

**BEFORE THE
ZONING COMMISSION
FOR THE DISTRICT OF COLUMBIA**

PREHEARING SUBMISSION

**375 & 425 M STREET, SW
EAST AND WEST M STREET BUILDINGS
WATERFRONT STATION**

**SECOND-STAGE PUD &
MODIFICATION TO FIRST-STAGE PUD**

ZONING COMMISSION CASE NO. 02-38I

August 15, 2017

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CERTIFICATION OF COMPLIANCE
WITH SUBTITLE Z § 401 OF THE ZONING REGULATIONS

The undersigned hereby certifies that, in accordance with Subtitle Z § 401 of the Zoning Regulations, ten (10) copies of the architectural drawings and two (2) copies of all of the other information listed below were filed with the Zoning Commission on August 15, 2017; and, in accordance with Subtitle Z § 401.5, the application shall not be modified less than twenty (20) days prior to the public hearing.

<u>Subtitle Z Subsection</u>	<u>Description</u>	<u>Page/Exhibit</u>
401.1(a)	Information requested by the Zoning Commission and the Office of Planning and	Pages herein
401.1(b)	List of witnesses prepared to testify on the Applicant's behalf	Exhibit A
401.1(c)	Summary of witnesses' testimony and expert witnesses' resumes	Exhibit B
401.1(d)	Additional information introduced by the Applicant	Pages herein
401.1(e)	Reduced plan sheets	Exhibit C
401.1(f)	List of maps, plans, or other documents readily available that may be offered into evidence	Exhibit D
401.1(g)	Estimated time required for presentation of Applicant's case	Exhibit A
401.3(a)	Names and addresses of owners of all property within 200 feet of the Site	Exhibit E
401.8	Report by Traffic Consultant	To be submitted no later than 30 days prior to the hearing

By: *Jessica Bloomfield*
Jessica R. Bloomfield

LIST OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
A	List of Witnesses
B	Summary of Witness Testimony and Resumes of Expert Witnesses
C	Architectural Drawings
D	List of Maps, Plans and Documents
E	200-foot Property Owner List
F	Market Analysis Prepared By Partners for Economic Solutions
G	DMPED Consent and Support Letter
H	IZ Unit Sizes and Locations
I	First Source Employment and CBE Agreements Compliance Letter
J	Photographs of Interim Events and Improvements at the Properties
K	Hearing Fee Calculator Form

I. INTRODUCTION

This prehearing statement and accompanying documents are submitted by Waterfront 375 M Street, LLC and Waterfront 425 M Street, LLC (together, the “Applicant”) in support of its applications to the Zoning Commission for the District of Columbia (the “Zoning Commission”) for a Second-Stage planned unit development (“PUD”) and a modification to an approved First-Stage PUD for 375 M Street, SW (“East M”) and 425 M Street, SW (“West M”) (together the “Properties”), in accordance with the Zoning Commission's approval in Z.C. Case No. 02-38A. The Properties are comprised of Lots 825 and 826 in Square 542, which are part of Record Lot 89 in Square 542 (the “PUD Site” or “Waterfront Station”).¹ The applications are submitted in accordance with Subtitle X, Chapter 4 and Subtitle Z of the 2016 District of Columbia Zoning Regulations.

This application proposes a modification to the approved First-Stage PUD to replace office use with residential use, and for approval of a Second-Stage PUD for the East and West M buildings. The approximate floor area ratio (“FAR”), building height, lot occupancy, and setbacks, are not changing as a result of this application. Both buildings will contain street-activating retail use along 4th and M Streets, SW, well-planned and inclusive public spaces and outdoor amenities, community-serving office uses on the second floor, and approximately 604 total residential units (plus or minus 5%). As set forth herein, the proposed amount and type of retail, office, and residential uses will fully support the “town center” vision for Waterfront Station that was documented in the Southwest Neighborhood Plan (the “SW Plan”) and prioritized by Advisory

¹ Record Lot 89 in Square 542 has been divided into Lots 822, 825 through 834, and 872 for assessment and taxation purposes. The West M building will be developed on Lot 826 in Square 542, and the East M building will be developed on Lot 825 in Square 542.

Neighborhood Commission (“ANC”) 6D and other community organizations, stakeholders, and residents.

By report dated June 2, 2017, the Office of Planning (“OP”) recommended setdown of the application, and at its public meeting of June 12, 2017, the Zoning Commission voted to schedule the case for a hearing. Both OP and the Commission requested that the Applicant submit additional information, which is provided herein. In addition, this Prehearing Submission responds to initial issues and concerns raised by the community. Finally, this Prehearing Submission meets the filing requirements under Subtitle Z § 401, and accordingly the Applicant requests that the Commission schedule a public hearing for consideration of this application.

II. JUSTIFICATION FOR PROPOSED RESIDENTIAL USE AND INITIAL RESPONSE TO COMMUNITY CONCERNS

A. The Modified Mix of Uses are Consistent with the Southwest Neighborhood Plan (“SW Plan”)

The Applicant proposes to convert the majority of the East and West M buildings from office use to residential use. Each building will provide community-serving retail uses on the ground floor, service-oriented office uses on the second floor, and approximately 604 total residential units. The combined gross floor area of commercial space proposed for the buildings is approximately 78,880 square feet, or an average of almost 40,000 square feet per building. This proposed mix and proportion of uses is fully consistent with the District’s SW Plan, which was published by OP in July, 2015 as a “community-based strategy developed for the purpose of creating an urban design, land use, and neighborhood preservation framework” for the southwest neighborhood. *See* SW Plan, p. 10. The SW Plan’s vision for Waterfront Station is a “thriving town center” with 4th Street as the “commercial heart of the community.” *Id.* at 7.

In establishing the town center vision, the SW Plan specifically addresses the viability of the approved office use at the PUD Site, acknowledging that office space “may be difficult to

lease,” “could prove less viable in the near term than residential development with ground floor retail,” and that “the developer should have the flexibility to request a modification to the approved Planned Unit Development to incorporate residential uses within the buildings.” *Id.* at 52 (emphasis added). This finding was based on a market study prepared for the District regarding the demand for future housing, office, and retail uses in the neighborhood. The market study found a “strong market for residential development, a small market for increased retail, and little to no market for office space.” *Id.* at 60 (emphasis added). In fact, the market study found that the “[o]ne incongruity between projected future land use needs and proposed supply is office space.” *Id.* at 52.

Rather than encouraging additional office use specifically, the SW Plan recognizes the opportunity to create a thriving town center within a mixed-use development. Indeed, the SW Plan encourages residential use at Waterfront Station to establish the town center, stating that “[a]dditional residential density to be built along these blocks will improve the customer base and foot traffic in the area.” *Id.* at 114. Moreover, the stated goals to achieve the town center vision include (i) establish a strategic marketing approach to attract a unique and tailored retail mix to promote 4th Street as Southwest’s neighborhood main street; (ii) promote key corner parcels to serve as anchors and create a vibrant mix of neighborhood town center uses along 4th Street, SW; and (iii) celebrate 4th Street’s envisioned vibrancy as a neighborhood main street through temporary urbanism practices and through the burgeoning local arts movement and the city’s creative economy.” *Id.* at 7. Thus, in order to create the environment prioritized for Waterfront Station, office use is not required. In fact, and as described in detail below, the Applicant proposes to implement each of the stated goals listed above in order to achieve the vibrancy set forth in the SW Plan and highlighted by the community.

It is within this context that the Applicant proposes to replace the majority of the approved office use in the East and West M buildings with residential use. Doing so is fully consistent with the District's planning goals for development of the Properties and appropriately addresses the realistic market demand for new development in the Southwest neighborhood. As set forth below, a 2017 market analysis conducted by the Applicant also indicates that (i) residential use, and not office use, is viable at the Properties in the near-term; and (ii) additional residential use will better support existing and proposed retail establishments at the PUD Site, thereby activating the street in the evenings and weekends (which office use would not do), improving the customer base, and increasing foot traffic in the area, all of which will enable successful development of the town center envisioned by the District for the PUD Site and still prioritized by the community today.

B. Residential and Community-Serving Office Uses Will Support Existing and New Retail at the PUD Site

Starting in the fall of 2016, the Applicant began to engage with OP, the affected ANC, and other community stakeholders and organizations regarding the proposed modifications to the PUD. The Applicant's intent was to fully understand the various priorities for the Properties and for Waterfront Station generally. In response to the stated concerns and visions, the Applicant commissioned a Market Analysis and Economic Impact Analysis for the Properties, prepared by Partners for Economic Solutions (the "Market Analysis"), to determine the types and amounts of uses that would most successfully establish a vibrant town center environment. The Applicant wanted to understand the realistic long- and short-term demand for residential use compared to office use, and how those uses would support existing and proposed retail establishments at the PUD Site. The PES Market Analysis is attached hereto as Exhibit F.

As described below, the Market Analysis found that (i) office market demand in the District has slackened significantly in recent years, such that office development at the Properties is not

feasible within at least ten years; and (ii) there is strong demand for multi-family housing in the District and in the Southwest neighborhood specifically, and that the Properties would compete well for future tenants given their numerous advantages in a mixed use, transit-oriented setting. *See* Market Analysis, pp. ii-iii. The Market Analysis also concluded that potential retail sales under the proposed residential scenario would exceed the expected retail spending under an office scenario, finding that approximately \$2.8 million more would be spent annually on retail sales if the Properties are developed as mixed-use residential instead of office. *Id.* at iii. Moreover, the ten-year delay in delivery for office use would reduce Waterfront Station's appeal to new retailers that would bypass the Properties in favor of more densely developed locations, and would simply delay construction of physical space for new retailers, which would further inhibit the completion of the town center retail element. *Id.*

1. Office Demand is Weak

Office demand in Washington, DC has slowed significantly over the last decade. This reduced demand is due to a variety of factors, including a greater emphasis on multi-family residential development, technological advancements, economic changes, Federal government policies, and worker preferences. *Id.* at 3. The District's office vacancy rate rose from 7.7% in 2007 to 11.6% by the end of the second quarter of 2017, leaving 17.9 million square feet of vacant office space in the District. *Id.* at 4. The combined vacancy rate in the Southwest and Capitol Riverfront submarkets is even higher at 14%, which would further inhibit office development at Waterfront Station.

In the Southwest and Capitol Riverfront submarket specifically, there are currently six office projects under construction, with 1.1 million square feet of space coming onto the market. Of that, approximately 537,000 square feet is still available and has not yet been pre-leased. *Id.* at

6. Moreover, an additional 16 office buildings are planned/proposed for the Southwest and Capitol Riverfront neighborhood, with approximately 4.6 million square feet of rentable office space. *Id.* at 6 and Appendix Table A-2. Based on the rates of construction, recent absorption levels, the amount of vacant office space, and shifts in office market demand, the Market Analysis estimates that the surrounding competition would preclude development of the Properties with office buildings for at least ten years. *Id.* at 7-8.

The Applicant has experienced this weak office demand as it has sought to prelease and develop the Properties as office buildings for over ten years, but has been unsuccessful. However, despite the extreme competition for large office tenants and the weak office market in the District and the Southwest submarket specifically, the office market for smaller community-serving businesses is much stronger. The area's population growth is increasing the customer base, and the supply of small tenant spaces other than co-working spaces is limited, since landlords typically focus on leasing full and half-floor tenants. In response to this realistic demand, the second-floor office spaces in the East and West M buildings will be targeted to and configured for small businesses that serve local residents, with space focused along 4th and M Streets directly above the ground floor retail to create a significant street presence.

2. Residential Demand is Strong

Despite the reduced demand for office space, residential demand in the District continues to grow. The District's 2025 population forecast estimates an average growth rate of 11,500 new residents and 4,380 new households per year. Given vacancy rates and the need to replace demolished units, this forecast translates into an average demand for development of approximately 4,640 new units annually. *Id.* at 8. New multi-family residential buildings throughout the District have sustained high levels of delivery and absorption, with Southwest and

Capitol Riverfront emerging as a strong new market. *Id.* at 8-9. In the first six months of 2017 alone, the Southwest and Capitol Riverfront market absorbed 1,037 units, which represented 41.1% of the District's total. *Id.* at 9.

As shown on page 11 of the Market Analysis, 17 new multi-family buildings are currently under construction in the Southwest and Capitol Riverfront neighborhood, which include 4,943 new residential units. An additional 21 buildings with 5,721 units are planned and proposed for delivery by 2021. *Id.* at 10. Despite this upsurge in the submarket, residential units at the Properties are expected to compete well for future tenants given their advantages of a Metro-oriented location, mixed-use setting, quality design and amenities, adjacency to a grocery store, and proximity to the Southwest Waterfront and Capitol Riverfront entertainment amenities. *Id.* at 11. Based on demographic trends and absorption rates that are expected to increase in the future, residential units at the East and West M buildings would be absorbed easily. *Id.* at 10. Moreover, based on PES's evaluation of nearby projects under construction and in the pipeline, as well as the Properties' competitive advantages and disadvantages, the Market Analysis found that construction of the Properties as primarily residential mixed-use could begin within two years of approval, with delivery by 2021 and 2023. *Id.* at 11.

3. Residential Development Would Better Support Retail and Create a Thriving Town Center

The SW Plan calls for and neighborhood residents strongly desire the creation of a town center environment that emphasizes community-serving retail that can support office users during the day and residents into the evening and on the weekends. Existing residents within and surrounding the PUD Site are seeking additional restaurants and services that meet their day-to-day needs and generate pedestrian traffic and activity around the Metro station. However, the community has expressed a concern that residential development at the Properties would

negatively impact the ability to support additional retail and achieve the town center vision. The Market Analysis studied this question by collecting data on employee and residential spending, and when applied to development of the Properties, made the following findings:

- Annual retail sales attributable to office development of the Properties (as approved) are anticipated to be \$7.3 million;
- Annual retail sales attributable to second-floor community-serving office development at the Properties (as proposed) are anticipated to be \$494,000; and
- Annual retail sales attributable to residential development of the Properties (as proposed) are anticipated to be \$9.7 million.

See id. at 13-14.

Based on these findings, comparing the potential retail sales under the two development scenarios shows that future residents, visitors, and employees of the proposed mixed-use buildings at East and West M would spend \$2.8 million more each year with retailers at the PUD Site than would employees and patrons to the East and West M buildings if constructed for office use. *Id.* at 14. Residents will spend more buying groceries and other goods, eating out, and securing services near home than will employees near work. *Id.* at 13. Residents will also take advantage of the retailers in the evenings and on weekends, whereas office workers would not. Moreover, while most residents of the East and West M buildings will not be at home during the weekday, the growing trend of people working at home will generate entrepreneurs, freelancers, and telecommuters who may venture out during the day to take advantage of the Waterfront Station retail establishments. Also valuable will be the individuals making use of and working at the community-serving offices on the second floors of the proposed mixed-use buildings, including residents of the PUD Site and those from elsewhere in the District. *Id.* at 14.

In addition, the much later timing of office development would significantly delay the ability of Waterfront Station to attract new retailers. In the wait of ten or more years for

development of the two office buildings, retailers would continue to bypass Waterfront Station in favor of more fully developed locations, and would in fact have no place to locate in Waterfront Station if the M Street buildings were not constructed. *Id.* at 15. Waterfront Station would also suffer from the lack of an anchoring presence on its southern border. Without development of the vacant Properties, the retail district would continue to struggle with an inadequate sense of place. *Id.*

C. The Modified PUD Will Address Many of the Community Concerns

1. The Community's Priority of Creating a Vibrant Town Center will be Achieved through the Proposed Uses

As noted above, the Applicant has met with the community on multiple occasions to discuss the proposed project, and particularly the community's priority of creating and maintaining a vibrant, mixed-use town center that is active throughout the day and into the evening. The community has indicated a preference for maintaining office use at the Properties because the community believes that office use will draw additional daytime foot traffic and further support the existing and planned retail in the area. However, due to the clear indication from the SW Plan and the Market Analysis that office is not a viable use at the Properties in the near-term, the Applicant is proposing a revised development program that includes ground floor retail, community-serving office space, and approximately 604 residential units. These proposed uses, which include approximately 78,880 total square feet devoted to commercial uses, will address the community's goal of creating a vibrant town center without the requirement that the buildings be dedicated entirely to office use.

For example, the proposed community-serving office uses will draw people to the PUD Site throughout the day. The Applicant intends to lease the office space to tenants such as consultants, financial advisors, doctors, tax preparers, social workers/counselors, and day care

providers, which inherently attract customers and clients throughout the workday, rather than only drawing employees who work in the buildings. The same is true of the two operating office buildings at 1100 and 1101 4th Street, SW, which are leased by District government agencies and attract a wide variety of individuals from the public on a daily basis, creating a type of “super-office.” Employees and clients/visitors to the existing office uses at the PUD Site take advantage of the ground floor retail establishments along 4th Street, creating a vibrant public space during the workday. Incorporating the community-serving office uses within the East and West M Buildings will assist in further increasing foot traffic and activity throughout the PUD Site and surrounding blocks during the day.

The Applicant’s proposal for residential use will create additional pedestrian activity at the PUD Site during the workday and into the evenings and weekends, and will attract retail establishments that can cater to patrons throughout the day as well as residents who return to their homes after the workday and on the weekends. Additional residents are necessary to maintain a critical mass of evening and weekend customers that will attract new retailers and encourage existing retailers to stay open later into the evenings and on the weekends. Incorporating 604 new residential units at the Properties will ensure that foot traffic is maintained throughout the day, in the evening, and on the weekends, all in support of retail viability and the success of a vibrant town center.

Based on initial assessments, the daytime pedestrian activity at Waterfront Station exceeds evening pedestrian activity, since office workers and patrons generally leave the area after work. In order to support the variety of retail uses desired by the community, there must be daytime, evening, and weekend traffic at Waterfront Station. The Applicant’s transportation consultant is studying this issue and conducting pedestrian counts to confirm the amount of daytime, evening,

and weekend foot traffic at the PUD Site so that the Applicant can ensure that the uses will contribute to the creation of the overall town center. The Applicant will submit the findings from this study prior to the public hearing on this application.

2. The Applicant Will Implement a Retail Plan to Encourage a Vibrant Town Center

The Applicant is working with StreetSense, one of the foremost authorities on the subjects of retail design, placemaking, and leasing, to evaluate and create a plan for encouraging a vibrant town center with the variety of uses desired by the community. According to StreetSense, neighborhood-oriented retail is best served by a neighborhood, with a residential-heavy community most active in the evening and on weekends. The existing office uses, which are much more active than traditional office seen in other parts of the District, as well as the proposed community-serving office uses in the East and West M Street buildings will help support this retail. Based on StreetSense's initial assessment, Waterfront Station's mix of retail, residential, and office uses makes for a healthy base of foot traffic, ideal for maximum retail potential. StreetSense's report will be provided to the community and the Zoning Commission prior to public hearing.

In the interim and prior to delivery of this retail use, the Applicant will develop a retail marketing strategy to ensure that the appropriate types and mix of retailers lease space at the East and West M Buildings. The Applicant will also work directly with the community to ensure that the types of retailers selected are consistent with the neighborhood's collective preferences and priorities. Doing so will fully address the community's concern of enhancing the town center environment of Waterfront Station. Additional details regarding the plan for creating this marketing strategy will be provided in StreetSense's final report.

In addition, and in an effort to ensure vibrancy of these final phases of Waterfront Station, the Applicant will establish interim uses that will activate vacant storefronts if it is unable to immediately lease the retail spaces within the East and West M Buildings upon delivery. A proposed plan for these types of interim uses will be provided in StreetSense's final report. The Applicant will also activate the vacant Properties pending construction, consistent with the public-serving activities and recent uses of the Properties. These uses include farmers' markets, block parties, sports leagues, charity events, and public seating areas. This activation plan is discussed further in Section VI of the Prehearing Submission.

3. The Proposed Uses Will Not Have a Negative Impact on Neighborhood Parking

The community expressed concerns that establishing residential use at the Properties will increase the demand for street parking in the evenings in the surrounding neighborhood, compared to office use, which would generate additional demand during the workday only. The Applicant's transportation consultant is undertaking a parking study to determine the realistic parking supply and demand in the neighborhood and within the office buildings at 1100 and 1101 4th Street, SW. The Applicant will present these findings to the community, to DDOT, and to the Zoning Commission in advance of the public hearing on this case.

4. The Applicant Is In Compliance with the Requirements for the Disposition

The Applicant is in compliance with the requirements of the original disposition of the PUD Site set forth in the 2006 Land Disposition and Development Agreement ("LDDA") between the RLA Revitalization Corporation (the prior owner of the PUD Site and predecessor in interest to DMPED) and Waterfront Associates, LLC (the Applicant entity in Z.C. Case No. 02-38A). According to the LDDA, neither party is permitted to modify the approved PUD without the consent of the other party. The Deputy Mayor for Planning and Economic Development

(“DMPED”) is the successor agency to RLA. As set forth in the June 2, 2017, letter from Brian Kenner to the Applicant, DMPED consents to the application to modify the PUD, including the proposal to replace the approved office use with residential use. A copy of this letter is attached as Exhibit G.

5. The Applicant Will Continue to Work with the Community

The Applicant has worked with ANC 6D and other community organizations, including the Southwest Neighborhood Assembly (“SWNA”) and the Tiber Island Cooperative, on development of the PUD for many years, and has continued to do so as part of this PUD Modification and Second-Stage PUD application. The Applicant has discussed the modified project on multiple occasions with the ANC 6D Chair, Single Member District Commissioners, and the SWNA Chair, and has presented the project formally to the Tiber Island Cooperative. Going forward, the Applicant will continue to work with these and other community stakeholders to fully understand and attempt to address their concerns, and will make a formal presentation to the ANC and request a vote on the application prior to the public hearing. The Applicant will provide additional information on the outcome of these discussions in its supplemental prehearing submission to the Commission.

**III. DESIGN REFINEMENTS TO BUILDING MASSING AND DESIGN, AND
UPDATES TO PLANS**

In its report and at the setdown meeting, OP and the Zoning Commission requested that the Applicant continue to study and refine certain design elements of the East and West M buildings so that they appear more symmetrical, residential in nature, and create a more balanced and cohesive “gateway” into the PUD Site from the south. In response, the Applicant studied the buildings’ massing and design elements and has made the following refinements.

A. Gateway Entrance to the PUD Site

In response to comments from OP, the Zoning Commission, the ANC, and other community stakeholders, and as shown on the renderings included in the updated architectural drawings attached hereto as Exhibit C (the “Architectural Drawings”), the Applicant revised the East and West M buildings’ 4th Street facades to create a more symmetrical and balanced gateway into the PUD. On the West M building, the Applicant raised the first level of the 4th and M Street corner element by one floor. Doing so makes the West M building’s ground floor read as two-stories, similar to the two-story reading of the East M building’s ground floor corner element. The Applicant also made the following adjustments to the East M building:

- Refined the articulation of the west and southwest corner element to more equally balance the composition with the east façade of the West M building;
- Incorporated a more detailed glazing system, revised mullions, and new fin elements;
- Pulled back the punched windows from the building corners to emphasize the integrity of the building’s masonry facades;
- Introduced a bay-style module at the podium levels to minimize the perceived length of the M Street façade; and
- Standardized the locations for retail entrances and signage along M Street.

B. Residential Character

In order to make the East and West M buildings appear more residential in character, the revised design significantly increases the number of glazed private balconies on both buildings. Doing so reinforces the residential nature of the buildings’ upper floors, makes the units more livable, adds eyes onto the street and other public spaces, and incorporates a level of activity to the public realm. The previous percentage of balconies has been revised from 16.8% to 30.9% in the revised design.

C. Additional Information Requested from Office of Planning

In addition to the items requested above, OP also asked the Applicant to clarify and provide more information on the following items:

- a. Clarify the differences between “Masonry,” “Masonry Base,” and “Masonry Type B”.

The Applicant reduced the number and type of masonry elements in order to simplify the design and create continuity between the primary entry and retail façades with all other building façades. The masonry types are shown in the blow-up elevations and material sheets in the Architectural Drawings.

- b. Provide more information about the “Aluminum Glazing System,” specifically the depth of the muntins, mullions, and reveals.

As shown on Sheets 69-72 and 89-93 of the Architectural Drawings, both buildings utilize a variety of window mullion types, including butt glazing, standard depth, and larger shaped vertical mullion extension caps, as well as aluminum fin elements.

- c. Provide the material for the rainscreen façade panel.

The rainscreen façade panel is a glass fiber reinforced concrete type.

- d. Specify the type of glass used in the glass railings.

The predominant glazing for the balconies and railings is clear to match the adjacent window walls. Some of the balconies and railings use ceramic fritting or similar inner layer treatments that are necessary to limit the opacity of the glass.

- e. “Masonry Type C” is described as a “Back of House” material; since the buildings are highly visible on all four sides, there should be no drop off in material quality.

As shown on Sheets 66, 67, 84 and 88 of the Architectural Drawings, “Masonry Type C” has been removed and replaced with the masonry material of the adjacent retail façade.

- f. Calculate the lot occupancy for each building at every floor level.

The lot occupancy calculations are shown on Sheet 4 of the Architectural Drawings.

- g. Show the proposed location for the WMATA vault, which is presently located where the west private street would meet M Street.

The WMATA vault is shown on Sheet C7 of the Architectural Drawings.

In response to further discussions with OP, the Applicant also made several technical corrections to the Architectural Drawings. As shown on Sheet 5 of the Architectural Drawings, the Applicant identified (i) the total number of parking spaces provided across the entire PUD, and (ii) the parking requirements based on the modified PUD uses for the East and West M buildings. In addition, as requested by OP, the parking spaces for the residential units will be de-coupled from housing rents.

IV. TRANSPORTATION, PARKING, AND COORDINATION WITH DDOT

A. Transportation Study and DDOT/Community Concerns

Since submitting the application, the Applicant has worked to better understand the various concerns related to parking and loading, traffic, pedestrian safety, site circulation, roadway capacity, and roadway improvements, among other transportation-related items. The Applicant also submitted a Scoping Form to DDOT, which was reviewed by several of DDOT's agencies and ANC 6D. Although not typically reviewed by ANCs, ANC 6D submitted detailed comments on the Scoping Form, which were reviewed by DDOT, incorporated by the Applicant, and will have a direct impact on the content and extent of the Applicant's Comprehensive Transportation Review ("CTR"). The ANC's primary concerns include the following:

1. Strategic Planning Documents. The ANC requested that Applicant review the SW Plan and the Special Events Study for SE/SW Transportation Study in its analysis of District planning documents. *The Applicant added both reports to the list of studies to be reviewed in the Scoping Form.*
2. Roadway Network, Capacity and Operations. The ANC requested that the Applicant broaden its database to beyond the 2010 census, which does not include several new residential buildings in the area and therefore omits important information about population growth and mode split. *The 2010 Census data will only be used to make assumptions about mode split, and will not be relied on as an indicator of population.*
3. Development Scenarios. The ANC identified several new/in-process developments that the Applicant did not include in its background development scenario. *The Applicant initially omitted certain developments because they are only approved as First-Stage PUDs and*

will therefore be analyzed again as Second-Stage PUDs. However, the Applicant added several of the omitted developments to the background development scenario as requested.

4. Proposed Study Area Intersections. The ANC requested a more detailed study of the 4th and M Street intersection and of the pedestrian plazas running perpendicular to 4th Street. *The 4th and M Street intersection will be analyzed in the CTR, with an additional, separate scenario that analyzes future conditions at the intersection with a southbound left turn movement allowed.*
5. Proposed Annual Growth. The ANC questioned the extent of the area to be studied for annual traffic growth. *Future traffic growth will be assumed along the through movements of the 4th Street and M Street corridors within the study area. These represent the roadways in the study area in which regional traffic growth is expected. Traffic growth along other roadways in the study area will be incorporated as part of the inclusion of background developments.*
6. Proposed Transit Area Study. The ANC encouraged the Applicant to analyze the impact of the potential SW Circulator and M Street Streetcar routes. *The CTR will not include an in-depth analysis of either project, but both will be discussed along with their potential impacts generally.*
7. Site Access and Loading. The ANC expressed concerns over site access and loading (freight delivery and passenger vehicles), particularly as it would impact access to the buildings from M Street. *The CTR will include a typical access and loading analysis, with Autoturn graphics showing how trucks are able to maneuver in the loading areas.*
8. Parking. The ANC is concerned with how the PUD Modification will impact parking in the surrounding neighborhood, given that parking supply and demand is different for residential use compared to office use. *The CTR will include an analysis and discussion of changes in parking needs resulting from the proposed change in use.*
9. Data Collection and Hours of Analysis. The ANC suggested that the hours for AM and PM data collection should be 6:00 to 9:00 am and 3:30 to 7:00 pm. *Traffic counts were collected during the requested 6:00 to 9:00 am period, and the 4:00 to 7:00 pm period. The data show that the earliest PM peak hour observed for any intersection is 4:30 to 5:30 pm and that all of the intersection peak hours fall well within the 6:00 to 9:00 am and 4:00 to 7:00 pm hours, so the collection of an additional half hour of data in the PM peak is not necessary.*
10. Roadway Improvements. The ANC requested that the CTR include a discussion of the Anacostia Waterfront Plan, which includes plans for improvements to M Street, SW. *The Anacostia Waterfront Plan is outside the scope of the CTR because there are no roadway designs, plans, or funding identified, so it will not be assumed in the CTR. However, the CTR will include a description of the proposed improvements.*

The Applicant will submit a final copy of the CTR to DDOT no less than 45 days prior to the public hearing and to the Zoning Commission no later than 30 days prior to the public hearing.

B. Transportation Demand Management

The Transportation Demand Management (“TDM”) plan approved in Z.C. Order No. 02-38A (Exhibit 52) is as follows:

- Designate a member(s) of the property management team as Property Transportation Coordinator who will be the primary point of contact and will be responsible for coordinating and completing TDM obligations on behalf of the Applicant. The applicant will provide the name of the Property Transportation Coordinator to the District Department of Transportation.
- Provide effective directional signage subject to the Applicant's Comprehensive Sign Plan (parking, deliveries, taxi stand, etc.) to direct residents and visitors to appropriate locations on the property.
- Provide Zip Cars/Flex Cars on site.
- Provide SmartTrip cards, during first time lease-up only, at a maximum cost to the developer of \$10.00 per card, per person for free to residents and full-time office employees
- Encourage new residents and office employees to use Metrorail, Metrobus or DC Circulator services through the following means:
 - Distribute in new-tenant and new-resident packages, materials provided by DDOT including site-specific transit-related information to all persons or entities signing leases;
 - Place a reference to the Waterfront Metro Station in promotional materials and advertisements; and
 - Participate in Ozone Action Days and other regionally sponsored clean air and traffic mitigation promotions by posting notice of such promotions in locations within the building acceptable to the developer.

The Applicant will provide the previously-approved TDM measures, as applicable, and will otherwise revise/update the approved TDM plan to comply with current DDOT standards as follows:

- Identify a TDM Leader (as indicated above) for planning, construction, and operations. The TDM Leader will work with residents and tenants of the buildings to distribute and market various transportation alternatives and options. This includes providing TDM materials to new residents and tenants in a Welcome Package;
- Provide enhanced pedestrian treatments, pavement treatments, and signage at 4th Street in the vicinity of the Metro station and the east-west private driveways;
- Dedicate one parking space within each garage for car-sharing services to use with right of first refusal;
- Provide SmarTrip cards, during first time lease-up only, at a maximum cost to the developer of \$20.00 per card, per person, for free to residents and full-time office employees (same proffer as above, with an increased cost per card);
- Post all TDM commitments online, publicize availability, and allow the public to see what commitments have been promised;
- Provide website links to CommuterConnections.com and goDCgo.com on property websites;
- Install a Transportation Information Center Display (electronic screen) within each residential lobby containing information related to local transportation alternatives;
- Meet or exceed zoning requirements for short- and long-term bicycle parking. This includes secure parking located on-site and short-term bicycle parking around the perimeter of the site; and
- Unbundle all parking from the cost of the lease or purchase of a residential unit. Parking costs will be set at no less than the charges of the lowest fee garage located within a quarter mile of the Properties.

V. PUBLIC BENEFITS AND AMENITIES

In ZC Order No. 02-38A, the Commission found that the amount of benefits and amenities provided were sufficient given the amount of flexibility sought through the PUD process. With this application, the Applicant has provided additional benefits and amenities which were detailed in the application. In response to questions from the Commission and OP, the Applicant herein provides the following updates regarding its proffered public benefits and amenities for the East and West M buildings.

A. Inclusionary Zoning (“IZ”)

The Applicant proposes to provide a minimum of 8% of the residential gross floor area in both the East and West M buildings to households earning up to 60% of the Medium Family Income ("MFI"), which is fully consistent with the recently-approved IZ regulations. In addition, the Applicant proposes to dedicate two of the proposed IZ units in each building (four total) as 3-bedroom units dedicated to households earning up to 60% of the MFI. These larger-sized units will create new family-sized affordable housing. In contrast, under the approved PUD for the East and West M office buildings, no affordable housing would have been provided at all. Attached hereto as Exhibit H are floor plans showing the size, type, location, and proportion of IZ units within the East and West M buildings.

If the East and West M buildings are developed as proposed, the total number of affordable units within the overall PUD would increase by approximately 20%, and the effective proportion of IZ units compared to market rate units across the overall PUD Site would be approximately 15%. This proportion is significantly greater than the minimum percentage required under the new IZ Regulations, and is consistent with other recently-approved PUDs.

Moreover, Z.C. Order No. 02-38A was approved prior to implementation of the IZ Regulations, such that the existing affordable units within the PUD are all dedicated to households earning up to 80% of the AMI and are only required to be set aside for 20 years. In contrast, the affordable units proposed for the East and West M buildings would be dedicated to households earning up to 60% of the MFI, and will remain affordable in perpetuity. Finally, incorporating 3-bedroom units into the buildings will help to satisfy the high and growing demand for affordable family-sized housing in the District.

B. Sustainability Features

The Applicant is presently working with the Department of Energy and the Environment and its consultants to evaluate the environmental features of the East and West M buildings and Properties. The Applicant will update the Zoning Commission and OP on these efforts prior to the public hearing on this case.

C. First Source Employment and CBE Agreements

As indicated in the letter attached hereto as Exhibit I, the Applicant has taken an inclusive approach to development of the PUD Site by partnering with small and disadvantaged local businesses in order to build community and support local talent. In compliance with Z.C. Order No. 02-38A, the Applicant entered into (i) an agreement to participate in the Department of Employment Services (“DOES”) First Source Employment Program to promote and encourage the hiring of District residents; and (ii) a Memorandum of Understanding with the District of Columbia Department of Small and Local Business Development (“DSLBD”) to utilize local, small and disadvantaged business in the development of the project. The Applicant has abided by the First Source Employment and CBE Agreements for the project and will continue to do so for development of the East and West M buildings.

VI. PROJECT PHASING

The Applicant proposes the following language with respect to the phasing of development for the East and West M buildings:

“Approval of the East M building shall be valid for a period of two years from the effective date of Z.C. Order No. 02-38I. Within that time, the Applicant shall file for a building permit for the East M building. The Applicant shall begin construction within three years of the effective date of Z.C. Order No. 02-38I. Approval of the West M building shall be valid for a period of two years following issuance of the first Certificate of Occupancy for the East M building. Within that time, the Applicant shall file for a building permit for the West M building. The Applicant shall begin construction within three years of issuance of the first Certificate of Occupancy for the West M building.”

In the interim, before the buildings are constructed, the Applicant will continue to activate the Properties by incorporating pop-up uses and markets, hosting community events and sports leagues, and providing a gathering space for the public to enjoy. In 2016 alone, the Applicant hosted numerous events on the vacant Properties, including an adult kickball league, scavenger hunts, holiday fashion trucks and food trucks, farmers markets, a young playwright's theater, and "Market SW" with live performances, food, shopping, and more. The Applicant also placed shipping containers to provide branding and storage to the area and installed several types of new seating, including Adirondack chairs, picnic tables and umbrellas, café tables, wooden benches, and a covered stage for performances. *See* photographs of events and improvements, attached hereto as Exhibit J. These attractions have been successful in the past and well attended by the community. The Applicant will continue to host these types of events at the Properties until they are redeveloped.

VII. FLEXIBILITY

As set forth on page 25 of the initial application (Exhibit 2), the Applicant requested several types of design flexibility with respect to the modified PUD. In its Setdown Report, OP suggested that the Applicant limit the amount of flexibility requested for the flexibility requested at Nos. 2, 5, and 7. In response, the Applicant proposes the following revised language:

1. To provide a range in the number of residential units of plus or minus 5%;
2. To vary the location and design of all interior components, including partitions, structural slabs, doors, hallways, columns, stairways, ~~atria~~ and mechanical rooms, provided that the variations do not change the exterior configuration of the building;
3. To make refinements to the garage configuration, including layout, parking spaces and other elements, so long as the total minimum number of parking spaces is provided as set forth in Z.C. Order No. 02-38A;

4. To vary the final selection of the exterior materials within the color ranges and material types as proposed, based on availability at the time of construction;
5. To make minor variations to vary the location, attributes and general design of the streetscape within public space to comply with the requirements of and the approval by the District Department of Transportation Public Space Division, without changing the overall design intent, the general location and dimensions of landscaping and hardscaping, or the quality of materials;
6. To locate retail entrances in accordance with the needs of the retail tenants and to vary the façades as necessary;
7. To make minor refinements to ~~exterior materials~~the buildings' details and dimensions, including belt courses, sills, bases, cornices, railings, roof, skylight, architectural embellishments and trim, window mullions and spacing, or any other changes to comply with the District of Columbia Building Code or that are necessary to obtain a final building permit or any other applicable approvals. Any refinements may not substantially change the buildings' external configurations, appearance, proportions, or general design intent;
8. To vary the types of uses designated as “retail” use on the Architectural Plans and Elevations to include the following use categories: (i) Retail (11-B DCMR § 200.2(cc)); (ii) Services, General (11-B DCMR § 200.2(dd)); (iii) Services, Financial (11-B DCMR § 200.2(ee)); and (iv) Eating and Drinking Establishments (11-B DCMR § 200.2(j));
9. To vary the types of uses designated as “office” use on the Architectural Plans and Elevations to include the following use categories: (i) Office (11-B DCMR § 200.2(x)); (ii) Institutional, General (11-B DCMR § 200.2(q)); (iii) Medical Care (11-B DCMR § 200.2(p)); (iv) Daytime Care (11-B DCMR § 200.2(i)); and (v) Services, Financial (11-B DCMR § 200.2(ee));
10. To vary the font, message, logo, and color of the proposed signage, provided that the maximum overall dimensions and signage materials do not change from those shown on the approved plans.

The Applicant requests the following additional flexibility that was not requested in the initial application:

1. To vary the configuration and layout of the exterior courtyards, so long as the courtyards continue to function in the manner proposed and the overall design intent, general locations for landscaping and hardscaping, and quality of materials are maintained; and
2. In the retail and service areas, flexibility to vary the location and design of the ground floor components in order to accommodate specific tenant requirements and/or to comply with any applicable District of Columbia laws and regulations, including the D.C. Department

of Health, that are otherwise necessary for licensing and operation of any retail or service use.

VIII. CONCLUSION

This Prehearing Submission along with the original application meets the filing requirements for a modification to a consolidated PUD, as required by Subtitle X, Chapter 4 and Subtitle Z of the Zoning Regulations. For the foregoing reasons, the Applicant respectfully requests that the Zoning Commission schedule a hearing on the application.

Respectfully submitted,

HOLLAND & KNIGHT LLP

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