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Anthony Hood
Chairman
DC Zoning Commission

Subject: Testimony in Opposition to Parcel 1 - Zoning Case 13-14: Vision McMillan Partners, LLC & DC Deputy Mayor for Planning & Economic Development

Dear Chairman Hood and Members of the Zoning Commission

I currently serve both as Recording Secretary for the Bloomingdale Civic Association (BCA) and as one of two representatives on the McMillan Advisory Group (MAG) on behalf of the Bloomingdale Civic Association I testify as a resident of the Bloomingdale community and ANC 5E

I write to you in opposition to the proposed development of Parcel 1 as part of the Master Plan for redevelopment of the McMillan Sand Filtration Site and request that the Zoning Commission (Commission) reject this component of the planned unit development (PUD) application. I respectfully request that the Commission find Parcel 1 of the project to not be in compliance with the Comprehensive Plan on the basis that it does not meet the definition of a moderate density commercial space, is not offering appropriate uses for the existing site, and will eliminate several historic views I further believe that the benefits that will result from Parcel 1, such as job creation and securing of development financing, are not sufficient to offset its deviation from the Comprehensive Plan

<u>Inclusion of a Medical Office Building Was Not a Part of the Original Plan</u>

The Trammell Crow Company was not an original member of Vision McMillan Partners, LLC (VMP) The company was not associated with the original proposal submitted by EYA to serve as the District Land Development Partner for the site The company was not a party to the original term sheet signed between VMP and the District in December 2007 The company was not a party to the revised term sheet signed between VMP and the District in February 2009

Rather, Trammell Crow Company (along with the medical office building) joined VMP as a managing member between 2009 and 2010. At that time, VMP justified the inclusion of this group on the basis that [see attachments 1 and 2]

> "In order for the project to be <u>economically viable in this challenging market</u>. the unique medical office expertise that Trammell Crow has demonstrated is extremely important to creating the mix of uses necessary for the project to succeed " – Aakash Thakkar of EYA

> "As you know, <u>in this great recession</u> it is much more difficult to make new construction projects work One new major 'use' that can definitely go forward today at McMillan is a large new medical office building serving the doctors at the Washington Hospital Center and Children Hospital Center A 300,000 square foot medical office building at McMillan could dramatically strengthen DC's position [in] the regional healthcare market." – Terry Eakin of EYA

And

> "The <u>site has been designated by the District to support health care retention and job creation</u> and because of demand, medical office buildings can likely move forward <u>in these tough economic conditions</u> " – Aakash Thakkar of EYA

With the inclusion of the Trammell Crow Company came a tentative proposal for 300,000 square feet in medical office space Since that time, and as captured in the application before the Zoning Commission, the medical office component being discussed today as part of Parcel 1 has ballooned to 875,000 square feet, with another 170,000 square feet proposed in Stage 2 development In addition to the density of Parcel 1 dwarfing the surrounding landscape (with the exclusion of the Washington Hospital Center complex), the inclusion of this parcel drives most of the adverse traffic conditions on the site, a concern that many residents feel has still not been adequately addressed.

<u>The 'Tough Economic Conditions' of 2009 Are No Longer Relevant</u>

It is understandable that in 2009 the housing market was in flux and subsequently EYA may have required an additional partner in order to secure the necessary funding for this project However, with the investment of over $50 million in public financing by the District and a more robust housing market in the District, I cannot understand how the conditions of 2009 still apply

During his testimony on May 5th, Mr Aakash Thakkar of EYA speculated that the average sales price for a townhome on the site would be between $400,000 and $700,000. In fairness, the *McMillan Redevelopment Fiscal & Economic Impact Analysis Revised Program* prepared by Green Door Advisors for VMP only projected an average sales price for a market rate townhome as $483,000 In reality, the housing market is much more robust that Mr Thakkar lets on Specifically, at Chancellor's Row in Brookland, developed by EYA, recent home sales [see attachment 3] are as follows

Address	Sales Price	Sales Date	Land Area	Living Area	Bed	Bath	Stories	End Unit
2831 CHANCELLOR'S WAY	$876,740 00	2/14/2014	978	1,582	3 0	3 5	3	Yes
2847 CHANCELLOR'S WAY	$721,635 00	12/27/2013	776	1,398	3 0	3 5	3	No
2849 CHANCELLOR'S WAY	$747,635 00	12/27/2013	776	1,398	3 0	3 5	3	No
2851 CHANCELLOR'S WAY	$830,939 00	12/27/2013	973	1,582	3 0	3 5	3	Yes
2877 CHANCELLOR'S WAY	$840,653 00	12/4/2013	978	1,582	3 0	3 5	3	Yes
2881 CHANCELLOR'S WAY	$691,251 00	11/25/2013	776	1,398	3 0	3 5	3	No
2879 CHANCELLOR'S WAY	$711,740 00	11/25/2013	776	1,398	3 0	3 5	3	No
2887 CHANCELLOR'S WAY	$641,441 00	11/12/2013	679	1,308	3 0	2.5	3	No

Address	Sales Price	Sales Date	Land Area	Living Area	Bed	Bath	Stories	End Unit
2853 CHANCELLOR'S WAY	$884,150 00	11/12/2013	1010	1,582	3 0	3 5	3	Yes
2855 CHANCELLOR'S WAY	$740,991 00	11/5/2013	805	1,398	3 0	3 5	3	No
2889 CHANCELLOR'S WAY	$800,276 00	11/5/2013	978	1,582	3 0	3 5	3	Yes

Both the sales prices and speed with which housing stock is currently being purchased would seem to support that we no longer face 'tough economic conditions' or a 'great recession.' Or at least the market which EYA is attempting to secure financing in does not face such adverse conditions

Moreover, as captured in a recent Washington Post article [see attachment 4].

> "Robert D Youngentob, a principal in the development company EYA, outlined the firm's concept for an approximately $200 million project that he said will transform the 3 5-acre site from industrial to a modern residential-commercial mix " – Patricia Sullivan, Washington Post, March 17, 2014

How is it that a developer attached to this project, which requested both public financing and the inclusion of Trammell Crow Company on the basis of a poor economic environment, has recently proposed a $200 million project?

<u>Job Opportunities Generated by Parcel 1 Will Not Address the Needs of District Residents</u>

As stated in Mr Thakkar's remarks cited above and reiterated by others during the May 1st hearing, representatives from VMP legitimize the need for the scale of development on Parcel 1 by pointing out that the medical office buildings will generate the majority of the new job opportunities created by the Project Specifically, according to the *McMillan Redevelopment Fiscal & Economic Impact Analysis Revised Program* prepared by Green Door Advisors for VMP, the Project is projected to generate 3,271 permanent jobs and 3,034 temporary jobs However, of those, only 1,239 permanent and 1,214 temporary jobs are anticipated to be set aside for District residents (2,453 total jobs for District residents). Specifically, according to the fiscal impact analysis [see attachment 6]

- 161 jobs in retail/restaurant with a salary of, on average, $30,000 a year
- 1,078 jobs in medical with a salary of, on average, $76,000 a year
- 1,214 temporary jobs in construction with a salary of, on average, $70,000 a year

Of the 1,078 jobs in the medical field, there is no discussion of the type of positions generated by this Project, which positions are likely to be filled by District residents, or how the analysis arrived at an average salary of $76,000 per employee. Such planning is critical in justifying the need for the scale of development on this parcel, as a number of medical office positions carry salaries which **<u>do not support living costs in the District</u>** For example, an earlier version of the fiscal impact analysis identified a series of medical office positions and their respective salaries, of which only one exceeded the 'average' salary cited in the report submitted to the Zoning Commission (included below and attachment 5)

	Education Level				
Position	**College**	**Community College**	**Vocational**	**High School**	**Salary**
Physician/Surgeon	X				$163,705
Registered Nurse	X	X	X		$64,748
Therapist	X	X			$60,255
Radiologic Technologist/Technician	X	X	X		$55,093
Medical & Clinical Laboratory Technician	X	X	X		$53,700
Clinical Laboratory Technologist/Technician	X	X	X		$41,654
Health Diagnosing & Treating Practitioner Support Tech	X	X	X	X	$35,977
Pharmacy Technician	X	X	X	X	$34,963
License Practical/Licensed Vocational Nurse				X	$34,963
Diagnostic Related Technologist/Technician	X	X	X		$34,557
Medical Assistant				X	$30,879
Misc Healthcare Support Occupations				X	$30,345
Nursing Aide/Orderly/Attendant				X	$24,960
Nursing/Psychiatric/Home Health Aide	X	X	X	X	$24,648

I would ask the questions· If this Project generates 500 jobs that pay District residents $30,000 a year and another 500 jobs that pay residents $50,000 a year, how does this help to achieve the goals of the District? How would such job creation differentiate this project from any other development that might request permission to build upon this site?

For a stark comparison, I have compared the potential salaries against the expected annual salary necessary to support qualifying for one of the 'affordable' residences created by the Project Projections in the same fiscal impact analysis for the affordable housing component [see attachment 7] were

- Senior Apartments - ADU (for rent): salary of $37,654 a year
- Townhomes - WDU (to purchase)· salary of $93,200 a year
- Condos - WDU (to purchase)· salary of $82,800 a year

While these projections are from an outdated cost model, recent projections still show the possible disparity between the income for District resident jobs generated by the Project and the relative cost of affordable housing for the Project For example.

- Parcel 4 plans to set aside 80+ one bedroom senior housing units renting at 50-60% AMI According to an October 2013 affordable housing package issued for CityCenter [see attachment 8], the projected monthly cost for a one-bedroom unit at 60% AMI is $1,200 in rent with another $175 in utilities If we assume that any tenant should attempt to keep their monthly rent to a third of their annual salary, this would mean a tenant of this space needs to earn approximately $50,000 a year

- Parcel 5 plans to set aside 18 townhome units as affordable, with 9 selling at 80% AMI and another 9 selling at 50% AMI According to recent home sales at Chancellor's Row, a townhome selling at 80% AMI will cost approximately $350,000 while a townhome selling at 50% AMI will cost approximately $225,000. To afford a monthly mortgage for a townhome purchased at $350,000, an individual or family, needs to earn around $85,000 annually. To afford a monthly mortgage for a townhome purchase at $225,000, an individual or family needs to earn around $55,000 annually. This does not factor in the cost for homeowner association fees or utilities

Many of the jobs created as part of this Project will likely neither support an individual wishing to purchase a townhome at 80% AMI nor one wishing to purchase at 50% AMI, an unplanned new amenity just offered by VMP, let alone allow someone to afford market rate housing in the city

According to a bill proposed by the Councilmember for Ward 5, Kenyan McDuffie [see attachment 9], affordable housing standards need to be more rigorous when it involves the sale of District-owned land His bill proposed that at least 20% of new units must be affordable if not near a Metro station, major bus route, or streetcar line (30% if one of these applies). For rental properties, the affordable units must accommodate two categories of residents: those earning up to 30% AMI and those earning up to 50% AMI Ownership units are also divided to produce mixed income residences, with a set-aside for those earning up to 50% AMI and another set-aside for residents earning up to 80% AMI The PUD application from VMP indicates that 10% of the townhomes (based on floor area ratio) will be set aside for residents earning up to 80% AMI. 20% of the multifamily units will be set aside for senior residents earning 50-60% AMI There is no mention of accounting for non-senior residents or families earning 30% AMI or 50% AMI

I would argue that the job creation resulting from this project is not a boon to District residents and the employment base and thus is not a benefit of the proposed Master Plan.

<u>Parcel 1 Has Not Yet Committed to Supporting Health Care Retention</u>

The job projections, rationale for Parcel 1 being necessary for this particular location, and economic projections are all predicated upon the fact that Parcel 1 will be used for medical office purposes However, VMP still has yet to retain a commitment from any medical service provider, or at least has publicly stated as such

<u>Parcel 1 Does Not Comply with the Comprehensive Plan or Original Site Plans</u>

The Office of Planning hearing report states that. "The proposed development would include many of these uses and would be consistent with objectives for the CR zone including. .600.3 (a) Help create major new residential and mixed use areas in planned locations <u>at appropriate</u> densities, <u>heights</u>, and <u>mixtures of uses</u>." Conversely, the DC Comprehensive Plan, Policy MC-2.6.5· Scale and Mix of New Uses states that "development on portions of the McMillan Sand Filtration site may be necessary to stabilize the site and provide the desired open space and amenities. Where development takes place, it should <u>consist of moderate- to medium-density</u> housing, retail, and <u>other compatible uses</u> Any development on the site <u>should maintain viewsheds and vistas</u> and be situated in a way that minimizes impacts on historic resources and adjacent development "

The Comprehensive Plan defines moderate density commercial areas as retail, office, and service uses generally three to five stories in height. Medium density commercial is defined as areas of midrise (typically 4-7 story) office and retail development.

Parcel 1 of the Master Plan for McMillan does not comply with the Comprehensive Plan definitions for a moderate to medium density commercial area and therefore is not planning a mixed use area at appropriate densities or heights as the Office of Planning states Instead, the structure in Parcel 1 will be eight scaling to ten stories (excluding parking) It is tangentially in compliance with PUD standards for C-3-C as· "C-3-C Districts shall permit medium-high density development, including office, retail, housing, and mixed-use development. They shall be compact in area " I would contend that this particular proposal constitutes a high-density development.

Moreover, Parcel 1 of the Master Plan does not reflect an appropriate mixture of uses for the site In a site engineering report prepared by Greenhorne and O'Mara for the Office of Planning and Department of Housing and Community Development [see attachment 10], a list of uses recommended as suitable or non-suitable was provided. Non-suitable uses for the site and community include high rise office, medical facilities, and uses that require large amounts of parking, among other things Parcel 1 of the Master Plan inappropriately proposes to build not only high rise (defined in the Comprehensive Plan as a building eight stories or taller) office space but also medical facilities that will require a large amount of parking. Ultimately, if built, this structure will dwarf the surrounding landscape and is also projected to generate the majority of the vehicular traffic on the site. I recognize that the Washington Hospital Complex already exists; however, this development does not abut residential properties the way that this does and was set above the existing views and vistas that would be impeded

With respect to viewsheds and vistas, the *Historic Preservation Report for the Proposed Redevelopment of the McMillan Slow Sand Filtration Plant* prepared by EHT Traceries, Inc for VMP identifies a series of historic resources on the site [see attachment 11], of which two are internal and external views Parcel 1 would eliminate two historical internal views on the site, namely those listed as #1 and #3 This parcel would also eliminate external view #1.

I respectfully request that the Commission find this aspect of the project to not be in compliance with the Comprehensive Plan on the basis that it does not meet the definition of a moderate density commercial space, is not offering appropriate uses for the existing site, and will eliminate several historic views A large medical office building was never initially a vision for this project, either when VMP was first selected to serve as Land Development partner or when VMP presented to the community in 2009 a proposal for a 300,000 foot office building on the site. It is instead the result of the inclusion of Trammell Crow Company as part of the VMP team, justified in part by a downturn in the economic market for financing townhomes These economic conditions are no longer as relevant today as they were and the justification for inclusion of such a large medical office building has never been relevant

I ask that you task VMP with revising its plans so that it provides a Parcel 1 that is appropriate both in height and in use for the site and deny its request to rezone this portion of the site C-3-C

I thank you sincerely for your time,

Mathew Bader
BCA Recording Secretary
McMillan Advisory Group (MAG) BCA Representative