

Project's Consistency with the Comprehensive Plan

The Project advances the purposes of the Comprehensive Plan, is consistent with the Future Land Use Map and Generalized Policy Map, complies with the guiding principles in the Comprehensive Plan, and furthers a number of the Major Elements of the Comprehensive Plan. As set forth in the Applicant's Statement in Support (Ex. 6), the Applicant's Response to the OP and DDOT Reports (Ex. 46B), and the OP Reports (Ex. 15 and 39), the Project advances many of the policies within the Comprehensive Plan's Major Elements, including the Land Use, Transportation, Housing, Environmental Protection, Urban Design, and Economic Development Citywide Elements, and the Upper Northeast Area Element. As described below, there are a variety of additional policies within the Comprehensive Plan that are significantly advanced by the Project, as follows:

1. *Policy E-4.1.3: Evaluating Development Impacts On Air Quality - Evaluate potential air emissions from new and expanded development, including transportation improvements and municipal facilities, to ensure that measures are taken to mitigate any possible adverse impacts. These measures should include construction controls to reduce airborne dust, and requirements for landscaping and tree planting to absorb carbon monoxide and other pollutants.*

The Project is consistent with Policy E-4.1.3 because it includes a number of sustainable, environmentally-friendly features that will mitigate adverse impacts on air quality. These environmental measures include the use of low emitting materials, air delivery monitoring, energy and water efficient systems, permeable paving and materials, construction waste management techniques, landscaping and tree planting, accommodations for alternative transportation modes, and green power practices, which will together work to reduce emissions and absorb carbon monoxide and other pollutants. In addition, every building within the Project will be certified as LEED Gold under the v2009 for New Construction and Major Renovation rating system, and will incorporate significant transportation demand management ("TDM") measures that will reduce travel demand and associated carbon emissions.

The Department of Energy and the Environment ("DOEE") reviewed the Project and submitted a report (Ex. 63). DOEE's report indicated that it "met with the applicant several times during the last year...some concerns were included with the Office of Planning's report and were addressed directly in meetings with the applicant." (Ex. 63, p. 1-2.) DOEE's report also stated that it is "generally supportive of the Project" (*id.* at 2) and that it is "glad that the applicant increased their commitment to LEED, and are now projecting certification at the LEED v2009 Gold level." *Id.* at 3. By letter dated January 11, 2017, the Applicant responded to the comments and recommendations in DOEE's report. As set forth in the Applicant's letter (Exhibit C to this filing), the project incorporates a number of sustainability features, including stormwater management and retention techniques, significant greenspaces and trees, bioretention facilities, and energy efficient systems, among others.

Moreover, following issuance of the Applicant's letter to DOEE, and in response to comments at the public hearing, the Applicant has increased the amount of permeable paving in the Plaza by 2,400 square feet. *See* Sheet L1.05-L1.06 of Exhibit A to this filing. Thus, the project incorporates a number of features that will help to ensure the sustainability of the project.

Moreover, the Applicant will be required to comply with all applicable laws and regulations regarding construction noise and air pollution, and will address the mitigation of any construction-related impacts during the building permit process.

2. *Policy E-4.3.5: Noise and Land Use Compatibility - Avoid locating new land uses that generate excessive noise adjacent to sensitive uses such as housing, hospitals, and schools. Conversely, avoid locating new noise-sensitive uses within areas where noise levels exceed federal and District guidelines for those uses.*

The Project is consistent with Policy E-4.3.5 because it will not establish new land uses that generate excessive noise. The PUD Site will be developed with a mix of uses, including residential, retail, office, and potentially hotel uses. These uses are found throughout the immediately surrounding area in other recently-approved PUDs. *See, e.g.* Z.C. Case No. 15-01 for a PUD at 320 Florida Avenue, NE (directly to the south of the PUD Site), approved for residential and retail uses; Z.C. Case No. 06-40 at 340 Florida Avenue, NE (directly to the southeast of the PUD Site), approved for residential, retail, and office uses; Z.C. Case No. 14-07 for a PUD at 1270 4th Street NE (directly to the east of the PUD Site), approved for residential and retail uses; and Z.C. Case No. 16-10 for a PUD located at 400 Florida Avenue, NE (one block southeast of the PUD Site), preliminarily approved for residential and hotel uses. Moreover, the Applicant will be required to comply with all federal and District noise regulations during construction and operation of the buildings on the PUD Site. Therefore, the Project will not create adverse impacts by generating excessive noise in the surrounding neighborhood.

3. *Policy ED-3.2.1: Small Business Retention and Growth - Encourage the retention, development, and growth of small and minority businesses through a range of District-sponsored technical and financial assistance programs.*

Consistent with Policy ED-3.2.1, the Project will encourage the retention, development, and growth of small and minority businesses for the following reasons:

- i. The Applicant will enter into a First Source Employment Agreement with the Department of Employment Services ("DOES"), consistent with the First Source Employment Agreement Act of 1984 and the Apprenticeship Requirements Amendment Act of 2004, to ensure that District residents are given priority for new jobs created by municipal financing and development programs;
- ii. The Applicant will provide approximately 3,000 square feet for temporary pop-up business incubators that will accommodate small, local, start-up

businesses devoted to the creation of goods and services (“Makers”). The Applicant will target marketing to Makers by (i) retaining a retail broker with experiencing marketing to and securing a variety of tenant types, including Makers; (ii) sponsoring a workshop that encourages the Maker movement; (iii) marketing the proposed retail space to retail tenants within Union Market; and (iv) marketing the proposed retail space to retail tenants operating in Union Kitchen; and

- iii. The Applicant will dedicate approximately 4,500 square feet within the Project for permanent Maker spaces. These spaces will be marketed at 10% less rent than the average base rent charged for leased retail space across the PUD Site at the time that each Maker space is leased. The Applicant will target marketing to Makers by retaining a retail broker with experience marketing to and securing a variety of tenant types, including Makers.

4. *Policy ED-3.2.6: Commercial Displacement - Avoid the displacement of small and local businesses due to rising real estate costs. Programs should be developed to offset the impacts of rising operating expenses on small businesses in areas of rapidly rising rents and prices. 714.11*

Consistent with Policy ED-3.2.6, the Project will not result in the displacement of small and local businesses. The PUD Site is presently improved with one-story industrial buildings used for wholesale distribution. However, the owners of those parcels have chosen to sell the PUD Site to the Applicant and move their businesses elsewhere. Indeed, development of the Project will help support small and local businesses by introducing significant new housing and affordable housing into the neighborhood on a site where none previously existed. The new housing will be occupied by mixed-income residents who will need neighborhood goods and services. This type of mixed-income development will generate diverse new customers for small and local businesses, and will not result in rising real estate costs that could potentially displace existing businesses in the surrounding neighborhood.

5. *Policy ED-3.2.7: Assistance to Displaced Businesses - Assist small businesses that are displaced as a result of rising land costs and rents, government action, or new development. Efforts should be made to find locations for such businesses within redeveloping areas, or on other suitable sites within the city. 714.12*

As stated above, the Project will not result in the displacement of small businesses. To the contrary, the Project will help to spur the growth and development of businesses in the area by creating new housing for residents in need of local goods and services. Moreover, the Applicant’s commitments regarding its First Source Employment Agreement and providing temporary and permanent space for Makers will help to create new employment opportunities for District residents.

6. *Action ED-3.2.A: Anti-Displacement Strategies - Complete an analysis of alternative regulatory and financial measures to mitigate the impacts of “commercial gentrification” on small and local businesses. Measures to be assessed should include but not be limited to income and property tax incentives, historic tax credits, direct financial assistance,*

commercial land trusts, relocation assistance programs, and zoning strategies such as maximum floor area allowances for particular commercial activities. 714.15

Consistent with Action ED-3.2.A, the Project will not result in commercial gentrification or the displacement of small and local businesses. The Project will be a benefit to the entire community and will help maintain economic stability and support the growth of small and local businesses. The Project will not result in destabilization of land values, acceleration of gentrification, or any displacement of neighboring residents. Rather, the Applicant will provide dedicated, rent-reduced space within the Project to small and local businesses, which will encourage their growth and development within the neighborhood.

7. *Policy ED-4.2.4: Neighborhood-Level Service Delivery - Emphasize the delivery of workforce development programs at the neighborhood level. Continue neighborhood faith-based and community-based initiatives which deliver job training and placement services to unemployed and underemployed residents. 717.12*
8. *Policy ED-4.2.7: Living Wage Jobs - Promote the attraction and retention of living wage jobs that provide employment opportunities for unskilled and semi-skilled workers. Use marketing strategies and incentives to encourage the relocation of firms with such positions to the District. 717.15*
9. *Policy ED-4.2.12: Local Hiring Incentives - Maintain requirements for resident job training and placement for Projects built and/or operated with any form of public subsidy/loan, grant or other incentives. Promote incentives for similar training and hiring programs by the private sector. 717.20*

The Project will advance the goals of Policies ED-4.2.4, 4.2.7, and 4.2.12 through entering into a First Source Employment Agreement with DOES in order to promote living wage jobs, comply with resident job training and placement requirements, and ensure that District residents are given priority for new jobs created by the PUD.

10. *Policy CSF-1.1.1: Adequate Facilities - Construct, rehabilitate, and maintain the facilities necessary for the efficient delivery of public services to current and future District residents. 1103.6*

The Project will construct all facilities necessary for the efficient delivery of public services to current and future District residents. In particular, DC Water has reviewed the Applicant's proposal to establish an easement for an existing 8-foot sewer main running along the western property line of the PUD Site. After reviewing the proposed easement width, accessibility, clearance, truck turning movements, and foundation design for the proposed buildings, DC Water found that the easement would meet DC Water's requirements. See DC Water Report at Ex. 64.

11. *Policy CSF-1.2.6: Impact Fees - Ensure that new development pays its "fair share" of the capital costs needed to build or expand public facilities to serve that development. Consider the use of impact fees for schools, libraries, and public safety facilities to implement this policy. Adoption of any fees shall take potential fiscal, economic, and real estate impacts*

into account and shall be preceded by the extensive involvement of the development community and the community at large. 1104.8

Consistent with Policy CSF-1.2.6, the Applicant will pay all applicable application, permit, and other required fees associated with the Project. There are no specific impact fees associated with development of the PUD Site.

12. *IN-1.2 Modernizing Water Infrastructure - In conjunction with WASA, the District must consider the impacts of new development and ensure that water infrastructure will be able to meet future demand. Planned improvements to the water system involve normal maintenance to replace aging water distribution mains and small diameter pipes, and upgrades to keep pace with population growth and new development. This may also include the addition of new water storage facilities, increasing the capacity of certain water mains, and upgrading pump stations. 1304.1*
13. *Policy IN-2.1.1: Improving Wastewater Collection - Provide for the safe and efficient collection of wastewater generated by the households and businesses of the District. Ensure that new development does not exacerbate wastewater system deficiencies, and instead supports improved system efficiency and reliability. 1306.7*

Consistent with Section IN-1.2 and Policy IN-2.1.1, the Applicant will be required to construct and maintain all public facilities and infrastructure, including water infrastructure, to accommodate future demand and maintain efficient delivery of public services for the Project. The civil sheets submitted to the record include plans for utilities, erosion and sediment control, and stormwater management. Moreover, the Applicant will be required to coordinate with all applicable public utilities and District agencies during the permitting process, including DC Water, to ensure that adequate services will continue to be available for the existing and new uses.

14. *Policy IN-6.1.3: Developer Contributions - Require that private developers fund the necessary relocation or upgrading of existing utilities to address limitations with existing infrastructure on or adjacent to proposed development sites. For necessary upgrades to water and wastewater infrastructure, developers should contribute to the cost of extending utilities to the Project site or upgrading existing utilities to the specifications necessary for their proposed Project. 1317.5*

The Project is consistent with Policy IN-6.1.3 because the Applicant will coordinate with all applicable public utilities and District agencies during the permitting process to ensure that adequate services will continue to be available for new uses on the PUD Site and for the existing uses in the surrounding neighborhood. The Applicant will extend all new utilities throughout the entire PUD Site, at a cost of approximately \$2.4 million. The utilities for the Consolidated PUD will be oversized for future development to provide capacity for additional buildings outside of the PUD and in order to minimize utility work in the streets during later phases of development of the PUD. Moreover, the Applicant will pay any required costs/fees associated with securing required utility permits for the PUD Site. Therefore, the Project is fully consistent with Policy IN-6.1.3.

15. *Policy H-2.1.1: Protecting Affordable Rental Housing - Recognize the importance of preserving rental housing affordability to the well-being of the District of Columbia and the diversity of its neighborhoods. Undertake programs to protect the supply of subsidized rental units and low-cost market rate units. 509.5*
16. *Policy H-1.2.1: Affordable Housing Production as a Civic Priority - Establish the production of housing for low and moderate income households as a major civic priority, to be supported through public programs that stimulate affordable housing production and rehabilitation throughout the city. 504.6*
17. *Policy H-1.2.7: Density Bonuses for Affordable Housing - Provide zoning incentives to developers proposing to build low- and moderate-income housing. Affordable housing shall be considered a public benefit for the purposes of granting density bonuses when new development is proposed. Density bonuses should be granted in historic districts only when the effect of such increased density does not significantly undermine the character of the neighborhood. 504.14*

The Project exemplifies the goals of Policy H-2.1.1, H-1.2.1, and H-1.2.7 because a minimum of 11% of the Project's residential gross floor area will be devoted to affordable housing. The overall project will include approximately 1,091,201 square feet of residential gross floor area (1,103 units). Of that, a minimum of 120,036 square feet of gross floor area (124 units) will be dedicated to affordable housing, with 60,018 square feet (62 units) dedicated to households earning up to 50% of the area medium income ("AMI") and 60,018 square feet (62 units) dedicated to households earning up to 80% of the AMI. Each residential building within the project will dedicate 11% of its residential gross floor area to affordable housing in the same manner described above for the overall site.

As contemplated by Policy H-1.2.7, the Applicant requested density bonuses associated with development of the PUD in order to build the affordable housing proposed for the PUD Site. The proposed site density is consistent with the limitations permitted in high-density zones and is appropriate given the location of the PUD Site and its context adjacent to other recently approved development projects in the surrounding area. Moreover, the housing affordability levels proffered for the Project will establish a supply of new residential units that are affordable for teachers, police officers, and other working professionals in the District. Thus, the Project simultaneously provides a substantial new supply of affordable housing while preserving the well-being of the diversity of the District's neighborhoods.

18. *Policy H-1.1.3: Balanced Growth - Strongly encourage the development of new housing on surplus, vacant and underutilized land in all parts of the city. Ensure that a sufficient supply of land is planned and zoned to enable the city to meet its long-term housing needs, including the need for low- and moderate-density single family homes as well as the need for higher-density housing. 503.4*

The Project advances Policy H-1.1.3 by developing new housing on surplus, vacant and underutilized land. The PUD Site is presently underutilized, as it is improved with one-story industrial buildings and/or is vacant land. The Project will replace these uses with significant

new housing and affordable housing, in addition to retail, office, and potentially hotel uses. Doing so will help the District meet its long-term housing needs by developing moderate and high-density housing that will be affordable for a range of income levels.