5241 43rd Street, N.W.
Washington, D.C. 20015-2005

August 6, 2002

Via Hand Delivery
Carol J. Mitten, Chair
Zoning Commission
District of Columbia Office of Zoning
Suite 210-S
441 Fourth Street, N.W.
Washington, D.C. 20001

Re: Zoning Commission Case No. 02-17, A Proposed One-Stage Planned Unit Development with Related Map Amendment at 5401 Western Avenue, NW – Square 1663, Lot 805 and a Portion of Lot 7

Dear Chair Mitten:

I am writing in response to the Economic Impact Analysis prepared by Bolan Smart Associates and filed with the Application by Stonebridge Associates, Inc., submitted on March 22, 2002 and designated as Case # ZC 02-17.

I reviewed the calculations in the Economic Impact Analysis and determined that the Bolan Smart estimates cannot reasonably be supported, and that a reasonable estimate would be that the benefit would be significantly less than half that amount. The Bolan Smart estimates are inconsistent with publicly available information on D.C. real estate tax assessments, the D.C. income tax schedule and the description of the project as contained in the Application.

I have also examined the likely economic impact of one example of matter of right development under current R-5-B and R-2 zoning, owner-occupied housing similar to a development near the Bethesda Metrorail Station, and determined that the District's direct tax revenue from such a project is comparable to or significantly higher than the District direct tax revenue which one might reasonably expect from the Stonebridge proposal. The Stonebridge project is unlikely to generate more than $838,021 in annual real estate and income taxes, as compared with its estimate of $1,784,000 in annual real estate and income taxes, while matter of right development could generate $789,500 to $1,008,000 in annual District income and real estate taxes.

I urge you to review the attached submission, and hope that it will be informative and useful. I greatly appreciate the Office of Planning's professional work, and the Zoning Commission's serious attention to the Stonebridge Application and responses to it.

Respectfully submitted,

Marilyn Simon

Marilyn Simon, Ph.D.

cc: Douglas M. Firstenberg
Stonebridge Associates, Inc.

I. QUALIFICATIONS

1. My name is Marilyn Simon. I have a Ph.D. in Economics from Princeton University and was an Assistant Professor of Economics at the Massachusetts Institute of Technology from 1977 to 1983. I was a Professorial Lecturer at Georgetown University from 1989 to 1990 and in 1993 who taught a graduate course in Microeconomic Theory, and I testified as an expert on behalf of the Antitrust Division of the U.S. Department of Justice in Application by Detroit Free Press, Incorporated, and The Detroit News, Inc., for Approval of a Joint Newspaper Operating Agreement Pursuant to the Newspaper Preservation Act, 15 U.S.C. §§ 1801, et seq. (1987) Before the Attorney General of the United States (Docket No. 44-03-24-8).[1]

II. PURPOSE AND SUMMARY

2. The Applicants (hereinafter referred to as "Stonebridge") submitted an economic impact statement with their Application that estimates the economic benefit in annual direct District tax revenue of the proposed development to be approximately $2,337,000 per year. Major components included

i) $606,000 in real estate taxes per year, based on a finished property valuation of $60,000,000;

ii) $1,178,000 in new resident District income taxes;

iii) $284,000 in new retail sales tax revenues based on new DC residents;

iv) $87,300 in new DC resident use taxes and fees;

v) $169,700 per year in net additional DC retail sales tax revenue based on $2,880,000 in retail sales; and

vi) $11,800 in parking fee revenue from the 18 commercial designated parking spaces.

3. I reviewed their calculations and determined that these estimates cannot reasonably be supported, and that a reasonable estimate would be that the benefit would be significantly less than half that amount.

4. I also have examined the likely economic impact of one example of matter of right development at this site under current R-5-B and R-2 zoning, owner-occupied housing and determined that the District's direct tax revenue from such a project is comparable to or significantly higher than the District direct tax revenue which one might reasonably expect from the Stonebridge proposal.

5. Stonebridge did not provide data to support the assumptions underlying their claims, their methodology is flawed and Stonebridge's claims are clearly inconsistent with the District's experience in other residential developments. I reviewed these estimates and concluded that:

i) <u>Real Estate Taxes</u>: Based on information on DC tax assessments and real estate taxes, the real estate taxes generated by this development are unlikely to be close to the estimate given by Bolan Smart Associates, relied on by

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1 I live at 5241 43rd Street, N.W., and oppose the Stonebridge Application.

Stonebridge. I estimate that real estate tax revenue will be less than half of Stonebridge's estimate.

ii) New Resident Income Taxes: Based on information about rentals for other comparable apartments, on the likelihood that some units will be occupied by two or more individuals filing separately on their District tax returns, on the likelihood that some units will be occupied by students, and on correction to errors in Stonebridge's income tax calculations, the new resident income taxes are likely to be significantly lower than the estimate, and I find that they are likely to be less than half of Stonebridge's estimate.

iii) New Retail Sales Tax Revenue: New retail sales revenue is also likely to be significantly lower than the estimate, given that the tenants' choice of housing is unlikely to affect their school or work locations and taxable spending near those locations.

iv) New D.C. Resident Use Taxes: New DC resident related use taxes would also be lower if some of the net additional residents are students and fail to register their vehicles in the District.

v) Additional Retail Sales Tax Revenue: Based on the fact that the new retail component will likely take sales from neighboring DC stores or tenants might move from existing Friendship Heights, DC locations, the net additional retail sales tax revenue likely will be substantially less than the estimate.

vi) Parking Fee Tax: Given that the developer would be providing validated free parking for retail component using the 18 commercial spaces, these spaces are unlikely to generate $15 in revenue per day, and the parking fee revenue, and thus the parking fee tax, would be substantially less than the estimate.

6. Stonebridge also made unsupported claims about one-time construction related benefits, additional project-related DC residents, long term employment benefits, neighborhood enhancement, and net Washington Clinic relocation benefits. These claims are also discussed below and to the extent that the Stonebridge project might provide any benefits in these areas, matter of right development could provide equal or better benefits. In addition, it is clear that in reviewing claims of neighborhood enhancement, the Stonebridge proposal is more likely to cause substantial harm to the surrounding neighborhood and reduce area property values, while owner-occupied housing at matter-of-right, current zoning density would likely provide substantial benefits.

7. I also considered the economic benefit in annual direct District tax revenue that might be associated with matter of right development of this site, assuming owner-occupied units, and determined that matter of right development of this site could produce direct District tax revenues comparable to or higher than that which reasonably could by projected from the Stonebridge project. Specifically, a conservative analysis of a hypothetical matter of right development at this site could generate $789,500 to $1,008,000 in additional District real estate and income tax revenue annually plus a small amount of other direct District tax revenue annually,[2] whereas a reasonable estimate of

[2] As discussed below, this amount includes a detailed assessment of real estate and income tax revenues. The other sources of direct District tax revenue are also discussed below.

such additional revenue from the Stonebridge proposal is $838,021 in real estate and income taxes plus a small amount of other direct District tax revenue, less than half of Stonebridge's estimated $2,337,000.

III. Real Estate Taxes

8. Stonebridge claims that real estate taxes will be $606,000 in real estate taxes per year, based on a finished property valuation of $60,000,000. A review of tax assessments for other rental properties near District Metrorail stations indicates that the actual assessment and real estate taxes are likely to be significantly less than half that amount. Further, an analysis of real estate taxes for owner-occupied houses and townhouses near Metrorail stations indicates that matter-of-right development could produce annual real estate taxes of $227,904.

9. I reviewed the tax assessments for several rental properties near Metrorail stations in the District:

i) The Saratoga, at 4601 Connecticut Avenue, Square 2038, has 186 units and was built in 1990. The units have private patios or balconies, and the building includes a fitness center, spa and hot tub. According to District tax records, this is classified as Use 217 ["Condo-Investment-Vertical"], and is assessed for $27,612,030.

ii) Park Connecticut, at 4411 Connecticut Avenue, Square 2046, has 142 units and was built in 2000. One-bedroom apartments are 652 to 1,070 sq. ft. with rents starting at $1,825, and two bedroom apartments are 1,070 to 1,235 square feet, with rents starting at $2,920. The units include private patios or balconies, and the building includes a fitness center, swimming pool, spa and hot tub. According to District tax records, this is classified as Use 22 ["Residential-Apartment-Elevator"], and is assessed for $23,986,260.

iii) The Lansburgh, at 425 8th Street, NW, Square 0431, has 385 units ranging in size from 725 square feet to 2,024 square feet, with rents from $1,775 to over $4,000. The units include private patios or balconies, and the building includes a fitness center, swimming pool, spa and hot tub. According to the District records, this is classified as Use 217 and Use 417 ["Condo-Vertical-Parking-Unid"], and is assessed for $54,235,600 for use 217 and $7,380,000 for use 417, a total of $61,615,600.

iv) Van Ness South, at 3003 Van Ness Street, NW, Square 2049, has 625 units and was built in 1970. Units range in size from 630 to 1,465 and rents range from $1,190 to $2,550. The units include private patios or balconies, and the building includes a fitness center, swimming pool, spa and hot tub, and valet parking for guests. According to District records, this building is assessed for $59,777,960, and taxes for the first half of 2002 were $264,338.40.

v) The Consulate Apartments, at 2950 Van Ness Street, NW, Square 2243, has 268 units and was built in 1980. Units range from 720 to 995 square feet, and rents range from $1,350 to $2,374. The units include private patios or balconies, and the building includes a fitness center, swimming pool, tennis courts, sundeck with BBQs, and a high tech business center. According to

District records, this building is assessed for $29,252,810, and taxes for the first half of 2002 were $144,648.00.

vi) 2501 Porter Street, Square 2225, Lot 0842, has 202 units and was built in 1988. Units range in size from 574 to 1,026 square feet, and rents range from $1,500 to $2,530. Units include private patio or balcony, and the building includes a fitness center and swimming pool. According to District records, it is assessed for $28,788,250, and taxes for the first half of 2002 were $135,143.04.

10. The proposed Stonebridge project would have 210 units, with an average size of 925 square feet. It is clear that the estimated assessment of $60,000,000 with estimated real estate taxes of $606,000 is not consistent with the above examples, and it would be more reasonable to assume that the assessment and taxes would be at most half of Stonebridge's estimate, producing real estate taxes of at most $303,000.

11. In addition, the District could receive substantial real estate taxes if the site were to be developed as owner-occupied housing with current zoning, R-5-B on the Clinic site and R-2 on the Lisner land. The following is just one example of what would be possible under matter of right development:

i) If a developer were acquiring 14,380 square feet of Lisner land along Military Road, the developer could, as a matter of right, build 4 detached or semi-detached houses on 3,595 sq. ft. lots. In July 2001 and May 2002, two new semi-detached houses at the corner of Military Road and 42nd Street, 5344 and 5346 43rd Street, sold for $850,000 and $885,000, respectively. These houses were each on 3,182 sq. ft. of land. Another semi-detached house, 5342 42nd Street, is also on 3,182 sq. ft. of land and is assessed for $824,000. More recently, it appears as though a new semi-detached house at 4200 Military Road sold for $965,000. Conservatively, I will assume that the hypothetical development would include 4 detached or semi-detached owner-occupied houses, each on 3,595 sq. ft. of land, and each assessed at $885,000.

ii) The portion of the land zoned R-5-B consists of 43,840 square feet and could, as a matter of right, be developed as a townhouse development with underground parking and a single entrance off Western Avenue. This would be patterned after the Villages of Bethesda built in 2000, which is a half block from the Bethesda Metro Center garage with the escalators to the Bethesda Metrorail station. With matter-of-right development under current zoning, approximately 35-40 such townhouses could be built on this site, each with over 2,000 square feet of living space. As with the Villages of Bethesda, in this example, each townhouse would have both a front and rear yard. These townhouses would have values comparable to the Courts of Chevy Chase. In February 2002, 5322 43rd Street at the Courts of Chevy Chase sold for $538,000. The building square footage of that townhouse is 1,966, which includes the above grade garage. Conservatively, I will assume that the hypothetical development would include 40 owner-occupied townhouses, each assessed at $538,000.

12. To calculate the real estate tax on this hypothetical development, I will assume that each unit is owner-occupied and claims the homestead exemption.

i) The real estate taxes on each of the detached or semi-detached houses would be $8,208, for a total of $32,832 on the R-2 portion of the site.

ii) The real estate taxes on each of the townhouses would be $4,876.80, with a total of $195,072 on the R-5-B portion of the site.

iii) Total real estate taxes for this hypothetical, matter-of-right development would be $227,904.

IV. INCOME TAXES

13. Stonebridge estimates $1,178,000 a year in new District income taxes. A more reasonable estimate of new District income taxes would be under $560,000, less than half that amount. Moreover, matter-of-right development of the site could produce $561,600 to $780,100 in annual District income taxes.

14. Stonebridge computes the estimated income taxes by assuming a monthly rent of $2.60 per square foot, and calculating the income required, 3 1/3 times the annual rent. They assume a 96% occupancy rate,[3] and assume that no apartments are occupied by two or more individuals filing separately on their District income tax returns. They incorrectly state that the District income tax on a taxable income of $72,143 would be $6,233. Based on Form 2001 D-40, it actually would be $5,918 if all the tenants were not filing separately. If, however, two or more tenants were filing separately, then the income tax on a total taxable income of $72,143 would be approximately $5,130 for two tenants filing separately and $4,656 for three tenants filing separately.

15. However, Stonebridge has overestimated the likely rents and therefore the income required to rent these apartments. Stonebridge has assumed an average rent of $2,405 for apartments that average 925 sq. ft., giving a required gross household income of $96,190. An examination of comparable properties indicates that a substantial number of larger apartments for lower rents are available at the Cleveland Park, Van Ness and Friendship Heights Metrorail stations. Further, those apartments have features such as swimming pools and views of the Rock Creek Park that will not be available at this site. For example, the Irene in Friendship Heights, Maryland, with two swimming pools, has a rental range of $1,500 to $1,735 for a 1,100 sq. ft. apartment and a rental range of $2,240 to $2,335 for a 1,700 sq. ft. apartment. Van Ness South, with an Olympic size pool and balconies, has a rental range of $1,800 to $1,869 for a 950 sq. ft. apartment. 2501 Porter Street, in Cleveland Park, also with a swimming pool, has a rental range of $1,831 to $2,250 for an 892 sq. ft. apartment and a range of $2,357 to $2,530 for a 1,026 sq. ft. apartment. Given that the Stonebridge project will not have some of the features of these buildings, it seems appropriate to adjust the projected rent downward in determining the income required to rent these units. Taking into account the amenities and age of these and other comparable rentals, it seems appropriate to assume that the average rent for units that average 925 sq. ft. would be <u>at most</u> $1,850 a month.

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[3] Stonebridge does not provide any support for the assumption that there is a 96% occupancy rate. If the occupancy rate is lower than 96%, the direct District tax revenue would be proportionately lower.

16. Based on an average rent of $1,850 per month and using Stonebridge's formula for income required to rent and assuming a 96 percent occupancy rate, we see that the average income required for this unit would be $74,000, with a taxable income of $55,500. Using 2001 D-40, income tax per unit would be $4,374 for units that are occupied by a single individual or tenants filing jointly. Income tax per unit would be $3,666 for units with two tenants filing separately and $3,417 for units with three tenants filing separately. Assuming that 30% of the units are occupied by a single individual or tenants filing jointly and the remaining units are equally divided between having two or three tenants filing separately, the average income tax per unit would be $3,791.25, and would be reduced to $3,639.60 to account for the assumed 4% vacancy rate. This would yield a total of $764,316.00 for 210 units. Stonebridge has assumed income taxes of $6,493 per unit, and reduced it to $6,233 to account for the 4% vacancy rate, giving a total of $1,308,959. They adjusted this downward to $1,178,063, assuming that 90 percent of the tenants would be new taxpaying residents.

17. The assumption that 90 percent of the tenants would be new taxpaying residents seems overly optimistic. Given the proximity to American University, most of the rental properties in the neighborhood are rented to groups of students. While these students probably reside in the District more than 183 days each year, it is unlikely that most of them have significant income that would be taxable in the District. Thus, it is appropriate to net out these students when calculating the income tax that would be generated by a rental property. Student tenants also do not register their vehicles in the District, and therefore, it would be appropriate to adjust downward the "other resident related use taxes and fees." Conservatively, assuming that 30 percent of the units would be rented to students and assuming a 96% occupancy rate, we see that a more reasonable estimate of income taxes would be $535,021, as compared with Stonebridge's estimate of $1,178,063.

18. By contrast, the hypothetical, matter of right, owner-occupied[4] development would generate District income taxes of approximately $650,530, assuming that the 40 townhouses on the Clinic site sell for $600,000 each and four semi-detached houses on the Lisner site sell for $850,000 each. I have assumed that 25% of the buyers will make a 20% down payment, while the remainder will make a smaller down payment and that all buyers take a 30 year mortgage,[5] and half the homeowners will file separately. The minimum income required for a detached or semi-detached house would be $245,000 with 20% down [$170,000 plus closing costs] and $320,000 with less down. The minimum income required for a townhouse on the Clinic site would be $175,000 with 20% down [$120,000 plus closing costs] and $220,000 with less down.[6] The calculation

4 I am assuming that each of these houses will be owner-occupied. For example, The Courts of Chevy Chase consists of 29 townhouses. Of these, 25 claim a standard homestead exemption and one claims a senior homestead exemption. Of the remaining three units, two are owner-occupied and the third is not.

5 A shorter mortgage term would involve significantly higher minimum incomes and would generate higher District income taxes.

6 Clearly, lenders' standards vary. In making these calculations, I relied on the CNNFN on-line mortgage qualifier.

of the District taxes is based on Form 2001 D-40, and includes the large mortgage interest deduction. If I assume that a larger portion of the taxpayers' income is not taxable in the District, the total annual income tax falls to $561,600. If, on the other hand, more realistic prices are used, $700,000 for the townhouses on the Clinic site and $995,000 for the houses on the Lisner land, the annual District income taxes would be $675,400 to $780,100.

19. In summary, that Stonebridge project is unlikely to generate more than $535,021 in District income taxes, while matter of right development with owner-occupied housing can generate $561,600 to $780,100 in annual District income taxes. Income and real estate taxes associated with the Stonebridge proposal might reasonably be estimated to be no more than $838,021, while the matter-of-right development described above would generate $789,500 to $1,008,000 in annual District income and real estate taxes.[7]

V. NEW RESIDENT RETAIL SALES TAX

20. The Applicants claim $283,608 in District sales taxes attributable to new residents. This is based on the tenants spending 40% of their taxable income on goods subject to sales tax, with 65% of those expenditures in the District. Of those expenditures, 41% are assumed to be taxed at the 10% restaurant rate and the remaining 59% would be taxed at the 5.75% general sales tax.

21. First, this estimate is based on Stonebridge's inflated estimate of rents and taxable income for tenants. In addition, actual expenditure patterns for an individual tenant would be based in part on the tenant's employment or school location. This would not change with the decision to rent at the Stonebridge project. Therefore, a smaller portion of the taxable income spent on goods subject to sales tax should be considered as new to the District and included in this calculation. In addition, when one excludes restaurant

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7 The relative rents and house prices used in these calculations are actually conservative. In the following example, we observe rents that are lower than Stonebridge's estimates alongside townhouse prices that are higher than the prices assumed in these calculations. An analogous calculation using data from this example would result in a example in which matter-of-right development is even more attractive relative to Stonebridge's project. Clarendon Park and the Residences at the Market Common are new townhouse and apartment developments near the Clarendon Metrorail station in Arlington, Virginia. These were developed by McCaffery and Eakin Youngentob, the developers of the modified Miller PUD on Square 1661. Seventy-eight townhouses and a small park occupy the 3-acre Clarendon Park site, which is along two sides of the Market Common. Rents at the Residences at the Market Common are comparable to the rent I assumed above, while the prices of the townhouses are significantly higher than the prices assumed in the hypothetical matter-of-right development. For example, apartments at the Residences rent for $1,717 - $2,185 for an 808 to 960 square foot apartment, less than Stonebridge's assumed rent of $2,405 for a 925 square foot apartment. In mid-July, only one townhouse at Clarendon Park was available. The sales price was $896,900. Other similar models sold for more than $930,000. A smaller model, the Fullerton, with a footprint of approximately 18' by 36', sold for over $700,000 and a resale of the Fullerton model is currently listed for $699,990. Given that the rents at the Residences at the Market Common are significantly less than Stonebridge's assumption and comparable to the rent that was used here to calculate the likely income tax revenue associated with the Stonebridge project, and given that the townhouse prices at Clarendon Park are higher than I assumed in calculating the likely income tax revenue from the hypothetical matter-of-right development, the actual income tax revenue from the hypothetical matter-of-right development is likely to be even more attractive when compared with the Stonebridge project.

meals that are associated with the tenants' employment or school locations, the blended tax rate chosen by Stonebridge is clearly too high.

22. I did not recalculate the District sales tax associated with new tenants in the Stonebridge project, but simply note that a reasonable estimate would be significantly less than the $283,608 estimated by Stonebridge and that the hypothetical matter-of-right development with current zoning would produce District sales taxes that would be comparable to a reasonable estimate of the taxes produced by the Stonebridge project.

VI. RESIDENT USE TAXES AND FEES

23. Stonebridge estimates that the tenants of the Stonebridge project will pay 0.6% of their taxable income in use taxes and fees, including resident DMV fees, utility and telecommunications fees and other licensing fees and charges. Their estimate of these fees and taxes is $87,264. As noted above, this is based on their inflated estimate of rents and income. In addition, to the extent that some of the tenants are likely to be students that register their vehicles in their home states, DMV fees are likely to be significantly lower. As with the sales tax, I do not recalculate the likely economic benefit in resident use taxes and fees, but simply note that a reasonable estimate would be significantly lower and that matter-of-right development would produce District sales taxes that would be comparable to a reasonable estimate of the taxes produced by the Stonebridge project.

VII. OTHER RETAIL DIRECT TAX REVENUES

24. Stonebridge estimates $169,690 in retail sales taxe revenue based on the assumption that $2,880,000 in taxable sales will be generated in the 7,200 sq. ft. of retail space. Of this 41%, or $1,180,800 will be taxed as restaurant related sales and $1,699,200 will be taxed at the general goods and services rate. First, even with a special exception, it would be inappropriate to have a restaurant on this residential site. In addition, given that this was represented as neighborhood-oriented, convenience retail, one would assume that a significant portion of sales would not be subject to retail sales tax. Finally, given the amount of retail in the area and the number of retail vacancies, it is reasonable to assume that a significant portion of any sales and even retail tenants would be diverted from existing District retail locations. Thus, the net new District retail sales tax is likely to be negligible.

25. Stonebridge also estimates $11,826 in District parking tax revenue. This is based on 18 commercial spaces with revenue of $15 per space per day. Stonebridge has promised free validated parking to serve the commercial component using these spaces. Clearly, any new District parking tax revenue would be negligible.

VIII. OTHER CLAIMED BENEFITS

26. Stonebridge claims $600,000 in direct District fee revenues from recordation and transfer fees, development processing fees and permits. They also estimate almost 150 construction jobs and anticipate a construction budget of over $34 million. They have not provided sufficient detail for me to determine whether these estimates are realistic. However, it is reasonable to assume that other development of this site will also involve recordation and transfer fees and temporary construction jobs.

27. Stonebridge claims long term employment benefits based on 6 employees for the residential component and 20 employees associated with the retail component. First,

given that substantial retail sales or retail tenants are likely to have been diverted from other District locations, the claimed 20 full-time-equivalent [FTE] employees for the retail component does not represent a net gain, and the net gain, if any, would be limited. If there were townhouses constructed on the site with matter-of-right current zoning, the homeowners would not necessarily have any direct employees. However, the homeowners will be employing individuals or firms licensed by the District to perform many of the services that would be handled by the six employees claimed by Stonebridge.

28. Stonebridge claims that the project will provide "neighborhood enhancement." In fact, it is clear that the proposed project would have a large negative effect on the surrounding area. These harms are discussed more fully in Response to Stonebridge Application and Remarks Concerning Drawings, both filed on June 26, as well as other filings in this record. However, lower density development, particularly development that involves home ownership and is compatible with the surrounding low-density residential, single family and townhouse neighborhood, would enhance that neighborhood and bring to the area citizens committed to the community and to the District.

29. Finally, Stonebridge notes that there is an expectation that the Washington Clinic will be relocating elsewhere in the District. While at least some patients have been told that the Clinic is relocating to the Chevy Chase Center, across the street in Montgomery County, the issue of whether the Clinic will relocate elsewhere in the District is not material to any comparison between the proposed project and matter-of-right development under current zoning.

IX. CONCLUSION

30. Clearly, Stonebridge's Economic Impact Analysis is inconsistent with District tax rates, District real estate tax assessments, market rents near Metrorail stations and even the description of the project contained in the Application. Correcting the analysis leads to a conclusion that the direct impact of the proposed project on District tax revenues would be less than half the Stonebridge estimate, and a separate analysis of the direct impact of a matter-of-right development of the site indicates that the economic impact of the proposed project is less than that which might be obtained with owner-occupied matter-of-right development of the site.