

Testimony in Opposition to VMP Plan  
Zoning Commission Case 13-14  
March 23, 2017  
Andrea Rosen

The D.C. Court of Appeals in its December 8, 2016, decision vacating and remanding the Zoning Commission's orders in Case 13-14 requires the Commission to "appropriately address [the PUD's potential effects on neighboring property values and the risk that neighborhood residents would be displaced]" and noted that "the Comprehensive Plan specifically addresses the topics of property values and displacement, e.g., 10-A DCMR §§ 205.6, 218.1, 218.3, 508.1, 2502.5 (2016)."

The city turned to its co-Applicant, developer Vision McMillan Partners, which hired (at taxpayer expense) RCLCO, self-described "real estate advisors in development, management, investment and corporate strategy issues," for assurance that a high-density PUD abutting century-old low-rise communities--Bloomingdale to the South and Stronghold to the East--would cast no ripples.

In *The Politics of Staying Put*, her study of countering displacement in D.C., American University Professor Carolyn Gallaher writes that post-World War II suburbanization led to urban disinvestment. "After years of population decline and shrinking tax bases, cities were desperate for reinvestment. ... [G]overnments were forced to adopt ... 'Urban Entrepreneurship,' ... actively courting developers by offering them tax incentives and agreeing to assume some of their risk." In the case of this PUD, *all* of their risk.

Gallaher quotes scholar James DeFilippis, "'Long-term disinvestment in inner-city areas created the potential for profitable reinvestment in some of those very same disinvested areas.'" With the integration of property and financial markets during the 1980s, "[h]ousing stopped being a fixed asset with small, if steady gains, and instead became something on which to speculate (Shiller 2008; Gramlich 2008)(pp. 15-16). The problem with urban reinvestment is that it often results in displacement (N. Smith 1996; Feagin and Parer 2002; DeFilippis 2004; Slater 2007, 2009)." In D.C., one of the ways that displacement happens is when property taxes go up -- not to mention the piling on of late penalties and interest. "New development often leads to increased property taxes." For the development class and city coffers, instability is a good thing.<sup>1</sup>

RCLCO implies that because gentrification is a citywide phenomenon, there's no role for a nuanced, mediating response by government planners. What's more, they argue that because land values in "Bloomingdale-LeDroit Park" (realtors' nomenclature) are rising at a faster rate than those in long-affluent neighborhoods, one more PUD on McMillan won't make any difference to Bloomingdale. What they don't mention is that while the 2018 real property assessments in the city at large will increase by 5.52 percent, tax rates in Trinidad (10.17

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<sup>1</sup> RCLCO agrees. In its study *GreenPrint of Growth 2.0*, which "analyzed numerous data sources to understand the magnitude of development, *shift in demographics*, and job creation that is occurring along the Green Line Corridor," it noted, "New condos can push prices faster than value appreciation alone can." (p. 8; italics added) Destabilization is a good thing -- for investors.  
<http://www.rclco.com/pub/doc/greenprint-of-growth-2.0.pdf>

percent) and Riggs Park (11.16 percent) are going up fastest. Would RCLCO assert that gentrification has peaked in those neighborhoods? Aside from theirs being a conclusory argument, how cavalier! For the many longtime residents who moved to Bloomingdale and Stronghold specifically **because they were affordable**, the fast-rising tax assessments come at a greater cost to them than to residents of long-affluent areas. Has anyone from ZC, OP, or OTR looked at the circumstances of people who live around McMillan Park to analyze the impact of the coming PUD on them?

As a fundraising researcher for 22 years, I examined property tax assessment records nationwide and concur that housing was an asset of “small, steady gains.” The greater part of a property’s value was usually driven by the improvement, not the land. I wanted to explore whether in D.C. the arrival of a massive PUD might affect nearby land values **even as the structures on them remained unchanged**, which would in turn raise property taxes for nearby residents who had not upgraded their properties.

To explore this, I looked at the **Chancellor’s Row PUD**, EYA’s large “luxury townhome community in the heart of Brookland” (more precisely, Edgewood), approved in 2008 and built in 2011 and 2012, on former commercial land. I had hoped to track the tax *assessments* prior to, and after, the PUD, for a set of residential squares/lots proximate to the site<sup>2</sup>, zoned RF-1 (Residential Flats <5). Unfortunately, OTR has taken assessment histories off line. So as a workaround, I analyzed tax *payments* for the period 2012-2017, and the change in tax *assessments* for 2017-2018.

The 2017 to 2018 **land valuations** for the 237 houses of Chancellor’s Row are slated to **rise by 12 percent**. In neighboring Edgewood squares and lots, the assessments of the land below the row house and detached single-family-residences, flats, and conversions, built largely between 1925 and 1942, will be **up 10.5 percent** in 2018.<sup>3</sup> Property owners in Edgewood have seen their property tax bills **increase an average of 11 percent annually** since Chancellor’s Row was built.<sup>4</sup> Many property owners in these squares do not claim the Homestead deduction; their tax increases are likely passed on to renters.

Which brings me to Stronghold, an enclave OTR also deems part of Brookland, zoned R-3, consisting of about 270 single-family row houses built across from McMillan Park between 1910 and 1940. From my data sampling, most property owners are residents. These are long-timers, medium-timers, and newbies. A few row houses have been remodeled to the teeth; most have not. A friend who lives there recently challenged the nearly 8 percent increase in his tax bill and learned from the Assessment office that Stronghold’s land valuations have been raised in response to Chancellor’s Row, about a mile distant to the Northeast. Indeed, since 2012, Stronghold residents have paid an average 9 percent higher property tax each year, and

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<sup>2</sup> Squares 3644, 3649, and 3650. Chancellor’s Row is at Square 3648.

<sup>3</sup> For Chancellor’s Row, valuations of the buildings are set to be **reduced** an average of 11 percent (seemingly a strategy for mitigating the tax hit on the land), while in Edgewood, the buildings’ assessments are to **rise** 4.6 percent.

<sup>4</sup> In order to compare like tax payments and be consistent, if a change in the status of the owner of a property occurred during 2012-2017 (e.g., the property owner ceased or began claiming the senior homestead deduction), the period was adjusted to capture data only from one status.

Stronghold's land valuation is to increase by 10.8 percent next year.

The high-density PUD on McMillan--with its 650 units of housing, 86 percent at or near market rate--will likely trigger another round of land re-valuations that will buffet the 237 households in Stronghold. Listen up, OTR: in the 2 percent margin between the 11 percent increase in property taxes that Edgewood has paid annually and the 9 percent increase paid by Stronghold, there is *still* room to raise Stronghold's property taxes! Costly land and high tax assessments will exert tremendous displacement pressure on many residents of the low-rise row house neighborhoods around this high-density PUD, and in the long term, on the neighborhoods themselves, as developers press the city for up-zoning that will enable them to exploit the air rights around McMillan.

Washingtonians of varied means and life situations have seen their cost of shelter rise because of a supposedly natural, inexorable force known as "the price of land" . . . that is in actual fact an artificial construct for raising tax revenue – community stability be damned. Our city makes speculation structural, and the cost of that is instability and displacement. It is unacceptable for our public land, and a historic site to boot, to be shanghaied to this end.

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**Personal Statement in re: Zoning Order 13-14**

I was born in the District of Columbia and for all but one decade of my adult life I have voted and paid taxes here. But my connection to the McMillan site goes back nearly a half century, to 1970, when as a high schooler I traveled along North Capitol Street multiple times a week. In 2013, I renewed my relationship with McMillan-- this time up close and personal. Now I have also run on its great expanses and explored its subterranean vaults.

By education and early career, I am an art historian. Our local historic preservation laws are, or should be, invaluable tools for attaining a humane built environment that preserves our historic resources and sense of place. The Zoning Commission decision by which I am aggrieved will produce a massive exurban-type project at the McMillan site that does not abide by the Historic Preservation Act nor conform to the Comprehensive Plan of the District of Columbia.

I still visit the area at least twice a month to enjoy the scene of this historic space from the public sidewalks, streets, and green spaces around McMillan Park. It offers vistas unlike anywhere else in the city, across McMillan Park, into the reservoir, south to the downtown landmarks, and north and east to the Basilica.

The main thoroughfares, North Capitol Street and Michigan Avenue, allow my husband and I to access points in the city, including, crucially, Union Station. I suffer from a flying phobia and thus depend upon Amtrak for a lot more domestic travel than most people. These thoroughfares, already heavily trafficked, will see dramatically increased traffic as a result of the Zoning Commission decision, which did not take into account the cumulative effect of the traffic introduced presented by the approved project among others in the immediate area.

As I have testified, the high-density PUD will destabilize land values and lead to displacement of residents who instead should lead development instead of being victimized by it.

*I submit these contested issues as a participating member of DC for Reasonable Development and working alongside Friends of McMillan Park, and I incorporate as my own all concerns and issues raised by these groups.*

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