achievable density and simultaneously increase development cost, an enhanced set-aside calculated against theoretical zoning capacity, rather than against what the site can actually support, does not serve IZ Plus's underlying purpose. Instead, it risks making residential development uneconomical altogether, which would produce the opposite of the outcome IZ Plus is intended to achieve.

B. OP's Prior Recognition That Historic Constraints Bear on IZ Plus Determinations

The principle that historic preservation constraints are relevant to whether IZ Plus should apply is not new to this case. In Z.C. Case No. 24-16, involving the proposed rezoning of the Grace Reformed Church property (Square 0210, Lot 0827) from RA-5 to ARTS-3, the Office of Planning recommended that the map amendment not be made subject to IZ Plus. Although OP's recommendation there rested in part on a threshold ground not present here (the amendment resulted in a lower maximum FAR, rather than an increase), OP separately, and independently, reasoned that the property's historic status limited the relevance of an enhanced set-aside.

OP went on to explain that "IZ Plus is intended to produce more affordable housing, particularly in areas with relatively few affordable units," and that although the surrounding planning area faced a documented shortage of affordable units, "due to the historic nature of the property and small site, it is unlikely that it could accommodate additional density." OP accordingly recommended against IZ Plus notwithstanding the affordable housing need in that planning area, recognizing that a set-aside calculated against unrealizable density serves no purpose. The property remained subject to the standard IZ requirement.

Case No. 24-16 is instructive, though the Applicant does not contend it is identical to the circumstances here. In that case, the entire property was foreclosed from additional density by historic landmark status alone. Here, the Applicant does not ask the Commission to find that no additional density can ever be realized on the Property. The Property includes both the Liberty Loan Building and an adjacent undeveloped tract, and the Applicant understands that limited expansion of the existing building may ultimately prove feasible, subject to the review processes described below. What Case No. 24-16 establishes, and what the Applicant relies on here, is the narrower and more directly applicable principle: that where factors such as historic preservation meaningfully constrain the density a property can realize, that constraint is a proper basis for the Commission to decline to impose IZ Plus's enhanced twenty percent set-aside, in favor of the standard requirement, even where the surrounding area could otherwise benefit from additional affordable housing. The same reasoning applies with at least equal force here, where the Property's constraints are not limited to historic preservation review alone, but are compounded by Commission of Fine Arts jurisdiction, floodplain regulations, and protected heritage trees, as discussed below.

C. Site-Specific Constraints Limiting Achievable Density

The Property presents a combination of constraints that, considered together, will limit the density and increase the cost of any development significantly below what the D-8 Zone's nominal capacity, up to 6.5 FAR non-residential (unlimited for residential use) and heights of approximately 130 feet, might otherwise suggest:

- Historic and design review constraints. The Liberty Loan Building is not individually designated a landmark, but the Property is located within the area covered by the Shipstead-Luce Act and immediately adjacent to the East and West Potomac Parks Historic District and the Washington Monument and Grounds Historic District and is subject to a Historic Preservation Covenant requiring compliance with the Secretary of the Interior's Standards and approval from the D.C. State Historic Preservation Office. OP's own Set Down Report confirms that the site "requires further review as a historic structure by the Commission of

Fine Arts, DC State Historic Preservation Office, and review by the Zoning Commission per Subtitle I § 581." Any redevelopment of the Property will accordingly remain subject to Commission of Fine Arts design review, which exercises jurisdiction over this portion of the monumental core and has historically applied conservative standards to height, massing, and sightlines in the vicinity of the National Mall, as well as to applicable HPO Guidelines governing rooftop setbacks and compatibility (HPO Guidelines §§ 1.1 et seq., 16.1–16.2).

- Floodplain constraints. Portions of the Property lie within the 100-year and 500-year floodplains, consistent with OP's own identification of the site as within a Resilience Focus Area on the Comprehensive Plan's Generalized Policy Map. Development within these zones is subject to elevation requirements, flood-resistant construction standards, and stormwater management obligations under applicable District and federal floodplain regulations, each of which adds material cost and design complexity to any project on the site.
- Mature trees. The Property contains mature trees on its open areas, which limits development in those areas, further constrained by the physical and access limitations described below.
- Physical and access constraints. As OP's Set Down Report notes, the Property's irregular, triangular configuration includes a portion of Maine Avenue, SW and the on-ramp that runs through the existing building and connects to 14th Street, SW. This on-ramp bisects the building footprint and, together with the existing roadway and access drive visible on current site aerial imagery, further constrains the buildable envelope and vehicular and pedestrian circulation available for any redevelopment of the Property.
- Market and disposition context. The Property is one of the federal assets GSA identified for accelerated disposition as part of its broader effort to dispose of underutilized federal real estate within the Southwest Federal Center area, as described in OP's Set Down Report. The existing structure, the Liberty Loan Building, built in 1919 as a temporary structure to house the Liberty Loans bond program during World War I and never demolished as originally planned, has served federal uses of a fundamentally different character than the mixed-use redevelopment contemplated by the D-8 Zone, a distinction relevant to the cost and complexity of converting the building rather than to the appropriateness of the D-8 designation itself. The Liberty Loan Building is a single-tenant, Class B commercial office building of Type IB non-combustible, sprinklered construction, most recently renovated in 1988 and most recently occupied by the U.S. Department of the Treasury's Financial Management Service. The building is in generally good condition, but its major systems are approaching a twenty-year benchmark for repair and replacement, with near-term capital needs including elevator system replacement, interior door and finish upgrades, and correction of twenty-eight identified life-safety and fire-protection findings. These

conditions reflect a building configured and maintained for continuous single-tenant federal office use; converting it to the residential and mixed-use program contemplated by the D-8 Zone will require substantial reconfiguration of the building's floor plates, egress, and systems independent of its general state of repair.

D. The Enhanced Set-Aside Would Undermine, Rather Than Advance, IZ Plus's Purpose

Layering a 20% affordable housing set-aside on top of a project already constrained by the factors described above would materially increase the likelihood that residential development on the Property becomes economically infeasible. By way of illustration, a 20% set-aside is two and a half times the affordable-unit obligation of the standard 8% requirement, meaning that for any given unit count, IZ Plus would remove substantially more square footage from market-rate use than the standard rate, precisely the increment most exposed to the density and cost constraints described above. Should that occur, the practical result would not be more affordable housing, but potentially no housing at all: the Property could instead be developed with exclusively non-residential uses, which would produce zero affordable units and forfeit the opportunity the Comprehensive Plan itself identifies for this corridor: introducing new housing, including affordable housing, into a transit-rich, high-opportunity location in Central Washington that has historically been dominated by single-use federal office buildings. See 10-A DCMR §§ 501.1, 503.3, 503.6.

This outcome would be squarely at odds with the Housing Element's core objectives. Policy H-1.1.1 encourages private-sector production of both market-rate and affordable housing "at locations consistent with District land use policies and objectives"; Policy H-1.1.4 promotes mixed-use development that includes affordable housing; and the Comprehensive Plan's overarching housing production goals depend on projects of this kind actually being built. An IZ Plus set-aside that renders a project infeasible advances none of these policies; it simply removes the site from housing production altogether.

The Applicant recognizes that OP's Set Down Report notes the Central Washington Planning Area has not yet reached the Mayor's 2025 affordable housing production target, standing at approximately 88.7% of that goal. The Applicant does not dispute this figure, but submits that it cuts in favor of, rather than against, the approach urged here. Because the planning area is already close to its target, the marginal difference between an 8% and a 20% set-aside on this particular, heavily constrained Property is unlikely to determine whether the planning area ultimately reaches its goal, while the risk that a 20% set-aside renders the Property's residential component infeasible could instead remove the site from housing production altogether, moving the planning area further from, not closer to, the target OP seeks to advance. The standard 8% set-aside allows the Property to continue contributing toward that goal without introducing a risk that outweighs the incremental benefit of the enhanced rate.

By contrast, the standard 8% IZ set-aside, which will continue to apply to any residential development proposed for the Property regardless of the Commission's determination on IZ Plus, remains calibrated to a level that this site can support while still contributing meaningfully to the District's affordable housing goals.

III. NEIGHBORHOOD CONSERVATION AREA DESIGNATION AND COMPREHENSIVE PLAN CONSISTENCY

At the set down hearing, the Commission asked the Applicant to address the Generalized Policy Map's Neighborhood Conservation Area designation for the Property and its relationship to the potential Comprehensive Plan inconsistency identified in OP's Set Down Report.

As OP's Set Down Report explains, the Generalized Policy Map identifies the Property as being within a Neighborhood Conservation Area, in addition to Federal Lands and a Resilience Focus Area. The Comprehensive Plan generally describes Neighborhood Conservation Areas as areas with little vacant or underutilized land that are "generally residential in character," where "[m]aintenance of existing land uses and community character is anticipated," and where "[m]ajor changes in density over current conditions are not expected," though "some new development and reuse opportunities are anticipated." The Set Down Report itself, however, does not identify the Neighborhood Conservation Area designation as a basis for finding the proposed map amendment inconsistent with the Comprehensive Plan; OP's discussion of potential inconsistencies is instead limited to the Future Land Use Map's Parks, Recreation, and Open Space designation and certain federal-workforce policies.

The Applicant submits that the Neighborhood Conservation Area designation does not present an independent inconsistency, for the same reasons OP applies to the Future Land Use Map's Parks, Recreation, and Open Space designation. As the Comprehensive Plan's own guidelines for interpreting the Generalized Policy Map and Future Land Use Map make clear, these maps are intended to be interpreted broadly, are not parcel-specific, and are to be read together with the balance of the Comprehensive Plan's text, including the Citywide and Area Elements. The Property is a uniquely situated site, a disposed federal parcel transitioning to private ownership, distinguishable from the established residential neighborhoods that the Neighborhood Conservation Area designation is principally intended to describe and preserve. OP's own analysis supports this reading: the Set Down Report notes that the Property's inclusion within the Central Washington Area Element's Policy Focus Area 2.7 "implies that it should be included within the area where development is assumed to occur rather than be restricted to PROS uses only under a strict interpretation of the FLUM," reasoning that applies with equal force to the Generalized Policy Map's Neighborhood Conservation Area designation. Accordingly, to the extent the Commission views the Neighborhood Conservation Area designation as raising a distinct consistency question, the Applicant submits that it is outweighed, for the same reasons OP identifies with respect to the FLUM, by the Comprehensive Plan's other applicable policies favoring adaptive reuse of former federal sites for mixed-use development.

IV. <u>COMMUNITY OUTREACH AND ENGAGEMENT UPDATE</u>

The Commission also requested an update on the Applicant's community outreach and engagement efforts. To date, the Applicant has reached out to ANC 2A on April 29, May 13, May 22 (the date the Application was filed), June 29, August 18, and August 27, 2026. The Applicant also reached out to ANC 6D on June 29, August 18, and August 27, 2026.

ANC 6D has indicated that it may place the Application on its September agenda and stated that it would follow up after September 8, 2026. A Commissioner from ANC 2A has responded that she does not have questions about the Application and does not believe the full Commission needs to be briefed on it, while noting that she could not speak on behalf of her colleagues. The Applicant has not yet received a substantive response from the ANC 2A Chair. The Applicant will continue to update the Commission on the status of its outreach to both ANCs in advance of the public hearing.

V. <u>ANTICIPATED PROJECT DESCRIPTION</u>

At the set down hearing, a Commissioner noted that the record may already reference the nature of the project anticipated for the Property and asked that a brief description be provided if known, while acknowledging that the specific development program is not part of the Commission's evaluation of a map amendment application. The Applicant confirms that no specific development plan has been finalized for the Property. Consistent with the flexibility inherent in the D-8 Zone, the Applicant anticipates pursuing an adaptive reuse of the Liberty Loan Building for a mixed-use program that may include a combination of residential and commercial uses, subject to further design development, applicable historic preservation review, and market conditions at the time of development. The Applicant will provide additional detail regarding the anticipated project as development plans are refined.

VI. CONCLUSION

For the foregoing reasons, the Applicant respectfully requests that the Commission find that the proposed map amendment should not be subject to the enhanced IZ Plus set-aside requirements of Subtitle X. The Applicant does not seek exemption from Inclusionary Zoning generally; any future residential development on the Property will remain subject to the standard 8% IZ set-aside applicable to development in the D-8 Zone. Given the combination of historic, floodplain, arboreal, and market constraints affecting this specific Property, however, the enhanced 20% requirement is not appropriate and would be more likely to discourage housing production on this site than to advance it.

Respectfully submitted,

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