

Memorandum

DATE: November 22, 2020

TO: 1319 South Capitol Owner, LLC

FROM: Charlie Hewlett, Managing Director; RCLCO
Dana Schoewe, Senior Associate; RCLCO
Maury Winter, Associate; RCLCO

SUBJECT: Analysis of Potential Impact of the 1319 South Capitol Development

RCLCO (Robert Charles Lesser & Co.) was retained by 1319 South Capitol Owner, LLC (the “Applicant”) to evaluate the extent to which the development at 1319 South Capitol Street, SW, will impact land values, invoke displacement/gentrification in the surrounding neighborhood, and contribute to the District’s equitable development and inclusivity goals.

The development is proposed to include:

- Approximately 310 rental apartments homes (roughly 270,000 net rentable square feet)
- Approximately 25 affordable homes, potentially including four of the existing eight vacant existing rowhomes on the property
- Activated ground floor spaces, potential neighborhood-serving uses, publicly accessible and vibrant outdoor spaces, and the preservation of rowhomes, which will help to maintain existing neighborhood character

RCLCO has extensive experience conducting fiscal and economic impact analyses for public and private sector clients, and has worked on such projects as DC USA, developments in the NoMa area and the area near the Nationals ballpark, Downtown Silver Spring, and National Harbor.

Overall Conclusions

- 1. New housing in all price ranges helps to mitigate increasing prices and rents and the new affordable housing will help mitigate displacement.** The amount of apartment construction at the District-wide level has had a measurable impact on mitigating rent growth. The 1319 South Capitol development will add 285 market-rate apartment units and 25 affordable housing units, 24 of which will be available to households at or below 60% of median family income (MFI), and one of which will be reserved for a household at 50% MFI or below. This represents a 5.5% increase in neighborhood inventory, and will help to mitigate local supply and demand imbalances.
- 2. The neighborhood surrounding the Nationals Park baseball stadium has already experienced increases in property values and rents that will likely continue whether or not the development occurs.** 1319 South Capitol will not set home price, rent, and land value increases in motion nor exacerbate such trends; rather, these trends have long been occurring, in particular since the development of the Nationals Park in 2008. There is no reason to conclude that 1319 South Capitol will have an adverse impact on this established trend of home price and rent increases.
- 3. The larger neighborhood surrounding Nationals Park has already experienced shifting demographics, but the Census Tract surrounding the 1319 South Capitol site (Tract 64) has not shown recent signs of racial and income displacement.** In contrast, minority and lower-income populations have grown in the site’s immediate surroundings over the past few years, even as increases

in new, rental inventory in the neighborhood have taken shape. Furthermore, 1319 South Capitol will not result in any direct displacement of current residents on the site.

- 4. The Neighborhood is diverse and 1319 South Capitol will deliver many positive attributes that contribute to DC’s equitable development and inclusivity goals.** With 25 affordable units and no displacement of existing households, 1319 South Capitol will directly contribute to the DC Comprehensive Plan’s goal of “encouraging choice, not displacement” as the District grows and changes. Additionally, potential activated ground floor spaces, open and landscaped space plans for the site, and retained and restored rowhouses will help to create a place that is “healthy and vibrant,” an essential characteristic of the DC Comprehensive Plan’s concepts of equitable development.¹ Furthermore, the development will directly further the Southwest Neighborhood Plan’s goal of increasing both “affordable and market-rate units.”² These are exactly the types of benefits that are vital to offsetting the negative impacts of gentrification as neighborhoods evolve.

1A. One of the Causes of Higher Housing Prices and Rents Is an Imbalance between Demand and Supply, so Development of New Housing Is Critical

Development of new housing is very important for the District. The development at 1319 South Capitol will add 285 new market-rate housing units and 25 affordable housing units to the District and the Southwest/Waterfront neighborhood (geography definitions shown in Exhibit 1).

Academic studies and articles written from a wide range of political perspectives are increasingly finding that addition of new housing of all types and price ranges is one of the key steps that can be taken to mitigate rising housing prices and rents.

The Legislative Analyst’s Office (“LAO”) of the California Legislature has conducted extensive research and analysis on this topic, and concluded:

As market-rate housing construction tends to slow the growth in prices and rents, it can make it easier for low-income households to afford their existing homes. This can help to lessen the displacement of low-income households. Our analysis of low-income neighborhoods in the Bay Area suggests a link between increased construction of market-rate housing and reduced displacement³ (emphasis added).

The LAO explains the causes of this phenomenon as follows:

- Lack of supply drives high housing costs.
- Building new housing indirectly adds to the supply of housing at the lower end of the market in multiple ways.
- Housing generally becomes less desirable, and therefore less expensive, over time, with some middle-income households typically moving out of older housing, thereby making it available for lower-income households.
- But lack of new construction can slow this process.
- New housing construction eases competition between middle- and low-income households.
- More supply places downward pressure on prices and rents.

¹ DC Comprehensive Plan (2019).

² Southwest Neighborhood Plan. (2015). p. 5, 120

³ Legislative Analyst’s Office (2016). Perspectives on Helping Low-Income Californians Afford Housing.



Richard Florida, a leading urban planner at the University of Toronto states that “We’ve long known ... that restrictive land use and building codes in cities limit housing construction (and therefore housing supply), leading to increased costs, worse affordability problems, and deepened inequality in urban centers.”⁴

And Jason Furman, the chairman of President Obama’s White House Council of Economic Advisors, stated:

Basic economic theory predicts—and many empirical studies confirm—that housing markets in which supply cannot keep up with demand will see housing prices rise.⁵

Other economists making the same point range from Edward Glaeser of Harvard University writing for the Cato Online Forum⁶ to liberal economist Paul Krugman. Krugman poses the question of why gentrification is happening so much in iconic U.S. cities, and one of his key answers is:

Rising demand for urban living by the elite could be met largely by increasing supply. There’s still room to build, even in New York, especially upward. Yet while there is something of a building boom in the city, it’s far smaller than the soaring prices warrant, mainly because land use restrictions are in the way.⁷

John Mangin, writing in the Stanford Law and Policy Review, summarizes what he describes as “uncontroversial among urban economists”:

Underlying both of these phenomena—high housing costs in the suburbs and high housing costs in the cities—is a relatively straightforward problem of supply and demand. As demand to live in a particular suburb or city outstrips the existing housing stock, two things can happen: more housing gets built to meet the demand, or prices get bid up to ration the existing stock.⁸

As Matthew Yglesias explains in an article titled “Halting Construction Is a Terrible Way to Fight Gentrification”:

When you have enough construction, you get filtering rather than gentrification. Lower-income people move into dwellings that used to house rich people but that aren’t shiny and new anymore and don’t have the most up-to-date fashions. When you don’t have enough construction, you get rich people moving into poor people’s houses and installing granite countertops.⁹

RCLCO’s analysis finds that the beneficial effects of new housing production on housing affordability can be seen in the District over the past few years. The amount of apartment construction at a District-wide level has had a measurable impact on mitigating rent growth over the past two decades. In years with substantial new deliveries, average annual rent growth has generally been lower. Specifically, a study of the Washington, D.C. metro between 2010 and 2017 indicates that in years when fewer than 2,000 units were added to the market, annual rent growth averaged 3.8% per year. By contrast, in years that saw more than 2,000 units added, rent growth did not exceed 0.7% (including two years of negative rent growth, which coincided with strong supply influxes). In 2018 and 2019, DC added an average of 3,903 units per year, and averaged 2.6% annual rent growth. While this is slightly higher than previous years, it is still significantly lower than the 3.8% average rent growth experienced in years of fewer new additions (Exhibit 2).

RCLCO’s findings are further supported by recent, District-specific academic literature that analyzes the impact of supply additions in the District from 2000-2018 in conjunction with the Mayor’s 2019 Housing Initiative. Bethel Cole-Smith and Daniel Muhammad posit that “if the delivery of the markedly large number

⁴ Florida, R. (2016). How Zoning Restrictions Make Segregation Worse. *The Atlantic Citylab*.

⁵ Furman, J. (2015). Barriers to Shared Growth: The Case of Land Use Regulation and Economic Rents. Remarks to the Urban Institute.

⁶ Glaeser, E. (2014). Land Use Restrictions and Other Barriers to Growth. *Cato Online Forum*.

⁷ Krugman, P. (2015). Inequality and the City. *New York Times*.

⁸ Mangin, J. (2014). The New Exclusionary Zoning. *Stanford Law & Policy Review*.

⁹ *Slate Moneybox*, April 4, 2013.

of new apartment units in recent years had not occurred, average city apartment rents may have been 5.84 percent higher in 2018.”¹⁰ Further, they emphasize the need for continued deliveries going forward, stating that “if the planned increase in new additions...does not occur, then average city apartment rents are estimated to be 5.53 percent higher in 2025.”¹¹ The new supply of units at 1319 South Capitol will help to mitigate this projected increase in rents.

1B. The Applicant’s Provision of Affordable Housing Will Be Particularly Valuable to Mitigate Displacement

Over and above the benefits of creating new housing at all price levels, development of new affordable housing helps to directly mitigate increasing rents and property values, decreases in affordable housing, and potential displacement of existing neighborhood residents.

The Applicant will be reserving 25—over 8% of gross floor area—of 310 total apartment units for affordable housing. Furthermore, these new, high-quality apartments will have very deep subsidies. Of the total affordable units, 24 will be reserved for households with incomes at or below 60% of the MFI (adjusted for household size), and one additional unit will be reserved for a household with an income at or below 50% of the MFI.

An Urban Institute study that involved case studies of six efforts to mitigate displacement in the face of gentrification found that production of affordable housing was “the key approach to addressing affordable housing needs in each of the six sites, regardless of the stage of the local housing market.” The Urban Institute study also found that land availability was a significant issue, particularly in neighborhoods that already had strengthening or strong housing markets. (As discussed below, the neighborhoods surrounding 1319 South Capitol already have strong housing markets.) The report noted that one approach was for for-profit developers to include affordable units in their projects,¹² as will occur at 1319 South Capitol.

2A. The Surrounding Neighborhoods Have Already Been Experiencing Home Price and Rent Appreciation for Years, and 1319 South Capitol Will Not Have an Additive Impact on this Established Trend

RCLCO’s analysis determined that the neighborhoods surrounding 1319 South Capitol have been experiencing home appreciation and rent increases for years. 1319 South Capitol will not set increasing rents, home prices, and property values in motion. Rather, these trends have long been occurring without any impetus from 1319 South Capitol. RCLCO has defined the relevant Southwest/Waterfront area as essentially the area of the District that is south of the Mall, west of South Capitol Street, and west of the Anacostia River—Census Tract 64 that includes the 1319 South Capitol site, plus the three additional Census Tracts (Exhibit 1). In aggregate, these four Census Tracts come as close as possible to matching the area defined in the Southwest Neighborhood Plan, while still being able to leverage publicly-available datasets to facilitate analyses of historic, ongoing, and future conditions of the neighborhood. On some of the exhibits, RCLCO has shown separate data for each of the four Census Tracts that comprise the Southwest/Waterfront area (Exhibits 4 and 6).

- **Home values in the Southwest/Waterfront Area have been increasing faster than in other neighborhoods.** As shown on Exhibit 4, median owner-occupied home values (as estimated by residents to the Census Bureau) in Census Tract 64 and Census Tract 102 increased much faster than in the District overall, based on a comparison between home values in 2006-2010 with values in 2014-2018. Exhibit 5 shows the substantial decrease in homes valued under \$300,000, and the rapid

¹⁰ Cole -Smith, Bethel and Muhammad, Daniel. (2020). The Impact of an Increasing Housing Supply on Housing Prices. p. 2. Office of Revenue Analysis. District of Columbia Government.

¹¹ Cole-Smith, Bethel, et al. (2020) p.2

¹² Levy, D. et al. (2006). In the Face of Gentrification: Case Studies of Local Efforts to Mitigate Displacement, p. 77. Urban Institute: Washington, D.C.



increase in homes valued \$500,000 and over, in the Southwest/Waterfront area between 2006-2010 and 2014-2018.

- **Median rents in the surrounding neighborhoods are increasing.** The median rent in Census Tract 64 (within which 1319 South Capitol is located) increased by 81% from 2006-2010 to 2014-2018, compared with 40% for the District as a whole (Exhibit 6). Meanwhile, the median rents in Census Tracts 102 and 110 increased by 67% and 60%, respectively. Only Census Tract 105 saw rents increase at a slower rate than the District as a whole, at 32%, a growth rate that is still remarkable. Exhibit 7 shows the striking change in the distribution of rents in the Southwest/Waterfront area between 2006-2010 and 2014-2018. Looked at another way, the absolute number of renter households with gross rents of under \$1,000 in the area decreased by 40% from 2006-2010 to 2014-2018, compared to just 35% in the District as a whole.

These findings regarding home price and rents increases in the neighborhoods surrounding 1319 South Capitol make it clear that the development will not set the increase of home prices, rents, or land value in motion; rather, gentrification has been a long-established trend without any impetus from the development.

This is consistent with a study that examined changes in the District's relative incomes, home values, and educational attainment by Census Tract that came to the same conclusion: gentrification has already occurred in the area surrounding the subject site. This study by *Governing* magazine, released in 2015, found that three Census Tracts in the Southwest/Waterfront area had already experienced gentrification between 2000 and 2013 (Exhibit 8).¹³ The study's methodology, as described in the footnote, was adapted from a widely cited gentrification paper by Columbia University professor Lance Freeman.¹⁴

Furthermore, with gentrification so far underway in the surrounding neighborhoods because of continuing growth, change, and housing demand relative to supply that have no relationship to 1319 South Capitol, there is no reason to conclude that this development will have an adverse impact on this established trend of home price and rent increases. A comprehensive 76-page review of the scholarly literature regarding gentrification and displacement discussed numerous causes of gentrification that were identified in many different studies, and none of these attributed gentrification to projects such as 1319 South Capitol.¹⁵ A study by Jeremy Jackson cited in the literature review observed no relationship between large-scale neighborhood investment projects and changes in nearby rents.¹⁶

2B. A Recent Study Regarding the Impacts of New Construction Has Many Flaws, and its Authors Warn Against Translating the Findings to Other Markets, or Even Submarkets

New research undertaken by Anthony Damiano and Chris Frenier at the University of Minnesota examines the impact of new market rate construction on nearby apartment units of various rent levels.¹⁷ The authors conclude that there are disproportionate impacts on existing apartments that serve lowest third of renters in an area, and rent increases for those buildings are most pronounced closest to new construction (within 300 meters). However, the findings of this analysis do not apply to the 1319 South Capitol project for three distinct reasons.

¹³ Study available here: <http://www.governing.com/gov-data/washington-dc-gentrification-maps-demographic-data.html>

¹⁴ A census tract was determined to have gentrified according to three criteria: first, only the census tracts with a median household income and median home value in the bottom 40th percentile of the metro area at the beginning of the decade were "eligible" to gentrify. Gentrification was determined to have occurred if an eligible census tract's percentage increase in the inflation-adjusted median home value over the course of the decade was in the top third percentile for the metro area, and if the share of residents over age 25 holding a bachelor's degree at the end of the decade was also in the top third percentile.

¹⁵ Zuk, M. et al. (2015). Gentrification, Displacement and the Role of Public Investment: A Literature Review.

¹⁶ Zuk, p. 54; and Jackson, Jeremy (2008). Agent-Based Simulation of Urban Residential Dynamics: A Case Study of Gentrifying Areas in Boston. Thesis submitted to McGill University.

¹⁷ Damiano, Anthony and Freiner, Chris. (2020). Build Baby Build?: Housing Submarkets and the Effects of New Construction on Existing Rents. *University of Minnesota Center for Urban and Regional Affairs*.

- **There are limitations of the study methods, with strong potential for reverse causality and omitted variable bias, given the Southwest/Waterfront neighborhood’s rich mix of amenities.** As shown in Exhibit 9, key, existing neighborhood assets such as metro access, over 400,000 square feet of destination retail space at “The Wharf” mixed-use district (opened in 2017), Nationals Park (opened in 2008), and the National Mall, are likely significant contributors to strong demand for apartments in the neighborhood, thus driving up rent prices. While Damiano et al. argues that new construction alone contributes to increases in lower-tier rents across several Minneapolis submarkets, there is strong potential for reverse causality and omitted variable bias in applying these findings to the Southwest/Waterfront area. Specifically, the authors note that “without data on neighborhood amenities like restaurants, shopping, or transit, we are unable to identify whether the new buildings precede amenities or visa versa.”¹⁸ This calls into question whether it is the existence of the amenities, or new construction that contributed to the increase in rents in this Minneapolis submarket.

Given that the Southwest/Waterfront neighborhood is particularly amenity-rich, other factors aside from new construction may be able to explain increases in rents (omitted variable bias). For example, academic research by Jackson Kaplan across 10 major U.S. cities concludes that the introduction of a professional sports stadium (such as Nationals Park) increases median gross rents, with the impact being “higher in block groups near the facilities, and the impact lessens as distance from the facility increases.”¹⁹ This is just one example of the myriad of attractive amenities present in the Southwest/Waterfront neighborhood that may have an impact on increasing rents. Furthermore, increases in rents could in turn be spurring new construction, as a way to alleviate demand pressure, given the desirability of the neighborhood and its strong amenity assets (reverse causality).

- **In addition to dataset and statistical method limitations, there are significant limitations with this research relating to geographic scope and its longitudinal study period.** The authors themselves point out:

In addition to ambiguity around the proper way to operationalize submarkets, there are several other important limitations to our study. First, it is of only one city, and the dynamics of housing markets in Minneapolis may differ significantly from other cities. Additionally, the sample of buildings available to use means that we are unable to accurately measure the effects of new construction past five years.²⁰

- **The scope of the study does not include projects with a share of subsidized/affordable units, such as 1319 South Capitol, which could yield different results.** In their description of the sample dataset, the authors point out that they “purposely remove buildings containing subsidized units from our sample to better capture rental prices that are truly market-rate and not affected by public subsidies.”²¹ While studying a mix of projects with a mix of market-rate and affordable units could yield similar results, it could also translate to different conclusions, leaving many outstanding questions about the validity of translating claims to 1319 South Capitol in particular.

Given these significant methodological flaws and warnings from the authors not to apply the results from this study in Minneapolis to any other market or submarket, it is impossible to draw conclusions about any impact that new construction at 1319 South Capital would have on rents in adjacent housing.

3. Supporting the Thesis that New Supply of Housing Actually Keeps a Lid on Rent Increases and Home Values and Decreases Displacement, Measures of Racial and Economic Equality in the Vicinity of 1319 South Capital Have Actually Been Improving.

¹⁸ Damiano, et al. (2020), p. 29.

¹⁹ Kaplan, Jackson. (2018). A Professional Sports Stadium’s Impact on Rental Values. Abstract. *Colorado College*.

²⁰ Damiano, et al. (2020), p. 30.

²¹ Damiano, et al. (2020), p. 9.



Despite the signs of gentrification in several neighborhoods in the District of Columbia, recent trends within Census Tract 64, the tract in which the subject site resides, reveals a different story. Between 2010 and 2018, despite significant new development (e.g., Camden South Capitol, which delivered in 2013), there is no evidence of minority household displacement. In fact, minority populations have grown from just over 2,100 households to more than 3,200 over this time, a growth of 50% (Exhibit 10). As a point of comparison between 2010 and 2018, Census Tract 64 has added 4.6 minority households for every new white household, whereas, the District overall has added approximately just one minority household for every new white household.

Furthermore, an economic analysis of Census Tract 64 reveals no evidence of economic displacement; overall, total households grew by 29%, with strong growth across various economic and demographic groups. Contrary to trends experienced elsewhere in the District, the most at-risk income segment, households earning less than \$50,000, grew by 20% in Tract 64 over this period. Similarly, the \$50,000-\$100,000 income band, representing roughly 50-100% MFI (for the average household size District-wide), grew by 10% in Tract 64 (Exhibit 11).

These local demographic trends are consistent with the academic research on this matter. New research released from the Upjohn Institute for Employment Research in 2019, which studied rents in 11 major U.S. cities, found that “new buildings lower nearby rents...and increase in-migration from low-income areas.”²²

In addition to lack of minority and low-income household displacement in Tract 64 in the face of new development, diversity has, in fact, been on the rise in the Census Tract. The development at 1319 South Capitol will allow for the continuation of those trends, in accordance with the Southwest Neighborhood Plan’s policies favoring inclusivity, and will cause no displacement of any “at-risk” households, as the site is currently vacant.

4. The Southwest/Waterfront Neighborhood Has a Diverse Housing Stock that Serves Various Income Levels, and 1319 South Capitol Will Provide Benefits for Neighborhood Residents that Achieve Objectives Laid Out in the New DC Comprehensive Plan, and Southwest/Waterfront Neighborhood Plan

While rents and home prices have been increasing for an extended period of time, approximately one-fourth of the rental units in the Southwest/Waterfront neighborhood have rents of less than \$1,000 per month. A notable component of the affordable units in the neighborhood is the Greenleaf Gardens public housing development, which has 493 dwelling units. These homes are expected to be replaced on a one-for-one and “build first” basis as part of the redevelopment of Greenleaf into a mixed-income community.

The planned community at 1319 South Capitol will include many specific attributes that will benefit neighborhood residents, and align with the both the DC Comprehensive Plan’s and the Southwest Neighborhood Plan’s goals and policies, in particular concepts of equitable development and inclusivity found in both.

- **With 25 affordable units and no displacement of existing households, 1319 South Capitol directly contributes to achieving the goals and policies of the DC Comprehensive Plan.** Specifically, the community will contribute to the equitable development goal of “encouraging choice, not displacement” as the District grows and changes.²³ Additionally, potential retail and activated ground floor spaces, open and landscaped space plans for the site, and retained and restored rowhouses will help to create a place that is “healthy and vibrant,” a key characteristic of equitable development as outlined in the Plan.

²² Asquith, Brian J., Mast, Evan, and Reed, David. (2019). Supply Shock Versus Demand Shock: The Local Effects of New Housing in Low-Income Areas. p. 1. *W.E. Upjohn Institute for Employment Research*.

²³ DC Comprehensive Plan (2019).

- **Moreover, the development at 1319 South Capitol will contribute to numerous key “guiding principles” laid out in the Southwest Neighborhood Plan.** Listed below are several of these principles, and the manner in which the development at the subject site addresses each goal.

Housing:

- The development at the subject site will deliver both “affordable and market-rate units”, with quality architecture and construction, that houses “a mix of income, age, and family sizes,” which is a cornerstone of the Southwest Neighborhood Plan.²⁴
- The community will add significantly to a market in need of family-sized homes by adding nearly 80 two- and three-bedroom units all of which will exceed 1,000 square feet.
- The community will incorporate equitable development and inclusivity in that it will comply with the spirit and letter of the law that prohibits discrimination under the United States Fair Housing Act, which:

Prohibits discrimination by direct providers of housing, such as landlords and real estate companies as well as other entities, such as municipalities, banks or other lending institutions and homeowners insurance companies whose discriminatory practices make housing unavailable to persons because of:

- race or color
- religion
- sex
- national origin
- familial status, or
- disability²⁵

Community Amenities:

- As the newest project in the neighborhood, 1319 South Capitol will look to add to the community, beautifying the area with tasteful landscaping and hardscape, including a unique urban plaza of approximately 3,200 square feet, improving the public sidewalk, and providing a highly visible public art wall along N Street and commemorative art elements along South Capitol Street, that represent a way to “invest in community, arts and education uses that serve resident needs.”²⁶

Transportation:

- The Applicant has set in place a Transportation Demand Management (TDM) Plan, to identify and address the transportation needs of the residents and employees onsite. In an attempt to “strengthen multimodal transportation” the developer’s plans include, in addition to ample car and bike parking, complementary SmartTrip Passes, Bikeshare coupons (station located three blocks east), and carpool options. Additionally, the developer plans to upgrade the substandard public sidewalks along South Capitol Street will “improve street connections,” pedestrian access, and mobility in the neighborhood.²⁷

Historic Preservation:

- In order to preserve the “history and legacy of the Southwest neighborhood,”²⁸ the subject site will incorporate the original facades of four existing rowhomes along N Street and the entirety of two restored rowhomes along South Capitol Street. The developer will work to position the “N Street rowhouse units” as affordable housing, if permitted by the District. Taken together and combined with the elements of commemorative and public art mentioned above, these components will contribute to the neighborhood “history and legacy.”²⁹

Sustainability:

²⁴ Southwest Neighborhood Plan. (2020), p. 5, 120

²⁵ The Fair Housing Act, 42 U.S.C. 3601 et seq.

²⁶ Southwest Neighborhood Plan (2020) p. 68.

²⁷ Southwest Neighborhood Plan (2020) p. 68.

²⁸ Southwest Neighborhood Plan (2020) p. 68.

²⁹ Southwest Neighborhood Plan (2020) p. 68.

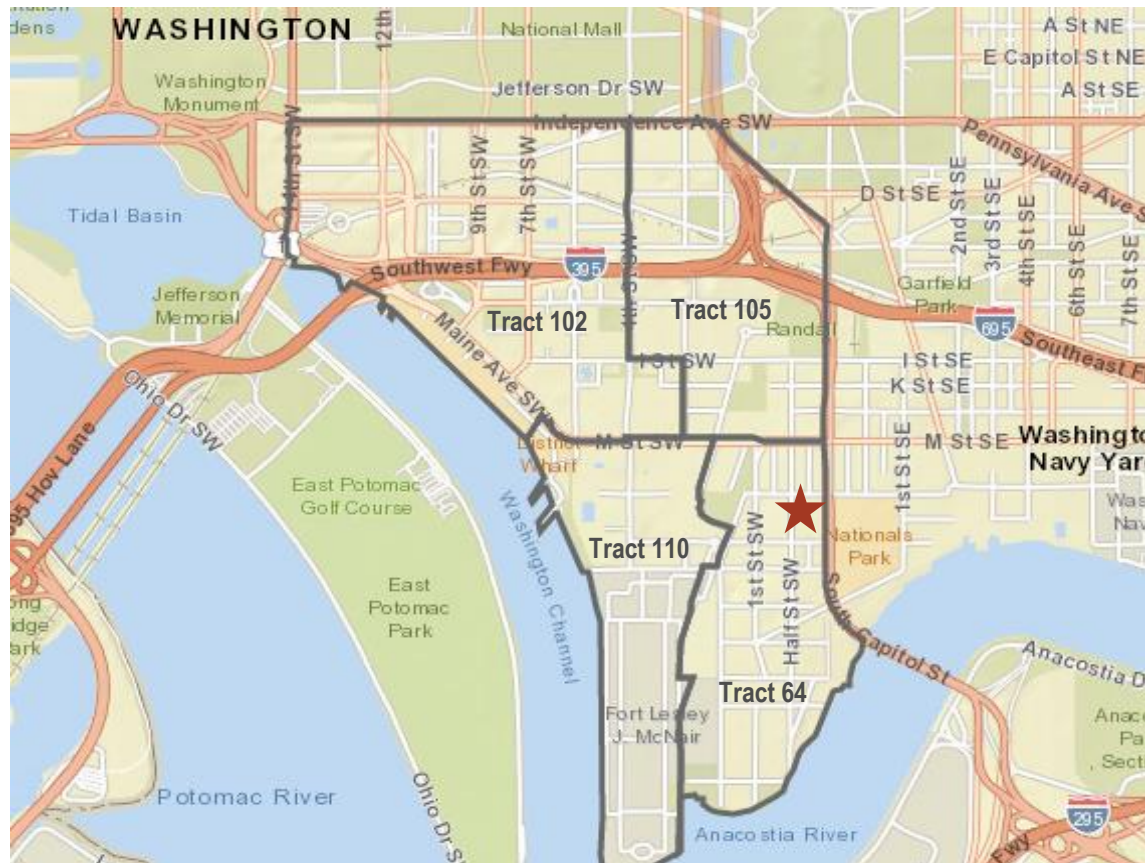


- Upon completion, 1319 South Capitol will be LEED v4 Gold certified, the current benchmark for green building design, and in accordance with all current Energy, HVAC, Water, Green Area Ratio, and all other environmental standards. This is in line with the Neighborhood Plan goal to “protect our environment and conserve resources to foster a vibrant, healthy neighborhood.”³⁰

³⁰ Southwest Neighborhood Plan (2020) p. 68.

Exhibit 1

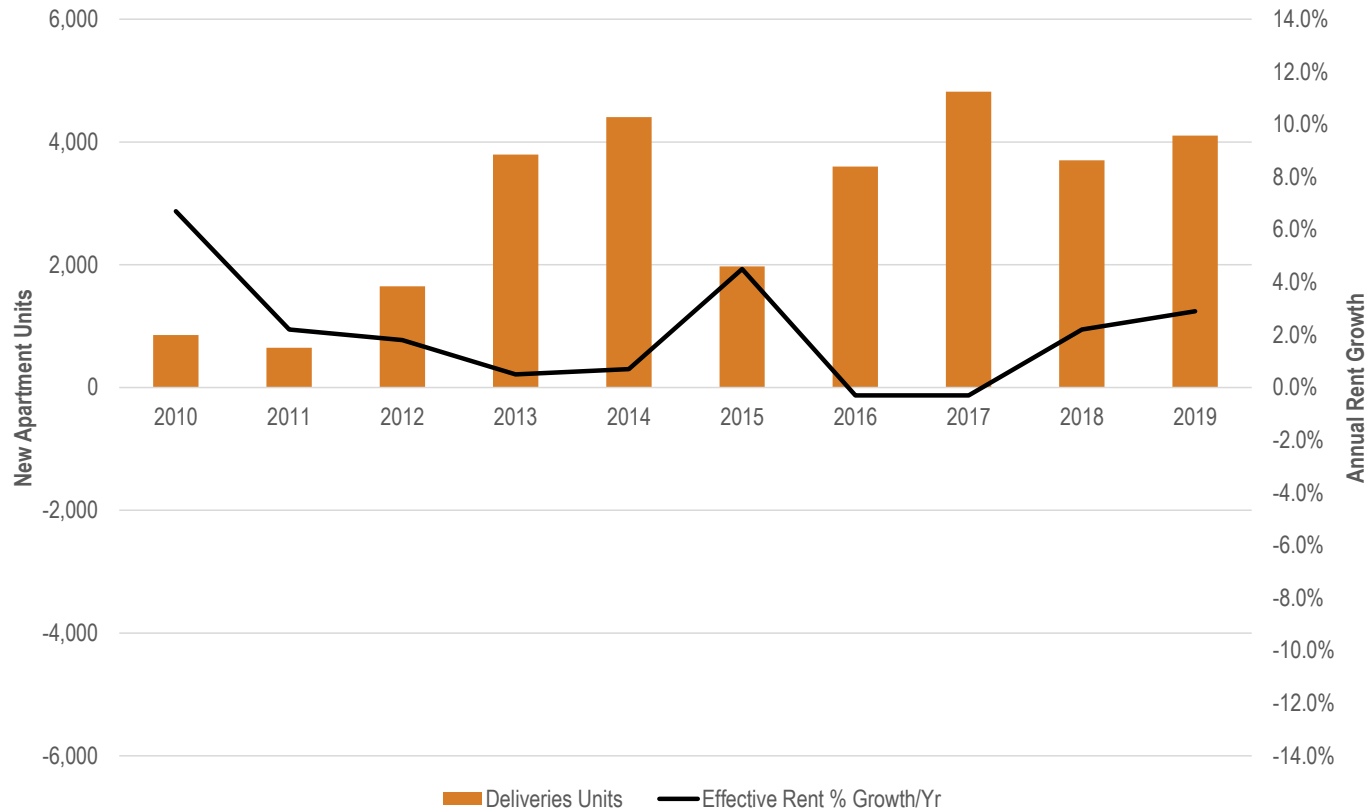
Southwest / Waterfront Census Tracts
Washington, D.C.



SOURCE: ESRI

Exhibit 2

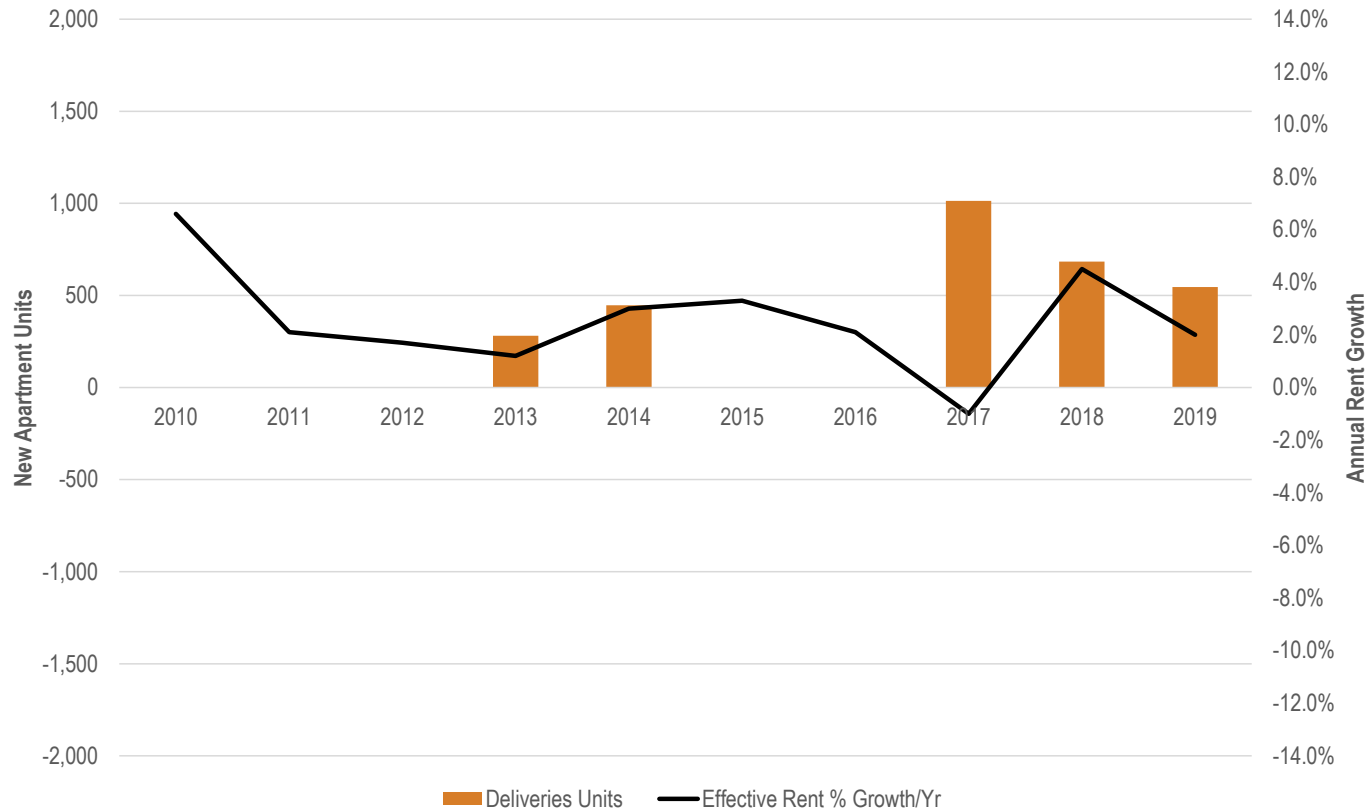
Post-Recession Class A Apartment Deliveries and Rent Growth
Washington, D.C.
2010-2019



Note: Rent growth is calculated net of any rent concessions.
SOURCE: CoStar; RCLCO

Exhibit 3

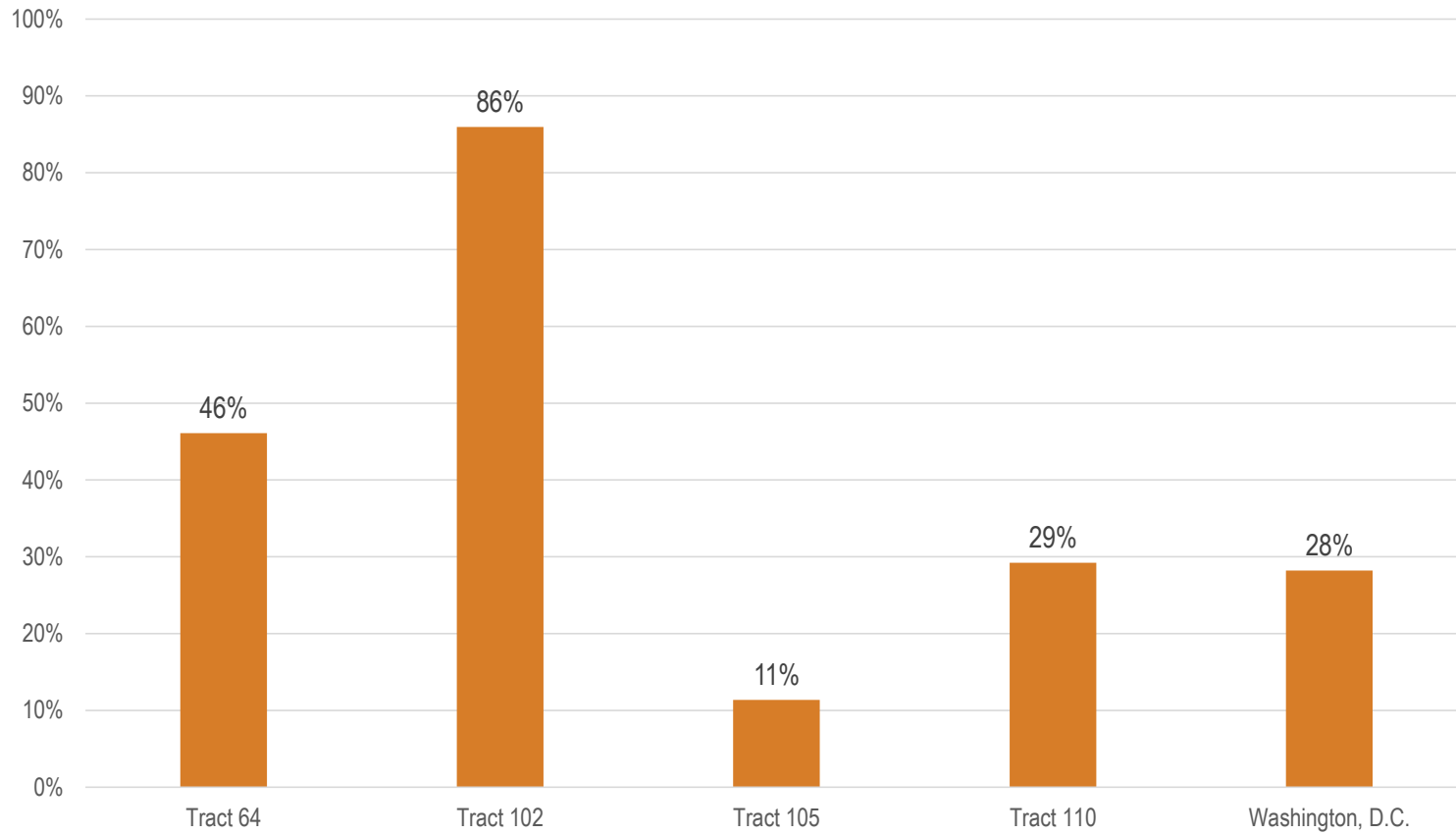
Post-Recession Class A Apartment Deliveries and Rent Growth
Southwest / Waterfront Census Tracts
2010-2019



Note: Rent growth is calculated net of any rent concessions.
SOURCE: CoStar; RCLCO

Exhibit 4

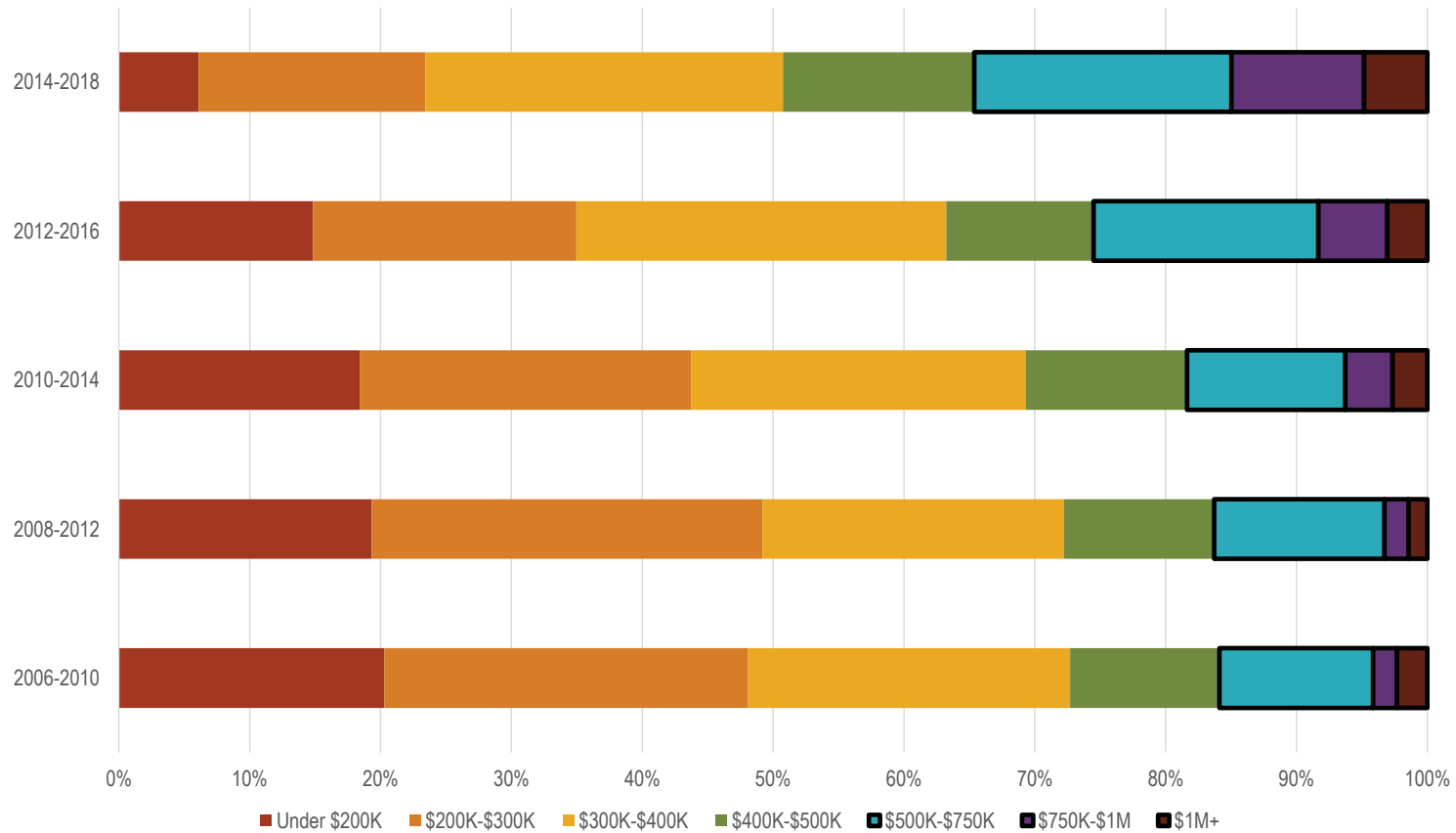
Change in Median Owner-Occupied Home Value
Southwest / Waterfront Census Tracts and Washington, D.C.
2006-2010 TO 2014-2018



SOURCE: American Community Survey 2010 and 2018 5-Year Estimates; RCLCO

Exhibit 5

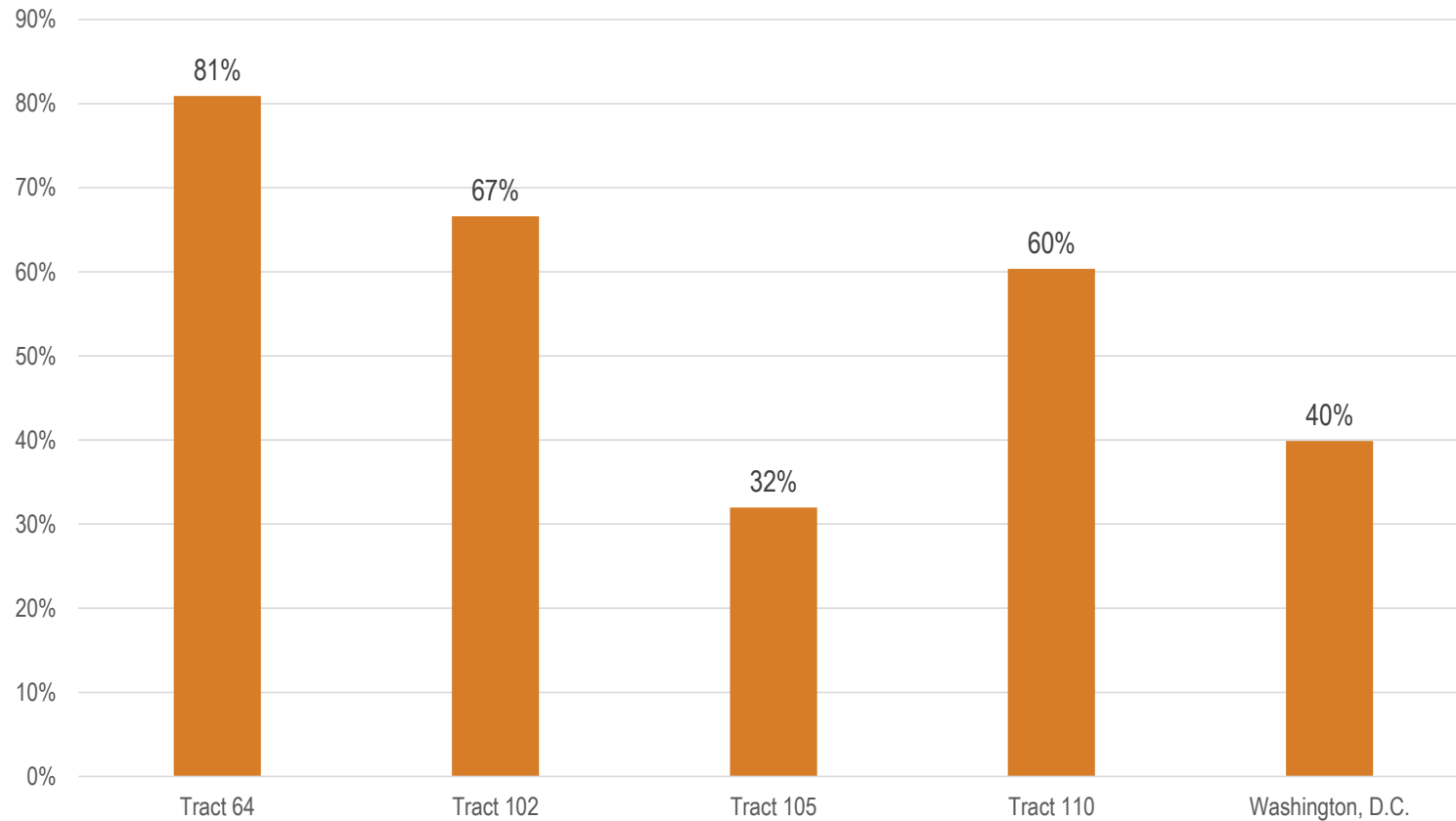
OWNER-OCCUPIED HOME VALUE BY PRICE BAND
SOUTHWEST / WATERFRONT CENSUS TRACTS
2010, 2012, 2014, 2016 AND 2018 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES



SOURCE: American Community Survey 2010, 2012, 2014, 2016 and 2018 5-Year Estimates

Exhibit 6

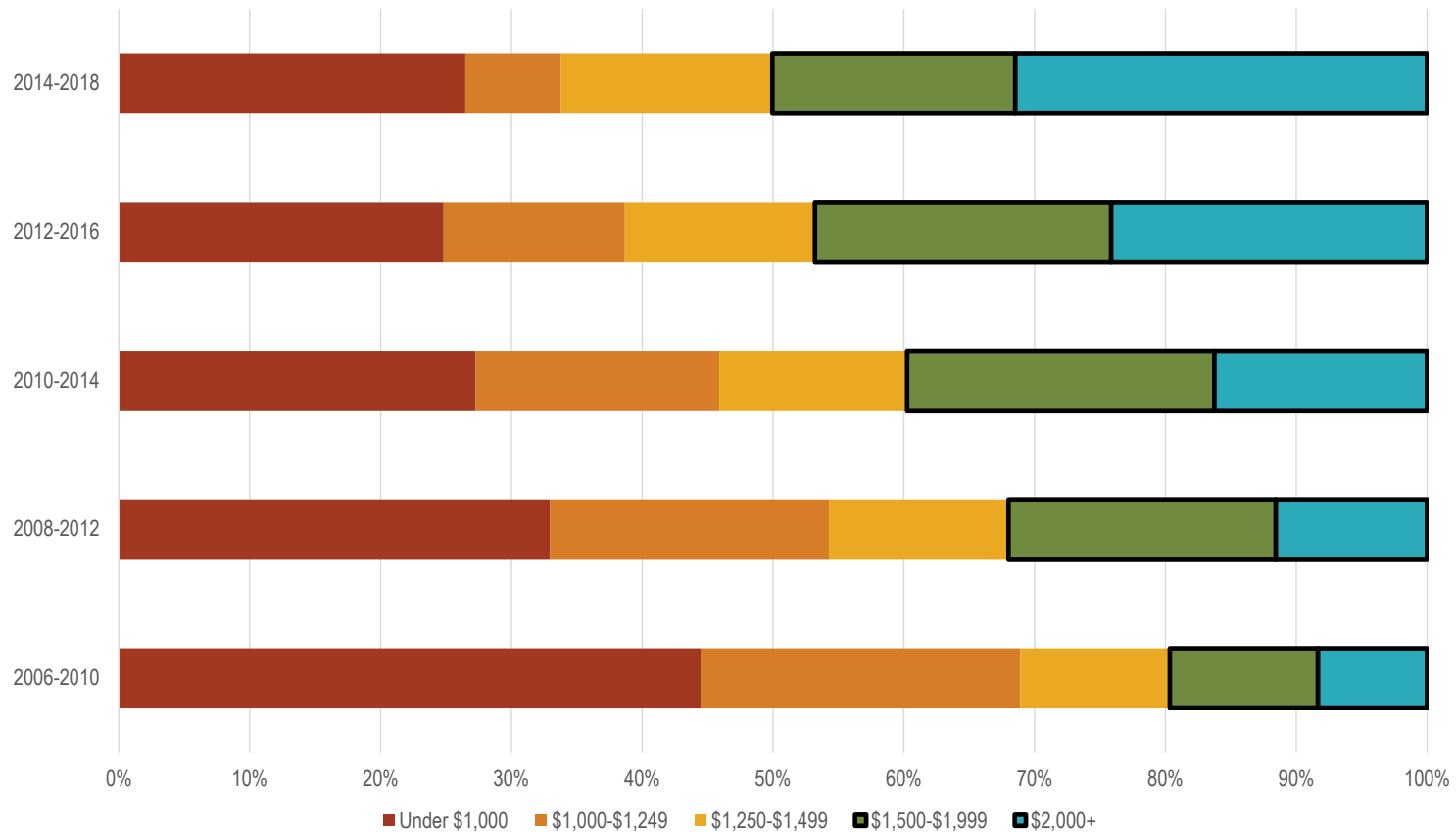
INCREASE IN MEDIAN MONTHLY GROSS RENT
SOUTHWEST / WATERFRONT CENSUS TRACTS AND WASHINGTON, D.C.
2006-2010 TO 2014-2018



SOURCE: American Community Survey 2010 and 2018 5-Year Estimates

Exhibit 7

MONTHLY GROSS RENT BY PRICE BAND
SOUTHWEST / WATERFRONT CENSUS TRACTS
2010, 2012, 2014, 2016, AND 2018 5-YEAR AMERICAN COMMUNITY SURVEY ESTIMATES

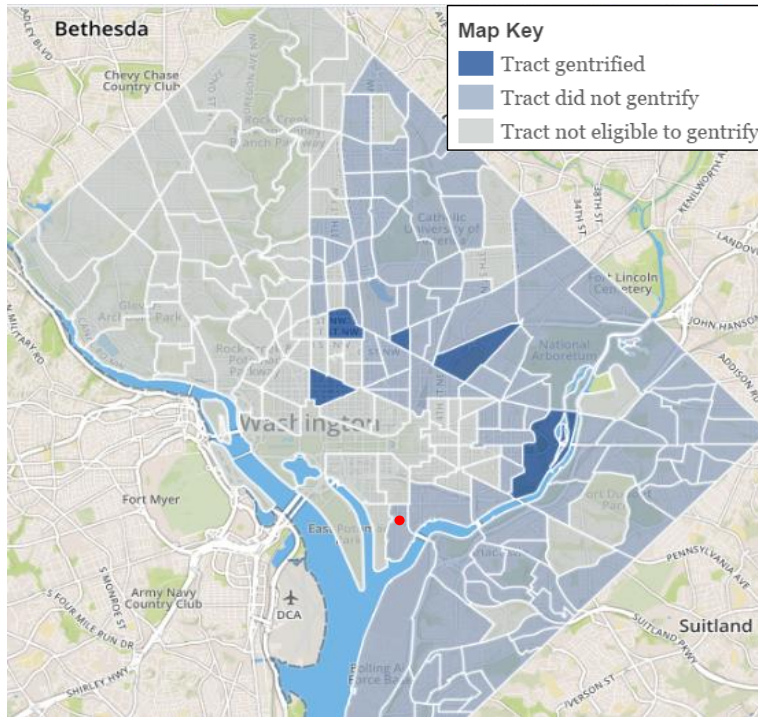


SOURCE: American Community Survey 2010, 2012, 2014, 2016 and 2018 5-Year Estimates

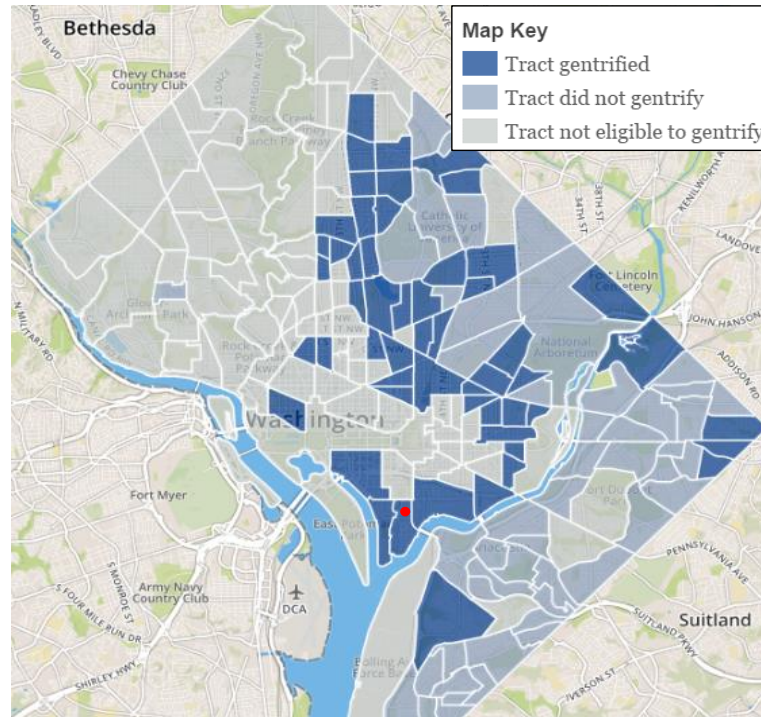
Exhibit 8

CENSUS TRACTS THAT GENTRIFIED GOVERNING GENTRIFICATION STUDY; WASHINGTON, D.C. 1990-2000 AND 2000-2013

GENTRIFICATION MAP: 1990-2000



GENTRIFICATION MAP: 2000 - 2013



● = 1319 South Capitol

SOURCE: Governing; Data sourced from 2009-2013 American Community Survey and 1990 and 2000 U.S. Census

Exhibit 9

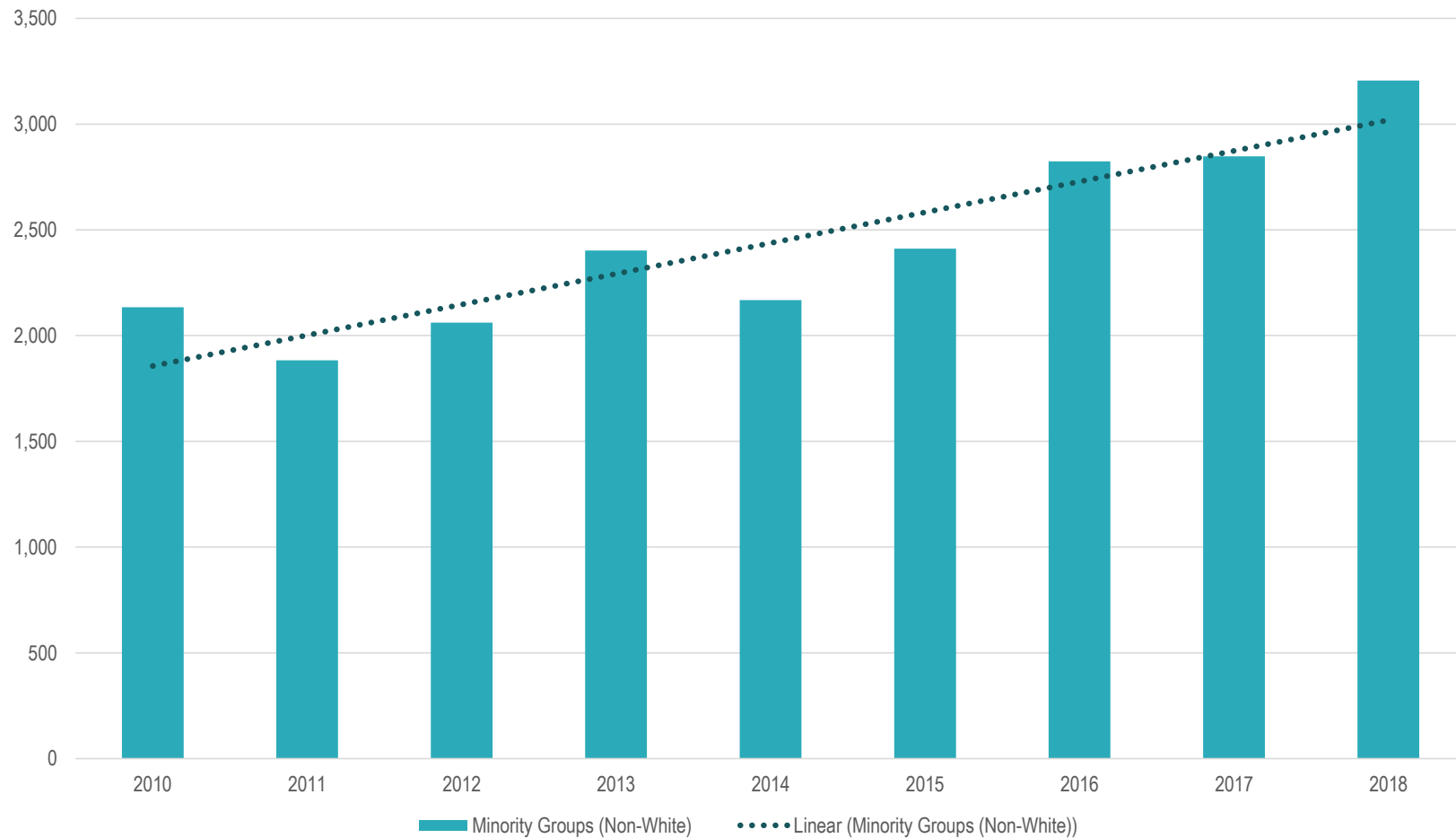
Map of Apartments and Neighborhood Assets
Southwest/Waterfront, DC
2020



SOURCE: Axiometrics, ESRI

Exhibit 10

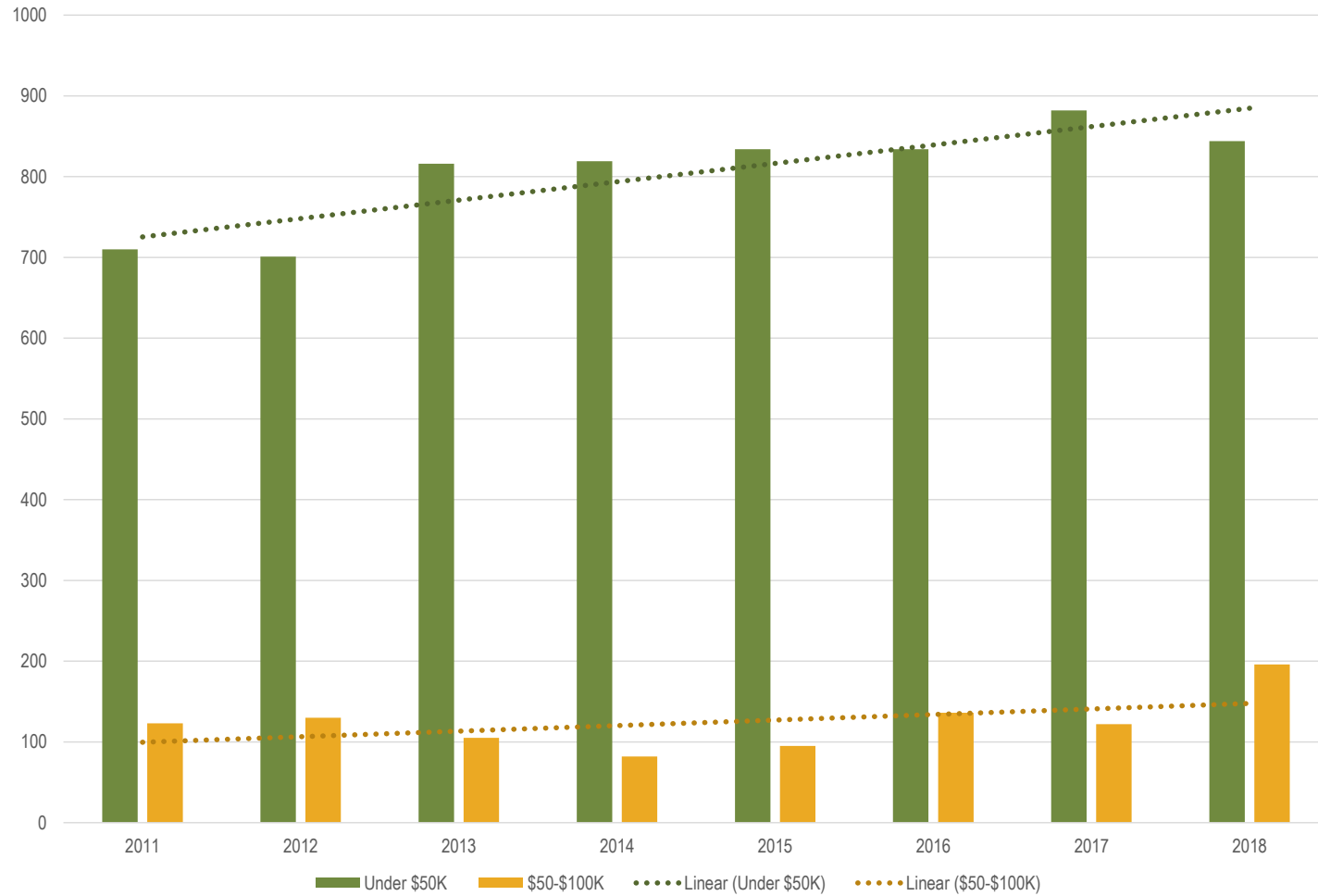
Year-Over-Year Population Growth for Minority Races (Non-White)
Census Tract 64
2010-2018



Source: US Census American Community Survey 5-Year Estimates; CoStar; RCLCO

Exhibit 11

Year over Year Population by Income Band
Census Tract 64
2011-2018



Note: Based on two-person household size (District average)

Source: US Census American Community Survey 5-Year Estimates; RCLCO