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January 24, 1997

Ms. Jerrily Kress, Chairperson
D.C. Zoning Commission
441 4th Street, NW
Suite 210
Washington, D.C. 20001

Re: Case No. 96-3/89-1
Map Amendment & Overlay
for Buzzard Point-Capitol Gateway

Dear Ms. Kress:

The attached report represents our supplemental filing in the above case. It has been a pleasure working with the Zoning Commission on this most exciting and challenging project. Should you have any questions, please do not hesitate to give me a call.

Kind regards,

Fred L. Greene

'97 JAN 24 P4:21
OFFICE OF ZONING
DISTRICT OF COLUMBIA

1/24/97

ZONING COMMISSION
CASE No. 96-3
EXHIBIT No. 74

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SUPPLEMENTAL REPORT

CASE NO. 96-3/89-1

MAP AMENDMENT & OVERLAY DISTRICT FOR BUZZARD POINT-CAPITOL GATEWAY

BACKGROUND

This represents a supplement to our presentation before the Zoning Commission on Monday, November 25, 1996. It is intended to expound on the many points discussed in support of the significance of the Navy Yard Metrorail Station to the future redevelopment of the Buzzard Point-Capitol Gateway area and of the need for higher density in the vicinity of the Station to accomplish development in a more timely and efficient manner.

The petitioner owns property in Square 701, which is east of South Capitol Street, bounded by M Street on the north, First Street on the east, N Street on the south and Half Street on the west. Square 701 includes the west entrance of the Navy Yard Metrorail Station. The Station opened in 1991 and currently attracts only about 1500 patrons per day, far less than its capacity.

Square 701 is a major component of the proposed Buzzard Point/Capitol Gateway Development area. Capitol Gateway is an area of approximately 25 acres, occupied predominantly by aging industrial warehouses and public structures. Among these are the Southeast Metrobus Garage, and the District of Columbia "O" Street Yard and Pumping Station.

Square 701's value as a development tract is derived from three main sources: location, transportation access, and development entitlements.

LOCATION

While the Square is located in close proximity to the Capitol, downtown Washington, Union Station, South Capitol Street, and the highly desirable communities of Southwest and Capitol Hill, the immediate area has suffered over the years with blight and urban decay. Problems with high crime and drug dealing plague the area. The reversal of this decline is dependent upon pro-active public development policies aimed at attracting development interest. Because of the severity of the decline, a more liberal approach on development density may be necessary to "jump start" development interest in the area. The Navy Yard Metrorail Station area is the most logical place to encourage higher density, mixed use office, hotel and retail development from an urban planning standpoint to "jump start" the area.

Square 701, and properties in the immediate vicinity of the Metrorail Station, should not be feared with respect to development and development impact. Unlike the Cleveland Park Station area rezoning, where the Zoning Commission had to balance commercial development densities, heights, and development impact with the existing residential community, the Navy Yard Station area is spared of a built environment as delicate as that of Cleveland Park. The Navy Yard Station area is an excellent opportunity for the Commission to apply innovative planning and zoning to facilitate higher development

density to alleviate urban blight in a far more timely and efficient manner than otherwise would occur under the current proposal.

TRANSPORTATION ACCESS

The capacity of land to support development is a function of the public and private services available. Transportation accessibility is one of the most critical elements of development capacity. The location of Metrorail service in Square 701 represents the creation of additional development potential. Throughout the city and the metropolitan area, Metrorail station areas are major nodes of economic activity. Without Metrorail service, this Square would neither attract high density development nor accommodate it.

The presence of Metrorail service in Square 701 is a major step towards facilitating and re-focusing economic growth forces in the city and the metropolitan area as a whole. High density employment and commercial centers that would otherwise locate downtown without Metrorail access or outside the District, can be attracted to and captured by the Southeast/Buzzard Point Area, spearheading a renaissance in an area that is in need for such treatment. Equally important is the application of the appropriate zoning by the Commission to make the renaissance a reality.

EXISTING ZONING AND LAND USE

The existing zoning of Square 701 is C-M-2, Commercial-Light Manufacturing. C-M districts allow warehousing, automotive, office and light manufacturing uses. The maximum height is 60 feet, and the allowable FAR is 4.0.

The existing land uses is the Square include automotive, parking, vacant lots, WMATA, PEPCO, and related commercial/industrial uses. The Petitioner's lots are a mix of light industrial and vacant uses.

PROPOSED ZONING

Case No. 96-3/89-1, as proposed, recommends that Square 701 be rezoned to BP/CR. BP is the Buzzard Point-Capitol Gateway overlay district. CR allows residential, commercial and certain light industrial development to a maximum FAR of 6.0 for residential and 3.0 for all other permitted uses, and a maximum lot occupancy of 75% for residential uses.

The Case as proposed would, in fact, down-zones Square 701 of its commercial entitlement allowed currently as a matter-of-right. The current C-M-2 allows a commercial FAR of 4.0, 1.0 FAR basis point above the proposed CR.

OVERALL SITE DESCRIPTION AND SOME MARKET CONSIDERATIONS

The petitioner's properties are located near the Navy Yard Metrorail Station, a location which is emerging as a future redevelopment area. The larger Buzzard Point/Capitol Gateway area has been the subject of several public-sponsored and public/private-sponsored planning studies. These studies have in many ways paved the way for the rezoning work under consideration by the Commission.

According to recent market studies, the Buzzard Point/Capitol Gateway area is likely to emerge as a major office and employment center that will include residential development and a festive waterfront focused on the Anacostia River. The vast majority of the office development is likely to occur in the Southeast Federal Center and in areas in the vicinity of the Metrorail Station and serve government-related users

and those seeking lower leasing rates than those in the Downtown area. Accessibility to Metrorail will enhance the market for office space because of the ease of access to other parts of the District.

The Buzzard Point/Capitol Gateway area has now experienced some early assemblage. However, the exact time of redevelopment is difficult to predict since timing will depend on funding of the Southeast Federal Center, redevelopment of the Navy Yard and absorption rates in competing development areas in the District of Columbia which are dependent on underlying economic and market conditions in the Washington Metropolitan area. The timing of development near the Metrorail Station will also depend on whether redevelopment of the existing Metro-owned Bus Garage occurs in a fashion to serve as a catalyst for other development in the area.

THE PRIMARY IMPACT AREA

Traditionally, the geographical area within a radius of 1,500 feet from a Metrorail station is considered the Primary Impact Area. As a general rule, this is the area which will evidence the highest degree of investment which can be directly linked to the Metrorail station. The petitioner's property is located within the Primary Impact Area. In most urban areas, the primary impact areas are the ones which receive major public planning and zoning attention. While a great deal of land use studies have been provided for Buzzard Point/Capitol Gateway area, there is still a need to prepare more fine-grained, site specific land use plans and strategies to do the following:

- Focus growth around the Navy Yard station to enhance ridership for the transit investment and provide access and mobility for growth in the immediate area;
- Generate short and long term economic benefits for the District of Columbia, and the private sector through the coordinated control or management of property rights around the Navy Yard station; and
- Create the opportunity to integrate the Navy Yard station into planned and existing developments most effectively and aesthetically to ensure that transit is a complement to the neighborhood fabric.

Metrorial has proved itself to be a major factor in transporting persons not only to and from the downtown but also to and from suburban sites. In some cases, it is the dominant choice of mode. It is also clear, however, that the propensity to take transit is dependent on land use and origin/destination relationships. Several land use factors hold the keys to making the best possible use of the transit system. These include:

- In the Primary Transit Impact Areas of Metrorail stations, promoting the types of high density land uses that tend to generate the most transit trips.
- Locating these land uses in close proximity to the station portals, and
  Providing high-density land development around Metro stations, including stations outside of downtown.

The Metrorail transit system is quite dependent on walk access, often at both ends of the trip. Because the convenience of walk access is highly dependent on distance from the station portal, it is important that a relatively dense, compact land use arrangement occur within the station area. This development philosophy is good not only for the vitality of the transit system but for regional transportation overall. More convenient access to the Metrorail system (through locating sizable land developments in close proximity to rail stations) increases use of the system and thereby reduces the amount of auto travel that would otherwise be made (if a similar development was located far away from a rail station). For example, studies conducted by the Washington Metropolitan Area Transit Authority (WMATA) have shown that a 200,000 square foot office building in the downtown will generate nearly 300,000 transit trips per year, valued at approximately $500,000 of transit revenue. A similar building near a close-in station would generate over $200,000 in transit revenue annually. By locating this 200,000 square foot

office building in a Primary Impact Area rather than in a remote area not served by transit, an annual reduction of some 500,000 vehicle miles of travel would also be realized. Similar comparisons can also be made illustrating the economic and transportation benefits of increased density around rail stations.

Development of any type tends to be controversial. There are usually pros and cons that must be weighed. It is clear, however, that the limited supply of developable land and the fixed nature of the Metrorail system make development decisions around rail stations particularly critical. They must be lived with for many years to come and must therefore be made with a long-term view.

It is inevitable that the Washington metropolitan area will grow. Careful attention to how it grows, particularly in areas served by Metrorail, will reap major benefits in optimizing the use of the existing and future regional transportation system. For a long time the benefits of transit investment have not been fully used as a master-planning tool. They should be. The Zoning Commission has an opportunity to demonstrate how this can be implemented. Several ideas are cited throughout this study.

FOCUSING GROWTH AND HIGH DENSITY IN PRIMARY IMPACT AREA

For the last 20 years the Washington Metropolitan Area Transit Authority (WMATA) has invested over 12 billion dollars to build a first rate Metrorail system in the Washington Metropolitan Area. The current system consists of 72 stations and nearly 90 miles of tracks. While it is recognized that development is not appropriate at all of the stations, the Navy Yard station and its environs have long been identified as an area for major development. The station's designation in the local elements of the Comprehensive Land Use Plan as a Production-Technical Employment area (PTE) was to reinforce this potential.

Focusing growth and high density around the Navy Yard station can be accomplished by:

- Integrating the transit station into planned developments.
- Incorporating transit entrances into planned activity centers, fully exploiting the investment in the Metrorail system.
- Enhancing the transit experience by improving the convenience of access which in turn increases ridership.
- Promoting high density development in the air rights above and within the Primary Impact Area (a radius of 1,500 feet from the station).

Forging direct access links between the station and planned developments where full integration is not possible.

One of the major concepts used to ensure appropriate developments in the Primary Transit Impact areas is referred to as joint public/private development. Joint development is emerging as a major success story throughout the United States. One of the leading local proponents of this concept is WMATA. In fact, WMATA has completed more joint development projects than any other transit provider in the county. WMATA's program has the following goals:

- Attract new riders to the transit system by fostering commercial and residential development projects on WMATA owned or controlled land and on private properties adjacent to Metro stations;
- Create sources of revenue for WMATA to operate and maintain the transit system by expediently negotiating joint development agreements between WMATA and public or private development entities; and

Assist the WMATA local jurisdictions to recapture a portion of their past financial contributions and to continue making subsidy payments by expanding the local property tax base and adding value to available local revenue.

The Commission could learn a lot from reviewing the WMATA experience with this concept. The region has invested a vast amount of money in constructing the Metrorail system. It is time that we begin to

capitalize on this investment. Appropriate zoning should be adopted which will encourage transit-related development.

Office uses with the associated convenience retail should be located closest to the station entrances since they are the most sensitive to distance from the station. The distance people are willing to walk can be increased by careful planning of the pedestrian systems. For example, utilizing underground walkways or skywalks between buildings can be used to separate pedestrians from vehicle traffic. Major retail and hotel uses could occupy the next ring. Mid to high density residential developments would occupy the outer ring. The highest densities would be located closer to the station, making the transition down to single family residential as distance from the station increases. This is a generalized concept only and could be varied from station to station along a corridor. However, it is very applicable to the Navy Yard Station area.

At the federal level, joint development efforts are under the aegis of the Federal Transit Administration (FTA) which provides funding for a number these projects. The examples of the economic impact of transit investment, especially when accompanied by focusing high density around transit stations and integrating transit function stations into existing and planned developments are impressive:

- In Portland, Oregon some 10 million square feet of new development with a value in excess of $1 billion dollars has been built along the transit line.
- Seven of the ten major buildings built in Pittsburgh in the last 10 years have been clustered around three subway stations.
- In Toronto, Canada, the rapid transit system has helped focus some $30 billion in new buildings along transit corridors with an additional $20 billion in new development expected through the year 2001. Over one-half of the existing inventory of the 95 million square feet of office buildings built in the last 10 years was built next to the Yonge Street Subway alignment. Toronto Transit projects that between 1992 and 1995 the economic impact of transit will create 240,000 new jobs; and some 75 million square feet of transit-related office space.
- In Denver, the development of a 600 thousand square foot office building above the Civic Center Bus Transfer Facility has yielded rent premiums 25% above those achieved by buildings of similar quality not as well situated. In addition, the building developer report that they have also achieved a 25% higher occupancy rate than buildings not so well situated.

Locally, since the opening of the Metrorail system, the Ballston Metrorail station in Arlington, Virginia has become a major retail center, with construction of over 14 million square feet of new office space, nearly 2 million square feet of retail, 2,300 hotel rooms and over 5,000 apartments. In Bethesda, Maryland, more than 12 million square feet of commercial space and nearly 1,000 apartments have been built.

TRANSIT STATION DEVELOPMENT AS CATALYST FOR POSITIVE CHANGE-THE BENEFITS

Well designed and well integrated into the fabric of the surrounding community, a transit station can contribute significantly to a neighborhood's general well-being and economic vitality. It can improve visual quality, create image, spur investment, make existing jobs accessible, and reinforce the varied texture of urban design and densities that gives richness to urban live.

To achieve the greatest economic development benefits from the region's Metrorail investment, and the placement and design of Metrorail stations, a development strategy must be in place. In every case, that development strategy must have three component parts:

1. Excellence in Transit Service:

Planning and design at transit stations must begin with the highest possible quality transit service - service that will attract, maintain and adjust to the needs of its clients from origin to destination. Beyond the simplicity and efficiency of Metrorail design in its line and its stations, there is significant and strategically important areas for improvements. This is where Metrorail can maintain its gains, increase its ridership and very importantly establish an increasingly attractive private investment environment in the vicinity of its stations.

In general , excellence in transit will require WMATA to continue to:

- Reinforce its bold, attractive, proud and distinctive graphics.
- Develop a full service attitude toward the sequence of arrivals and departures at transit stations.
- Facilitate the interface between all modes of transportation which concentrate at the Navy Yard Station - transit, buses, walking, and bicycles.
- Develop outreach programs for patrons and potential patrons - of all ages, incomes, backgrounds and trip purposes - by instituting and maintaining an effective system for knowing and responding to the ridership and neighbors of the system.

2. Understanding of Site and Setting:

A strategy for economic development at the Navy Yard Metrorail Station must be drawn from the particularities of the Buzzard Point/Capitol Gateway Area and the unique objectives of the community and district where the station is located. It is when the realities of the setting - both in terms of opportunities and constraints - are understood, that an appropriate application of planning zoning, and design initiatives can be put in place.

3. A Clear Concept - and a Plan for Where to Start:

Successful station area development will be directly dependent on the quality of an overall long term zoning strategy for the Primary Impact Area.

B. The Proposed C-R Zoning District

The petitioner's properties are located in the CM-2 District, an industrial zoning category reflecting the history of land development in the area. The proposed CR category without the BP Overlay is intended to implement the PTE designation of the area in the City's adopted Comprehensive Land Use Plan. The purposes of the proposed base zone are:

1. To encourage a diversity of compatible land uses, which may include a mixture of residential, office, retail, recreational, light industrial, and other miscellaneous uses.
2. Development shall be guided by an approved public policy or plan and through the use of the planned unit development, special exception, or other site plan review process.
3. By the use of the public review and planning powers, the provisions of this zoning category are intended to do the following:
   a. Help create major new residential and mixed use areas in planned locations at appropriate densities, heights, and mixtures of uses;
   b. Encourage the preservation and rehabilitation of structures of historic or architectural merit in the District;
   c. Encourage areas devoted primarily to pedestrians by separating pedestrian and vehicular circulation patterns and by requiring off-street parking spaces in accordance with this objective and with the objectives of specific area plans;

d. Encourage flexibility in architectural design and building bulk; provided, that the designs and building bulk shall be compatible and harmonious with adjoining development over the CR district as a whole;
e. Make recreation areas more accessible to the CR district's residents and visitors; and
f. In a variety of ways, create environments conducive to a higher quality of life and environment for residents, businesses, employees, and institutions in the District of Columbia as specified in District plans and policies.

4. The CR district shall be applied to selected geographic areas where a mixture of uses and building densities is intended to carry out elements of the city's development plans, including goals in employment, population, transportation, housing, public facilities, and environmental quality. A CR district may be allocated on the periphery of the Central Employment Area.

In certain of these areas, as designated now or in the future by public plans and policies, a mixture of uses and building densities shall be intended to promote and protect the public health, safety, convenience, order, prosperity, and general welfare of the community as best accomplished by the CR district.

Except as provided in chapters 23 through 25 of this title, in the CR district, no building or premises shall be used and no building shall be erected or altered that is arranged, intended, or designed to be used, except for one (1) or more of the uses listed in §§601 through 618.

There is nothing in the purposes which encourages the level of high density commercial uses in the vicinity of the Navy Yard Metrorail Station. In fact, the 3.0 non-residential FAR allowed is less that what is permitted in the existing C-M-2 Zoning District. Neither category encourages the density of land uses associated with transit-oriented development.

C. The C-3-C Zoning District

The basic C-3-C zoning district is for major businesses and employment centers. It is intended to do the following:

a. Accommodate important sub-centers supplementary to the Central Business District.
b. All C-3 districts shall provide substantial amounts of employment, housing, and mixed uses.
c. The C-3 district shall be divided into C-3A, C-3-B, and C-3-C districts.
d. The C-3-A district shall permit medium density development, with a density incentive for residential development within a general pattern of mixed use development.
e. The C-3-A districts shall be compact in area and located on arterial streets, in uptown centers, and at rapid transit stops.
f. The C-3-B district shall permit medium density development, including office-retail, housing, and mixed uses. It is intended for uptown locations, where the largest component of development will be office-retail and other non-residential uses.
g. The C-3-B districts shall be compact in area and shall be located in or near the Central Employment Area, on arterial streets, in uptown centers, and at rapid transit stops.
h. The C-3-C districts shall permit medium-high density development, including office, retail, housing, and mixed use development. They shall be compact in area.

Except as provided in chapters 20-25, in a C-3 district, no building or premises shall be used and no building shall be erected or altered that is arranged, intended, or designed to be used except for one (1) or more of the uses listed in §§741 through 744.

The proposed BP/ CR Zoning District is inappropriate for Square 701. BP/C3C would be a more appropriate zoning district for the following reasons:

1) The District's adopted Comprehensive Plan calls for medium-density commercial and high-density residential in the Buzzard Point area south of M Street, S.E. Under the present D.

C. Zoning Code, the petitioner's property is zoned CM-2, medium -density industrial with an FAR of 4.0. However, much of the land to the north of M Street has recently been rezoned from CM-1 and CM-2 to C-3-C, medium density commercial with an FAR of 6.5. This represents the most appropriate zoning district for the petitioner's property.

2) The permitted commercial density does not allow the development of high density office or retail uses, appropriate for a property located within the primary impact of a Metrorail station. By encouraging high density development in the primary impact area of the Metrorail station, the City has an opportunity to capitalize on the public investment in the Metrorail system. Higher densities generate increased idership, conserve energy, promote better land use and aid in the implementation of the adopted Comprehensive Plan.

3) The adopted Comprehensive Plan contains a number of supportive land use policies which include promoting mixed use and high density developments around Metrorail stations. The Zoning Commission recognized the benefits that accrue with higher density at Metrorail stations when it rezoned the area immediately to the north of M Street from M and CM to C-3-C. The properties located to the north of squares 700 and 701 are already zoned C-3-C. This would permit the same development densities

SUMMARY

High density will be focused within the primary impact area around the Navy Yard station through coordination of zoning incentives and constraints which reward air rights development, integration and direct access linked to the station. Zoning and land use planning are powerful public incentives to transit development. The Zoning Commission can stimulate transit-related development by identifying and marshaling zoning and high density land use incentives to support transit-related development. These concepts have been emphasized by WMATA over the last 25 years and have become a major policy of transit providers throughout the world. The District of Columbia deserves the same level of development around its transit stations as that enjoyed by its suburban neighbors. The BP/C-3-C is the best means to achieve the policies in the adopted Comprehensive Plan for this area.