Kenneth J. Welch

Capital Gateway

Property Owner

ZONING COMMISSION
CASE NO. 96-3/89-1
EXHIBIT NO. 63

ZONING COMMISSION
District of Columbia
CASE NO.96-3
EXHIBIT NO.63

BUZZARD POINT -- CAPITAL GATEWAY (BP/CG)

REZONING AND RESIDENTIAL OVERLAY

- Office of Planning (OP) has proposed the rezoning of BP/CG to CR* and W-2** and overlay the two distinctly different areas (Exhibit A) with a mandatory housing requirement to keep the zoning in the areas consistent with the Comprehensive Plan (CP).

- The CP was developed during a Real Estate (RE) boom when it was feared commercial development would push residents out of the city.

- CP specifies Capital Gateway to be high density commercial residential mixed use.

- Since CP inception all but 11 or 12 residents have moved from CG; and it continues to deteriorate despite the opening of the Navy Yard subway stop. Clearly we are no longer in a RE Boom. The city has lost 30% of its population in the last 25 years and at least 10% of the residents moved from the city last year.

- Every four years CP is to be reviewed and amended. There is a community outreach by the OP where 5 or 6 meetings are open to public for review and comment.

- CG representatives attended these meetings and submitted the proposed changes (Exhibit B) with apparent concurrence from the community.

- In summary the changes are:

    1. Separate CG from Buzzard Point for numerous reasons (Exhibit A)

    2. Zone CG with and like Capital South which is North of M Street but on the same side of South Capital and contrary to BP these areas are in Central Employment District, and shares the same City Sector and Ward. Capital South is zoned C-3-C*** with 6.5 FAR and no overlay.

- OP proposal is based on questionable interpretation of the CP, lack of market and financial feasibility and fiscal impact analysis. They have ignored economic change, exodus of the city population, and proposals for changing the CP, and instead want to plan with parameters of the 1970's and 1980's.

- Capital Gateway Group commissioned Basile Baumann Prost and Associates to conduct an economic impact analysis which concludes:

    > Our analysis indicates that the proposed Overlay Zone will have a negative impact on the development potential for the BP/CG area. OP's proposal will be a disincentive to development in BP/CG; will effectively prevent the subareas from

achieving the desired (Comprehensive Plan) goal of a high density residential, medium-high density commercial mixed use district; and could constitute a taking. There are, however, alternatives to the OP proposal that are viable now. These alternatives, utilizing increased commercial components, decreased residential component, and phasing of development, would more rapidly move Buzzard Point and Capital Gateway toward the Comprehensive Plan goal of mixed use districts.

The Executive Summary and Recommendations of the analysis are attached (Exhibit C).

- It is requested that the Zoning Commission acknowledge that the city's economics, population and commercial trends have fundamentally changed from what we knew. If it is desired to change the course of Capital Gateway and stop its deterioration, OP can no longer justify the use of the same old policies and guidelines it used when the CP was developed.

- An aside to the illogic of mandating housing through use of the BP/CG overlay, the National Capital Planning Commission (NCPC) is proposing the area become another Mall with the Supreme Court relocating to the Anacosta Riverfront. This is pretty 'Way Out" but you certainly do not want to mandate housing where there is virtually none if there is any possibility NCPC may ultimately want to eliminate it. It is more humane and politically easier to relocate commercial tenants rather than residential tenants and owners.

- Accordingly, it is requested that Zoning Commission endorse the proposed changes to the Comprehensive Plan and vote for progress rather than continued stagnation.

* The **CR** District permits matter of right residential, commercial, and certain light industrial development to a maximum height of 90 feet, a maximum floor area ratio (FAR) of 6.0 for residential and 1.0 for all other permitted uses, and a maximum lot occupancy of 75 percent for residential uses.

** The **W-2** District permits medium density residential, commercial and certain light industrial development in waterfront areas to a maximum height of 60 feet, a maximum floor area ratio (FAR) of 4.0 for residential and 2.0 for other permitted uses, and a maximum lot occupancy of 75 percent for residential uses.

*** The **C-3-C** District permits matter of right major business and employment centers of medium/high density development, including office, retail, housing, and mixed uses to a maximum height of 90 feet, a maximum floor area ratio (FAR) of 6.5 for residential and other permitted uses, and a maximum lot occupancy of 100 percent.

EXHIBIT A

Capital Gateway/Buzzard Point

Comparisons:

		Capital Gateway	Buzzard Point
1.	Adjoining Residential Tenants	Few	Many
2.	Metro Rail Station (Navy Yard)	Yes	No
3.	Central Employment District	Yes	No
4.	Adjacent R-4	No	Yes
5.	Adjacent C-3-C	Yes	No
6.	Adjacent SE Federal Center	Yes	No
7.	Federal Tenants (CG)	No	Yes
8.	ANC	6B	2D
9.	DC Ward	6	2
10.	Sector of City	SE	SW
11.	Side of Major City Gateway	East	West
12.	Comprehensive Plan Change Pending To Eliminate Housing Component	Yes	No
13.	Potomac Waterfront	Yes	Yes

Desired Action:

1. Capital Gateway should be separated from Buzzard Point.

2. Zone Capital Gateway C-3-C.
   Rational: Capital South which is North of Capital Gateway across M Street has been zoned C-3-C with no housing component and it is logical to extend this commercial corridor to the Capital Gateway area.

EXHIBIT B

Capital Gateway Association
1422 K Street NW
Suite 452
Washington, DC 20005

27 June 1996

Mrs. Jill C. Dennis
Director
District of Columbia Office of Planning
415 12th Street NW
5th Floor
Washington, DC 20004

Dear Mrs. Dennis:

The following proposed amendments are submitted for consideration and inclusion in the Ward 6 portion of the **Comprehensive Plan.**

Sincerely,

Kenneth J. Welch
Representative
(202) 289 4909

EXHIBIT B

PROPOSED AMENDMENT A

- **Add a new subsection**

In the **ECONOMIC DEVELOPMENT** element, add the following new subsection:

Subsection 1703.1 (t)
Designate new special treatment areas for the Capitol South (South Capitol Street east to New Jersey Avenue and M Street north to the Southeast / Southwest Freeway) and Capitol Gateway (South Capitol Street east to First Street and M Street south to the Anacostia River) areas. This is to acknowledge recent inclusion of these areas by the Federal government in its "**Central Employment Area**" and to promote use the Metro Stations (Navy Yard and Capitol South) through commercial development of adjacent areas, acknowledge the near southeast as a **Development Opportunity Area**.

Rational: This amendment acknowledges recent inclusion in "Central Employment Area" and highlights the ongoing support by District government to encourage private sector commercial development and economic activity in the blighted area and to acknowledge the near southeast Development Opportunity Area is the first major Comprehensive Plan Designation for the area.

EXHIBIT B

PROPOSED AMENDMENT B

- **Replace an existing section with a new section**

In the **LAND USE** element, **replace** existing **Section 1732.13** with the following:

Subsection 1732.13
A significant change in Ward 6 will occur in the Capitol South and Capitol Gateway areas. These areas now include industrial and warehouse uses, parking lots, vacant land and buildings, the WMATA bus garage and the Washington Post printing facility. Economic redevelopment of these areas should be encouraged predominantly through commercial zoning use. The revised zoning for the Capitol South (north of M Street) is medium-high commercial (C-3-C) and proposed zoning for the Capitol Gateway should be the same (C-3-C), with Professional and Technical Employment (PTE) designation without BP overlay and without a housing component to reflect the current non-residential nature of the area. The development potential of Capitol South and Capitol Gateway as prime commercial areas will take advantage of the Federal government's designation as a "**Central Employment Area**" and as a **Capital Improvement Area**; such commercial development will promote full use of the Metro Stations and enhance pedestrian usage of the waterfront.

Rational: This amendment acknowledges recent inclusion in "Central Employment Area" and highlights the ongoing support by the District government to encourage private sector commercial development and economic activity in this blighted area.

EXHIBIT C

Executive Summary

Basile Baumann Prost & Associates conducted an analysis of the impacts of the D.C. Office of Planning's (OP) Proposed Buzzard Point/Capitol Gateway (BP/CG) Overlay Zone. We evaluated market and financial conditions to determine the effects this Overlay Zone would have on the economic feasibility of development in BP/CG. Additionally, we developed and evaluated several alternatives to the OP proposal.

Conclusions

Our analysis indicates that the proposed Overlay Zone will have a negative impact on the development potential for the BP/CG area. OP's proposal will be a disincentive to development in BP/CG; will effectively prevent the subareas from achieving the desired (Comprehensive Plan) goal of a high density residential, medium-high density commercial mixed use district; and could constitute a taking. There are, however, alternatives to the OP proposal that are viable now. These alternatives, utilizing increased commercial components, decreased residential components, and phasing of development, would more rapidly move Buzzard Point and Capitol Gateway toward the Comprehensive Plan goal of mixed use districts.

Findings

Six development alternatives were evaluated, and analyzed for feasibility and economic/fiscal impact (Table X-1). Our analysis indicates that OP's proposal does not produce financially viable development and that bonus zoning incentives in OP's proposal do not adequately address the fundamental problem, that residential development in the Capitol Gateway area is costly and unprofitable (see Table X-1, Graph 1). As a result, none of the development alternatives allowable under OP's proposal are feasible. Therefore, OP's proposal would effectively place a moratorium on development in the BP/CG areas. Other key findings include:

1. The BP/CG is one of the few areas in the District of Columbia capable of major new commercial and residential development .

2. Capitol Gateway and Buzzard Point are distinctly different areas, with different opportunities and limitations. Capitol Gateway benefits from its location at the nexus of commercial districts and proximity to mass transit, while Buzzard Point benefits from its extensive waterfront, nearness to Fort McNair and substantial residential uses in Southwest D.C.

3. The West End, considered to be a model for development in the BP/CG areas, has a different market environment, different physical conditions, and benefited from the construction of hotel space in lieu of residential space to meet District zoning requirements.

4. OP's proposal is based on questionable interpretations of the Comprehensive Plan, lack of market and financial feasibility and fiscal impact analysis.

5. The higher density of commercial development necessary to offset the unprofitable residential component is not allowed under the Office of Planning Proposed Overlay Zone.

6. OP's proposal would substantially devalue the property of owners in the area by eliminating or limiting their development potential and could constitute a "taking".

7. Lack of infrastructure, poor appearance and a lack of available financial incentives within the BP/CG area will prevent the mandated residential component from being achieved.

Recommendations

Mixed use alternatives different from those allowable under the OP proposal are viable now (Table 1). Phasing of development is crucial to continued revitalization of the BP/CG areas. Adopting the recommendations below provide zoning for the development necessary to created healthy mixed use districtrs.

BBP has determined that a mixed use zone with 6 FAR commercial and 2 FAR residential (including hotel) will create a viable development environment in BP/CG. It will allow for greater commercial use and less residential use than called for in OP's proposal; can achieve viable development today; and will move BP/CG more quickly toward becoming mixed use. As the subareas improve physically, residential uses will become more feasible, given improved market conditions.

Zoning for Buzzard Point and Capitol Gateway should allow for, and encourage, the phasing of development, or leading with the mix of development feasible under current and near term market and financial conditions. In Capitol Gateway, zoning regulations should allow for extensive commercial-oriented mixed use development, building on the locational advantages of this area. Buzzard Point's zoning should encourage early commercial-oriented development in the subarea's northeast corner (abutting Capitol Gateway), developing the Anacostia waterfront and rehabilitating dilapidated public and private housing structures. These measures will lay the foundation for more residential-oriented mixed-use development in BP/CG in the future.

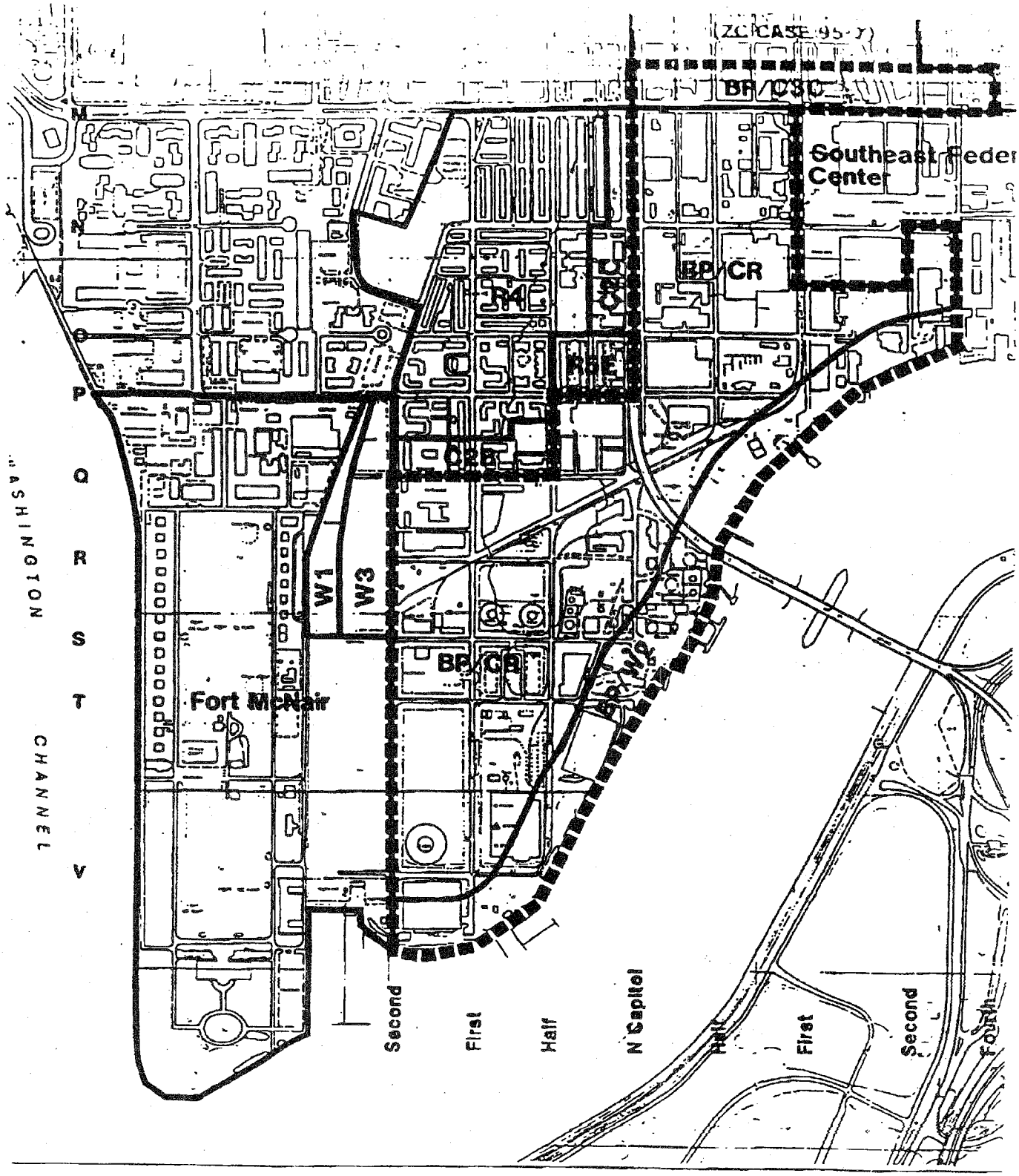
Zoning for BP/CG that facilitates early development will bring about the critical mass of activities necessary for the subareas to become mixed use districts in the future. Zoning under the OP proposal attempts to require the ultimate long-term mix of uses now, on a lot-by-lot basis (3 FAR commercial/3 FAR residential). OP's approach will stifle development, rather than move BP/CG toward achievement of Comprehensive Plan goals.

Recommendations.

BBP recommends that the Office of Planning Proposed Overlay Zone *not* be implemented as currently proposed. To accomplish Comprehensive Plan goals, BBP recommends that the OP Proposed Overlay Zone be replaced with a zone that allows a mix of uses, a more feasible distribution of components, and densities that are more likely to provide incentives to developers to provide new uses in both Buzzard Point and Capitol Gateway. That zone would be applicable to both Buzzard Point and Capitol Gateway. We suggest that the density of uses should not exceed a maximum of 8.0 FAR in either subarea, and that the mandated development of residential space should range from 1.5 FAR to 2.0 FAR in BP/CG. Further, we recommend there be no concurrency requirement; and that there be provisions for the use of TDRs and combined lot development.

Additionally, a performance bonus for the construction of residential space should be offered. That bonus should provide 1.0 FAR of any matter-of-right use for every 1.0 FAR of residential use delivered. That mix of uses and densities will facilitate development in Buzzard Point and Capitol Gateway, rather than stifle the incentive to redevelop this valuable and important area. With a positive supportable land value now, our recommended rezoning would provide even more incentive to developers in improved market conditions.

We also feel that the study area would most quickly and logically develop into mixed use districts if zoning for the area fostered a phasing of development. By leading the redevelopment of the area with those uses that are feasible, Buzzard Point and Capitol Gateway will sooner become mixed use. This could be accomplished by allowing extensive commercial development in Capitol Gateway; requiring lower residential densities; requiring no concurrency of residential development; and directing investment toward the improvement and development of the Anacostia waterfront, all of which could be adopted in a more rational, feasible, and logical rezoning of the BP/CG areas.



BUZZARD POINT/CAPITOL GATEWAY AREA
PROPOSED ZONING
DRAFT
Office of Planning, 9/95

Boundary – Proposed Buzzard Point/Capitol Gateway (BP) Overlay Zone