

Z.C. Case No. 02-38I
Modification to First-Stage PUD and Second-Stage PUD
Waterfront 375 M Street, LLC & Waterfront 425 M Street, LLC
Square 542, Lots 825 & 826

Testimony of:

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1. Good evening Mr. Chairman and members of the Commission.
2. My testimony this evening on Case No. 02-38I will focus on consistency with the District Elements of the Comprehensive Plan, and the balancing of benefits and amenities relative to the degree of flexibility requested.
3. For the sake of the record, the standard of review for the application is found in Subtitle X § 304 of the Regulations, which states that in deciding a PUD the Commission shall judge, balance, and reconcile the relative value of public benefits and project amenities offered, the degree of development incentives requested, and any potential adverse effects according to the specific circumstances of the case.”
4. The Commission must find that the application:
 - Is not inconsistent with the Comp Plan and with other adopted policies and programs related to the site;
 - Does not result in unacceptable impacts on the area or on city services and facilities, but instead shall be found to be either favorable, capable of being mitigated, or acceptable given the quality of benefits provided; and
 - Includes specific benefits and amenities that are not inconsistent with the Comp Plan or with other adopted policies and programs.
5. For this particular PUD, the Commission approved the First-Stage PUD and a related map amendment in July 2003 (Z.C. Order No. 02-38) which, as required under the regulations, involved a general review of the site’s suitability as a PUD, scale, height, mix of uses, and compatibility with the 1998 Comp Plan and other relevant plans.

6. In approving the First-Stage PUD, the Commission found that the project was “consistent with, or will help implement, a number of policies in the [Comp] Plan,” and concluded that the benefits and amenities were appropriate to the degree of flexibility requested.
7. Of note, according to the First-Stage PUD order, even at the time of the First-Stage PUD:
 - There was concern expressed that the residential and retail components would be delayed by the need to lease office space first, and the project would take too long to build; and
 - There was a recommendation made by the community that the residential component should be larger.
8. In November 2007, the Commission approved a First-Stage PUD modification and related map amendment, and a Second-Stage PUD for a portion of the project, which under the regulations involves a detailed site plan review that is focused on transportation, final building and landscape materials, and compliance with the First-Stage approval (Z.C. Order No. 02-38A).
9. The Commission again deemed the project not inconsistent with the 2006 Comp Plan, noting in its findings the critical housing issues facing the District even at that time, including fostering housing production and ensuring housing affordability. Issues which certainly remain today.
10. Regarding benefits and amenities, the Commission found that in addition to *all* of the benefits and amenities approved under the First-Stage PUD, the modified PUD included a number of additional benefits and amenities; and ultimately found that the value of the benefits and amenities balanced the development incentives requested.
11. Thus, in accordance with the regulations the Commission has already determined that the project is not in consistent with the Comp Plan, and that it successfully balances benefits and amenities, development incentives and flexibility, and potential impacts.
12. Turning to the subject application, since the Commission’s last review in 2007, additional planning guidance has become available that is directly

relevant to the East and West M Buildings, as well as to the completion of the Waterfront Station PUD.

13. This planning guidance comes in the form of the Southwest Neighborhood [Small Area] Plan that was adopted by the Council in July 2015.
14. As the Commission knows, Small Area Plans supplement the Comp Plan by providing greater direction for a defined geographic area that cannot be provided by the Comp Plan. They take a finer grained look at opportunity areas or areas that require place-specific planning actions.
15. The Comp Plan Implementation Element contains policies related to Small Area Plans that say:
 - Small Area Plans should take a form appropriate to the needs of, among other things, community and citywide needs, neighborhood economic development priorities, and market conditions; and
 - Zoning decisions shall be guided by the FLUM read in conjunction with the text of the Comp Plan as well as Small Area Plans.
16. As thoroughly discussed in our pleadings, the market analysis prepared for the SW Neighborhood Plan found continued strong demand in the neighborhood housing market with high absorption of units, a limited retail market with continued demand for more local-serving retail, and a weak office market.
17. The Neighborhood Plan states that office is a challenged market in this area. New office construction is marked by high vacancies and lease rates that are too low to justify new construction, and upcoming supply at The Wharf, Capitol Riverfront and Southwest EcoDistrict make developing office space in the area a difficult proposition over the next 10 to 20 years.
18. Due to the weakness in the office market, the Neighborhood Plan recognizes there is an incongruity between projected future land use needs and the proposed supply of office space; and therefore, specifically recommends that the developer of the East and West M buildings “have the flexibility to request a modification to the approved [PUD] to incorporate residential uses.”

19. This guidance certainly informed the proposal that is before you today, as well as other guidance related to:
 - The continued desire for a thriving town center;
 - The continued demand for housing, both market rate and affordable;
 - The need for a mix of housing types, including larger-sized dwelling units to accommodate families; and
 - The strong desire for greater neighborhood-serving retail and service uses, and other community amenities;

20. Thus, based upon:
 - The subject application's continued consistency with the physical development parameters approved under the First-Stage PUD, as modified in 2007;
 - The additional Housing and Transportation Element policies that will be advanced by the requested First-Stage modification; and
 - The supplemental guidance provided in the SW Neighborhood Plan

21. I find the requested First-Stage PUD to be not inconsistent with the Comp Plan, and with that modification, further find the requested Second-Stage PUD to be in accordance with the intent and purpose of the First-Stage approval.

22. Finally...I find that the benefits and amenities provided by the Waterfront Station PUD, including the additional benefits provided as a result of the requested First-Stage PUD modification, far outweigh the development incentives and flexibility requested and any potential adverse effects.

23. The subject application will maintain all of the benefits and amenities approved under the First-Stage PUD, including those added under the 2007 modification, and will implement those that are applicable to the East and West M buildings.

24. Further, without any additional incentives or flexibility requested, the Applicant will provide several additional benefits and amenities that would otherwise not be provided without the requested First-Stage modification, such as:

- Additional market rate and affordable housing, including larger-size dwelling units [which will help meet the District's continued demand for housing];
- Increased neighborhood-serving retail and service uses [which will advance major themes and policies of the Comp Plan and the SW Neighborhood Plan for creating a vibrant and walkable town center];
- A community center [which will provide an important, long-desired neighborhood asset and help activate the public realm];
- Improvements to the Metro entrance plaza [which will strengthen the public realm, and neighborhood identity through place-making];
- Improvements in urban design and architecture through reductions in building massing from the conversion to residential use [which will reduce the scale of development along M Street; and
- Preparation of a 4th and M Street Safety Study [which will address existing safety concerns at that intersection].