

# Appendix C

## Market Conditions and Development Opportunities

A study of existing conditions near the rail line through the District of Columbia was undertaken in order to understand the potential for new development on and adjacent to the freight rail alignment.

The development history, land use and building stock, property ownership, zoning, and transportation network were evaluated. Demographic conditions within the Washington, DC metropolitan region, within the District of Columbia, and within specific study areas were also studied. Finally, current activities affecting individual study areas, including economic trends, land use and infrastructure planning efforts, and real estate development activity were evaluated.

This study of existing conditions identifies locations where development activity may occur proximate to the existing railroad alignment. Using this evaluation as a guide, development opportunities directly attributable to the relocation of the rail line were established and quantified for incorporation in the feasibility study benefit-cost analysis.

### Segment Definitions

For the purposes of this study, the alignment was separated into four segments, shown in Figure C-1.

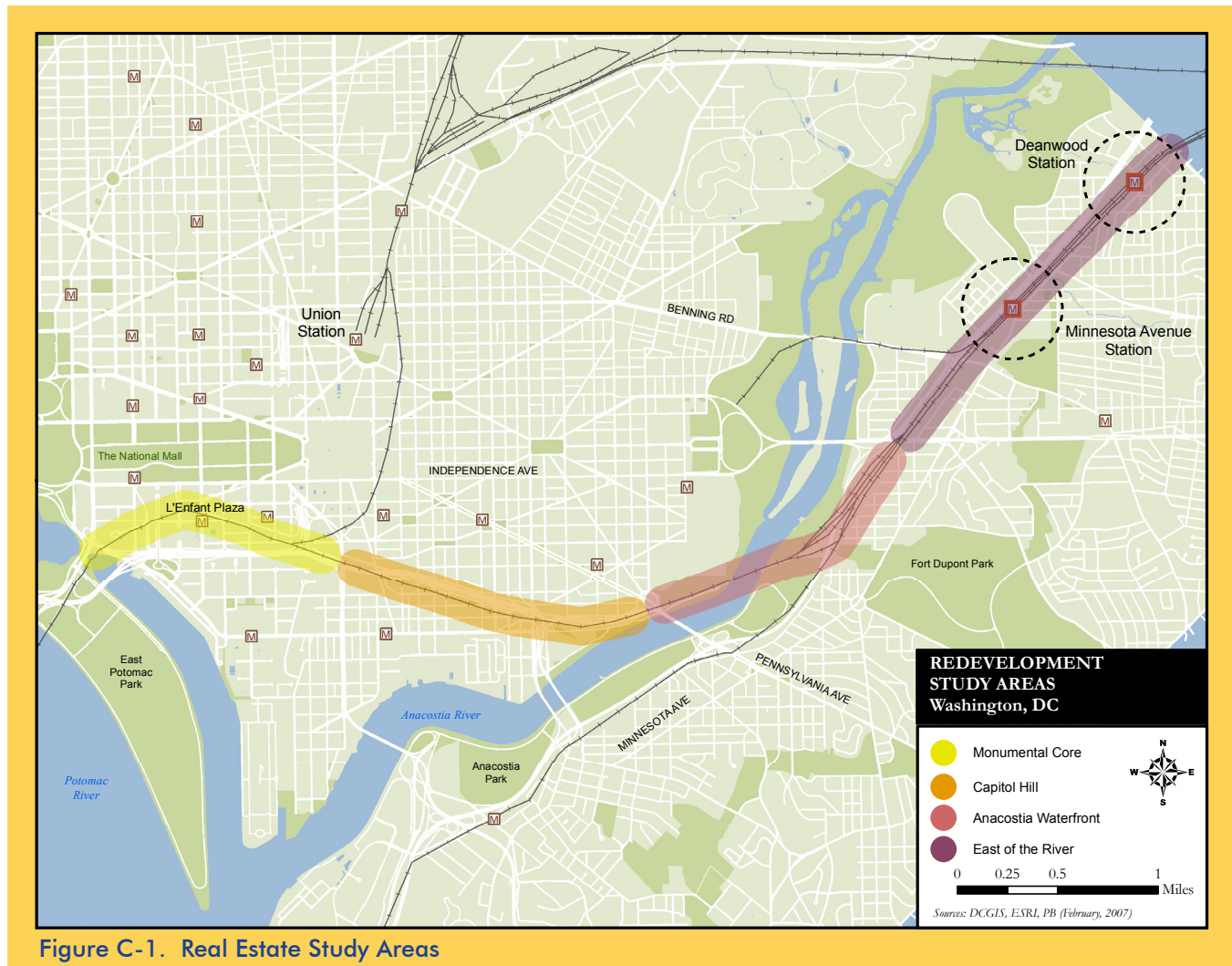


Figure C-1. Real Estate Study Areas

# Market Conditions and Development Opportunities

## THE MONUMENTAL CORE SEGMENT

The Monumental Core Segment extends from the Potomac River to South Capitol Street and is 1.81 miles long. The segment study area begins on the southeastern banks of East Potomac Park and passes at an elevated grade over the island and the Tidal Basin parallel to the northbound I-395 lanes. The line then passes over Maine Avenue, SE before running under Maryland Avenue, SW. The line emerges at 12th Street, SW and cuts through the federal district in a northeasterly direction passing under 11th Street, SW and L'Enfant Plaza and then above grade over 9th Street, SW.

At this point, the line turns to the southeast and passes above grade parallel to Virginia Avenue, SW over 7th Street, SW; 6th Street, SW; 4th Street, SW; and 3rd Street, SW. It then passes over the I-395 and I-295 interchange while also separating from the passenger line that turns to the north toward Union Station. The line meets up with the eastbound Southeast-Southwest Freeway and passes over South Capitol Street.

## THE CAPITOL HILL NEIGHBORHOOD SEGMENT

The Capitol Hill Neighborhood Segment begins at South Capitol Street and ends where the rail line emerges at grade at the intersection of L Street and 11th Street, SE. It is 1.01 miles long. In this segment, the line starts at South Capitol Street and follows the southbound lanes of the Southeast-Southwest Freeway until the line descends underground after New Jersey Avenue, SE. It then follows Virginia Avenue, SE and the Southeast-Southwest Freeway. It crosses under 2nd Street through 10th Street, SE and the 11th Street Bridges and then emerges at the intersection of L Street and 11th Street, SE.

## THE ANACOSTIA WATERFRONT SEGMENT

The Anacostia Waterfront Segment covers the portion of the alignment that emerges from underground at the intersection of L Street and 11th Street, SE south of the Southeast Freeway and extends to the eastern bank of the Anacostia River where it crosses over East

Capitol Street. This segment is 2.58 miles long.

It begins where the line emerges from an underground tunnel at the intersection of L Street and 11th Street, SE and runs at-grade parallel to the Southeast Freeway north of M Street, SE. Once it passes under Pennsylvania Avenue, it runs parallel to M Street, SE until it crosses the Anacostia River south of Kingman Island. The line then traverses the eastern bank of the Anacostia River at grade until it enters Benning Yard south of E Street, SE. The line then proceeds at grade in a northeasterly direction parallel and adjacent to the DC-295 northbound lanes, forming the “dead end” barrier to E Street, SE; Ely Place, SE; D Street, SE; Dubois Place, SE; C Street, SE; Croffut Place, SE; B Street, SE; and A Street, SE. The line then passes over East Capitol Street.

## THE EAST OF THE RIVER SEGMENT

The East of the River Segment extends from East Capitol Street to Eastern Avenue. This segment is 1.46 miles long. This segment begins where the line descends to grade after crossing over East Capitol Street. The line runs parallel to the DC-295 northbound lanes and is also adjacent to the western side of 35th Street, NE. It passes under Benning Road and then meets up with the Metrorail Orange Line south of the Minnesota Avenue station near the intersection of Minnesota Avenue and Nash Street, NE. It runs parallel and adjacent to the DC-295 northbound lanes and also adjacent to the western side of Minnesota Avenue, NE. The line then crosses over Nannie Helen Burroughs Avenue, NE and stays on a northeasterly course until it passes over Eastern Avenue and out of the District of Columbia.

# Market Conditions and Development Opportunities

## Description of the Segment Study Areas

Development opportunities are affected by the development history and physical character of the areas surrounding each segment of the existing alignment.

### THE MONUMENTAL CORE SEGMENT STUDY AREA

The Monumental Core Segment extends from the Potomac River to South Capitol Street. This segment cuts through a study area that extends from Independence Avenue on the north to the Southeast-Southwest Freeway on the south and from the Potomac River on the west to South Capitol Street on the east. This study area is called the Southwest Employment District and is one of four designated areas within the District of Columbia's Southwest quadrant. Southwest is the District of Columbia's smallest quadrant and often considered a neighborhood unto itself.

### Development History

The rail line in this part of the city dates back to 1870 when Congress approved the Baltimore & Potomac RR (B&P) entering Washington via a bridge across the Anacostia River, a tunnel under Virginia Avenue, SE from 11th to 8th Street, and tracks on Virginia Ave to 6th Street, SW. There was a location for its station on the National Mall at 6th and B Streets, NW (today's Constitution Ave). The Baltimore & Potomac station was built on the present-day site of the National Gallery of Art. Today's freight-only Virginia Avenue trackage was the original freight and passenger mainline until Union Station's opening.

The line now cuts through the heart of the Southwest Employment District, the city's federal employment center, before crossing over South Capitol Street and descending underground through the Virginia Avenue tunnel east of New Jersey Avenue, SE. As part of the Southwest quadrant, the Urban Renewal movement of the 1950s most prominently shaped the development

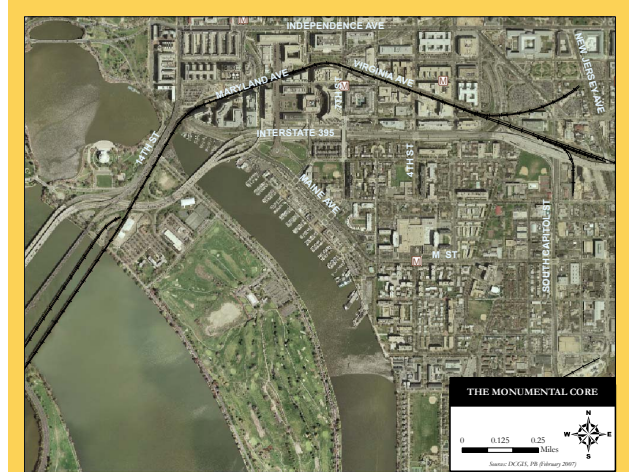


Figure C-2. Monumental Core Segment Study Area

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history of the Southwest Employment District.

After the Civil War, the Southwest Waterfront became a neighborhood for the poorer classes of Washingtonians. Although it had a thriving commercial district with grocery stores, shops, a movie theater, as well as a few large and elaborate houses, most of the neighborhood was made up of poorly constructed and impoverished dwellings.

In the 1950s, city planners working with the U.S. Congress decided that Southwest should undergo a significant urban renewal—in this case, meaning that the city would declare eminent domain over all land south of the National Mall (except Bolling Air Force Base and Fort McNair); evict virtually all of its residents and businesses; destroy all streets, buildings, and landscapes; and start again from scratch. Only a few buildings were left intact, and the Southeast-Southwest Freeway was constructed where F Street, SW, had once been. Prominent buildings that were constructed soon after the clearing took place include the Robert C. Weaver Federal Building, the Department of Housing and Urban Development Headquarters located at 451 7th Street, SW (1968), and the Hubert Humphrey 200 Independence Avenue, SW (1977).

## Land Use and Building Stock

As evident from its name, the Southwest Employment District largely comprises federal office buildings around 10 stories in height. The building heights in this area are particularly influenced by the 1910 legislation mandating that no new building may be more than 20 feet taller than the width of the street in front of it. There are a few hotels scattered throughout this area, including the recently completed Mandarin Oriental Hotel located at the intersection of Maryland Avenue and 13th Street, SW and adjacent to the rail line, and the Residence Inn at 333 E Street, SW. All of the buildings, except for the historic St. Dominic Catholic Church at 630 E Street, SW, were built after the 1960s urban renewal, and federal office buildings dominate the area.

## Property Ownership

The study area that surrounds the rail line in the Monumental Core Segment represents one of the largest concentrations of federal offices in the entire study area. These include the Department of Transportation headquarters, the Department of Health and Human Services headquarters, the Voice of America, and the Department of Housing and Urban Development headquarters. Each of these departments—in addition to several others—takes up an entire city block.

There are also a number of parcels held in private ownership. Republic Properties owns 9.8 acres adjacent to the existing alignment. This includes the Portals project, which incorporates the Mandarin Oriental Hotel (See Recent Development Activity Section). Of the 9.8 acres held by this owner, 2.6 acres are vacant and located adjacent to the rail line.

## Zoning

The zoning in this section is almost exclusively C-3-C (Commercial). This category applies to the entire area between 14th Street, NW on the west, I-395 and South Capitol Street on the east, Independence Avenue on the north, the Southeast-Southwest Freeway on the south. This category permits matter-of-right development for major business and employment centers of medium/high density development, including office/retail, housing, and mixed uses. Allowable lot coverage is 100 percent, the minimum floor-area ratio (FAR) is 6.5, and the maximum FAR is 8.0. Maximum allowable height is 90 feet.

The other category represented in the Monumental Core Segment study area is W-1. This zone extends along the waterfront from the 14th Street Bridges to B Street, SW. This zone permits matter-of-right low-density residential, commercial, and certain light industrial development in waterfront areas. Allowable lot coverage is 80 percent, and the minimum FAR is 1.0 with a maximum FAR of 2.5. Nonresidential uses are limited to an FAR of 1.0. The maximum number of stories is 3, and the maximum building height is 40 feet.

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Across the Washington Channel lies East Potomac Park, which is federally owned and unzoned.

## Transportation

The transportation network surrounding the Monumental Core Segment is a tangled network of regional and local expressways and local roads.

The elevated Southeast-Southwest Freeway, built in the 1960s, makes up the southern boundary of the Southwest Employment District. Providing a local function, the freeway conveys thousands of employees to their offices in various inner-city employment centers. The freeway also serves a regional function by serving as a “cut through” through the District of Columbia for drivers traveling from and to Prince George’s County and points north and east from and to the Northern Virginia suburbs and points south and west. By using the freeway, regional drivers can avoid the circuitous route that the Beltway offers and instead connect with I-295 and I-395.

In addition to the Southeast-Southwest Freeway, the Monumental Core Segment study area is served by the local Southwest quadrant street grid. The area also provides access to the I-395 tunnel, which passes under the Mall and emerges at New York Avenue in the Northeast quadrant.

The Monumental Core Segment is also served by several Metrorail stations. The Federal Center Southwest station is located at 401 3rd Street, SW, and L’Enfant Plaza station is located at 600 Maryland Avenue, SW. The Smithsonian station is located nearby at 1200 Independence Avenue, SW.

## THE CAPITOL HILL NEIGHBORHOOD SEGMENT STUDY AREA

The Capitol Hill Neighborhood Segment begins at South Capitol Street and ends where the rail line emerges at grade at the intersection of L Street and 11th Street, SE. This segment is adjacent to a study area extending from E Street, SE on the north to the Anacostia River on the south and from South Capitol Street on the west to the 11th Street Bridges on the

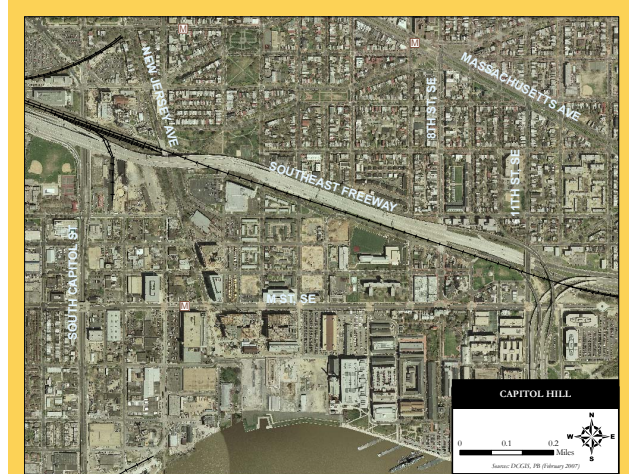


Figure C-3. Capitol Hill Neighborhood Segment Study Area

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south. The portion of the study area north of the Southeast-Southwest Freeway is in Capitol Hill and the portion south of the freeway is referred to as “Near Southeast.”<sup>1</sup>

## Development History

The study area surrounding the Capitol Hill Neighborhood Segment is one of the most historic parts of the District of Columbia. Its origins date back to the construction of the Capitol in the 1790s and the installation of the Navy Yard at 9th and M Streets, SE in 1798. These two institutions represented two of the fledging capital city’s largest employers and stimulated the development of the Capitol Hill community. North of the freeway is still known as the historic Capitol Hill neighborhood. The predominantly residential community is filled with historic 18th and 19th century homes. At one point this was a struggling area suffering from the same urban plight as cities across the country. However, the portion of Capitol Hill within the study area has experienced a revitalization over the past several decades as people have begun to move back into the city and restore the old homes.

South of the freeway, long separated both physically and socially by the Southeast-Southwest Freeway, may still be considered as part of Capitol Hill but is now more commonly known as Near Southeast. Closer to the waterfront, this portion of the study area has always had a more industrial character. It is also closer to the Navy Yard, originally a shipbuilding center, then an ordnance plant, and now an administrative center for the Navy. By 1944, the Navy Yard had expanded to stretch from 11th Street, SE to First Street, SE and from M Street, SE to the Anacostia River, covering 78 acres and employing 10,800 people.

By the mid-1990s plans had been drafted to convert a former weapons manufacturing facility adjacent to the Navy Yard into a new waterfront neighborhood. This area is known traditionally as the Southeast Federal Center and will be home to the 1.7-million-square-foot U.S. Department of Transportation headquarters as

<sup>1</sup> The submarket name for “Near Southeast” provided in the Anacostia Waterfront Initiative Framework Plan.

well as additional mixed-use development.

Another component of the Near Southeast neighborhood that has strongly influenced its character is the Capper-Carrollsbury residential neighborhood. To the north of the Navy Yard on the other side of M Street, the 20-acre Capper-Carrollsbury public housing community encompasses 13 city blocks. The Carrollsbury Apartments were completed in 1941 and the 612-unit Arthur Capper Dwellings were completed in 1958. Consistent with public housing across the country, these neighborhoods fell into disrepair within 20 years of their debut. The Arthur Capper Dwellings were eventually converted into a low-income senior living residence and then demolished in 2000. HUD awarded a HOPE VI grant to the DC Housing Authority to assist with the redevelopment of this neighborhood as a 1,500-unit mixed-income community.

## Land Use and Building Stock

As is evident from its development history, Near Southeast includes a wide range of land uses and construction quality. Uses include the relatively low-density residential Capper-Carrollsbury neighborhood, the Marine Barracks adjacent to 8th Street, SE, the 8th Street shopping and entertainment commercial corridor extending south from the Capitol Hill neighborhood, Class A office space at Southeast Federal Center and adjacent to the Navy Yard Metrorail station, and industrial uses ranging from the Verizon plant north of the freeway to a school-bus parking lot and more intensive activities south of the freeway.

In addition to this diversity of uses, the newly emerging Baseball District at South Capitol and M Street, SE represents another defining component of Near Southeast. The DC Nationals Baseball Stadium broke ground in 2006. Its completion will introduce a large-scale entertainment use to be complemented by a vibrant mix of additional commercial and residential development projects, discussed in more detail in the following section on current activities affecting the study area.

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## Property Ownership

The Capitol Hill Neighborhood Segment includes a wide variety of property owners. North of the freeway, the majority of property is residential and owned by private individuals. South of the freeway, a sizeable portion of the land between the Southeast-Southwest Freeway, the Anacostia River, South Capitol Street, and the 11th Street Bridges belongs to the federal government. These areas include the Marine Barracks, the Navy Yard, and Southeast Federal Center. The District of Columbia is also a significant property owner in Near Southeast. The Capper-Carrollburg development is a 20-acre holding, and the future park known as Canal Blocks between 1st Street and 3rd Street, SE is a federal reservation under District jurisdiction. The DC Water and Sewer Authority also owns property in Near Southeast. This is an area largely surrounded by Southeast Federal Center. It includes a stretch of the waterfront, a historic beaux-arts style pumping station at the terminus of New Jersey Avenue, and additional facilities and administrative space.

## Zoning

There is a mix of zoning categories in this study area. Between South Capitol Street and 2nd Street north of M Street, SE, the zoning is C-3-C (Commercial) south of the freeway and C-M-1 (Commercial/Light Manufacturing) north of the freeway. The C-3-C category permits matter-of-right development for major business and employment centers of medium/high density development, including office/retail, housing, and mixed uses. Allowable lot coverage is 100 percent, the minimum floor-area ratio (FAR) is 6.5, and the maximum FAR is 8.0. Maximum allowable height is 90 feet. C-M-1 permits development of low bulk commercial and light manufacturing uses. Percent lot coverage is not specified, the minimum FAR is not specified, and the maximum FAR is 3.0. Maximum stories are 3, and the maximum building height is 40 feet.

Between 2nd Street and 7th Street, SE, north of M Street, SE the zoning is predominantly R-4 (Residential) and R-5-B, with a few blocks unzoned

north of the freeway between 2nd and 4th Streets, SE. The R-4 zone permits matter-of-right development of single-family residential uses (including detached, semi-detached, and row dwellings and flats), churches, and public schools. The minimum lot width is 18 feet and the minimum lot area is 1,800. Maximum lot coverage is 60 percent, and the maximum and minimum FAR are not specified. The maximum number of stories is 3, and the maximum building height is 40 feet. The R-5-B zone permits matter-of-right moderate development of general residential uses, including single-family dwellings, flats, and apartment buildings. Maximum lot coverage is 60 percent, the minimum FAR is not specified, and the maximum FAR is 1.8. Maximum number of stories is 4, and the maximum building height is 50 feet.

Between the 7th Street and the 9th Street Bridges north of M Street, SE, the zoning is C-2-A north of the freeway and C-3-A south of the freeway. The C-2-A (Commercial) zone permits low-density development for retail, office, and residential uses. The maximum lot coverage is 60 percent, the minimum FAR is 1.5, and the maximum FAR is 2.5. The maximum nonresidential FAR is 1.5. The maximum number of stories is 4, and the maximum building height is 50 feet. The C-3-A zone permits matter-of-right development for major retail and office uses. The maximum lot coverage is 75 percent, the minimum FAR is 2.5, and the maximum FAR is 4.0. The maximum nonresidential FAR is 2.5. The maximum number of stories is 5.5, and the maximum building height is 65 feet.

Between the 9th and 11th Street Bridges north of M Street, SE, the zoning is C-M-1 south of the freeway and R-5-B north of the freeway.

## Transportation

Compared to the neighborhoods surrounding the Anacostia Waterfront and East of the River Segments of the rail alignment, the neighborhoods surrounding the Capitol Hill Neighborhood Segment enjoy relatively convenient transportation access. As with the Monumental Core Segment, the Southeast-Southwest

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Freeway represents the most prominent regional transportation route. Its elevated position parallel to Virginia Avenue, SE forms a boundary between Near Southeast and Capitol Hill but provides convenient access to the area from points south. South Capitol Street also provides access to the areas, particularly from the Northwest quadrant of the District of Columbia and from Wards 7 and 8 by crossing the Frederick Douglass Memorial Bridge. In addition to regional roads, Near Southeast and Capitol Hill can also be accessed using the local road network, which passes under the Southeast-Southwest Freeway at several points.

The Capitol Hill Neighborhood Segment study area is also accessible via Metrorail. Near Southeast is served by the Navy Yard station at 200 M Street, SE.

## THE ANACOSTIA WATERFRONT SEGMENT STUDY AREA

The Anacostia Waterfront Segment extends from where the line emerges from the tunnel at the intersection of L Street and Water Street, SE to the eastern bank of the Anacostia waterfront where it crosses over East Capitol Street.

### Development History

The first site that this portion of the alignment passes by is the East M Street/Washington Gas Site. Historically used for industrial purposes, this section of the Anacostia waterfront was the location of a Washington Gas Company tank farm. The 9-acre site was purchased by Florida-based Lincoln Properties in 2001 for redevelopment as a Class A office complex as well as a hotel and a marina. The first phase of the project has been completed, resulting in Maritime Plaza I, a \$30-million investment with 200,000 square feet of office space housing tenants Northrop Grumman and General Dynamics. An additional 500,000 square feet of office space and a 200- to 250-room hotel are proposed in the next two phases of the project.

East of Maritime Plaza, the alignment runs parallel to M Street, SE and south along the southern border of

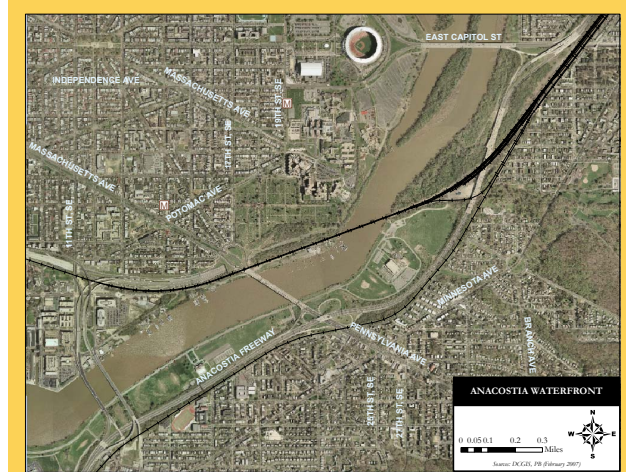


Figure C-4. Anacostia Waterfront Segment Study Area



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the Congressional Cemetery, which was established in 1807 as the official resting place for Members of Congress.

On the east side of the Anacostia River, the alignment passes at-grade through a portion of Anacostia Park, a National Park Service park, before crossing under DC-295 and forming a western border to the neighborhoods of Fairlawn, Randle Highlands, Dupont Park, and Twining. Prior to the turn of the 20th Century, this area consisted of only a few settlements, many created by free African-Americans who moved to the North after the Civil War. It was not until the 1920s that scattered residential subdivisions began to develop. An urban community finally emerged in the 1940s as a result of new government jobs created by World War II.

The Anacostia Waterfront Segment is also characterized by the presence of Fort Dupont Park, the second largest park in the District after Rock Creek Park, encompassing 376 acres. Its main entrance is located on Minnesota Avenue between Pennsylvania Avenue and Benning Road. Fort Dupont was one of the forts that formed a ring of defense around the capital city during the Civil War. In 1930, the National Capital Planning Commission acquired the old fort and surrounding land for recreation and an 18-hole golf course was constructed. As the city grew, golf gave way in 1970 to a sports complex along Ely Place that now includes tennis and basketball courts, athletic fields, and a softball diamond. An indoor ice rink offers skating all winter.

## Land Use and Building Stock

On the west side of the Anacostia River, the alignment passes through the Maritime Plaza industrial land that has recently been redeveloped as a commercial complex with office space and proposed hotel and marina uses. Open space along the waterfront is also prominent as well as boat launches and docks. There are several docks used by local recreational groups and individuals for kayaking, canoeing, and other river-based recreational activities. The recently established Anacostia Community Boathouse is currently the

only facility on the Anacostia River for sculling and hosts an increasing number of local high school teams. North of the marina uses is Congressional Cemetery, the national resting place for senators and representatives. The cemetery abuts the DC Central Detention Facility at 1901 D Street, SE. The current facility was opened in 1976 and has a capacity of 2,498 inmates.

On the east side of the river, the alignment passes through the passive parkland adjacent to the waterfront and then Benning Yard. Benning Yard is approximately 2.4 miles long and anywhere from six to nine tracks wide (including Metrorail) stretching from the east end of the Anacostia River Bridge to a point near the Deanwood Metrorail station. It forms a western border for relatively low-density, privately owned, multifamily and single-family attached residential uses. Buffering single-family attached homes, several multistory residential complexes are also located adjacent to the rail line.

## Zoning

The Anacostia Waterfront Segment study area includes several different zoning categories. Between the 11th Street Bridges and adjacent to DC-295, the zoning is C-M-1 (Commercial/Light Manufacturing). C-M-1 permits development of low bulk commercial and light manufacturing uses. Percent lot coverage is not specified, the minimum FAR is not specified, and the maximum FAR is 3.0. Maximum stories are 3, and the maximum building height is 40 feet.

West of 12th Street, SE and north of M Street, SE, the zoning is M (Industrial). The M category permits general industrial uses. The maximum FAR is 6.0 and the minimum FAR is unspecified. The maximum building height is 90 feet, and the maximum number of stories is 8. It then reverts to C-M-1 after 13th Street, SE.

East of the river, the waterfront property is unzoned. The property under the railroad tracks or immediately adjacent to the tracks is C-M-1 (Commercial/Light Manufacturing). C-M-1 permits development of low

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bulk commercial and light manufacturing uses. Percent lot coverage is not specified, the minimum FAR is not specified, and the maximum FAR is 3.0. Maximum stories are 3, and the maximum building height is 40 feet.

The neighborhoods to the east of the railroad tracks are zoned R-5-A (Residential). R-5-A permits matter-of-right development of single-family residential uses for detached and semi-detached dwellings. Through special approval, low-density development of general residential uses including row houses, flats, and apartments is permitted. The maximum lot coverage is 40 percent, the maximum FAR is 0.9, and the minimum FAR is unspecified. The maximum building stores is 3, and the maximum height is 40 feet.

## Transportation

The west side of the Anacostia River in the Anacostia Waterfront Segment study area has limited transportation access. The waterfront is served by the local street network, which passes under the Southeast-Southwest Freeway from the north on a limited number of through streets. Passing under the tangled 11th Street Bridges network on M Street is also required. The Southeast-Southwest Freeway provides access to the local street network from two exits, but only coming from the west. Eastbound travelers are required to follow an even more circuitous route to access this stretch of the west side of the Anacostia Waterfront.

The District of Columbia Department of Transportation is currently planning the reconstruction of the 11th Street Bridges. The present alignment scenarios provide for separate local and regional travel connections. The local conduit will facilitate connections to the local street network while the regional travel conduit will bypass the local street network. By separating the two flows, local and regional connections will be improved at this chokepoint and waterfront access will also be enhanced.

The east side of the Anacostia River within this

segment also has limited access. The waterfront in this section is obstructed by DC-295 as well as the freight railroad alignment. There is no way for the residents of the adjacent neighborhoods to enter Anacostia Park in this segment. To enter the park one must find one of only a few connections under DC-295 with Anacostia Avenue, the only road that travels north-south through the park.

The Anacostia Waterfront Initiative Framework Plan calls for improving access to the waterfront in several locations by enhancing existing connections under DC-295 or by depressing DC-295 so that at-grade crossings can be constructed. In the parts of the Anacostia Waterfront Segment where access is impeded by the freight rail line, the only possible strategy to improve the connections is to remove the rail line completely.

## THE EAST OF THE RIVER SEGMENT STUDY AREA

The East of the River Segment extends from East Capitol Street to Eastern Avenue. The study area includes portions of River Terrace, Mayfair, Eastland Gardens, Kenilworth, Benning, Central Northeast, and Deanwood.

## Development History

The development history of the area surrounding the freight rail line in this segment of the alignment is similar to the history of the Anacostia Waterfront Segment study area. This portion of the District was undeveloped until after the Civil War when a few scattered settlements began to take root. Free African Americans moving north after the Civil War represented one of the most prominent groups to settle in the part of the District of Columbia.

Deanwood is one of these early settlements in the northeastern corner of the District of Columbia. Its founding was directly related to the development of the rail line. In 1871, the Southern Maryland Railroad Company laid its tracks close to the Old Bladensburg-Piscataway Road and built a station near the Sheriff farm. Three daughters of Levi Sheriff divided part of

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their family farm into three subdivisions. Whittingham, a triangular parcel, was bounded by railroad tracks on the west, Sheriff Road on the south, and present-day 45th Street on the east. A subdivision named Lincoln (today known as Lincoln Heights) was platted near the farm’s south edge. Burrville, just east of the ridge, completed the trio. These subdivisions were all loosely tied by the name Deanwood. By 1893, a few houses dotted each subdivision and the lots along Sheriff Road.

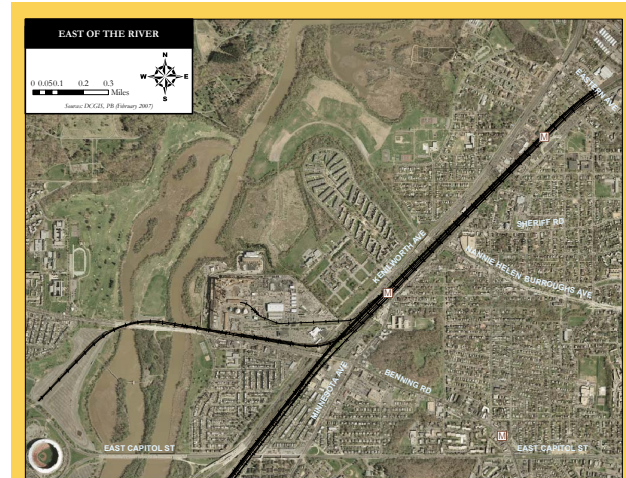
Its distance from the central city kept Deanwood a semi-rural area until after World War II. It was not until the 1950s that the city government provided services such as paved streets, sewers, and some sidewalks. Also during this time, the government began to build low-cost housing, including housing for returning veterans. Town houses, duplexes, triplexes, and garden apartments have dominated the area’s residential development since 1950.

As in the Anacostia Waterfront Segment, the East of the River Segment is also characterized by a park, which dates back to the establishment of the ring of defense forts around Washington, DC during the civil war. Fort Mahan Park is located between Minnesota Avenue and 42nd Street, NE, north of Benning Road and south of Hayes Street, NE.

## Land Use & Building Stock

The East of the River Segment is characterized primarily by multifamily and single-family attached residential dwellings, neighborhood-serving shopping centers, and light industrial uses.

Between East Capitol Street and Benning Road, multifamily and single family attached residential uses follow an urban street grid and represent the dominant use. On the east side of DC-295 lies East River Park Shopping Center, one of the biggest shopping destinations in the area. This shopping center is located south of Benning Road between the railroad tracks and 40th Street, NE. East River Park Shopping Center was redeveloped through a partnership between the Marshall Heights Community



**Figure C-5. East of the River Segment Study Area**

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Development Organization (MHCDO) and The Jenco Group. The 155,000-square-foot shopping center is home to Safeway, CVS, Citibank, Wachovia, Bank of America, and a host of small retailers that provide goods and services to customers who live in or commute through the area.

On the west side of DC-295, there is a 2.78-acre commercial vehicle storage and distribution facility directly south of Benning Road.

Between Benning Road and Nannie Helen Burroughs Avenue, NE, the development pattern continues to be fairly low-density in character, with dominant uses including disjointed commercial uses along Minnesota Avenue, and single-family homes and multifamily residential buildings. Directly north of Benning Road and between the rail line and Minnesota Avenue, the Minnesota Avenue Metrorail station surface parking lot and kiss-and-ride and an undeveloped parcel are situated on more than 8 acres.

On the west side of DC-295, the Potomac Electric Power Company (PEPCO) plant extends from Benning Road to Foote Street, NE covering 77.5 acres. Extending north from the PEPCO plant to the Kenilworth Aquatic Gardens, Kenilworth Park offers 180 acres of open area. Kenilworth Aquatic Gardens is the only National Park Service site devoted to the display of aquatic plants. It is a 14-acre site and now the only location where the public can experience the once-widespread marshes of the Anacostia River.

North of Nannie Helen Burroughs Avenue on the east side of DC-295, the land use pattern is predominantly light industrial. The National Distribution Company of DC occupies a 3.27-acre site at the intersection of Nannie Helen Burroughs Avenue and Minnesota Avenue, NE. Two additional owners occupy another 60,000 square feet adjacent to the distribution facility. Moving north, the land uses include junkyards, commercial vehicle storage, garages, and equipment rental and storage facilities, particularly on the property located between DC-295 and the rail line. The East of the River Segment includes the

approximately five-acre Deanwood Metrorail station and the kiss-and-ride and surface parking lot east of the rail line.

On the west side of DC-295 west of Kenilworth Avenue, the land use pattern is predominantly single-family attached and detached residential. A four-story apartment building was recently completed directly adjacent to the freeway between Foote Street and Hayes Street, NE.

## Zoning

In the East of the River Segment study area, the property under and immediately adjacent to the railroad tracks is C-M-1 (Commercial/Light Manufacturing) between East Capitol Street and Benning Road. This category permits development of low bulk commercial and light manufacturing uses. Percent lot coverage is not specified, the minimum FAR is not specified, and the maximum FAR is 3.0. Maximum stories are 3, and the maximum building height is 40 feet.

North of Benning Road and south of Hayes Street, the property under and immediately adjacent to the railroad tracks is zoned C-3-A (Commercial). This zone permits matter-of-right development for major retail and office uses. The maximum lot coverage is 75 percent, the minimum FAR is 2.5, and the maximum FAR is 4.0. The maximum nonresidential FAR is 2.5. The maximum number of stories is 5.5, and the maximum building height is 65 feet.

After Hayes Street, NE, the property under and immediately adjacent to the tracks reverts to C-M-1 (Commercial/Light Manufacturing). In the last two blocks before the alignment passes out of the District, the property under and immediately adjacent to the tracks on the east side is R-5-A (Residential) and on the west side is R-2. R-5-A permits matter-of-right development of single-family residential uses for detached and semi-detached dwellings. With special approval, low-density development of general residential uses including row houses, flats, and apartments is permitted. The maximum lot coverage

# Market Conditions and Development Opportunities

is 40 percent, the maximum FAR is 0.9, and the minimum FAR is unspecified. The maximum building stories is 3, and the maximum height is 40 feet. In an R-2 zone, single-family residential uses for detached and semi-detached dwelling units are permitted as matter-of-right. The maximum building height is 40 feet, and the maximum number of stories is 3.

West of the freeway, there is a small strip of property between Foote Street and J Street, NE zoned C-2-B. This zone permits matter-of-right medium-density development, including office, retail, housing, and mixed uses. The maximum lot coverage is 80 percent, the minimum FAR is 1.5, and the maximum FAR is 3.5. The maximum number of stories is 5.5, and the maximum building height is 65 feet.

South of Clay Place, NE, the residential area abutting the rail corridor is zoned R-5-A (Residential).

On the west side of the freeway south of Benning Road, the area is zoned R-3 (Residential). This zone permits matter-of-right development of single-family residential uses (including detached, semi-detached, and row dwellings and flats), churches, and public schools. The minimum lot width is 20 feet and the minimum lot area is 2,000. Maximum lot coverage is 60 percent, and the maximum and minimum FAR are not specified. The maximum number of stories is 3, and the maximum building height is 40 feet.

## Property Ownership

The residential dwellings, shopping centers, and industrial uses are owned for the most part by private individuals and holding companies. Parkland is owned primarily by the National Park Service, with a few pocket parks in the ownership of the District of Columbia. There are several surface parking lots immediately adjacent to the rail line in the ownership of the District of Columbia. WMATA owns approximately 5 acres on the east side of the rail line for the Minnesota Avenue Metrorail station kiss-and-ride and surface parking lot. PEPCO holds 77 acres north of Benning Road.

## Transportation

The primary transportation route in the East of the River Segment is DC-295. This freeway provides regional access for adjacent neighborhoods as well as the metropolitan area while severely constraining local east-west movement through the Northeast quadrant of Washington, DC. In the East of the River Segment, a 1.5-mile stretch, East Capitol Street, Benning Road and Nannie Helen Burroughs Avenue are the only roads that cross over DC-295. Eastern Avenue crosses under DC-295.

In addition to the local and regional road network, this segment is served by two Metrorail stations. The Minnesota Avenue Metrorail station is located at 4000 Minnesota Avenue, SE, and the Deanwood Metrorail station is located at 4720 Minnesota Avenue, SE.

# Market Conditions and Development Opportunities

## Demographics and Economic Conditions

### REGIONAL AND CITY POPULATION GROWTH TRENDS

According to Metropolitan Washington Council of Governments projections, the population in the District of Columbia and inner suburbs, which includes the County of Arlington, City of Alexandria, City of Falls Church, City of Fairfax, Fairfax County, Prince Georges County, Montgomery County, and Rockville, is projected to grow from 3.7 million in 2005 to 4 million in 2010, an increase of 8 percent. The number of households is expected to increase from 1.5 million in 2005 to 1.6 million households in 2010, an increase of 96,900 households over the 5-year period, or 19,390 new households per year.

Between 2005 and 2030, the region is projected to grow by 1 million people, from 3.7 million to 4.7 million. Households are expected to increase from 1.5 million to 1.8 million, an increase of 388,000 households over the next 25 years.

As presented in Table C-1, in the District of Columbia, the population is projected to grow from

577,500 in 2005 to 608,700 in 2010, an increase of 5.4 percent. The number of households is expected to increase from 252,000 to 265,300 in 2010, an increase of 13,300 over the next five-year period, or 2,660 households per year.

Between 2005 and 2030, the District of Columbia is projected to grow by 156,300 people, from 577,500 to 733,800. Table C-2 shows that households are expected to increase from 252,000 to 318,700, an increase of 66,700 households over the next 25 years.

### STUDY-AREA TRENDS

#### Population Growth

Population growth trends in the individual study areas were determined using growth projections developed by the Metropolitan Washington Council of Governments for transportation analysis zones (TAZ). TAZs abutting the freight rail line were grouped according to segment. As presented in Table C-3, in 2005, the total population in all of the segments' study area TAZs was 30,364, or 5 percent of the District of Columbia population. By 2030, the segments' study area population is projected to increase to 52,687, and increase of 73 percent over the 25 year period or 892

**Table C-1. Summary of Intermediate Population Forecasts (Thousands)**

Jurisdiction	2005	2010	2030	% Change 2005-2010	% Change 2005-2030
District of Columbia	577.5	608.7	733.8	5.4%	27.1%
Region	3780.1	4005.7	4674.7	6.0%	23.7%

Source: Metropolitan Washington Council of Governments Round 7.0a Cooperative Forecasts

**Table C-2. Summary of Intermediate Household Forecasts (Thousands)**

Jurisdiction	2005	2010	2030	% Change 2005-2010	% Change 2005-2030
District of Columbia	252	265.3	318.7	5.3%	26.5%
Region	1456.7	1553.6	1844.7	6.7%	26.6%

Source: Metropolitan Washington Council of Governments Round 7.0a Cooperative Forecasts

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people per year. By 2030, the segments' study area population is projected to increase to 7 percent of the District of Columbia population.

The Monumental Core Segment includes eight TAZs. Consistent with its character as a primarily employment-based district, this study area has the smallest population and lowest population density of all the segment study areas. In 2005, this segment accounts for 0.9 percent of the total population in all of the segment study areas. Between 2005 and 2030, the population is expected to increase from 277 to 908, an increase of 631 people or 25 people per year. The overwhelming share of this growth is projected to occur between 2005 and 2010 when the population is expected to increase by over 200 percent. By 2030, the Monumental Core Segment study area population is projected to represent 1.7 percent of the total population in all the segment study areas.

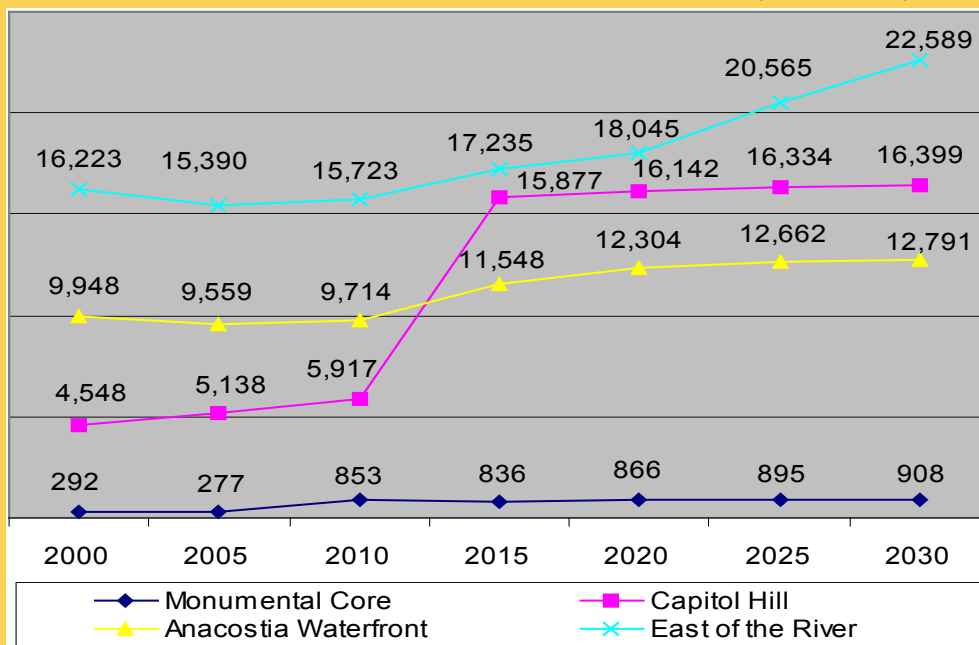
The Capitol Hill Neighborhood Segment includes seven TAZs. This segment study area has the second lowest population with a 2005 count of 5,138 residents; however, the population density in 2005 is

**Table C-3. Segment Study Areas Population Growth (2005-2030)**

	Segment Study Areas	District of Columbia	Segment Study Areas as % of District of Columbia
2005	30,364	577,500	5%
2030	52,687	733,800	7%

Source: Metropolitan Washington Council of Governments

**Figure C-6. Segment Study Areas Population Growth Trends (2005-2030)**



Source: Metropolitan Washington Council of Governments Round 7.0 Cooperative Forecasts

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the highest of all segment study areas. This study area has a significant number of public housing residents. South of the freeway in Near Southeast, Capper-Carrollsborg included 700 units and is currently being redevelopment as Capitol Quarters, a HOPE VI-sponsored revitalization to include 700 public housing units as well as an additional 600 market-rate units. Carroll Apartments (401 M Street, SE) and Arthur Capper Senior (601 L Street, SE) still stand and include an additional 357 units of subsidized housing for senior citizens.

Between 2010 and 2015, this study area’s population is projected to increase by 168 percent. It is expected to grow by a rate of 33 percent per year and become the second most populous study area with a total population of 15,877 residents. Over the 25-year period, this study area is projected to grow from 5,138 residents to 16,399, an increase of 11,261 residents or 450 residents per year.

The Anacostia Waterfront Segment has the second most populous study area with 9,559 residents in 2005. In this study area, the large majority of the residential population is located east of the river; however, there is a portion of the alignment west of the river that abuts Capitol Hill. Within this area, most of the land

use is single-family detached residential, yet there are two garden-style public housing complexes. One is the 208-unit Potomac Gardens Family located south of Pennsylvania Avenue at 1225 G Street, SE. The other is the 158-unit Hopkins Apartments at 1000 12th Street, SE.

East of the river in the Anacostia Waterfront Segment study area, there are also two public housing complexes. One is Stoddert Terrace, located at Anacostia Road, SE and Ridge Road, SE. The other is Fort Dupont Dwellings and Fort Dupont Addition, comprising 120 units, also located at Anacostia Road and Ridge Road, SE.

This study area is expected to experience modest growth through 2010 and then increase by almost 20 percent by 2015 to 11,548 residents. Nevertheless, its population will be overtaken by the rapid growth projected to occur in the Capitol Hill Neighborhood Segment and become the third most populous area by 2015. By 2030, this segment is projected to reach a population of 12,791.

With 16,223 residents in 2005, the East of the River Segment study area is the most populous area. There are two public housing projects. Kenilworth Courts and Parkside Addition are garden-style apartment

**Table C-4. Population Growth Trends Percentage Change (2005-2030)**

Segment	2000-2005	2005-2010	2010-2015	2015-2020	2020-2025	2025-2030
Monumental Core	-5.1%	207.9%	-2.0%	3.6%	3.3%	1.5%
Capitol Hill Neighborhood	13.0%	15.2%	168.3%	1.7%	1.2%	0.4%
Anacostia Waterfront	-3.9%	1.6%	18.9%	6.5%	2.9%	1.0%
East of the River	-5.1%	2.2%	9.6%	4.7%	14.0%	9.8%

Source: Metropolitan Washington Council of Governments

**Table C-5. Population Density Growth Trends (Population/Acre) (2005-2030)**

Segment	2000	2005	2010	2015	2020	2025	2030
Monumental Core	0.9	0.8	2.5	205	2.6	2.7	2.7
Capitol Hill Neighborhood	10.3	11.6	13.4	35.9	36.5	37.0	37.1
Anacostia Waterfront	9.2	8.9	9.0	10.7	11.4	11.7	11.9
East of the River	8.7	8.2	8.4	9.2	9.6	11.01	12.1

Source: Metropolitan Washington Council of Governments



# Market Conditions and Development Opportunities

complexes located between Kenilworth and Eastern Avenues, NE.

This study area is projected to remain the most populous through 2030 experiencing steady population growth of approximately 1.5 percent per year reaching 2,589 residents by 2030. In contrast with the Capitol Hill Neighborhood Segment study area, the area projected to become the second most populous area after the East of the River Segment study area, the East of the River Segment has a relatively low population density, only 8.2 residents per acre in 2005. In contrast with the Capitol Hill Neighborhood Segment study area, which is projected to reach a population density of 37 people per acre, the East of the River Segment will maintain a relatively low population density with a projected density of 12.1 people per acre in 2030.

## Population by Age

The Anacostia Waterfront Segment and the East of the River Segment study areas are relatively similar in age. The Anacostia Waterfront Segment study area represents a rather traditional age distribution, with the largest shares of the population between 25 and 54 and representation tapering off in the older and younger cohorts. The East of the River Segment study area demonstrates a rather evenly distributed age breakdown, with no single cohort representing more than 15 percent of the total population.

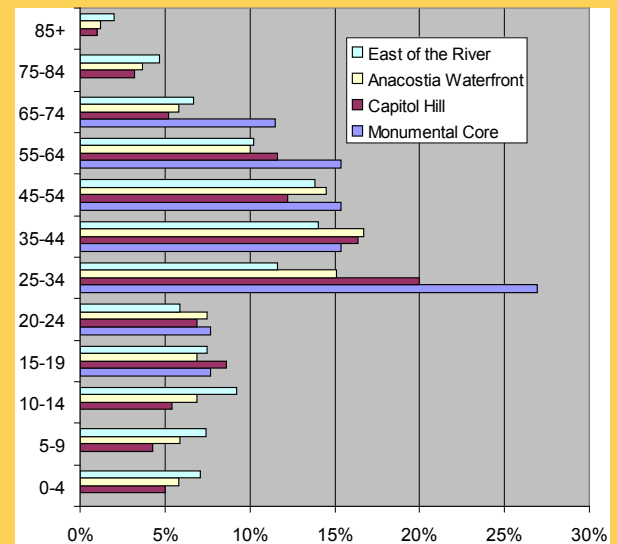
The median age of the population varies by study area and is reflected in the age distribution for each area. The Monumental Core Segment study area is significantly older than the other study areas, by as much as five years. More than 25 percent of the population is between 35 and 44, and at least 15 percent of the population is found in the 35–44, 45–54, and 55–64 cohorts, respectively. The Capitol Hill Neighborhood Segment study area is the youngest study area. As is the same in the Monumental Core Segment study area, the 25–34 cohort is largest in this area, yet there is also representation in the 0–4, 5–9, and 10–14 cohorts.

Table C-6. Median Age (2006)

Segment	Age
Monumental Core	40.0
Capitol Hill Neighborhood	34.9
Anacostia Waterfront	36.2
East of the River	36.1
District of Columbia	35.7

Source: ESRI Business Information Solutions

Figure C-7. Age Distribution by Segment (2006)



Source: ESRI Business Information Solutions, 2006

# Market Conditions and Development Opportunities

## Household Characteristics

Household growth trends for each study area are consistent with population growth trends. The most populous area is the East of the River Segment study area, followed by the Anacostia Waterfront Segment study area, the Capitol Hill Neighborhood Segment study area, and the Monumental Core Segment study area.

Study-area household size is projected to remain relatively similar through 2030. The Monumental Core Segment and Capitol Hill Neighborhood Segment study areas will have the smallest house hold size, catering mostly to singles and couples in multifamily residential buildings. The East of the River Segment also has a moderate household size—on par with the District of Columbia household size. The Anacostia Waterfront Segment has the largest household size by far, more than 30 percent higher than the District’s average household size. This statistic is expected to fall

slightly, likely as a result of the national trend toward smaller households as well as an expectation that this study area will experience higher-density residential development.

## Education Levels

Each segment study area demonstrates significantly different education levels. In the Monumental Core Segment study area, the large majority of the population has earned a bachelor’s degree or professional level degree. The Capitol Hill Neighborhood Segment study area also demonstrates relatively high education levels, with 47 percent of the population earning at least a bachelor’s degree. However, in this study area, there is also a degree of extremely low educational attainment, as 7.5 percent of the population has less than a 9th grade education. In contrast with the Monumental Core Segment and two study areas, the Anacostia Waterfront Segment and the East of the River Segment study areas demonstrate significantly lower educational attainment

**Table C-7. Household Growth Trends (Population/Acre) (2005-2030)**

Segment	2000	2005	2010	2015	2020	2025	2030
Monumental Core	140	134	398	391	404	416	423
Capitol Hill Neighborhood	2,220	2,498	2,860	7,484	7,584	7,670	7,703
Anacostia Waterfront	3,196	3,044	3,110	3,853	4,185	4,328	4,384
East of the River	6,814	6,490	6,629	7,361	7,696	8,767	9,647

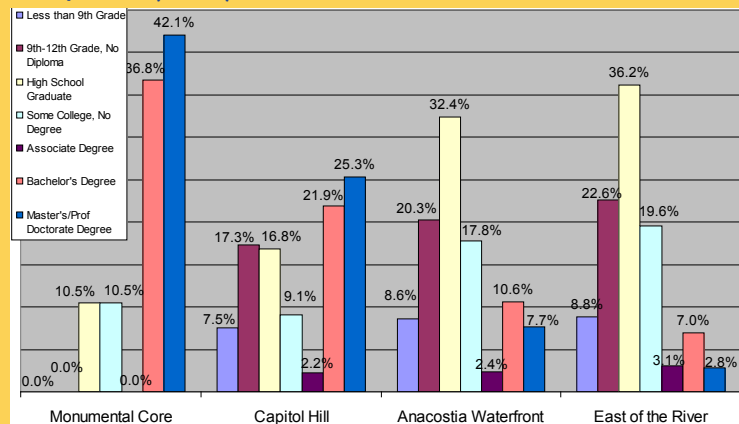
Source: Metropolitan Washington Council of Governments

**Table C-8. Household Size**

Segment	2005	2030
Monumental Core	2.1	2.1
Capitol Hill Neighborhood	2	2.1
Anacostia Waterfront	3.1	2.9
East of the River	2.4	2.3
District of Columbia	2.3	2.3

Source: Metropolitan Washington Council of Governments, BBP Associates

**Figure C-8. Educational Attainment Levels by Segment Study Area (2006)**



Source: ESRI Business Information Solutions, US Census

# Market Conditions and Development Opportunities

levels. In these areas, only small percentages of the population have earned an associate degree or higher. High school graduates make up the largest shares of the population in these study areas, and more than 8 percent of the population in each area has less than a 9th grade education.

## Income

Consistent with education levels, the median income levels are much higher in the Monumental Core Segment and the Capitol Hill Neighborhood Segment study areas than in the Anacostia Waterfront Segment and the East of the River Segment study areas.

In the Monumental Core Segment and the Capitol Hill Neighborhood Segment study areas, income levels are significantly higher than the District of Columbia median income level, and income levels are projected to grow by more than 20 percent over the next five years, more than 4 or 5 percent per year. In contrast, the East of the River Segment study area median income is lower than the District of Columbia median income. The Anacostia Waterfront Segment and the East of the River Segment study areas are projected to grow by 15 and 13 percent over the next five years. Incomes in these two study areas are projected to grow slower than the average annual rate of inflation (3 percent), thus implying that residents in these areas will have even less earning power in five years than they do now.

## ECONOMIC CONDITIONS

The Anacostia River represents a sharp dividing line both in terms of geographic separation between the east and west sides of the river and in economic conditions. In the Monumental Core Segment and two study areas, economic conditions historically have been bolstered by the federal government’s presence and the thousands of jobs required to support its operations. In sharp contrast, the Anacostia Waterfront Segment and four study areas have never held strong employment centers, representing instead low-density residential communities with scattered neighborhood-serving retail.

## Employment Growth

Consistent with the illustration above, the size of the daytime population varies significantly by study area. In 2005, the Monumental Core Segment study area had 69,508 employees, representing 72 percent of total employment in all the study areas and 9 percent of total District of Columbia employment. This level of employment is expected to remain relatively constant through 2030, reflecting the built-out character of this area.

The Capitol Hill Neighborhood Segment study area has far fewer employees than The Monumental Core Segment, representing only 2 percent of the District’s total employment in 2005. The majority of these employees are located now in the Navy Yard. Despite its modest representation currently, employment is expected to grow at a rapid pace, increasing by more than 300 percent between 2005 and 2030 when it is projected to reach almost 35,000 employees.

**Table C-9. Median Income by Segment Study Area (2006-2011)**

Segment	2006	2011	% Change 2006-2011
Monumental Core	\$65,822	\$84,511	28%
Capitol Hill Neighborhood	\$48,852	\$59,387	22%
Anacostia Waterfront	\$38,374	\$44,035	15%
East of the River	\$32,855	\$37,106	13%
District of Columbia	\$36,352	\$44,724	23%

Source: ESRI Business Information Solutions, U.S. Census

# Market Conditions and Development Opportunities

The Anacostia Waterfront Segment and East of the River Segment study areas demonstrate the lowest employment levels of all four study areas. With 7,574 jobs in the Anacostia Waterfront Segment and the East of the River Segment study areas combined, these areas represent only 2 percent of total District employment.

In terms of employment growth, the Anacostia Waterfront Segment study area is projected to perform far better than the East of the River Segment study area. The Anacostia Waterfront Segment study area is projected to increase by 2,500 jobs between 2005 and 2030, or 100 jobs per year. Meanwhile, the East of the River Segment study area employment levels are projected to remain static, increasing by only 300 jobs

between 2005 and 2030.

## Unemployment Levels

Consistent with other economic characteristics, unemployment levels vary by study area and reflect the opportunities for employment and socioeconomic status of the resident population. The Monumental Core Segment study area residents demonstrate a relatively low unemployment rate, lower than the employment rate for the District as a whole. This rate is projected to remain relatively low through 2011.

In the Capitol Hill Neighborhood Segment and The Anacostia Waterfront Segment study areas, the unemployment rates are elevated above the District's unemployment rate and are projected to fall slightly by 2011. The East of the River Segment study area demonstrates the worst employment conditions,

**Table C-10. Total Employment by Segment Study Area (2006)**

Segment	# of Employees	Employment Density	% of Study Areas (96,270)	% of District of Columbia (744,998)
Monumental Core	69,508	207	72%	9%
Capitol Hill Neighborhood	11,636	26	12%	2%
Anacostia Waterfront	7,574	7	8%	1%
East of the River	5,547	3	6%	1%

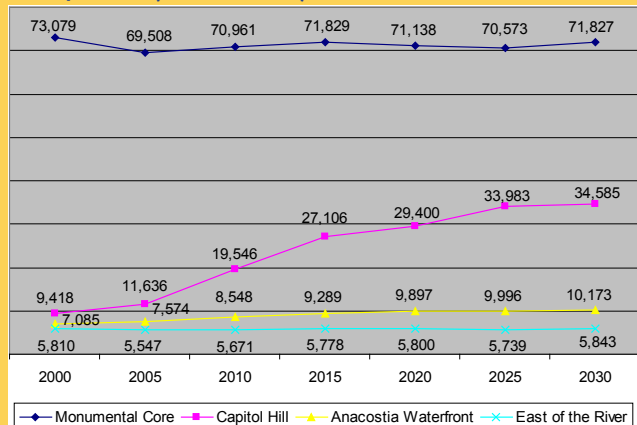
Source: Metropolitan Washington Council of Governments 7.0 Employment Forecast by TAZ

**Table C-11. Unemployment Rate by Segment Study Area (2006-2011)**

Segment	2006	2011
Monumental Core	5.60%	5.20%
Capitol Hill Neighborhood	13.50%	12.90%
Anacostia Waterfront	16.40%	15.80%
East of the River	20.20%	19.40%
District of Columbia	10.1%	9.7%

Source: ESRI Business Information Solutions, U.S. Census

**Figure C-9. Employment Growth by Segment Study Area (2000-2030)**



Source: Metropolitan Washington Council of Governments 7.0 Employment Forecast by TAZ

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estimated at 20 percent in 2006.

## Major Employers and Employment Types

There are several major employers in each study area that define the workforce. In the Monumental Core Segment, the dominant employer is the federal government, and departmental buildings largely make up the built environment. Departments included in this study area include the Department of Health and Human Services, the Department of Energy, the Department of Housing and Urban Development, Voice of America, the Federal Aviation Administration, the U.S. International Trade Commission, and the Department of Education. The majority of the employment opportunities in this study area is office-based and is within the administrative support or public administration industry clusters.

In the Capitol Hill Neighborhood Segment study area, two of the largest employers are the U.S. Navy and the U.S. Coast Guard. Once completed, the U.S. Department of Transportation headquarters will also represent a significant source of employment, as will the retail and entertainment uses in the

Baseball District. The majority of the employment opportunities in this study area is also office-based and is within the administrative support or public administration industry clusters.

Major employers in the Anacostia Waterfront Segment study area are Northrop Grumman and General Dynamics in the 200,000 square feet of office space at Maritime Plaza on the west side of the river. The DC Central Detention Facility is also a major employer, charged with overseeing an inmate population that can reach as high as 2,500. Other employment opportunities are in the retail and service industries.

In the East of the River Segment study area, portions of major employment sites include the PEPCO facility north of Benning Road, the U.S. Postal Service distribution center south of Benning Road, the 155,000 square foot East River Park Shopping Center on the east side of DC-295 north of Clay Place, NE, and the National Distribution Company of DC at the intersection of Nannie Helen Burroughs Avenue and Minnesota Avenue, NE. There are few office-based, professional employment opportunities in this study area. The majority are within the construction, manufacturing, wholesale trade, retail trade, and transportation/utilities industries.

# Market Conditions and Development Opportunities

## Current Activities Affecting the Segment Study Areas

### REGIONAL ECONOMIC TRENDS AND DEVELOPMENT PATTERNS

The Washington, D.C. metropolitan area through which the freight rail line passes has experienced healthy economic growth over the past several years and is expected to continue growing at a strong pace.

#### Economic Growth

As the location of numerous federal government contractors as well as a large proportion of the federal government workforce, the northern Virginia and Maryland suburbs share a close relationship with the District of Columbia. Core sectors of the economy in the Washington, D.C. metropolitan region include the federal government, technology, the building industry, international business, and the hospitality sector. These sectors have and are expected to continue to experience strong growth.

As a result of continuing growth in the job market, the region is expected to grow by an average of 65,000 people per year through 2030.<sup>2</sup> The majority of this

<sup>2</sup> Metropolitan Washington Council of Governments 7.0a

growth will occur in the inner suburbs, yet the outer suburbs are projected to grow at the fastest pace.

Many of the new residents in the inner and outer suburbs will commute to the District of Columbia for work. The District will continue to have the largest number of jobs in 2030 and represent 20 percent of total regional employment. As described in the Economic Conditions section, the District is projected to add 114,300 new jobs by 2030, an increase of 15 percent from 2005. However, job growth in the inner and outer suburbs will occur at an even faster rate. Collectively, the inner suburbs will add the largest share of new jobs by 2030—an estimated 629,000 new positions. Fairfax County, Virginia, is projected to add over 244,000 new jobs by 2030, followed by Prince George’s County with an additional 186,000 and

Forecasts. Region comprises central suburbs, inner suburbs and outer suburbs. The central and inner suburbs are: Virginia—Arlington County, City of Alexandria, Fairfax County, City of Falls Church, City of Fairfax; Maryland—Montgomery County, Prince George’s County. The outer suburbs are: Virginia—Loudoun County, Prince William County, Stafford County, City of Manassas, City of Manassas Park; Maryland—Frederick County, Calvert County, Charles County.

**Table C-12. Core Sectors of the Economy, Washington Metro Area**

GRP \$ Billions 2004	Sectors	Annual Growth Rates		
		Average 1995-2000	Actual 2004	Estimated 2005
\$107.0	Federal Government	4.0%	10.0%	9.0%
\$48.0	Technology	12.0%	12.0%	10.0%
\$20.2	Building Industry	6.0%	3.0%	6.0%
\$16.7	International Business	3.0%	2.8%	3.0%
\$6.7	Hospitality	2.0%	7.6%	4.0%

Source: Dr. Stephen Fuller, Delta Associates, January 2006

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Montgomery County with over 170,000.<sup>3</sup>

## Real Estate Market Growth and Development Patterns

As a result of the strong regional population and employment growth, the inner and outer suburbs are also experiencing growth in their real estate markets. In the office market, job growth at over 86,900 net new jobs caused the regional vacancy level to fall from 9.2 percent in 2004 to 7.9 percent. It also spurred absorption of 7.6 million square feet of office space in 2005, down from the more than 10 million square feet absorbed in 2004 yet still the third highest absorption level in the nation. Northern Virginia led this absorption with 4,586,000 square feet of space, followed by the District of Columbia and then suburban Maryland.

Asking rental rates have increased slightly in each market area since the first quarter, rising between \$0.25 in suburban Maryland to over a \$1.09 in the District of Columbia. The District of Columbia's rental rates are far higher than Northern Virginia, reflecting the premium paid for space in the regional employment core. Northern Virginia's rates are higher

<sup>3</sup> Metropolitan Washington Council of Governments 7.0a Forecast

than suburban Maryland's rates likely as a result of the Class A space located in emerging market areas such as Reston and Route 28 South in Fairfax County.

In contrast with the office market, the housing market has cooled since 2005 consistent with the national trend. At the end of 2005, the pipeline of unsold condominiums in the region was over 51,000 and continuing to climb. The pipeline was particularly high in Prince George's County, Maryland. The slower pace of absorption led many builders to postpone plans to start new construction, and the availability of new condominiums has fallen off in the District of Columbia, Alexandria, and Arlington. The median price for a condominium was \$302,486 in November 2005, and the price per square foot for new condominiums at the end of 2005 is presented in Table C-13.

The number of new housing starts in single-family construction has also dropped off, and this slowdown combined with the deceleration in the condominium market has led to a strengthening in the apartment market. In 2005, absorption totaled more than 5,200 Class A units, representing the third-highest absorption level in the nation. As a result of the stronger demand, vacancy rates have decreased and

**Table C-13. New Condominium Prices Inside the Beltway (Year End 2005)**

Market	Price/Square Ft.
Northern Virginia	\$445
Suburban Maryland	\$290
District of Columbia	\$530

Source: Delta Associates, January 2006

**Table C-14. Direct Space Net Absorption (2005)**

Market	Space Absorbed (in 000s)
Northern Virginia	4,586
Suburban Maryland	1,365
District of Columbia	1,559
Total	7,550

Source: "Trendlines" 2006

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**Table C-15. Asking Rental Rates (2006 Second Quarter)**

Market	Average Asking Rental Rate
Northern Virginia	\$29.28
Suburban Maryland	\$25.94
District of Columbia	\$41.97

Source: "Trendlines" 2006

**Table C-16. New Condominium Prices Inside the Beltway (Year End 2005)**

Market	Price/Square Foot
Northern Virginia	\$445
Suburban Maryland	\$290
District of Columbia	\$530

Source: Delta Associates, January 2006

rents have increased. In the District of Columbia, rents reached \$2.50 per square foot for Class A, high-rise apartments.

As a result of the high levels of regional residential and employment growth, the retail sector continues to flourish and respond to the strong demand. Metro-wide vacancy levels remain chronically low and hit 2.9 percent at year-end 2005. Furthermore, rental rates at grocery-anchored centers spiked 22.7 percent in 2005 reaching a Metro-wide average of \$30.19 per square foot a year-end.

The arrival of mixed-use developments featuring retail as a significant component in both suburban and urban locations represents one of the most intriguing trends to impact the region. In addition to the Baseball Stadium District in Near Southeast, regional projects of note include National Harbor in Prince George's County, Maryland, a 300-acre mixed use power center on the Potomac River to feature office, hotel, retail, and residential. The retail component will include 1 million square feet of retail, dining, and entertainment. The project expects to deliver in mid-2008. Another project featuring mixed-use development is The Village at Leesburg in Loudoun County, Virginia. This project, planned by KSI Services, is a mixed-use project on a 15-acre site in Leesburg, approximately

50 minutes outside of Washington, DC. The site will include 440,000 square feet of retail. Tenants signed at the end of 2005 included Wegman's, a high-end grocer; Barnes and Noble; Talbots; and Arhaus Furniture.

## DISTRICT OF COLUMBIA DEVELOPMENT PATTERNS AND TRENDS

The Washington, DC real estate market is one of the most prolific urban areas for new investment in the nation. Increased federal spending and positive job growth have fueled the local economy and created strong demand for new office space, hotels, residential development, and urban amenities including upscale retail destinations as well as neighborhood-serving stores and restaurants. The economic recovery since September 11 has also contributed to the District's real estate market, as increased tourism has provided its own share of new demand for hotels and retail.

These factors, as well as the region's population growth and robust economy, have spurred the construction of 23.5 million square feet of new office space, 21,639 new residential dwellings, 4,342 new hotel rooms (7 million square feet), and 2.2 million square feet of new retail space since the beginning of 2001.



# Market Conditions and Development Opportunities

## Office Sector

Real estate development has been most active in the northwest quadrant of Washington, DC over the past five to six years. Six traditional office submarkets have been defined to include East End, West End, Capitol Hill, CBD, Uptown, and Georgetown.

However, over the past several years, development has been consistently moving east into new areas of the District in response to escalating land costs and land scarcity in the traditional market areas. As a result, six emerging office markets have been defined. These emerging markets are the NoMa Corridor (North of Massachusetts, Ave, NE), Southeast Federal Center, South Capitol Street, Southwest Waterfront, Petworth, and St. Elizabeths.<sup>4</sup> Some of the largest leases and expansive construction projects are taking place in these areas, such as the delivery of the 384,000 square foot Republican Square in the NoMa market, the expansion of the Coast Guard into 120,000 square feet at 1900 Half Street, SW, and the construction of 2.1 million square feet at the new baseball stadium location on South Capitol Street.

## Housing Sector

Residential construction in the District has also been strong. In the Southeast portion of the city alone, 3,407 new residential units in 27 new projects have been delivered since 2000. A national boom in condominium construction contributed significantly to this new construction and represents a significant share of the production. As an illustration, sales of new condominium units in the third quarter of 2005 in Washington, DC were 3,152 new units, an increase of 22 percent from quarterly sales in the third quarter of 2004.

The national slowdown in the housing market has stabilized market conditions and cooled the condominium boom, yet this has only paved the way for a new rise in apartment construction. The region's stabilized vacancy rate for investment grade (Class A and B) apartments declined to 1.4 percent. This is by

<sup>4</sup> The office submarket nomenclature and definitions are used by leading real estate market firms such as CB Richard Ellis and Delta Associates.

far the lowest vacancy rate of any metro area in the nation (the national rate is 5.6 percent). Meanwhile, net absorption, at 5,066 Class A and B apartments over the past 12 months (20 units per month), is at its highest level in five years.

As housing demand has increased over the past five years and neighborhoods such as Capitol Hill and Dupont Circle have become expensive for development and potential buyers, opportunities to develop new condominiums and townhouses have emerged in transitional areas such as NoMa and Northeast. The completion of the New York Avenue Metrorail station has provided this area with transportation options that are attractive to developers and potential buyers. In addition, the revitalization of the H Street Corridor has begun to indicate that this corridor will re-emerge as a new shopping and entertainment district. The renovation of the Atlas Theater and the opening of the H Street Playhouse are two recent improvements along this corridor.

New residential development will also be sparked by the Anacostia Waterfront Corporation's efforts to revitalize the Southwest and Southeast waterfronts. A master developer was recently selected to bring up to 2 million square feet of development to the Southwest waterfront on land that is now mostly parking lots and concrete buildings. As called for in the Extending the Legacy plan as well as the Anacostia Waterfront Initiative Framework Plan, Poplar Point on the Southeast waterfront is also undergoing large-scale planning efforts to plan for mixed-use development. Recently completed projects east of the river include the 85,000-square-foot Townes at Hillside, a 65-unit affordable town home project, and the 188,000-square-foot Dupont Commons, 147 affordable single family town homes on a former public housing site.

## Hospitality Sector

In the hospitality sector, several major projects have been delivered over the past five to six years. This includes several projects within the Monumental Core Segment and the Capitol Hill Neighborhood Segment study areas: the Mandarin Oriental Hotel, a \$144-million,

# Market Conditions and Development Opportunities

nine-story, 400-room hotel overlooking the Tidal Basin at 1330 Maryland Avenue, SW; Capitol Hill Towers, a \$105-million mixed use project incorporating a 344-unit luxury cooperative tower (128 units) with a 200-room Courtyard by Marriott located at 1000 New Jersey Avenue, SE; and a 13-story, 233 suite Residence Inn by Marriott at 333 E Street, SW. These projects are particularly significant for their location in emerging market areas where office submarkets have only recently taken hold.

However, overall, development in the hospitality sector has proceeded at a slower pace than the office and residential sectors. Despite strong tourism statistics (17 million visitors to the District in 2005), the office sector and particularly the residential condominium sector have been much more stable and profitable projects than hotels. Looking forward, strong demand from suburban employment centers for new hotels combined with a shorter lead time on new construction projects and cheaper land costs may make the Washington suburbs more attractive destinations for the hospitality sector than the District itself. The Gaylord National Resort and Convention Center represents one of these competing projects. Located on the banks of the Potomac River in Prince George's County, the facility will have over 1,500 rooms, extensive meeting space, as well as plentiful amenities including retail destinations, entertainment venues, and ample parking.

## Retail Sector

The retail sector is also expanding in the District of Columbia. The rise in high-end residential construction, strong tourism and visitor statistics, and office employment expected to increase by 5,500 per year through 2030, have created confidence that the District of Columbia is a profitable retail environment. This is evidenced by the construction of new retail centers like Gallery Place and Tivoli Square as well as the introduction and success of Whole Foods, Home Depot, Best Buy, and The Container Store.

As office and residential construction expands eastward, plans for retail development has followed.

This is evident in the proposals for Skyland Shopping Center, a 250,000 square foot shopping center expected to be completed in 2007 at the intersection of Good Hope at Naylor and Alabama, SE; the Washington Gateway, a planned 412,550-square-foot destination retail center to be located on New York Avenue at South Dakota Avenue on the southern edge of the 176-acre Ft. Lincoln New Town; and the Abdo Development project at the intersection of New York Avenue and Bladensburg Road, NE which proposes 200,000 square feet to front on New York Avenue. The Southwest waterfront and Poplar Point are also planned to include retail.

## RECENT PLANNING EFFORTS

The freight rail line spans several distinct market areas within the District of Columbia. The Monumental Core Segment and the Capitol Hill Neighborhood Segment are located within the Federal Employment District and Near Southeast market areas. The Federal Employment District is characterized by longstanding real estate market strength, and Near Southeast is demonstrating an emerging vitality. In contrast, The Anacostia Waterfront Segment and the East of the River Segment have not yet realized the high levels of real estate development activity that the areas west of the Anacostia River have experienced.

Recent planning efforts recognize the differences between the market conditions east and west of the river, and plans including the Anacostia Waterfront Initiative Framework Plan, the Department of Transportation's Great Streets Initiative and other transportation plans, the National Capital Planning Commission's Extending the Legacy, and the Freight Railroad Realignment Feasibility Study have developed visions and implementation strategies that respond to these market realities. These plans address current market opportunities while creating the conditions appropriate for new development in the future.

## Plan Summaries

The Anacostia Waterfront Initiative (AWI) is a movement coordinated by the District of Columbia Office of Planning to produce the Anacostia

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Waterfront Initiative Framework Plan, a guide to the revitalization of the Anacostia Waterfront. This plan targets five specific areas along the east and west side of the river for concentrated planning and revitalization efforts.

Extending the Legacy, Planning America's Capital for the 21st Century, is the National Capital Planning Commission's 1997 vision plan for accommodating growth and change in the nation's capital. The plan's central theme is a redefinition of Washington's Monumental Core to refocus on the Capitol, encompass nearby areas, and connect to the city's waterfront.

The District of Columbia Department of Transportation's Great Streets Initiative focuses on six major corridors in the District of Columbia. The purpose is to increase local neighborhood livability and economic development by improving the physical, economic, and safety conditions of the corridors and create a new environment that invites private investment and neighborhood pride. This initiative is a multidisciplinary approach to corridor improvement, comprising public-realm investments, strategic land use plans, public safety strategies, and economic development assistance.

The Kenilworth Avenue Corridor Study is the third of three projects by the District Department of Transportation (DDOT) to look at transportation improvements within the context of the AWI Framework Plan. The study has three goals: 1) providing a safer, more pedestrian-friendly atmosphere; 2) creating a more-urban setting for Kenilworth Avenue; and 3) improving access for local neighborhoods.

The area extends from Pennsylvania Avenue in the south to Eastern Avenue in the north and includes both sides of the Anacostia River as far as the Benning Road crossing. It includes the Upper Anacostia Crossings of East Capitol Street and Benning Road and a new proposed crossing at Massachusetts Avenue.

The eastern limits roughly parallel Minnesota Avenue and include the Minnesota Avenue and Deanwood Metrorail stations. On the west bank of the river the limits include the extension of River Road from Barney Circle and the Reservation 13 Road to Benning Road. Neighborhoods included in the study are Fort Dupont, Greenway, River Terrace, Mayfair, Eastland Gardens, Deanwood, and Kenilworth.

Major roads included in the study area are Kenilworth Avenue, Minnesota Avenue, Pennsylvania Avenue, Massachusetts Avenue, East Capitol Street, Benning Road, Nannie Helen Burroughs Avenue, and Eastern Avenue.

The Ward 7 Waterfront Plan is another plan tied to the AWI Framework Plan. One of the initiatives of the AWC is to sponsor area-specific master plans along sections of the river. In April 2006, the AWC convened a meeting of a Steering Committee of Northern Ward 7 residents and stakeholders to introduce the idea of a plan for the area and to establish a timetable for completion. Then, in July 2006, the AWC commissioned Urban Design Associates (UDA) to develop the Northern Ward 7 Waterfront Plan. The plan addresses the planning process, data analysis, urban design and development principles, frameworks, initiative areas, and implementation and phasing. The neighborhoods incorporated into this planning process are Mayfair Mansion, Parkside, Eastland Gardens, and Kenilworth Courts.

Other plans include provisions that specifically target the freight rail alignment segment study areas.

## The Monumental Core Segment Study Area

Extending the Legacy and the Anacostia Waterfront Initiative Framework Plan have specific plans for the Monumental Core Segment of the railroad alignment as well as the surrounding study area. In Extending the Legacy, Washington D.C.'s monumental core is no longer encumbered by the freight rail alignment. Furthermore, South Capitol Street is redeveloped as a

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“new southern gateway to Central Washington” with a vibrant mix of residential and commercial uses.

Plans are also under development for the continuation of a deck over Maryland Avenue. This opportunity will be presented in NCPC’s Framework Plan, an implementation strategy stemming from the vision established in *Extending the Legacy*. The decking of Maryland Avenue will allow for development of the 2.6 acres of vacant land owned by Republic Properties adjacent to Maryland Avenue and 14th Street, NW.

In the AWI Framework Plan, a portion of the Monumental Core Segment study area is designated as a target area—the South Capitol Street Gateway. The plan also designates the Southwest Waterfront as a target area, an opportunity area located close to the Monumental Core Segment study area.

As described on the District of Columbia Office of Planning’s website, the South Capitol Street Gateway Target Area represents a combination of several planning efforts. “The District of Columbia Department of Transportation (DDOT), an AWI partner, is conducting a study to promote commercial, recreational and residential activities and to improve pedestrian and vehicular access on South Capitol Street and the Frederick Douglass Bridge between Independence Avenue and the Suitland Parkway, and on New Jersey Avenue between Independence Avenue and M Street Southeast. Meanwhile, the South Capitol Street Urban Design Study is joint effort completed in January 2003 by the National Capital Planning Commission and the DC Office of Planning. This study proposes principles and three urban design scenarios to suggest a range of design directions for the revitalization of the South Capitol Street Corridor.”

The website also provides this summary of the AWI Southwest Waterfront target area: “The Southwest Waterfront Plan is a redevelopment framework for nearly 50 acres of waterfront in the Southwest quadrant of Washington. The plan envisions replacing parking lots and underutilized streets with a mix

of public plazas, cultural venues, restaurants, shops and residences to create a vibrant neighborhood and regional waterfront destination. The proposed uses include more than 2 million square feet of new construction including 14 acres of new parks along the waterfront—three times the existing open space.”

## The Capitol Hill Neighborhood Segment Study Area

The study area surrounding the Capitol Hill Neighborhood Segment of the freight rail line has also been the subject of several recent planning studies, including the AWI Framework Plan and *Extending the Legacy*.

The AWI Framework Plan includes Near Southeast as one of its five target areas. The plan calls for Near Southeast to represent “one of America’s largest waterfront transformations, with at least 40 percent of its land area currently subject to redevelopment.” The plan calls for Near Southeast to be “an active, transit-oriented neighborhood combining mixed-income housing, offices and waterfront destinations.” The Capper-Carrollsborg Hope VI project will provide over 700 units of affordable housing. Meanwhile, the Washington Navy Yard and the U.S. Department of Transportation headquarters will host over 18,000 workers and foster new private-sector jobs. Canal Blocks Park will lead to a great waterfront park at Southeast Federal Center, providing neighborhood access to the river for the first time in over 100 years.

In *Extending the Legacy*, Near Southeast is also presented as an opportunity to produce a world-class waterfront destination. It is also envisioned as a Class A office market. The plan projects that the redevelopment of the Southeast Federal Center and Washington Navy Yard will generate 15,000 new jobs and reinforce the surge of economic activity revitalizing Near Southeast.

# Market Conditions and Development Opportunities

## The Anacostia Waterfront Segment Study Area

This study area is the subject of numerous planning efforts. The most significant planning efforts to impact this segment of the study area are Extending the Legacy, the AWI Framework Plan and the Great Streets Initiative.

As in the Monumental Core Segment and Capitol Hill Neighborhood Segment, Extending the Legacy envisions a waterfront without the freight rail alignment. In this vision, access to the waterfront east of Water Street, SE is restored. The Congressional Cemetery lawn sweeps down to the waterfront and is uninterrupted by the freight rail line. Extending the Legacy calls for the creation of a “network of parks, playing fields, marinas, and other attractions that enrich urban life.” The plan adds, “Some stretches will be quiet and pastoral, perfect for walks or picnics, while others will support festivals, concerts, and other urban activities.”

The AWI Framework Plan identifies the challenge that the CSX rail line represents to improving access to the waterfront and improving the waterfront parkland.

The plan calls for a number of park improvements related to the creation of the Riverwalk at different points along the waterfront. The plan states, “Between Congressional Cemetery and Barney Circle, a natural habitat area an extension of Hill East Meadows will border the river and be accessible via the Riverwalk. Between the 11th Street Bridges and the CSX rail line rowers and boaters will enjoy better access to enhanced facilities with the construction of Park Road and the Riverwalk along Boathouse Row.”

In addition, two of the AWI Framework Plan’s five target areas are located on the east side of the river in the Anacostia Waterfront Segment: Near Southeast and the East of the River Gateways. As in Extending the Legacy, the AWI Framework Plan calls for improved access to the waterfront for the adjacent neighborhoods. In Near Southeast, the framework plan calls for “Proposed gateway parks and public

open spaces [that] will celebrate the points where M Street reaches the water at either end.”

The AWI also recognizes the importance of the Maritime Plaza development. The AWI Framework Plan states: “The Maritime Plaza site should include a mix of uses in addition to the existing office space. The substantial parking requirements on the site should be carefully integrated with the site plan, and new and existing office buildings should include street-level retail to both cater to employees and to the growing residential population in the Near Southeast. The public spaces, view corridors, and orientation of buildings on this site should reflect the site’s special location overlooking the Anacostia River, and the terminus of Virginia Avenue should be celebrated by an active mix of uses on all sides.”

Finally, the AWI plan calls for improvements to the Randle Circle Gateway. The Anacostia Freeway and the CSX railroad tracks currently impair access from the Twining neighborhood to the Anacostia parkland. The plan calls for the following:

A continuous park road will connect Massachusetts Avenue from the new Hill East neighborhood to Randle Circle on the east side, creating access between a new state-of-the-art Aquatic Recreation Center on the east side of the river and Hill East Meadows park on the west side of the river. Daylighting the Fort Davis, Pope Branch, and Fort Dupont streams will create green-landscaped trails from the surrounding neighborhoods to the waterfront.

Another planning effort impacting the Anacostia Waterfront Segment is the Great Streets Initiative. Pennsylvania Avenue, SE from the Sousa Bridge to Southern Avenue is one of the Great Streets, and the District Department of Transportation (DDOT) began investing its \$100-million budget in public realm improvements on segments of Benning Road, NE; H Street, NE; Pennsylvania Avenue, SE (east of the Anacostia River); Martin Luther King Jr. Avenue, SE;

# Market Conditions and Development Opportunities

and South Capitol Street in FY 2006.

An additional AWI effort that impacts the Anacostia Waterfront Segment study area is the Kenilworth Avenue Corridor Study. Within the Anacostia Waterfront Segment, several improvements are identified, and they are recommended for short-term, mid-term, or long-term implementation. From Pennsylvania Avenue to East Capitol Street, landscaping improvements, maintenance, roadway lighting, and signage are recommended to enhance the parkway setting in the near term. In the long term, improvements are recommended to Park Road in Anacostia Park. Also in the near term, a pedestrian bridge is recommended to extend Massachusetts Avenue to the Kingman and Heritage Islands. Further, the plan looks to address public access across I-295 to the Anacostia waterfront.

## The East of the River Segment Study Area

This study area has also been the subject of several recent planning efforts, including, the Anacostia Waterfront Initiative Framework Plan, the Ward 7 Waterfront Plan, and the Great Streets Initiative.

The AWI Framework Plan identifies the Kingman and Heritage Islands as one of its target areas. The plan focuses on the restoration of the islands and the tidal marsh in Kingman Lake, but improving connectivity on the east and west side of the river is identified as an important goal. The AWI Plan calls for a 300-foot woodland buffer for the area north of the CSX line on the east side of the Anacostia River. A 150-foot riparian buffer consisting of native-material mixed meadow is recommended for the area between the river and the river trail, except at key areas such as boat landings. Planting selected for the meadow should allow for visual access to the water from the Anacostia Riverwalk. A woodland buffer with a minimum of 60 feet is proposed for both sides of the Anacostia Freeway.

In the Kenilworth study, several improvements are identified for the East of the River segment study area. In the short term, these include a strengthened

landscape buffer between the CSX railroad and Kenilworth Avenue and between Kenilworth Avenue and the adjacent neighborhoods, roadway lighting and improved signage. At the overpass to East Capitol Street, a realignment of the horizontal realignment of Kenilworth Avenue to increase open space at Anacostia Park is recommended for the near term. In the long term, reconstruction of the East Capitol Street Bridge, the Benning Road Bridge, and the Eastern Avenue Bridge are identified to improve connectivity and pedestrian and vehicular safety.

Finally, the Great Streets Initiative identifies H Street, NE and Benning Road, NE from North Capitol Street to Southern Avenue as one of the six corridors designated to receive targeted public and private investment over the next three years. Public resources will be targeted to catalyze private reinvestment and redevelopment along these corridors.

## RECENT DEVELOPMENT ACTIVITY

In response to healthy market conditions and consistent with planning efforts, the freight railroad realignment segment study areas have experienced significant development activity over the past several years. Since 2001, the District of Columbia has gained 23.5 million square feet of new office space, 21,639 new residential dwellings, 4,342 new hotel rooms (7 million square feet), and 2.2 million square feet of new retail space in new construction. The segment study areas have contributed to this new construction. During the three years 2004 through 2006, completed office construction totaled over 3 million square feet, completed residential construction resulted in 777 new units, completed hotel construction produced 204 new rooms, and new retail construction totaled 15,000 square feet.

## The Monumental Core Segment

Development activity in the Monumental Core Segment study area is illustrative of the strong commercial real estate market in the District of Columbia. This area is largely built out, yet the last remaining under-utilized parcels are now being developed. Developers are seeking to maximize

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**Table C-17. Completed Office Development Projects (2004-2006)**  
**Monumental Core Segment**

Project	Location	Office Sq. Ft.	Targeted Delivery	Submarket
Capitol Gallery Expansion	600 Maryland Ave., SW	210,000	2006	Capitol Hill
One Patriots Plaza	395 E. St., SW	300,000	2005	Capitol Hill
The Portals Phase III	1201 Maryland Ave., SW	500,000	2006	Capitol Hill
Potomac Center II	500 12th St., SW	520,000	2005	Capitol Hill
Total		1,530,000		

Source: Washington, DC Economic Partnership

**Table C-18. Office Development Projects Under Construction (As of November 2006)**  
**Monumental Core Segment**

Project	Location	Office Sq. Ft.	Delivery	Submarket
Capital View	425 3rd St., SW	225,473	2007	Capitol Hill

Source: Washington, DC Economic Partnership

**Table C-19. Planned/Proposed Office Development Projects (As of November 2006)**  
**Monumental Core Segment**

Project	Location	Office Sq. Ft.	Submarket
L'Enfant Plaza Redevelopment	950 L'Enfant Plaza, SW	704,319	Capitol Hill
Three Patriot Plaza	355 E St., SW	384,000	Capitol Hill
Two Patriots Plaza	375 E St., SW	323,000	Capitol Hill
Total		1,411,319	

Source: Washington, DC Economic Partnership

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development potential allowable within the existing physical design constraints—the Southeast-Southwest Freeway and the freight railroad alignment.

### Office Sector

Since 2004, more than 1,500,000 square feet of new office space has been completed, representing the most active market sector in the Monumental Core Segment study area. This includes two of the top ten office projects in the District of Columbia (in terms of total square footage), Potomac Center II and The Portals Phase III.

The Portals Phase III is located at 1201 Maryland Avenue, SW and directly abuts the freight rail tunnel that the alignment passes through after crossing the Potomac River. Republic Properties Corporation was the developer and total project costs are estimated at \$150 million. This ten-story building is the third phase of a five-phase project. It includes 6,800 square feet of retail as well as the Mandarin Oriental Hotel. The entire project will total over 2.5 million square feet of office space when all five phases are completed.

In addition to completed office space, over 225,000 square feet of office space is currently under construction at the Capitol View project on 3rd Street, SW. This project is expected to be completed in 2007. There is also almost 1,500,000 square feet of office space planned or proposed.

One of the most notable projects is the L’Enfant Plaza Redevelopment. JBG Companies purchased portions of two office buildings, the Lowes L’Enfant Plaza Hotel and an underground retail promenade. It is expected to invest millions for improvements to the office buildings, National Children’s Museum, and hotel exteriors over the next ten years. There are plans for about 900,000 sq. ft. of new construction, and this will include 240 residential units and over 100,000 square feet of retail space in addition to the 700,000 square feet of new office space.

### Residential Sector

Consistent with its historic character as a predominantly employment-based area, the Monumental Core Segment study area has generated residential development interest at a slower pace than office space development.

The only new residential construction proposed for this study area is 260 units proposed as a portion of the 900,000 square feet of new development at L’Enfant Plaza.

### Retail Sector

As with the rest of the city, new retail development in the Monumental Core Segment study area has typically taken the form of supportive retail, representing only a small component of a larger mixed use or office

**Table C-20. Planned/Proposed Residential Projects (As of November 2006)**  
Monumental Core Segment

Project	Location	Units	Neighborhood
L’Enfant Plaza Redevelopment	950 L’Enfant Plaza, SW	260	Capitol Hill

Source: Washington, DC Economic Partnership

**Table C-21. Completed Retail Projects (2004-2006)**  
Monumental Core Segment

Project	Location	Retail Sq. Ft.	Completion Date
Port Phase III, The	1201 Maryland Ave., SW	6,800	2006

Source: Washington, DC Economic Partnership



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space development project.

The 6,800 square feet of retail space in The Portals Phase III is indicative of this market trend. The retail represents an amenity for the office tenants and hotel guests rather than a destination unto itself.

An additional 6,800 square feet of retail space is under construction, yet this retail will serve the same supportive function as the rest of the ground-level retail found in this segment study area. The retail proposed for the L’Enfant Plaza Redevelopment—over 100,000 square feet—is a departure from the current retail development pattern. If constructed as proposed, the retail component of L’Enfant Plaza will serve to attract more than the area’s employees. Located directly on a Metrorail line, the new retail could draw tourists from across Independence Avenue visiting the Smithsonian Institution as well as other area visitors and residents.

## The Capitol Hill Neighborhood Segment

The Capitol Hill Neighborhood Segment study area represents of one of the most active real estate markets in the District of Columbia. Over 4,500,000 square feet of office space, 7,100 residential units, 500 hotel rooms, and 600,000 square feet of retail space are completed, under construction, planned, or proposed for this market area. A number of planning efforts, including the AWI Framework Plan and

Extending the Legacy, laid the groundwork for this section of the city to become a vibrant, new urban destination, to include employment centers, pedestrian friendly residential neighborhoods, convenience and destination retail corridors, and entertainment venues.

According to the Washington Post, “much of the development has been spurred by the Naval Sea Systems Command’s move from Crystal City to the Navy Yard on the Southwest waterfront as part of a 2001 round of military base closings. Once the command was there, government contractors who worked for it and wanted to be near its headquarters encouraged office development along the M Street SE corridor, which runs from the Navy Yard west to South Capitol Street.”

In addition to the Navy Yard, one of the most prominent development activities in this segment study area is the construction of the new baseball stadium. Groundbreaking occurred in 2006, and this 965,000 square feet project alone has catalyzed significant new development activity in the surrounding area. The redevelopment of the Capper-Carrollsborg neighborhoods and the construction of the Department of Transportation headquarters have also given investors and real estate developers a great deal of confidence that this area is ripe for revitalization.

**Table C-22. Retail Projects Under Construction (As of November 2006)**

**Monumental Core Segment**

Project	Location	Retail Sq. Ft.	Target Delivery
Capitol View	425 3rd St., SW	6,861	2007

Source: Washington, DC Economic Partnership

**Table C-23. Retail Projects Planned and Proposed (As of November 2006)**

**Monumental Core Segment**

Project	Location	Retail Sq. Ft.
L’Enfant Plaza Redevelopment	950 L’Enfant Plaza, SW	190,000

Source: Washington, DC Economic Partnership

# Market Conditions and Development Opportunities

These development catalysts, combined with low land costs relative to the more developed areas in the city's other, more-established submarkets, have attracted significant investment with much more activity expected over the next 10 to 20 years.

### Office Sector

Development activity in the office sector has led the way for revitalization in the Capitol Hill Neighborhood Segment study area. Over 1.5 million square feet of office space is under construction, and almost 3 million square feet is planned or proposed.

The U.S. Department of Transportation headquarters project is the most notable project, demonstrating the impact that federal government real estate requirements have on the District of Columbia real estate market and land use pattern. Developed by JBG Companies, this project will feature two buildings located on 11 acres in the Southeast Federal Center market area. The development is the largest federal government construction undertaking since the Pentagon.

**Table C-24. Office Development Projects Under Construction (As of November 2006)**  
Capitol Hill Neighborhood Segment

Project	Location	Office Sq. Ft.	Delivery	Submarket
Dept. of Transportation Headquarters	1200 New Jersey Ave., SE	1,350,000	2006	Southeast Federal Center
20 M Street	20 M St., SE	180,633	2007	Southeast Federal Center
Total		1,530,633		

Source: Washington, DC Economic Partnership

**Table C-25. Planned/Proposed Office Development Projects (As of November 2006)**  
Capitol Hill Neighborhood Segment

Project	Location	Office Sq. Ft.	Submarket
Southeast Federal Center	New Jersey Ave. & M St., SE	1,800,000	Southeast Federal Center
Ballpark District Phase I	E of Half St. between M & N Sts., SE	295,000	Southeast Federal Center
100 M Street	100 M St., SE	225,000	Southeast Federal Center
Admiral, The	801 Virginia ave., SE	4,747	Southeast Federal Center
600 M Street	600 M St., SE	470,000	Southeast Federal Center
Federal Gateway II	250 M Street, SE	187,000	Southeast Federal Center
Total		2,981,747	

Source: Washington, DC Economic Partnership

**Table C-26. Completed Residential Projects (2004-2006)**  
Capitol Hill Neighborhood Segment

Project	Location	Units	Completion Date	Neighborhood
Capitol Hill Towers	1200 New Jersey Ave., SE	344	2006	Southeast Federal Center

Source: Washington, DC Economic Partnership

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**Table C-27. Residential Projects Under Construction (As of November 2006)**  
**Capitol Hill Neighborhood Segment**

Project	Location	Units	Completion Date	Neighborhoods
Arthur Capper-Carrolsburg Senior Homes	900 5th St., SE	162	2006	Southeast Federal Center
Arthur Capper-Carrolsburg Senior Homes	4th & M Sts., SE	138	2007	Southeast Federal Center
Total		300		

Source: Washington, DC Economic Partnership

**Table C-28. Planned and Proposed Residential Projects (As of November 2006)**  
**Capitol Hill Neighborhood Segment**

Project	Location	Units	Neighborhood
Southeast Federal Center	New Jersey Ave. & M St., SE	2,700	Southeast Federal Center
Arthur Capper-Carrolsburg Dwellings	7th St. & Virginia Ave., SE	1,313	Southeast Federal Center
Ballpark District Phase I	Half St. between M & N Sts., SE	375	Southeast Federal Center
Ballpark District on Site Development	Half & N Sts., SE	600	Southeast Federal Center
Square 0699N Phase 1	1st & L Sts., SE	250	Southeast Federal Center
Jefferson at New Jersey Avenue	909 New Jersey Ave., SE	238	Southeast Federal Center
Admiral, The	801 Virginia Ave., SE	17	Southeast Federal Center
Ballpark Waterfront Development	1st & O Sts., SE	474	South Capitol Waterfront
Jefferson at 100 Eye Street	100 I St., SE	246	Southeast Federal Center
1100 First Street	1100 First St., SE	266	Southeast Federal Center
Total		2,981,747	Southeast Federal Center

Source: Washington, DC Economic Partnership

In addition to projects under construction, there are large-scale plans for new employment centers in this study area. On the 42-acre Southeast Federal Center site, 1.8 million square feet of office space is proposed. This site will also include residential, retail, and entertainment and cultural venues. The development is a multi-phased project projected to take 10 to 20 years to be fully built out.

### Residential Sector

The residential sector in the Capitol Hill Neighborhood Segment study area has been slower to pick up speed than the office sector. However, over 600 units are completed or under construction, and over 6,000 units are planned or proposed.

Capitol Hill Towers was the first new residential

project to deliver in the Capitol Hill Neighborhood Segment study area. It is located across from the Department of Transportation headquarters and one block from the Navy Yard. This project was innovative for its use of tax-increment financing to support the construction costs and its collocation with a 204-room Courtyard by Marriott Hotel. The typical one-bedroom quoted sales price is \$259,000.

In addition to over 600 units under construction and completed, over 6000 units are planned or proposed. A large share of these units is proposed for Southeast Federal Center and the Capper-Carrolsburg Dwellings. The 1,313 units planned for this neighborhood will replace the 700 public housing units for net new construction of approximately 600 units. The 1,313 units will be a mix of market rate and subsidized

# Market Conditions and Development Opportunities

apartments and condominiums.

The Ballpark District will also include a significant number of residential units. Almost 1,500 units are proposed to be located on site or within close proximity.

### Hospitality Sector

This market sector includes both hotels and entertainment venues.

The Capitol Hill Towers is the first hotel to be competed in this segment study area. Finished in

2006, this hotel offers a best available rate of \$109 for a weekend stay in December, consistent with the rates offered at the other two Courtyard by Marriott hotels in the District of Columbia (Embassy Row and Convention Center in the Northwest quadrant).

The baseball stadium will be an anchor for this community. It is expected to catalyze investment and result in construction of over 1,500 residential units, 300,000 square feet of office space, a new hotel, and over 200,000 square feet of retail space either on-site or close to the stadium.

**Table C-29. Completed Hospitality Projects (2004-2006)**  
Capitol Hill Neighborhood Segment

Project	Location	Rooms	Completion Date
Capitol Hill Towers	100 New Jersey Ave., SE	204	2006

Source: Washington, DC Economic Partnership

**Table C-30. Hospitality Projects Under Construction (As of November 2006)**  
Capitol Hill Neighborhood Segment

Project	Location	Hospitality Sq. Ft.	Target Delivery
Baseball Stadium	South Capitol & N Sts., SE	965,000	2008

Source: Washington, DC Economic Partnership

**Table C-31. Hospitality Projects Planned and Proposed (As of November 2006)**  
Capitol Hill Neighborhood Segment

Project	Location	Rooms
Ballpark District Phase I	E of Half St., between M & N Sts., SE	120
Ballpark District On Site Development	Half & N Sts., SE	180
Total		300

Source: Washington, DC Economic Partnership

**Table C-32. Completed Retail Projects (2004-2006)**  
Capitol Hill Neighborhood Segment

Project	Location	Retail Sq. Ft.	Completion Date
Capitol Hill Towers	1000 New Jersey Ave., SE	9,000	2006

Source: Washington, DC Economic Partnership

# Market Conditions and Development Opportunities

## Retail Sector

As in the Monumental Core Segment study area, retail development in the Capitol Hill Neighborhood Segment study area has largely been a small component of office projects. However, with the arrival of the baseball stadium and the concentration of entertainment and cultural venues proposed for this area, destination retail is planned as an integral element of this community. The construction of over 4.5 million square feet of office space and more than 7,000 residential units will also support larger scale retail, representing a formidable source of demand unto itself.

Capitol Hill Towers is the first project within the

past three years to have new retail space, and the 9,000 square feet of space serves the same function as supportive retail space in the Monumental Core Segment study area. The retail in this project represents an amenity for the hotel guests and tower residents.

The retail projects under construction are already demonstrating the shift toward retail as a more-prominent component of mixed-use projects. The DOT headquarters retail was designed in such a way so as to have a neighborhood orientation and serve area residents as well as employees. The baseball stadium, as well as a predominantly office-based project at 20 M Street, SE, also includes retail space.

**Table C-33. Retail Projects Under Constuction (As of November 2006)  
Capitol Hill Neighborhood Segment**

Project	Location	Retail Sq. Ft.	Target Delivery
Department of Transportation Headquarters	1200 New Jersey Ave., SE	22,300	2006
Baseball Stadium	South Capitol & N Sts., SE	35,000	2008
20 M Street	20 M St., SE	10,000	2007
Total		67,300	

Source: Washington, DC Economic Partnership

**Table C-34. Retail Projects Planned and Proposed (As of November 2006)  
Capitol Hill Neighborhood Segment**

Project	Location	Retail Sq. Ft.
Southeast Federal Center	New Jersey Ave. & M St., SE	250,000
Arthur Capper-Carrolsburg Dwellings	7th St. & Virginia Ave., SE	51,000
Ballpark District Phase I	Half St. between M & N Sts., SE	50,000
Ballpark District on Site Development	Half & N Sts., SE	25,000
Jefferson at New Jersey Avenue	909 New Jersey Ave., SE	6,000
100 M Street	100 M St., SE	15,000
Admiral, The	801 Virginia Ave., SE	3,216
Ballpark District Waterfront Development	1st & O Sts., SE	80,000
600 M Stret	600 M St., SE	15,000
Federal Gateway II	250 M St., SE	13,000
Total		508,216

Source: Washington, DC Economic Partnership

# Market Conditions and Development Opportunities

## The Anacostia Waterfront Segment

Consistent with the characterization provided of the Anacostia Waterfront Segment and the East of the River Segment study areas, development activity in the Anacostia Waterfront Segment has not seen the traction witnessed in the Monumental Core Segment and the Capitol Hill Neighborhood Segment study areas. Economic and market performance east of the Anacostia River has not provided investors or developers with the same level of confidence that market demand will support large scale real estate investment led by the private sector. Much of the new development that has been realized is the result of public-sector incentives and investment and initiatives led by community development corporations and institutions. Nevertheless, these public and quasi-private interventions have produced positive results and represent the basis for private-sector investment once market conditions change. Furthermore, planning efforts including the Anacostia Waterfront Initiative Framework Plan, have prepared the framework for ideal development patterns when the market responds.

## Office Sector

The Anacostia Waterfront Segment study area does not include any traditional or emerging office submarkets and does not currently represent a destination for new office space. However, the Anacostia Waterfront Corporation does have plans to create a new office submarket on the west side of the Anacostia River adjacent to RFK Stadium.

The Anacostia Waterfront Initiative Framework Plan has targeted the areas adjacent to RFK Stadium on the west side of the river, including the District of Columbia Central Detention Facility and DC Armory, as the location for a new urban community. Also known as Reservation 13, plans for this area stem from the upcoming transfer of this federally owned land to the District of Columbia. When the transfer occurs, the District will have authority to redevelop blighted areas and maximize the opportunities for commercial and residential construction on this waterfront site.

## Residential Sector

The residential sector in the Anacostia Waterfront

**Table C-35. Planned/Proposed Office Development Projects (As of November 2006)**  
Anacostia Waterfront Segment

Project	Location	Sq. Ft.	Submarket
Hill East Waterfront	Independence Ave. & 19th St., SE	3,200,000	RFK Stadium

Source: Washington, DC Economic Partnership

**Table C-36. Completed Residential Projects (2004-2006)**  
Anacostia Waterfront Segment

Project	Location	Units	Completion Date	Neighborhood
The Escalade	526 13th St., SE	12	2005	Capitol Hill
Providence Square Town Home Condominiums	15th St. & Kentucky Ave., SE	12	2006	Capitol Hill
Dupont Commons	B St. & Ridge Rd., SE	147	2004	Deanwood
Total		171		

Source: Washington, DC Economic Partnership

# Market Conditions and Development Opportunities

**Table C-37. Planned and Proposed Residential Projects (As of November 2006)**  
Anacostia Waterfront Segment

Project	Location	Units	Neighborhood
Thorton Row	1220 Pennsylvania Ave., SE	46	Capitol Hill
Hill East Waterfront	Independence Ave. & 19th St., SE	1,000	RFK Stadium
Total		1,046	

Source: Washington, DC Economic Partnership

**Table C-38. Retail Projects Planned and Proposed (As of November 2006)**  
Anacostia Waterfront Segment

Project	Location	Retail Sq. Ft.
Hill East Waterfront	Independence Ave. & 19th St., SE	35,200

Source: Washington, DC Economic Partnership

**Table C-39. Planned/Proposed Office Development Projects (As of November 2006)**  
East of the River Segment

Project	Location	Sq. Ft.	Submarket
Parkside Mixed-Use Development	Kemilworth Ave. & Hayes St., NE	500,000	Deanwood

Source: Washington, DC Economic Partnership

Segment study area has seen the most activity over the past three years.

Two small-scale projects have been completed on the west side of the Anacostia River in the eastern portion of Capitol Hill. On the east side of the Anacostia River, Dupont Commons is a new development of 147 affordable single-family town homes on a former public housing site. The project was a partnership of the District of Columbia, Enterprise Homes, and the Washington Interfaith Network. All town homes include three bedrooms and offer 1,280 square feet of finished space on two floors. This project is located just south of East Capitol Street and right off of Minnesota Avenue.

Also on the west side of the Anacostia River, two additional residential projects are proposed. This includes a small-scale project at 1220 Pennsylvania Avenue, SE, and 1,000 units at Hill East Waterfront—the planned target area on the west side of the Anacostia River led by the Anacostia Waterfront Corporation.

## Retail Sector

There have been no new retail projects in the Anacostia Waterfront Segment study area in the past three years. The Hill East Waterfront community is proposed to include 35,200 square feet of retail.

## The East of the River Segment

Similar to The Anacostia Waterfront Segment, the area surrounding the East of the River Segment has not experienced significant development activity in the past three years. Economic and market conditions have not warranted large-scale real estate investment and redevelopment. However, in contrast with the east side of the river in the Anacostia Waterfront Segment study area, the east side of the river in the East of the River Segment study area represents a target area for redevelopment in the Anacostia Waterfront Initiative Framework Plan. As a result, development activity is planned for the waterfront neighborhoods in a way that has not been contemplated south of East Capitol Street on the east side of river. In addition, the neighborhoods within the East of the River Segment study area fall under the care of the Marshall Heights Development Corporation, a community development

# Market Conditions and Development Opportunities

corporation that has taken initiative for stimulating economic development in the area. As a result of this organization's active involvement, several development projects have been brought to fruition that might not have occurred otherwise.

### Office Sector

The office sector has not seen any activity in the past three years. However, the Parkside mixed-use project is proposed for construction in a prominent location within the study area. It is hoped that this project will catalyze additional reinvestment.

The Parkside development is being developed as a partnership between the Marshall Heights Community Development Organization, (MHCDO), Bank of America Community Development Corporation, and Lano International. The development team spent the last year meeting with the community, city officials and design professionals to create a unique destination for Ward 7. Located on the west side of DC-295, the 26-acre project will be located within a quarter mile of the Minnesota Avenue Metrorail station and will be built entirely on vacant land. Unique for Ward 7, Parkside will have a mix of housing, office, and neighborhood-serving retail. Twenty percent of the new units will be

affordable.

Another office project that is hoped to catalyze additional development is the construction of a new District of Columbia government center at the Minnesota Avenue Metrorail station. Situated on 9.2 acres, the first phase of this project will include a 225,000-square-foot office building for the Department of Employment Services and a 125,000-square-foot office building for the Department of Human Services. A new WMATA parking garage, to include 365 replacement spaces for Metro and 112 additional spaces for District use will also be built. A site for the future location of an additional 360,000 SF private office building will be reserved.

### Residential Sector

As in the Anacostia Waterfront Segment study area, the residential sector in the East of the River Segment study area is witnessing the most development activity of all the sectors.

Lotus Square is a four-story, 285-unit residential building that offers new two- and three-bedroom apartments.

**Table C-40. Residential Projects Under Construction (2004-2006)**  
East of the River Segment

Project	Location	Units	Completion Date	Neighborhood
Lotus Square	800 Kenilworth Ter., NE	285	2006	Deanwood

Source: Washington, DC Economic Partnership

**Table C-41. Planned and Proposed Residential Projects (As of November 2006)**  
East of the River Segment

Project	Location	Units	Neighborhood
Parkside Mixed-Use Development	Kenilworth Ave. & Hayes St., NE	1,500	Deanwood
Eastgate Senior Homes	3600 B St., SE	100	Deanwood/ Marshall Heights
Total		1,600	

Source: Washington, DC Economic Partnership



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Located directly off of DC-295, the project is nearly complete and has been leasing units since June. A two-bedroom unit leases for \$1,219 includes utilities and there is limited availability for the remaining units.

There are also two projects proposed for this study area. The Parkside mixed-use project presented in the Office Sector is proposed to include 1,500 units. Eastgate Senior Homes include 100 units for rent; 75 units will serve public housing residents and 25 units will serve low income seniors at 60 percent AMI and below at tax credit rent levels. The developer team is Henson Development Company, the DC Housing Authority, and A&R Development Corporation.

### Hospitality Sector

There are no hotels planned for the East of the River Segment study area; however, the Deanwood Recreation Center is planned for the community.

This development will be a state-of-the-art co-location construction project. The project will be a 42,000 square foot community center with a recreation center, a library, a childcare center, and an indoor pool. Construction is scheduled to begin in 2006 with a completion date of late 2007 or early 2008

### Retail Sector

The retail planned for this study area is included in the Parkside development project.

Located on the west side of DC-295, the project will include 30,000 square feet of retail space.

## Development Opportunities

In response to ongoing real estate market conditions and consistent with District and federal planning efforts, the freight railroad segment study areas have experienced significant development activity over the past several years. Plans for these areas, combined with approaching build-out in the District's traditional activity centers, indicate that growth additions could be focused in the Monumental Core and particularly in emerging areas such as the Capitol Hill Neighborhood and East of the River segments.

Several of these development opportunities are planned for locations immediately adjacent to the rail line and could be influenced by public investments. This includes activity in the Monumental Core and in the East of the River segment.

## OVERVIEW

In the Monumental Core, one of the most significant opportunities is the decking of Maryland Avenue and development of adjacent property. The opportunity presented along Maryland Avenue represents significant development. The vacant land area covers

**Table C-42. Hospitality Projects Planned and Proposed (As of November 2006)**  
East of the River Segment

Project	Location	Hospitality Sq. Ft.
Deanwood Recreation Center	1300 49th St., NE	42,000

Source: Washington, DC Economic Partnership

**Table C-43. Retail Projects Planned and Proposed (As of November 2006)**  
East of the River Segment

Project	Location	Retail Sq. Ft.
Parkside Mixed-Use Development	Kenilworth Ave. & Hayes St., NE	30,000

Source: Washington, DC Economic Partnership

# Market Conditions and Development Opportunities

2.6 acres and 1.1 million SF of buildable space at a 10 FAR. At \$550/SF, (market value/SF based on current sales prices for new construction in downtown), this project could add \$605 million (in 2007 \$) of gross new property value to the District of Columbia.

The decking of Maryland Avenue could take place regardless of whether or not the freight rail line is removed. The passenger line would remain, so a deck would still be required to allow development. Although removal of the freight line might help to accelerate the investment, the decking is independent from the freight rail realignment. As a result, the real estate benefits in the Monumental Core Segment were not included in this study's benefit-cost analysis.

In the East of the River Segment, transit-oriented development is planned for the areas surrounding the Minnesota Avenue and Deanwood Metrorail stations. In addition, infill development on Minnesota Avenue—introducing new commercial uses and residential units—is also planned. While these are planned projects, there is no indication that these projects will move forward without significant infrastructure investments and improvements in this area. One of the key infrastructure investments to spur market growth, enhance access, reduce barriers, and change market perceptions will be removal of the freight railroad line. As a result of this relationship, the East of the River (re)development potential is considered directly attributable to the freight railroad realignment and included in the study's benefit-cost analysis.

## EAST OF THE RIVER DEVELOPMENT POTENTIAL

This development in the East of the River segment will likely occur on and adjacent to the vacated rail bed as well as around the two Metrorail stations located in this segment, the Deanwood and Minnesota Avenue stations. These two station areas are significantly impacted by the barrier and lack connectivity resulting from the existing rail line and rail yard.

The land area included in this analysis is presented in

Table C-44.

Two scenarios for the redevelopment potential were developed. One scenario assumes major development and the second scenario assumes more moderate levels of development.

## Development Assumptions

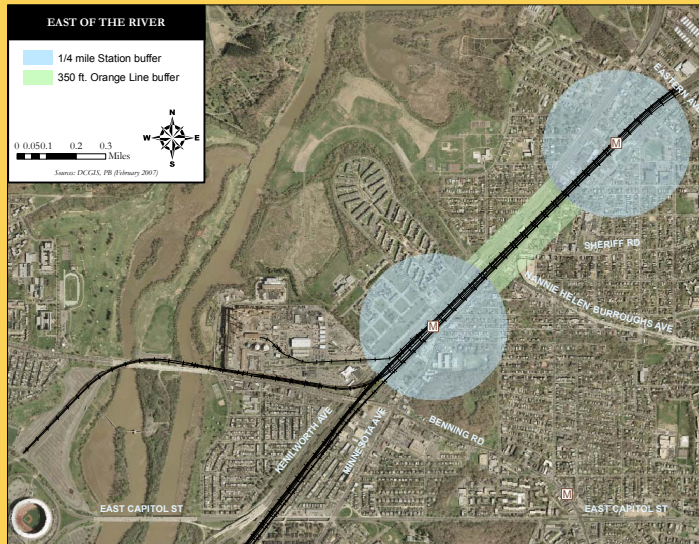
The redevelopment scenarios are based on the District's plans for the Northeast quadrant, defined most recently in the 2006 Comprehensive Plan Revision. As traditional market areas approach build out, the District is seeking to position the areas surrounding Metrorail stations east of the Anacostia River as receptors for new growth. The areas surrounding the Deanwood and Minnesota Avenue Metrorail stations include many stable, low-density residential communities. There are opportunities for infill development that have not yet received real estate market attention.

In the area surrounding the Minnesota Avenue Metrorail station, the District is planning to encourage a moderate level of density, established for this analysis at a maximum FAR of 3.0. This is reflective of the desire to transform the Minnesota Avenue station into a new activity center for the far northeast sections of the District. While this represents an increase over existing densities it is compatible with the character of the surrounding area. This FAR is consistent with the FAR proposed for the District of Columbia project at the Minnesota Avenue Metrorail station (2.2 FAR) and the Parkside project proposed for Kenilworth and Hayes Street, NE (3.0 FAR).

In the moderate-development scenario, this level of density was assumed to be achieved within 350 feet of the Metrorail station but then decline to a 1.5 FAR comparable with the adjacent existing residential neighborhoods between 350 and 800 feet. Beyond the 800-foot "walk shed," limited significant new development or redevelopment was anticipated to occur. In the major development scenario, a 3.0 FAR was assumed within a 350-foot radius, then decline to a 2.0 FAR within a 350-to-800-foot ring, and then decline to a 1.0 FAR within an 800-to-1,500-foot ring.

# Market Conditions and Development Opportunities

**Figure C-10. East of the River Study Area**



**Table C-44. East of the River Development Potential Land Area**

Location	Acres
Minnesota Avenue	29
Minnesota Avenue Metro Station*	52
Deanwood Avenue Metrorail Station	129

\*Minnesota Avenue Metrorail station area includes significant amount of land that is not available for development, including DC-295 and Fort Mahan Park

**Table C-45. Net New Floor Area Ratio (FAR) Assumptions\***  
Redevelopment Properties - Moderate Redevelopment Scenario

Location	0-350 Ft.	350-800 Ft.	800-1500 Ft.
Vacated Rail Bed	0.5	No Change	No Change
Minnesota Avenue Metro Station*	3	1.5	No Change
Deanwood Avenue Metrorail Station	1	0.5	No Change

\*Geographic zones based on the following assumptions: redevelopment most likely to occur within 350 feet (approximately equivalent to one city block) of rail line or 0.25 mile radius (walking distance) around Metrorail stations.

**Table C-46. Net New Floor Area Ratio (FAR) Assumptions\***  
Redevelopment Properties - Major Redevelopment Scenario

Location	0-350 Ft.	350-800 Ft.	800-1500 Ft.
Vacated Rail Bed	0.9	No Change	No Change
Minnesota Avenue Metro Station*	3	2	1
Deanwood Avenue Metrorail Station	1	0.7	0.4

\*Geographic zones based on the following assumptions: redevelopment most likely to occur within 350 feet (approximately equivalent to one city block) of rail line or 0.25 mile radius (walking distance) around Metrorail stations.

# Market Conditions and Development Opportunities

In the area surrounding the Deanwood Metrorail station, the District is planning to encourage a more modest level of density, established for this analysis at a maximum of 1.0 FAR. This is significantly less than is planned for the Minnesota Avenue Metrorail station. The lower level of development is consistent with the low-density, single-family residential character of the surrounding neighborhood.

In the major development scenario, development was assumed at a 1.0 FAR within a 350-foot radius of the Metrorail station, then decline to a 0.7 FAR within a 350-to-800-foot ring from the station, and then decline further to a 0.4 FAR within an 800-to-1,500-foot ring from the station. In the moderate development scenario, development was assumed to decline to a 0.5 FAR within a 350-to-800-foot ring from the station with no change in density anticipated beyond 800 feet from the station.

Along the vacated rail bed between the 0.25 mile buffers of the Metrorail stations, new development was envisioned for the vacated rail bed, the industrial land located directly to the west, and the adjacent Minnesota Avenue corridor. Minnesota Avenue has long experienced disinvestment, and the District is looking to attract new infill development to this corridor. Plans for creating extending Minnesota Avenue where it currently breaks between Sheriff Road, NE and Meade Street, NE are under study.

The zoning for Minnesota Avenue in this section of the corridor is predominantly R-5, which allows a maximum FAR of 0.9. The District intends to maintain this zoning category for the corridor. As a result, the major development scenario assumed maximum development at a 0.9 FAR. The moderate development scenario reduced this development level to 0.5 FAR.

For the benefit-cost analysis, the moderate development scenario was selected. This scenario was selected because it makes the more conservative assumption that the existing residential neighborhood density will be preserved over the next fifty years and

that the area will largely maintain its profile as a lower-density, primarily residential community. Furthermore, this scenario takes into account that build out of the more traditional activity centers will likely need to occur before major construction and absorption starts to take place in the East of the River segment.

## Development Projections

Using the moderate development scenario FAR assumptions, new square footage of development was calculated based on existing land areas and assumed floor area ratios. Based on current and projected land use patterns, the following land use mix distributions were applied to determine total square footage by retail, residential, office, and hotel land use.

The land use mix assumptions were based on planned and proposed development projects as well as the development visions defined in the 2006 Comprehensive Plan Revision. The land use mix assumptions for the Minnesota Avenue corridor were based on development plans for Minnesota Avenue. The land use mix for the Metrorail stations (residential 75 percent, retail 5 percent, office 20 percent) were based on planned and proposed development projects, including the proposed Parkside project, the recently completed Lotus Square residential project, and the Minnesota Avenue Metrorail station office complex.

Table C-48 presents cumulative redevelopment in gross square footage for the entire 40-year time period beginning in 2017.

To test the reasonableness of the development projections, the East of the River annual development potential over the 2017–2057 time period was compared to projected annual absorption levels for the “Center City” (an area approximately five times larger than the Monumental Core Segment) for 2007 through 2011. These absorption projections were developed by considering past annual trends as well as evaluating the prospects for near-term deliveries. These projections also reflect input from major stakeholders and other near- and long-term projections by third parties. This work effort was being conducted by

# Market Conditions and Development Opportunities

Office of Planning, the Washington, DC Economic Development Partnership, and sub-area business improvement districts (BID) as part of the Center City Action Agenda planning process.

Table C-49 depicts the findings. The projected annual absorption for the Center City is estimated between 4.7 and 6 million square feet of new space; in comparison, the annual delivery projected for the 2017–2057 time period is between 145,000 and

230,000 square feet in the East of the River Segment.

The annual development projections for East of the River represent between 1 and 7 percent (by sector) of the projected annual delivery in the downtown core. These statistics represents a reasonable share of Center City development activity, given the smaller size of the East of the River study area and the plans for a significantly lower-density, predominantly residential profile east of the Anacostia River.

**Table C-47. Land Use Mix Assumptions  
East of the River**

Location	Residential	Retail	Office
Minnesota Avenue	75%	20%	5%
Minnesota Avenue Metro Station	65%	10%	25%
Deanwood Metrorail Station	65%	10%	25%

Based on land use mix in proposed and planned projects in the East of the River segment.

**Table C-48. Cumulative Development in Gross Square Footage  
East of the River (2017-2057)**

	Moderate	Major
Office	1,067,004	1,682,639
Retail	457,348	763,735
Residential	4,234,216	6,729,211
<b>Total</b>	<b>5,758,568</b>	<b>9,175,585</b>

**Table C-49. Comparable Estimated Absorption in Gross Square Feet  
East of the River**

	Center City*		East of the River			
	Moderate	Major	Moderate	% of DC	Major	% of DC
Office	2,500,000	3,000,000	26,675	1%	42,066	1%
Retail	250,000	350,000	11,434	5%	19,093	5%
Residential	1,800,000	2,400,000	105,855	6%	168,230	7%
<b>Total</b>	<b>4,716,000</b>	<b>5,950,000</b>	<b>143,964</b>	<b>3%</b>	<b>229,390</b>	<b>4%</b>

\* Absorption estimates for downtown Washington, DC are based on:

1. Office - a range of leading industry projections, downtown stakeholder assessments of employment growth and office space demand, historic trends, and Washington, DC Economic Partnership compilation of pipeline projects.
2. Residential - leading industry projections, estimated residential growth induced by growth in employment resulting from office space development, and stakeholder assessments of residential growth.
3. Retail - based on estimated supportable retail growth implicit in residential, office, and hotel development projections, the application of understood relationships between retail and other land uses, and assumptions regarding the character of projected retail.
4. Hotel - based on downtown stakeholder assessment of hotel growth, the application of understood relationships between hotels and other land uses, understanding of financial and regional competition issues, historic development trends, and the Washington, DC Economic Partnership compilation of pipeline projects.

# Market Conditions and Development Opportunities

## Development Impacts

Based on constant annual absorption, this development potential would yield \$35.2 million per year in new market value over a 40-year period.<sup>5</sup>

In addition to new market value, this development potential would also generate fiscal and economic impacts for the District.

The development projections represent an addition of 1,372 retail jobs and 4,268 office jobs in the moderate development scenario. The payroll of office employees and retail employees working in the study area would be \$310 million and \$35 million (in 2007 \$) annually. The income of households living in the study area will be approximately \$294 million annually (in 2007 \$).

<sup>5</sup> This calculation uses 2007 constant dollars and does not include a likely 3 percent annual real estate real value increase beyond general price increases.

Retail market values = \$350/SF, residential market values - \$225/SF, office market values = \$300/SF and are figures utilized by the District for economic and fiscal evaluations. The appendix includes a detailed presentation of the East of the River development potential.

**Table C-50. Annual New Market Value (2007 Constant \$)  
East of the River (2017-2057)**

	East of the River Moderate Scenario
Office	\$8,002,527
Retail	\$3,430,111
Residential	\$23,817,464
<b>Total</b>	<b>\$35,250,102</b>

# Market Conditions and Development Opportunities

**Table C-51. Jobs Income**

**Total Employment & Households Associated with New Development (2017-2057)**

	East of the River	
	Moderate	Major
Office Employees	4,268	6,731
Retail Employees	1,372	2,291
Residential Employee	296	471
<b>Total Employment</b>	<b>5,936</b>	<b>9,493</b>
Households	4,234	6,729

1. Jobs per 1,000 Square Feet: Office=4, Residential=0.07, Retail=3
2. Assumes 1 household = 1,000 SF of residential space

**Total Income Associated with New Development (2017-2057)**

	East of the River	
	Moderate	Major
At Place Office Employee Payroll	\$310,416,970	\$489,520,159
At Place Retail Employee Payroll	\$35,269,769	\$58,89,694
At Place Residential Income		
At Place Residential Employee Income	\$10,191,546	\$16,196,875
Residential Household Income	\$293,595,288	\$466,596,773
<b>Total</b>	<b>\$345,686,739</b>	<b>\$548,417,853</b>

1. Average Annual Income per Employee: Office=\$72,731, Retail=\$25,706, Residential=\$24,385
2. Average Annual Income per Household = \$69,339