

Shane McCann

3428 O Street NW
Washington, DC 20007
shane@busfe.com

8th November 2019

Dear Members of the Board,

On behalf of the property owner (3428 O Street LLC), I write to the board to express my support for Call Your Mother in opening in the property at 3428 O Street NW. The property owner has a ten year lease with Call Your Mother Deli that was executed in April and went into effect at the beginning of October. We are excited to have them, and they have been great and respectful tenants so far.

I write to talk about the hardship the property owner would face if Call Your Mother Deli or another prepared food shop were not allowed to open in this space. It is well documented that traditional retail is struggling everywhere. This is especially true in Georgetown where there are numerous empty storefronts. There are two articles attached that discuss this, one has ANC Commissioner Murphy quoted as saying: "Georgetown, like all other retail districts in D.C. and around the country, are suffering -- are feeling the effects of the change in customer behavior more people are shopping online -- younger people are buying experiences and food, not necessarily buying things." I agree with commissioner Murphy, it is hard for traditional retail to succeed. Because of that, I think it would be extremely hard to find a long term successful tenant that could lease this property. With Call Your Mother Deli as a tenant, I am confident that they will be able to stay in business in this tough retail market, ensuring that the property owner will not miss any rent payments over the next ten years.

Additionally, the property as currently outfitted, having a large walk-in cooler built in the basement, is best suited for a flower shop or a prepared food shop. Removal of this walk-in cooler and transforming the space for residential use is essentially cost prohibitive and thus an unreasonable burden on any property owner. Lastly, market rent for a commercial tenant is significantly higher than a rental tenant. The property owner has become reliant on the commercial rent, and would feel the negative impact from the cost of renovation and of lost rent if this were to be turned into a rental property.

Because of the reasons stated above, on behalf of the property owner, I ask that the board approve the Call Your Mother Deli zoning variance so the property -- and the neighborhood -- may enjoy the benefits of a long term successful tenant!

Sincerely,



Shane McCann, Manager

3428 O Street, LLC

Articles:

1. <https://www.fox5dc.com/news/shopping-in-georgetown-has-the-go-to-retail-district-lost-its-edge>
2. https://www.washingtonpost.com/local/dc-politics/amid-prosperity-dcs-independent-retailers-struggle-to-survive/2019/01/05/bf8fcf46-0212-11e9-b5df-5d3874f1ac36_story.html

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Shopping in Georgetown: Has the go-to retail district lost its edge?

By Paul Wagner, FOX 5 DC | Published April 16 | [News](#) | FOX 5 DC

WASHINGTON (FOX 5 DC) - For decades, Georgetown has been the go-to destination for shopping, dining and entertainment in the District.

The neighborhood is a fun place to live and visit, with deep historical roots, but there is growing concern that Georgetown may have lost its edge, especially when it comes to retail.

If you take a walk through Georgetown these days, it's impossible to miss -- Storefronts, lots of them, are empty.

The once thriving retail district along Wisconsin Avenue NW seems to be dying.

"It's a problem. You don't want your neighborhood looking like in places, two or three block stretch, there like a ghost town".

In fact, Georgetown now has more empty retail space than it's had in the last five years.

"It affects the quality of life in the neighborhood to have empty spaces on Wisconsin Avenue and it also affects the long term value of our homes," said Rick Murphy, Advisory Neighborhood Commissioner.

Murphy and others point out Georgetown is now in competition for entertainment dollars being spent around Nationals Park, Gallery Place and The Wharf -- and that's where Jamie Scott comes in. He is with the Georgetown Business Improvement District with a mandate to turn things around.

"Georgetown, like all other retail districts in D.C. and around the country, are suffering -- are feeling the effects of the change in customer behavior more people are shopping online -- younger people are buying experiences and food, not necessarily buying things," said Murphy.

In an effort to lure in retailers to fill the shops in Georgetown, property owners are coming up with creative new ways to lease.

BREAKING NEWS

3 dead in Oklahoma Walmart shooting

At least three people were shot and killed at a Walmart in Oklahoma, according to reports. [Click here for the latest details.](#)

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BREAKING NEWS

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DEMOCRATIC DEBATE Watch live Nov. 20 at 8 p.m. ET

Hosted by

 MSNBC

Amid prosperity, D.C.'s independent retailers struggle to survive

By **Paul Schwartzman**

Jan. 5, 2019 at 6:04 p.m. EST

As bike lanes popped up across the city, the owners of Bicycle Space hoped to capitalize on a growing cycling craze when they leased a prime storefront three years ago in Northwest Washington.

But the shop's owners soon found themselves in a plight faced by legions of independent retailers fighting to compete with e-commerce and national chains: They were unable to sell and repair enough bikes to afford their rent.

In November, Bicycle Space closed its Adams Morgan store, the most high-profile of its three District-based shops. The location — among nearly a dozen vacant storefronts along 18th Street NW — is to be filled by Wawa, the hoagie-churning convenience store chain.

AD

By any measure, the District's economy is roaring, with office and apartment towers mushrooming in newly fashionable neighborhoods. And that makes this phenomenon all the more puzzling: Along the city's older corridors — from Adams Morgan to Georgetown to Dupont Circle — retailers are struggling.

While new supermarkets and restaurants have proliferated in the District and chains such as Target and Walmart have opened, independent merchants selling clothing, jewelry, art and other goods are shutting down, consolidating or retreating to online sales.

They face rising rents and changing consumer tastes — retail pain that is rippling through cities from New York to San Francisco.

AD

Yet the notion that brick-and-mortar retail is at the edge of extinction is premature, said David Dochter, a D.C.-based commercial real estate broker. Instead, he said, “We won't have as many, and the reason is, stores will be used for different purposes — for education, for creating community, for branding and awareness, and for returns.

“Retail is evolving,” he said. “No longer is a retail store only for the distribution of a widget.”

Merchants are seeking new ways to corral shoppers, who may notice that their bank or cable company is offering comfortable seating, gourmet coffee and free WiFi. And online retailers such as [Amazon.com](https://www.amazon.com) and [Rent the Runway](https://www.renttherunway.com) are opening three-dimensional stores.

AD

At the same time, merchants who have been pillars of the city's shopping culture are trying to hang on. On the brink of a lease renewal last June, Penny Diamanti closed her Dupont Circle shop, Beadazzled, which for more than two decades had been a magnet for customers seeking to create their own beaded jewelry.

In addition to her rent tripling during that time span, from \$5,000 to \$15,000 a month, Diamanti said she could not compete with shoppers turning to online jewelers and newly flourishing strips in other parts of the city.

“When we moved in, Connecticut Avenue was the place to be in that part of town,” said Diamanti, whose sister still operates a Beadazzled store in Falls Church, Va. “But then all the new action started moving over to 14th, and we were just stuck.”

AD

Diamanti said she decided to close after her landlord rejected her request for a reduced rent. Six months later, as she focuses on an online importing business and makes her own jewelry, her sign remains over the vacant shop and the entrance has become a place for homeless people to sleep.

Less than a mile away, in Adams Morgan, Jim Nixon for 11 years owned Tora Mata, a shop filled with Peruvian art, home furnishings and jewelry. Nixon closed in 2016 after he said his landlord, Sheldon Arpad, wanted to raise his rent by more than 20 percent.

Nixon's former shop remains empty, alongside two other vacant storefronts Arpad owns and across from several more on 18th Street NW. A representative for Arpad, who lives in Florida, declined to comment.

AD

Nixon said he prefers now to sell online and at pop-up events such as the annual holiday market downtown. "This is much less risk than a five-year lease," he said of the fee he pays for his 30-day stall at the holiday market. "It's having the freedom to not be under the gun of rent and utilities."

The shuttering of longtime businesses often prompts outrage from loyal patrons. When the Adams Morgan-based Metro K Supermarket announced in November that it would close, more than 1,000 residents signed a petition. But the landlord would not give up a demand for a 30 percent rent increase.

“The neighborhood won’t be the same without you,” a customer wrote on a card taped to the entrance after the grocer closed, a vacancy to be filled by Streets Market, a regional chain now with six stores, including three in the District.

AD

At 11th and G streets NW on a recent morning, Jim Mathews brought a bouquet of yellow roses to Lia Escobar, who was behind the counter on her last day at Sip of Seattle, a coffee nook her family has operated for 22 years. She said they were closing because their landlord refused to grant them anything longer than a month-to-month lease.

“This kind of thing infuriates me,” said Mathews, a regular since 1996. “There’s a narrative out there that it’s inevitable — things change; rents go up. But it’s false. It’s just a collective decision. This will be replaced by a national chain. And we lose owners who have a very loyal clientele, who worked hard and built a business.”

As he said goodbye to the Escobars, Mathews gave them information about how to open a food truck, something Escobar said her family would consider. But she was not so sure about his other suggestion — that they park their truck outside the building where they had their shop and create a logo with the image of a middle finger.

AD

Moving east

Thirty years ago, the heart of District's retail was largely Georgetown and Dupont Circle. Once-prominent corridors such as Seventh Street NW, 14th Street NW, and H Street NE still hadn't recovered from the 1968 riots.

But the opening in the late 1990s of what is now Capital One Arena and the Convention Center triggered a downtown renaissance. Over the next two decades, as the city emerged from near bankruptcy, developers descended on U Street and 14th and transformed neighborhoods such as Shaw, Columbia Heights, Brookland and the Wharf.

Overall, the vacancy rate in the District's main retail corridors is just above 6 percent — higher than a year ago but below the national average, said Dochter, whose firm conducts regular surveys. The vacancy rate has crept upward in neighborhoods such as Dupont Circle, Columbia Heights, Adams Morgan and Georgetown, brokers say.

AD

“Everything is moving east from where it was 10 years ago,” said Reza Sabaii, a commercial real estate broker. “The hip and cool people and all the people who want to be hip and cool have left Georgetown and neighborhoods like that, and they're coming to 14th and Seventh streets. The vacancies in Georgetown and Dupont and Adams Morgan are a sign that businesses are unwilling to pay those high rents and want the cachet on the east side.”

Storefronts sometimes remain vacant for years because owners prefer to hold out for a higher rent that will raise the value of their properties, brokers say. That is also the case in areas with new development — H Street NE and Shaw, for example — as landlords wait for projects to finish to charge more.

“They don’t want to settle for a lesser tenant because they’re waiting for the better tenants who are right around the corner,” Sabaii said.

The type of retail that is available is evolving, too.

The number of hair and nail salons and barbershops on H Street fell from 37 to seven over the past decade, said Anwar Saleem, a salon owner and executive director of H Street Main Street, the corridor’s business association. The percentage of businesses that sell neither food nor beverages has fallen from 75 percent to 25 percent, he said.

“You need to be able to buy underwear and socks,” he said. “But most landlords would rather rent to a bar or a restaurant. There’s more money in alcohol than in retail.”

Albert Hillman, the owner of an H Street barbershop since the 1980s, said he survived rising rents because he owns his property. He also has adapted to the neighborhood’s changing demographics by welcoming newer residents, many of them white, to join a clientele that was almost entirely black.

“I’m just thankful I’m still holding on,” he said.

Retailers are finding ways to cater to consumers seeking more than a simple transaction, brokers say. The Xfinity store on Seventh Street NW now includes a La Columbe coffee bar, where shoppers can order croissants while looking at cellphones and flat-screen televisions.

Across the street, Steve Goldsmith, 33, a software designer, sipped Peet’s coffee and read at the Capital One Cafe, which is opening a second cafe in a prime location that the bank purchased in Georgetown.

With “ambassadors” to offer advice on financial products, the cafes are envisioned as a way for Capital One to engage younger customers who largely bank online.

Goldsmith said he was more interested in the caffeine and free WiFi and the Capital One ski cap he received. "I'm always looking for a place I can sit down and work," he said. "This makes perfect sense."

More traditional retailers are also finding ways to adapt.

After buying Pumpernickel's, a Chevy Chase pizza and bagel shop, a year ago, Jim O'Brien said, he took the business's space and what was a nearly \$10,000-a-month lease.

"At \$10,000 a month, you must do \$1 million in sales each year," he said. "That's a lot of bagels at \$1.35 a bagel."

He negotiated an early end to the lease and found an alternative one block north, at Arucola, a decade-old Italian restaurant. With its kitchen unused in the mornings, Arucola agreed to allow Pumpernickel's to sell coffee and bagels, an arrangement that began in early November.

"We can survive now," he said.

From: **Palmer, Lisa (SMD 2E05)** <2E05@anc.dc.gov>

Date: Mon, Nov 11, 2019 at 10:32 PM

Subject: Retail Vacancies - You can help! Please RSVP

ANC2E has heard you - we are all concerned about the level of retail vacancies and we firmly believe that we are better when we put our heads together as a community. With this in mind....

You're Invited! - Please join ANC2E, Georgetown Business Improvement District, Georgetown Main Street, and Citizens Association of Georgetown on Thursday, Nov. 14 from 7 – 9 pm (doors open 6:30) at Canal Overlook at Georgetown Park for a discussion and planning session about retail vacancy in Georgetown. All residents, property owners, and businesses are all invited and encouraged to attend. The BID will discuss the state of retail and what the BID is and has been doing to address retail vacancy. After the presentation, facilitated breakout groups will focus on four topics: how residents can help; retail merchandising; regulations and incentives; and transportation and access. The meeting will wrap up with a summary of the discussion. We'll use the ideas and outcomes from the meeting to update our Retail Action Plan for Georgetown, and work to ensure our commercial district remains as vibrant and thriving as possible.

Please RSVP: <http://go.georgetowndc.com/l/567652/2019-10-28/7cz28>

Any topics you'd specifically like to address? Please let me know and we'll incorporate them into the conversation

Thanks,
Lisa

Lisa Palmer
Commissioner ANC2E05
2e05@anc.dc.gov

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