

Zoning Commission Case No. 14-12 – 1309-1325 5th Street, NE (the “Property”)

SUMMARY OF PUBLIC BENEFITS AND PROJECT AMENITIES OF PROJECT

- **Public open space on the Property at the south of The Market building (the “Park”)**
– The Applicant will maintain approximately 7,000 square foot area of lot area from the south of the façade to the south property line as open space for the first approximately 25 feet of clearance (and to the sky for the 13 foot wide portion of the area shown as “OC1-A” on sheets Z3 and Z4 of Exhibit A).¹ The Applicant will maintain the park and actively program its use with events, as detailed in the letter and Exhibit H.

Additionally, the Applicant will design the park so that the adjacent property owner can combine its land with the Park to create an enhanced public benefit. The Park improvement is valued at approximately \$175,000 and the estimated value of the annual ongoing maintenance and landscaping of the Park for five (5) years² after creation of the Park is \$7,500. Utilizing these figures, the total quantified value of public benefit of the improvements and maintenance is **\$194,899**.

- **Urban public plaza internal to the site (the “Plaza”)** – The Applicant will agree to maintain approximately 12,500 square feet of lot area between its two buildings on the Property as an open, public urban plaza, primarily for pedestrian access and use.³

The Applicant will improve the Plaza in two stages. The first stage will be the interim condition for the time period between the completion of the South Building and the beginning of construction of the North Building. During this time, the Plaza will exist as an improved area but without the final finishes and furnishings described elsewhere in this submission. During the construction of the North Building, the Plaza will not be available for the public except to the extent that such space is necessary to enter into the retail on and perform loading or similar operations for the South Building. The second and final stage of the Plaza be improved during the construction of the North Building and will become available upon the completion of the North Building. This will be the fully-finished, improved, and furnished public plaza.

¹ The value of the Park for public use could be determined by an appraisal which would use the recent land sales in the area. The most recent land sale in the Union Market district was for over \$800 per land square foot. We believe that a figure of \$500 per land square foot could be used as a reasonable metric for valuation of the Park. This could establish the land value of the Park’s public benefit as approximately \$3,400,000. The Applicant is not claiming such figure as a part of its benefits and amenities package but believes that it assists in demonstrating the significant value of the set aside of the Park open space.

² After five (5) years subsequent to creation of the Park, the Applicant will still maintain the Park outside of the obligations described in this summary.

³ Similar to the Park, the Applicant believes that one possible measure of value of the proffer would propose using \$500 per land square foot as a reasonable metric for valuation which could equate to an estimated land cost value of approximately \$4,750,000 for the Plaza. The Applicant is not claiming such figure as a part of its benefits and amenities package but believes that it assists in demonstrating the significant value of the set aside of the Plaza open space.

The primary function of the Plaza will be to provide public access and recreation, although the Plaza will occasionally have ticketed or invited events which will have modified access to the public as described in the statement. Examples of events that will modify access include: DC Scoop (an ice cream festival), Boogie Babes (a live musical performance for children), Thread (pop-up retail event), Fresh Farms (weekly outdoor farmers market bringing fresh produce to the neighborhood) and other farmers markets, neighborhood bar-b-ques, Dock5 events, and other similar events. During the ticketed or invitation events, The Market will remain open to the public.

The Applicant's estimated value for the improvement of the Plaza's final condition is \$290,000, and the estimated value of annual maintenance for five (5) years⁴ after creation of the final Plaza is \$2,500 per year. Utilizing these figures, the total value of this benefit, including the net present value (at a 6% discount rate) of the maintenance cost, is **\$303,389**.

- **Complete preservation and retention of "The Market" building and maintaining operations of "The Market" during construction** – The Applicant will retain "The Market" building by spanning over the entire structure with separate foundation, structural, and building systems because this building helps to maintain the neighborhoods authentic character. Such construction approach creates a large design and construction premium.⁵

The Applicant will also keep The Market open and operational throughout construction of the project. Keeping The Market open during construction will increase the development costs of the project by requiring such construction complexities as substantial night work and significant public safety measures, including coordinating loading and vehicular traffic. Although The Market does not produce a positive net operating income for the Applicant, the Applicant intends to maintain the level of service and momentum created by The Market that the community has come to expect. The community was concerned about the possible closure of The Market and about protecting the vendors, who are largely small, local businesses. Further, The Market was intended to be the first element of a thriving unique market district. Maintaining The Market's vitality throughout construction will continue that goal. The cost of keeping The Market operational during construction is approximately **\$750,000** for the enhanced construction elements described above.

- **Enhanced security commitment** – The Applicant will provide enhanced private security for the publicly accessible, public space of the 45 acre Union Market district (along with the Property and the property of affiliates of the Applicant) for five (5) years. After such five (5) years, the Applicant will provide private security for its Property in accordance with typical market practice. The Applicant will expend \$400,000 a year for security

⁴ After five (5) years subsequent to creation of the Plaza, the Applicant will still maintain the Plaza outside of the obligations described in this summary.

⁵ The cost of spanning the width of the building with a new structural system and keeping The Market operational during construction creates a structural steel premium of approximately \$2,000,000. The Applicant is not claiming such figure as a part of its benefits and amenities package but believes that it assists in demonstrating the significant cost of the preservation of The Market.

patrols as described herein for the first two (2) years after a building permit is issued for the South Building and \$200,000 a year for the same services for the subsequent three (3) years. After such five (5) year term, the Applicant believes that the Property and Union Market district should not require such enhanced security as other property owners begin to provide additional ongoing security services. Based on other retail projects in the District owned by affiliates of the Applicant (such as City Vista and Jenkins Row), the average annual security cost for an urban retail project with a major retailers is approximately \$60,000/year. The Applicant proposes the value of this proffer as the difference between the average security provided for such similar urban projects compared to the proposed security commitment. Such calculation results in a value of this proffer of \$340,000 per year for the first two years and \$140,000 for the subsequent three years. Utilizing these figures, the total value of this benefit utilizing a net present value (at a 6% discount rate) is **\$902,273**.

- **5th Street Interim Condition Parking and Loading Management** – The Applicant will work with DDOT to design and install an interim parking management program for 5th Street, NE. This will be comprised of designing and installing striping and signage, subject to DDOT approvals during the public space permitting process. The Applicant estimates the value of this public benefit as **\$22,500**. This value estimate is based on the following elements of the interim parking and loading management improvements: (a) striping for 138 parking spaces, 1,125 linear feet of right of way from Morse Street to Penn Street, and fourteen (14) painted cross walks (which would require three (3) days of striping at for a total of \$14,500), (b) ten (10) stop signs (each valued at \$500 or \$5,000 in total), and (c) six (6) parking signs (each valued at \$500, or \$3,000 in total). Further, the Applicant will work with DDOT on management and maintenance of the 5th Street interim parking management program.
- **Retention and enhancement of small businesses and long-time businesses of the prior market** – The Applicant will continue to locate and incubate small businesses at the Property along with the long-time businesses of the prior market. The Applicant will provide such services to these tenants such as business plan advising and business process review, along with providing financial support to the tenants with such items as furnishing equity investments in their business, subsidized their rents, and other similar mechanisms.
- **Sustainable design** – The Applicant will incorporate extensive sustainable features into the project. For example, the project will design the Project to a LEED Silver rating and has added the commitment to obtain a certification of such level for the theater and office components of the Project, as the result of feedback from the District. The Applicant has also already invested significant time into researching the district energy system and will work with the City, the community, and other landowners and developers within the Union Market district to facilitate the implementation and planning of such a system.
- **Potential creation of new housing near the Metro** – The Applicant will potentially provide housing at a location where it is currently not permitted and in an area where it currently does not exist. In addition, the site is less than half a mile from a Metro station. The Project will not displace any residents.

- **Affordable housing** – The Applicant will provide 8% of the potential residential component as affordable housing at 80% of the Washington, DC Area Median Income. The entirety of this affordable housing provision is in compliance with the affordable housing noted as a public benefit under Section 2403.9(f) – i.e., no affordable housing would be required (or even possible) under matter-of-right zoning.
- **Donation of Event Space to Community** – The Applicant will provide event space or related services in the South Building event space to the community or non-profits or similar institutions in the DC Metro area at a value of \$20,000 per year for five (5) years. Examples of groups that the Applicant has recently hosted (and sponsored) at the Dock 5 event space include the Cystic Fibrosis Foundation, Howard Law School, Yu Ying Public Charter School, Casey Trees Foundation, and 1776 for their first annual, world-wide Challenge Cup. The market value for each such event is valued at approximately \$15,000 to \$20,000. The value of this item, utilizing a net present value (at a 6% discount rate), is **\$79,479**
- **Angelika Theater** – The Angelika Theater itself is a public benefit for the surrounding neighborhood and the District of Columbia. This theater will be the first new theater in all of Ward 5 and the first Angelika Theater in the District of Columbia. The Applicant is absorbing significant financial costs related to bringing the theater to the Project to create a destination on the site and for Union Market as a whole, Ward 5, and the District of Columbia.
- **Exemplary architecture** – The Applicant’s project will enhance and celebrate the characteristics of the Union Market district. The design of the Project embraces the existing industrial conditions while upgrading the aesthetic and visual impact of the site and its immediate surroundings. In addition, the Project will reuse the bricks from the North Building in components of the new construction on the site.
- **Engaging retail offerings** – The Applicant will provide approximately 62,000 gross square feet of engaging retail at The Market, along with another 25,000 to 35,000 gross square feet of retail in the North Building. This retail will help enliven the street and continue to attract people and investment to the neighborhood and create employment opportunities. The retail will focus on obtaining or retaining food focused “makers” similar to those retailers already present in The Market as well as Dolcezza’s gelato factory and the charcuterie factory for Red Apron (and in accordance with the Small Area Plan and the Ward 5 Works Study).
- **Neal Place Upgrade** – The Applicant will upgrade the Neal Place sidewalks between 4th and 5th street to ADA-compliant standards, subject to DDOT approval and the issuance of public space permits. This upgrade will help to facilitate the ability of all pedestrians to circulate around the Union Market district beyond only those areas adjacent to the Property. The estimated value to design and install an ADA-compliant upgrade to the sidewalks is approximately **\$27,500**.

- **Streetscape Design Guidelines** – The Applicant will work with the District agencies and community, business owners – and DDOT – to establish Streetscape Design Guidelines for the entire 45-acres of the Union Market at the request of DDOT. The guidelines will help create consistent streetscape design across the 45-acres. The guidelines will consider transitions from the existing conditions to any updated design and focus on establishing a pedestrian focused and unique environment. Based on a conservative estimate from consultants and designers, the estimated value of this study is approximately **\$100,000**.
- **Educational partnership with local schools** – The Applicant will create and continue a partnership with a local school or schools. Specifically, the Applicant is currently working with the Wheatley Education Campus (or another similar school program) to provide monthly educational programs and tours to students. These programs and tours will comprise varying subject matter each month, typically last approximately two to three hours, and consist of approximately ten to thirty students, depending on the interest levels of the relevant subjects.
- **Community events and programming** – The Applicant will continue to host community events and maintain its community-focused programming at the Property. The Applicant has hosted over 100 community events since September 2012, such as: DC Scoop, the Children’s Chess Tournament, the Kids Food Festival, Israel Baptist Gospel Brunches, Boogie Babes, the Thread pop-up retail event, Sunday Supper (benefiting the James Beard Foundation Scholarship), drive in movies, and Fresh Farms. These events have been very popular with the local community and the District at large. The Applicant commits to hosting no less than three (3) similar community events⁶ for five (5) years, subject to the Applicant’s discretion relating to event selection.
- **District Adopt-a-Block Program** – The Applicant will participate in the District’s Adopt-a-Block program in the Union Market district. In so doing, the Applicant will regularly clean up trash and remove graffiti throughout the Union Market district along 5th and 6th Streets, NE.

⁶ The Applicant notes that a nominal entry fee or ticket cost might be required as a method of crowd control. These fees or costs would not cover the cost of the events.