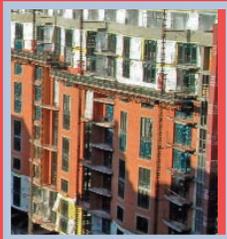


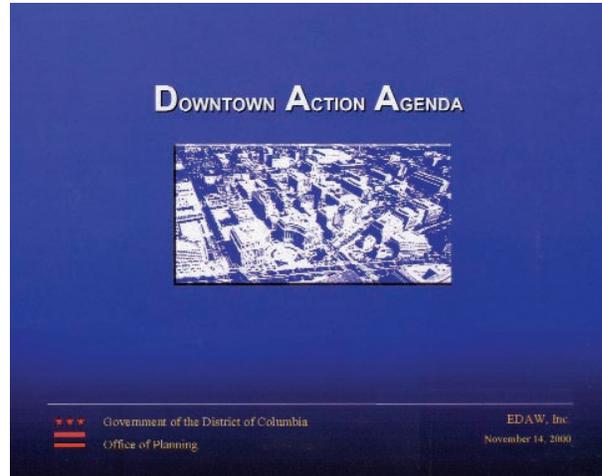
Center City Action Agenda 2008

Toward a Vibrant, Global, Washington, DC



“Downtown's growth and success should continue to benefit residents of the District of Columbia. Downtown already plays a pre-eminent role in the economic health of the city, producing a net benefit of \$600 million per year in tax revenues.”

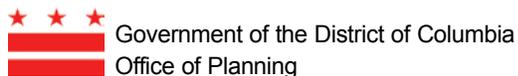
Planning and Development Priorities, Central Washington Area Element, page 16-12, The Comprehensive Plan for the National Capital: District Elements 2007



A Successful Downtown Action Agenda. The highly successful Downtown Action Agenda was released in 2000. Today, seven years after its release, a majority of its goals have been realized or exceeded, and it has been key to realizing DC's living downtown and its entertainment draw. The resulting mixed-use development has become an economic powerhouse benefiting the entire city from a cultural, jobs and tax-base perspective. Downtown now generates over \$630 million in annual tax revenues for city services in excess of what is required to service the downtown. Since 2000, 25 million square feet of total development has occurred in the Downtown BID area alone.

It is time for a new set of development goals and strategic initiatives that address place-making, environment, walkability, and other aspects that will increasingly create a broader valued urban center for DC residents, a hub of commerce in the region, and a global model for the nation.

The Center City Action Agenda 2008, developed in partnership with the Downtown BID, builds on the momentum of the Downtown Action Agenda 2000 and the investments made during the first year of the Fenty administration. It provides direction in the form of five-year development and employment goals and a set of strategic initiatives fundamental to meeting those goals - the 18-Month Action Agenda on pages 14 and 15. In addition, it recommends significant investment in public space: Places, Transportation and Corridors.



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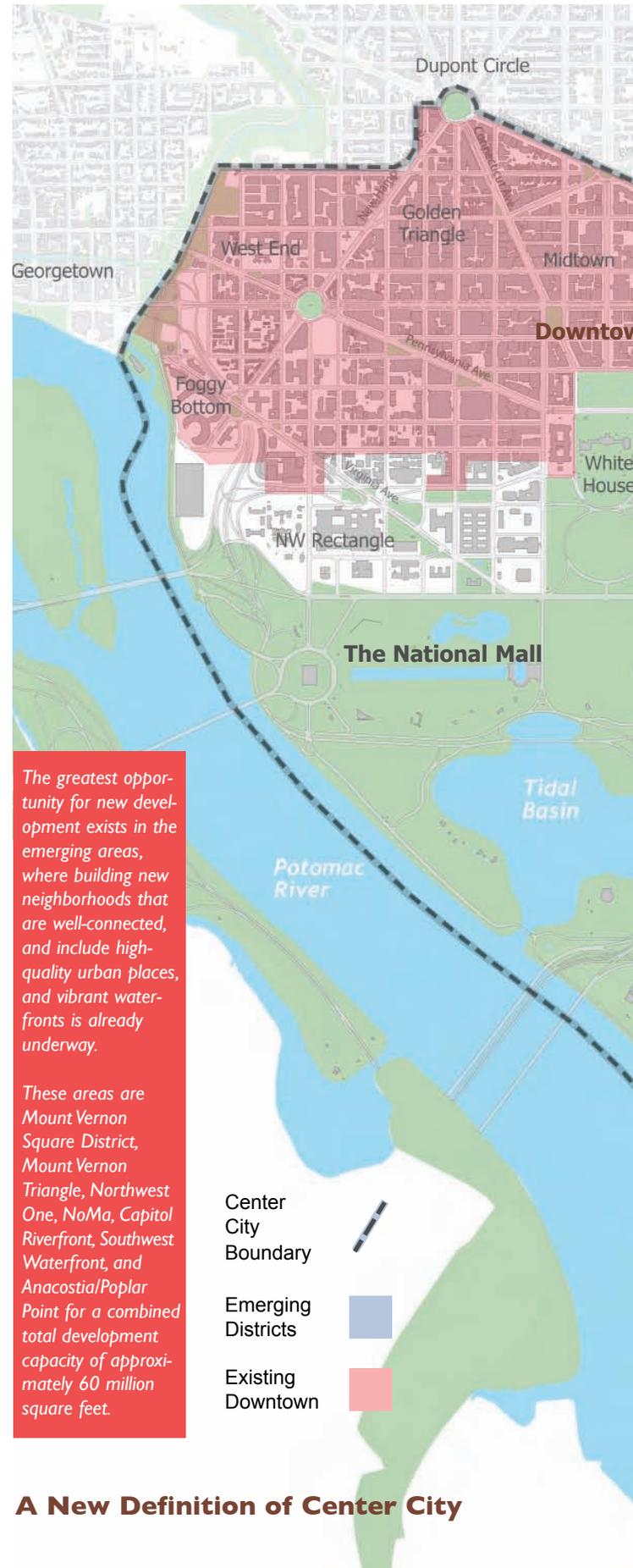
The Opportunity

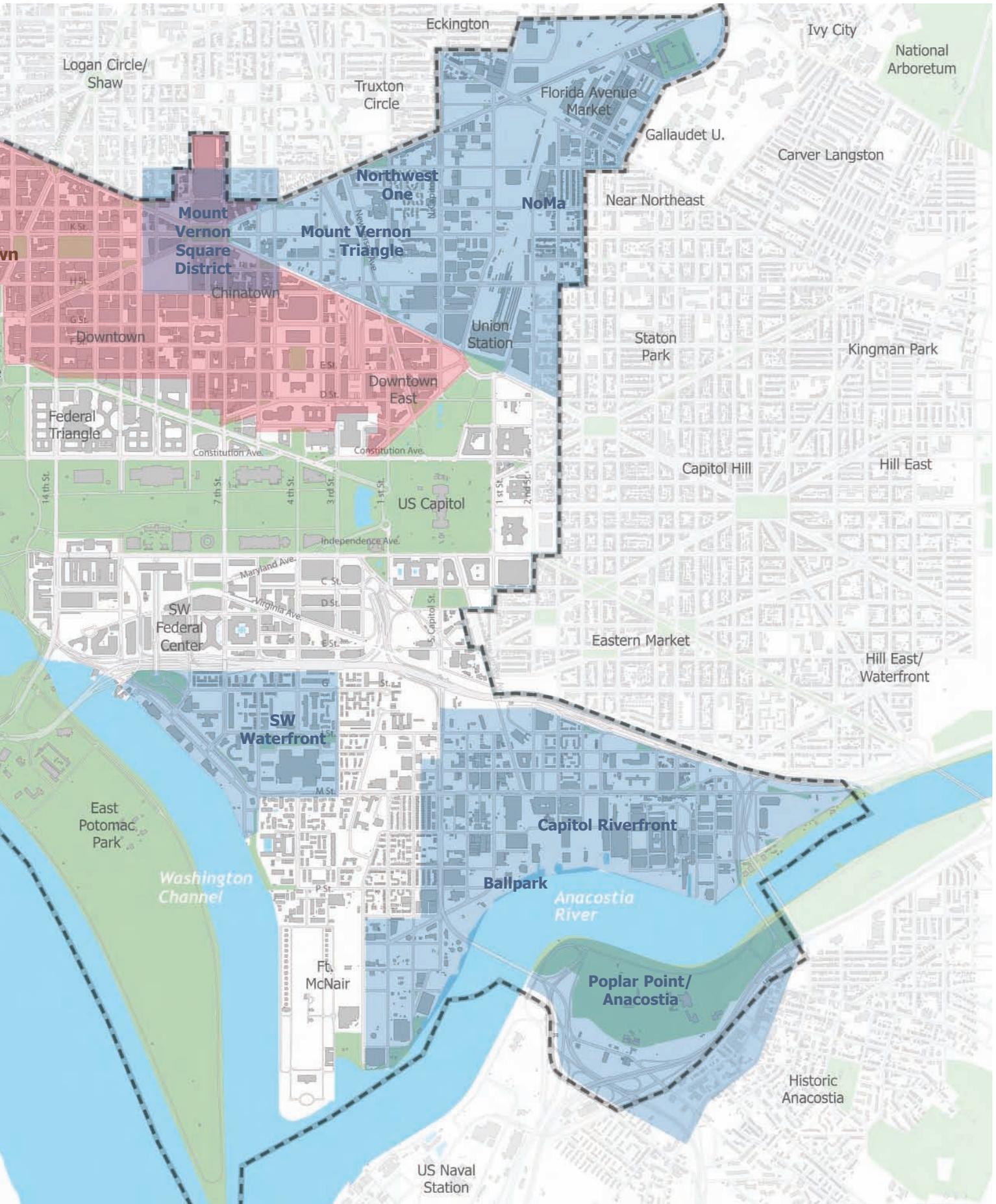
Mayor Fenty is committed to advancing DC as a great world capital. The Center City Action Agenda 2008 is Mayor Fenty's plan to redefine central Washington with a boundary that now encompasses the traditional downtown and several surrounding "emerging districts", extending to the waterfront. The Action Agenda recognizes the great opportunity to develop well-connected and distinct areas in a rapidly expanding downtown area that now has the National Mall as its centerpiece. The plan advances DC's identity as a waterfront city. It recommends investment in key places, corridors, and transit to ensure economic vitality, sustainability, and cultural diversity. It puts DC residents first and creates new places to serve both existing and new neighborhoods.

The Action Agenda identifies strategic initiatives and implementation partners to ensure that Center City becomes and even more vibrant urban core. DC's center city is unique in many ways, but most significantly, it belongs not only to the residents of DC but to the entire nation. We have the opportunity to be an inspiring model of mixed-use districts, greening, sustainability, walkability, and multi-modal transportation.

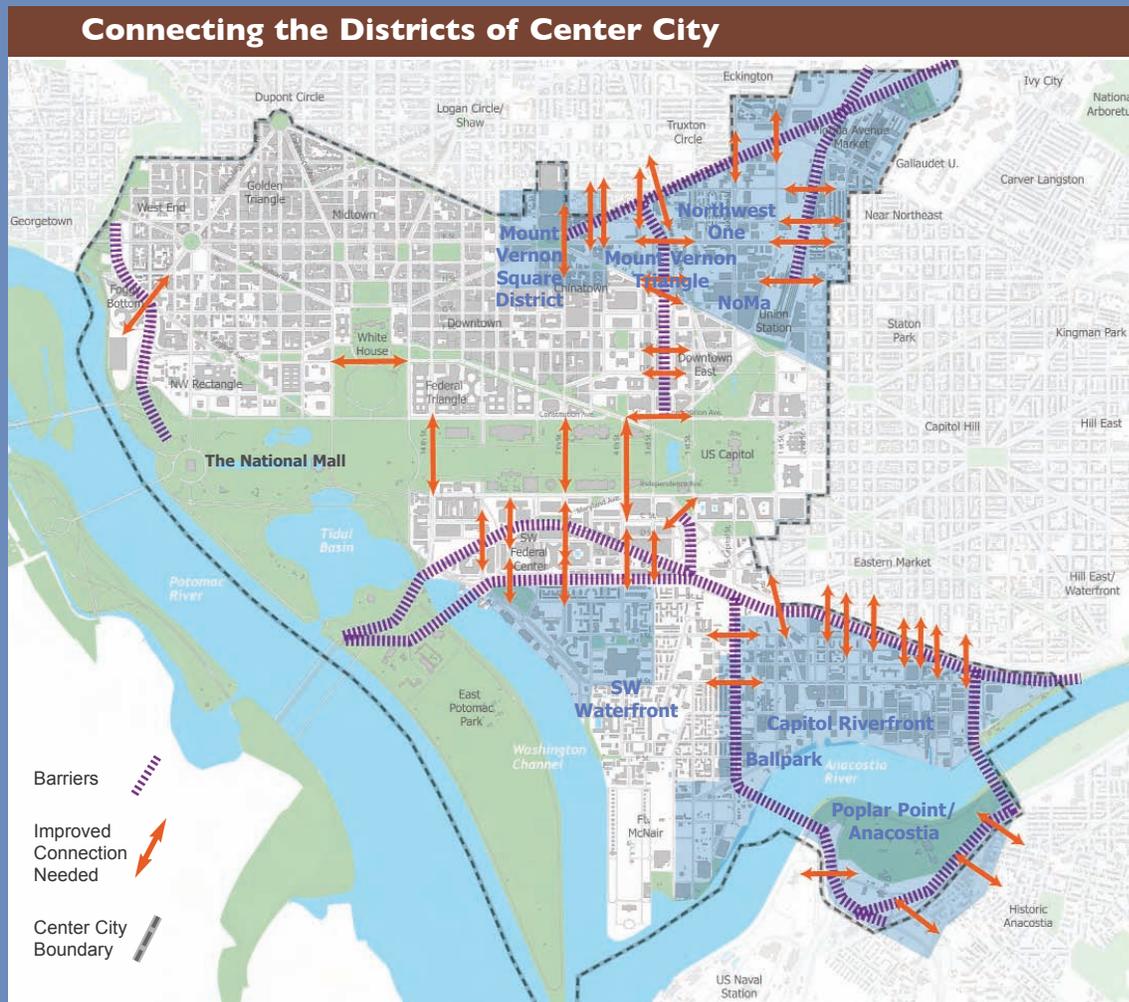
DC is on the verge of becoming a waterfront city again, an aspect lost for decades following the isolation caused by highways and other barriers. There is 30 million square feet of development capacity in the waterfront areas alone – Southwest Waterfront, Capitol Riverfront, and Poplar Point/Anacostia – providing the opportunity to redefine Washington in a richer and more complex way.

In fiscal terms, Center City's developing areas offer the opportunity to generate new tax revenues that can be applied to address the many social and economic needs of the District and to fulfill the promises to all its citizens. Success in this undertaking will require continued strategic investment. The Center City Action Agenda identifies the challenges and the actions necessary to guide this investment and ensure that both public and private efforts are well-coordinated and produce the highest quality environment – mixed-use, walkable, well-served, and distinctive, with a well-connected waterfront.





Addressing the Challenges

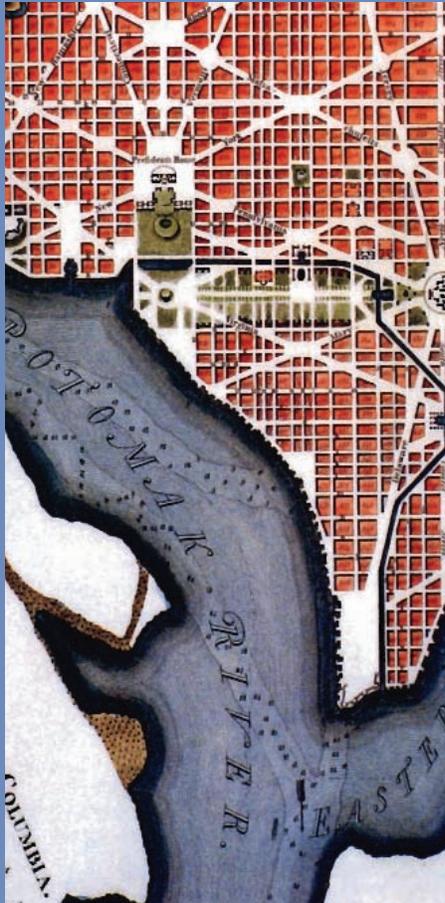


At several locations throughout Center City barriers that disrupt neighborhood to neighborhood connections need to be overcome. These include interstate freeways, high traffic corridors, rail tracks, elevated highways, discontinuous streets, security barricades, and to some extent, the Potomac and Anacostia rivers and the National Mall. These physical disconnects discourage walking, negatively impact the sense of personal safety, and limit the ability of the street-grid to handle traffic with ease.

A center city comparable to those in other great cities is rapidly emerging. The realization of this opportunity, however, carries serious challenges. While the potential exists for the development of new neighborhoods in “emerging districts” such as NoMa, these sub-areas are perceived as distant from the core of downtown, separated by the Mall and interstate highways, and encumbered with personal safety concerns. These areas also lack amenities such as restaurants, services, parks, retail, entertainment, cultural attractions, and a range of multi-modal transit options. In addition, with the softening market and tightening credit, investment in emerging areas is increasingly at risk, and they may be difficult to market due to a negative image.

- DC competes with suburban locations for new high-quality urban projects, office tenants and residents. Neighboring jurisdictions like Crystal City, Rosslyn, Bethesda and Silver Spring offer compactly-designed, transit-oriented urban environments, and strong competition both in amenity and price.
- Emerging districts are perceived as disconnected from the traditional downtown and other destinations as a result of large-scale infrastructure, discontinuity in ground-floor activity, breaks in streets, and the absence of badly needed transportation.
- Emerging districts lack distinctive public places and key infrastructure that can attract prime tenants and a balanced mix of housing, retail, and government and non-government offices. Enticing parks, vibrant ground-level uses, and interesting, well-scaled architecture are critical to set the standard in these new neighborhoods and make high-density living green and appealing.

Planning Together for Central Washington



Local and Federal Coordination

We have the responsibility to guide growth and influence investment in ways that will benefit Washington for decades to come. Building on the unique features and strengths of the L'Enfant Plan, Center City can both reflect its role as a national symbol and accommodate its day-to-day activity as a city of neighborhoods. To maximize Center City's prosperity, the emerging districts need to be built so that each succeeds as a neighborhood, and complements and connects to adjacent existing neighborhoods, federal precincts and the traditional downtown. Coordinated planning and investment at both Federal and local levels will lead to a city that serves its residents and visitors well, and also becomes a model for the nation and the world. Reconsideration of the National Mall as the monumental centerpiece of Center City is an exciting moment in the evolving relationship between the Federal City and the District neighborhoods around it.



Coordination on the ongoing planning of the National Mall – long experienced as separated from the surrounding city – can result in more amenities for District residents and an enhancement of the nation's main civic space.

The District of Columbia Office of Planning, the Nation Capital Planning Commission (NCPC), the US Commission of Fine Arts (CFA), the National Parks Service (NPS) and the Architect of the Capitol (AOC) are all currently undertaking planning work for central Washington. Each project conveys the specific challenges and goals of its sponsoring agency, yet the plans are coordinated and share 5 common objectives:

- Welcoming Atmosphere • Well-Connected Public Space • Distinctive Places
- Green and Sustainable • 21st Century Transportation



Center City Action Agenda

Government of the District of Columbia and The Downtown BID



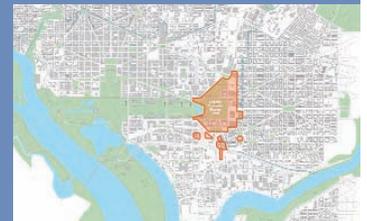
National Capital Framework Plan

National Capital Planning Commission and U.S. Commission of Fine Arts



National Mall Plan

National Parks Service



Capitol Complex Master Plan

Architect of the Capitol

4 Overarching Objectives



DC Residents First

Plan a rich mix of uses that includes affordable housing, public schools, clinics, retail options, supportive services and other amenities that meet the needs of residents. Ensure that new centers of economic activity are created that provide jobs and recreation options for District residents.

Great Places and Experiences

Develop distinct districts within the Center City that are comprised of beautiful streets, quality architecture, parks and civic infrastructure, and a variety of local attractions expressing cultural diversity and the grandeur of a capital city.

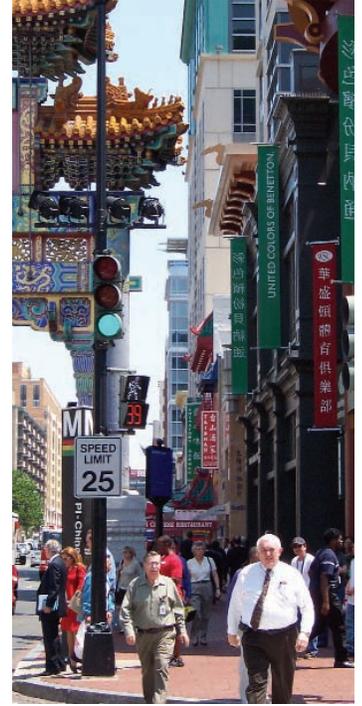
Sustainable, Globally Competitive, and Locally Prosperous

Maintain the city's regional and global economic vigor and its positive impact on the local workforce in a way that is appealing, healthful, green, and sustainable and support it with 21st century infrastructure. Capitalize on green-oriented job growth that can transform the economy.

Transportation Choice and Walkable Streets

Establish a transit network that creates a highly accessible Center City and supports additional development, new districts, and destinations. Enhance connections among existing and new neighborhoods, to jobs and to the District's waterfronts with walkable streets and travel choices.

5-Year Development and Employment Goals*



Hospitality and Tourism Market

- Develop 1,500-2,000 new hotel rooms over the next 5 years (300-400 rooms each year), beyond the 1,150 rooms slated for the new convention center headquarters hotel.
- Develop 240,000 square feet of new cultural space over the next 5 years (48,000 square feet each year).
- Create 2,500 new jobs in the District's hospitality/tourism industry (500 jobs each year), with 60% of those new jobs targeted for DC residents.

Job Creation and Office Market Absorption

- Market absorption: absorb 2 million square feet of new office space each year.
- Increase share of regional job growth.
- Create 6,000 new office-related jobs each year.
- Create a Green-collar jobs training and sustainable business resource center.

Residential Market

- Construct 2,000 new medium to high-density residential units per year, with an affordable or "workforce" housing component.
- Create at least 1 new neighborhood park in each emerging neighborhood to support residential development.
- Substantially complete the city's "Homeless No More" program, with an emphasis on housing first.

Retail Market

- Attract 700,000 square feet of retail in the shoppers' goods category (140,000 square feet a year), including:
 - One new department store that anchors retail in strategic locations.
 - Two value-driven "big box" stores in an urban format.
 - Grocery and convenience stores in underserved areas.
 - Fashion retail, furnishings, and appliances, etc.
- Promote local retail ownership and tenant opportunities.
- Create 3,500 new retail-related jobs over the next 5 years (700 jobs per year), with over 60% of those jobs targeted for DC residents.

*These goals were developed with working groups that represented the various economic sectors of Center City.

The Case for Continuing Investment

Past Investment Successes

Revitalization of the downtown has resulted in significant economic and fiscal gains for the District, as strong job growth, office development and revenue generation has helped the District regain its regional competitive edge and stabilize its finances. While solidifying its position as a top office market, now comparable to major cities in the world, downtown has also reestablished itself as a dynamic, urban and livable center with high quality residential, cultural, entertainment and retail amenities.

The success of Downtown is measured in part through the considerable job and revenue generation. Over the last ten years, the downtown has added 57,000 jobs, many of which are high value jobs as well as jobs in retail and hospitality that are accessible to all skill levels. The Downtown has also played a critical role in stabilizing the District's fiscal affairs, and in generating new tax revenues to help meet the social and economic needs of residents citywide. As shown below, over a 10-year period, public investment of

\$400 million leveraged private investment of \$9.6 billion. This combined investment generated \$1.69 billion in additional tax revenue. Although the Downtown makes up only 1.8% of the land area of the District, it accounts for 16% of the tax revenues, which has been used to support programs and projects throughout the city's neighborhoods, including affordable housing, economic and workforce development, healthcare investments, and arts and cultural programs.

The remarkable growth and improved quality of the downtown in the last decade is owed in part to public-private partnerships, and public sector investments that helped leverage private sector investment. Public financing assistance tools such as tax increment financing (TIF), payment in lieu of taxes (PILOT) programs, and residential tax abatement have played a key catalytic role in downtown's revitalization. These incentives have assisted major mixed-use, entertainment, residential, and hospitality projects. Examples of publicly-assisted initiatives include Gallery Place, the Spy Museum, the Verizon Center, the new Convention

The Cycle of Investment and Revenue



“While Downtown has been among the top office markets in the world since the beginning of the decade, the health of that market should not be taken for granted..... This situation will require achieving a delicate balance between using the strength of the Downtown office economy to leverage public benefits without hindering its ability to compete with other jurisdictions for office tenants.”

Planning and Development Priorities, Central Washington Area Element, page 16-12, The Comprehensive Plan for the National Capital: District Elements 2007

Center, as well as residential and retail projects. Since 1999, the number of residents east of 13th Street has increased from 1,200 to 5,000.

The continuation of momentum is essential in order to maintain a robust economy that can compete locally, nationally and internationally, and can create jobs and income for District residents. It is also critical to maintaining the fiscal stability of the District and in supporting services to residents throughout the city. However, the Downtown's potential to keep growing economically is limited; it is almost fully built-out, with approximately 5 million square feet of developable space left in Downtown. With Downtown and its surrounding areas absorbing an average of 3-4 million square foot over the last several years, Downtown will run out of space within a relatively short period. A loss of momentum in the commercial market in, particular, poses substantial risk to the District's job expansion and fiscal health.

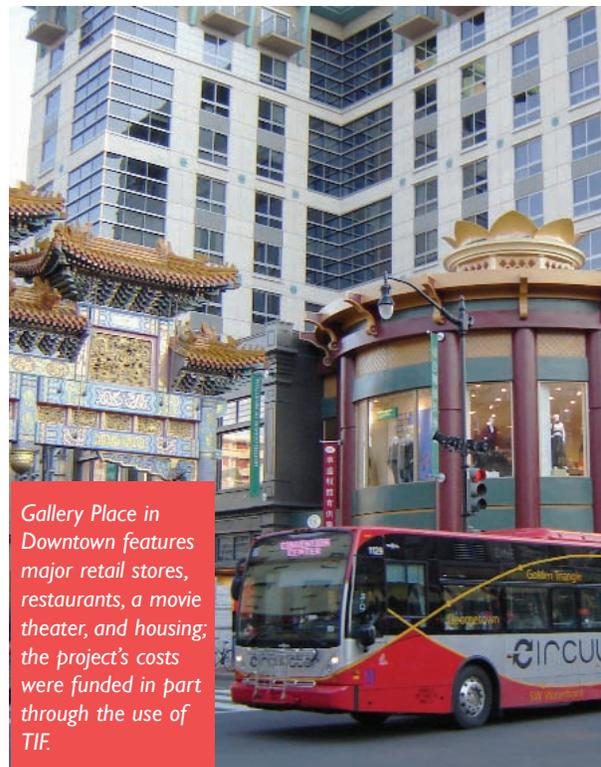
Creating Great Center City Areas Through Targeted Investment

Shifting Downtown's momentum into emerging areas presents a unique opportunity to strengthen and grow the District's economy. The Southwest Waterfront, Capital Riverfront, Poplar Point/Anacostia, NoMa and other emerging areas together can accommodate up to 61 million square feet of development, along with significant job and income generation. These areas can also become dynamic new neighborhoods with amenities such as retail, parks and well-designed urban settings.

However, just as the growth and revitalization of Downtown benefited from, and indeed depended on, public investment in order to catalyze development, the emerging areas also require assistance. With targeted, public investment and incentives, the Center City can, with more certainty, sustain similar levels of City development as seen over the last decade.

Challenges

The recent softening of the market has reduced the availability of capital and created investment uncertainty, which puts at risk the development of emerging areas. Without investment, market conditions might not naturally produce the mix of uses and quality of development that are needed for long-term economic stability. Moreover, if the District is not able to build upon the success of Downtown and create new centers of economic activity, it will become increasingly difficult to maintain its competitive position vis-à-vis neighboring jurisdictions, such as Rosslyn, Clarendon, Silver Spring and Bethesda. These areas are investing in urban amenities and transitioning into transit-oriented, high quality places that can successfully compete with the District. The ability of the region to attract new growth is linked to the cost differential in rents. For example, compared to office space in Silver Spring, Class A office space in Downtown DC costs \$26 more per square foot, and the District's emerging markets cost \$13 more per square foot, respectively. Continued office market



Gallery Place in Downtown features major retail stores, restaurants, a movie theater, and housing; the project's costs were funded in part through the use of TIF.

“Apply a range of tax and financial incentives to assist in achieving the land use objectives for Central Washington. These incentives could include such measures as reduced taxes and financial assistance for preferred land uses, tax increment financing, PILOTs (payments in lieu of taxes), the use of special tax districts, and the involvement of the Housing Finance Agency and other entities that produce affordable housing or provide other public benefits”.

Tax and Financial Incentives for “Preferred” Land Uses and Infrastructure Investments, Action CW-1.1.G, page 16-20, The Comprehensive Plan for the National Capital: District Elements 2007

growth in the District is essential to maintaining a fiscally healthy city; given the regional competition, the success of this growth strategy is increasingly tied to the need to create great places with a range of amenities.

Supporting Higher Levels of Development Through Public Investment

As with the recent investment in the downtown, public investment in the emerging districts has the potential to catalyze private investment. This targeted investment could result in development levels significantly higher than if no intervention occurs, as shown below. Investment would enable emerging areas to sustain development levels in line with historical absorption, and allow the District to compete with surrounding jurisdictions for regional demand, particularly for office. Over a 5-year period, annual office development, with public investment, is projected at 2,500,000 square feet. Investment would also support higher levels of residential, hotel, retail and cultural/entertainment development.

Without investments to address the challenges of emerging areas and to buoy a softening market, there would be considerably lower levels of development for office, retail, hotel, residential over a 5-year period in many of the areas. The transition of these neighbor-

hoods to dynamic, mixed use and amenity-rich centers would take longer and may even be at risk, given the strong competition from neighboring jurisdictions. Projected office space construction represents a decrease in average annual deliveries of 1,500,000 square feet, and residential development could decline by as much as 1,500 units on average per year. Hotel development projections also fall, and retail development will track with residential and office development—a decrease of 100,000 square feet on average per year.

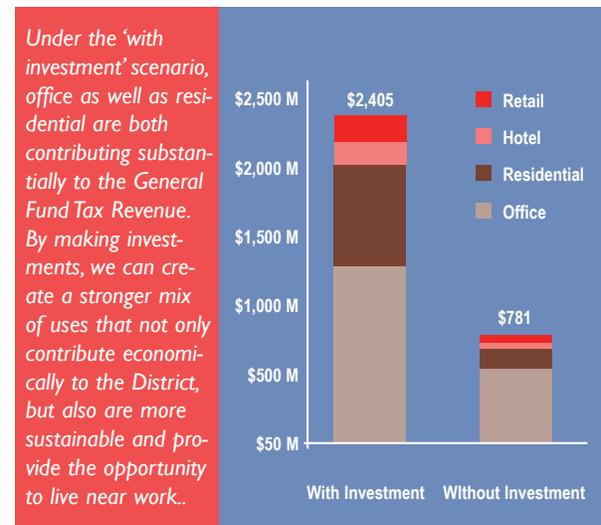
Generating Substantial Tax Benefits

The additional taxes to the District’s General Fund generated by higher levels of development, employment, income and revenue, amount to \$2.4 billion, as compared to the \$781 million associated with lower levels of development, a difference of more than \$1.6 billion dollars over a ten-year time frame. As shown below, under the ‘with investment’ scenario, office as well as residential are both contributing substantial revenue. By making investments, the District can accelerate development and create a stronger mix of uses that not only contribute economically to the District,

Annual Development Projects (2010-2014)	
Use	With Investment
Office	2,500,000 square feet
Residential	2,000 units
Hotel	350 rooms
Retail	140,000 square feet
Cultural/Entertainment	48,000 square feet

Annual Development Projects (2010-2014)	
Use	Without Investment
Office	1,000,000 square feet
Residential	500 units
Hotel	100 rooms
Retail	40,000 square feet
Cultural/Entertainment	0 square feet

Cumulative General Fund Revenue Impacts (2010-2019)



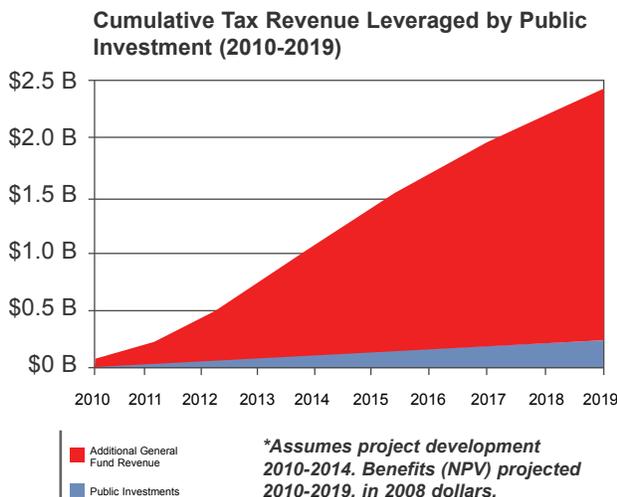
* In 2008 dollars.

but also add vitality and activity to areas. And, as with the revenue from the downtown, this revenue could be used to support neighborhood services throughout the District.

Allocating tax revenue patterned on past investment levels toward a Center City “insurance policy”—an investment to ensure that the District maintains its competitive edge—could yield more than \$1.9 billion in net General Fund Tax Revenue over a 10-year period. This “insurance policy” would help ensure that the investments the public and private sectors have already made in Center City are successful, and that these areas fulfill their potential by becoming great places for new and existing residents.

Investing in the District's Future

The investment would go towards key projects that are critical to the future economic vitality and competitiveness of the Center City. Investment is needed by both the public and private sectors. Public sector investments are of a catalytic nature that can stimulate additional private investment. Public investments fall into three categories: 1) the sectors of the economy and mix of uses that may not naturally develop under market conditions (retail, culture and entertainment), 2) infrastructure (such as transportation), and 3) placemaking (such as parks and streetscape).



A key component of a public investment strategy is the use of incentives, such as TIFs, tax abatements, and PILOTs. TIFs allow the incremental tax revenue collected as a result of development in a district to be pledged towards payment of bonds issued by the city to fund infrastructure and public realm development in the area. Under tax abatement, the District would provide an incentive for development of a particular product type (e.g. residential or retail) by agreeing that the end user of the developed space would not be required to pay property tax for a fixed period of time. With PILOTs, the District could access 100% of incremental property tax revenue through an agreement with property owners to abate their taxes in exchange for a payment of the anticipated tax amount directly to the city for use in making payment on bonds issued to support either infrastructure spending or preferred development.



Focusing Investments

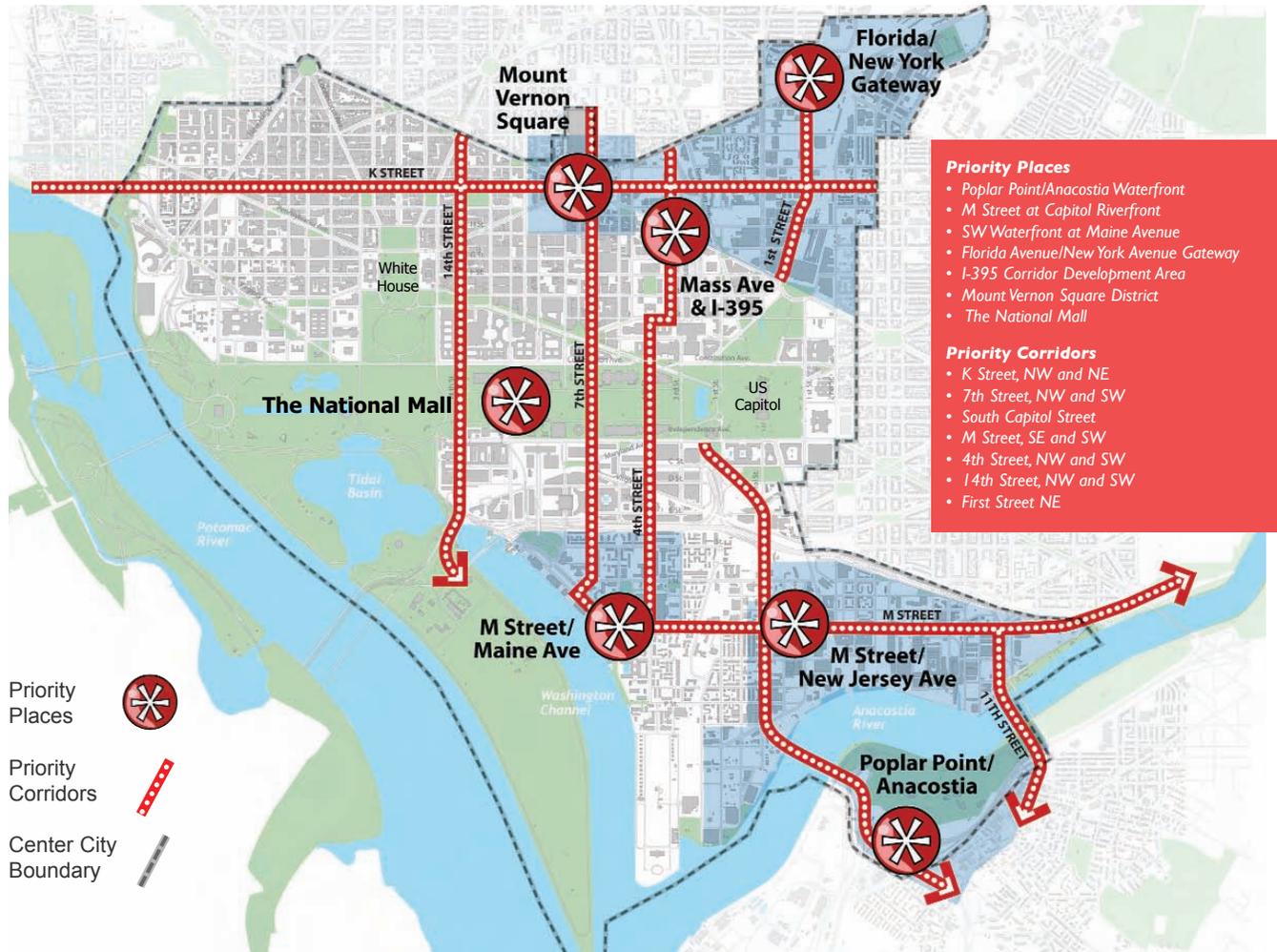
Places • Transportation • Corridors • Economy

At this point in Washington's transformation from a downtown to a Center City-based economy, investments need to be focused in new ways - not in overcoming "dull, dirty, and dangerous" - but rather in securing our economic position and enhancing our role as a great capital city. The community will need to move from a primary economic development focus to a broader place-making, infrastructure, and industry investment strategy of long-term dedicated funding in creating high quality and sustainable environments. This is necessary to remain competitive and to achieve the livability and convenience that District residents have worked hard for and that future generations can enjoy in their city.

- Creating great *places* that can anchor developing areas with key amenities and a mix of uses.
- Improving *corridors* that can link destinations.
- Developing multi-modal *transportation* networks that can support an increasing density of residents, employees and visitors and sustain environmental quality.
- Investing in those areas of the DC *economy* that need assistance to create a self-sustaining critical mass, such as culture, entertainment, retail and new industry clusters that would diversify and strengthen the city's economy.

These four areas of investment are key to our economic future; they will allow the District to compete successfully with surrounding jurisdictions. The end result we are

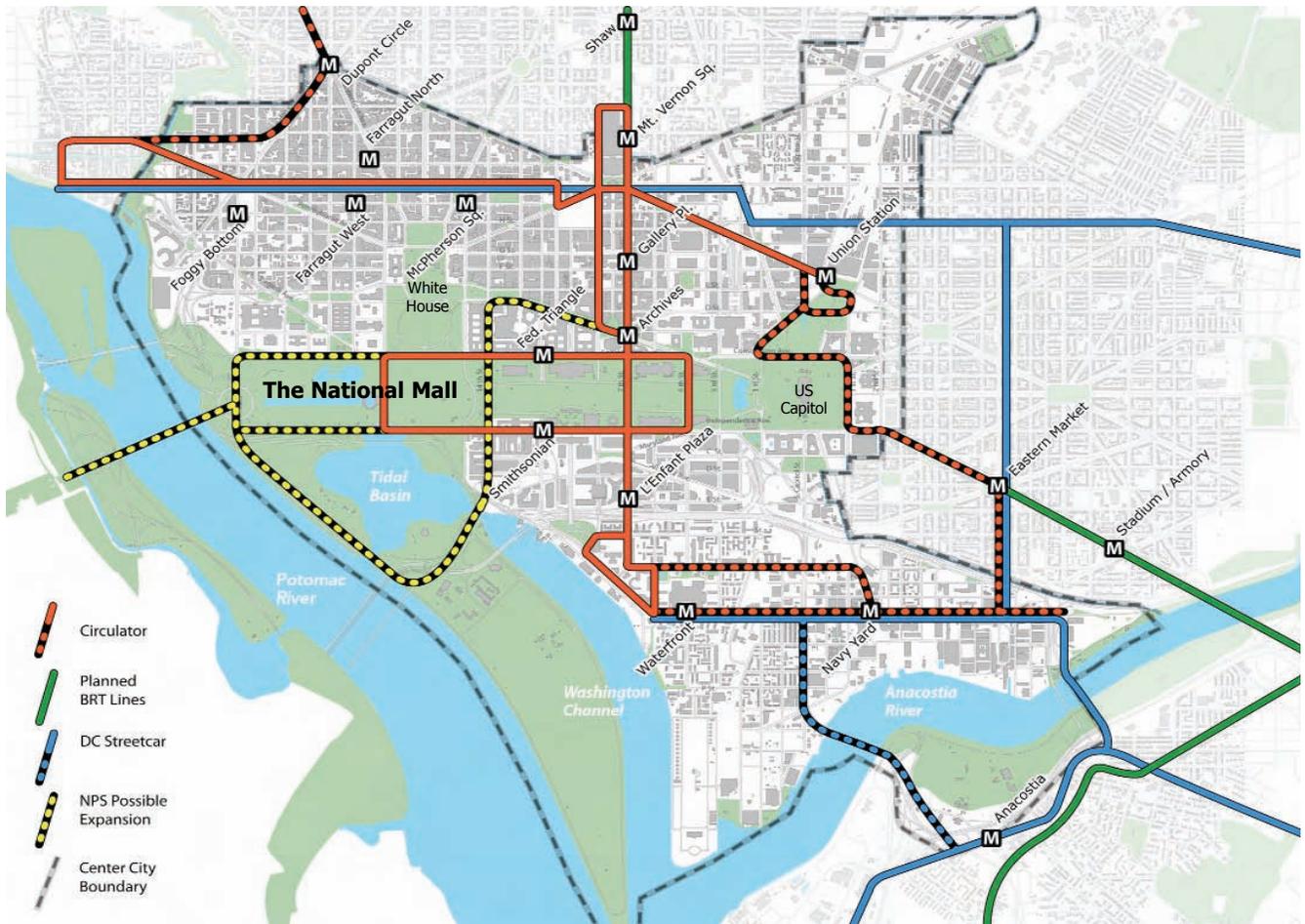
Focusing Investments on Priority Places and Corridors in Center City



Invest in capital projects that improve the quality of Central Washington's environment, stimulate private investment, accommodate projected growth, and set the stage for the area to achieve its full economic and quality of life potential. To create the necessary revenue stream for these improvements, a significant share of the tax revenues generated by development in Central Washington should be reinvested within the area.

Central Washington Capital Improvements, Policy CW-1.1.21, page 16-19, The Comprehensive Plan for the National Capital: District Elements 2007

Focusing Investment on Transportation in Center City



looking for is a Center City with the place-making amenities and the multi-modal transportation and other infrastructure that keep it highly desirable as a residential choice, a business location, a visitor and shopping destination, and the region's hub of culture and entertainment.

The District is served by one of the best metro and rail systems in the country. However, increasing density and employment, the growing costs to business associated with congestion, the development of whole new neighborhoods, a variety of new cultural destinations, and growing concerns about environmental quality call for a rapid increase in transportation options. Consider the underserved areas of the city where the lack of transit makes it difficult to get to Center City and its growing numbers of jobs; the tourist and the office worker seek-

ing short distance travel; and the emerging areas around the downtown where streetcars and Circulator service are needed to provide surface alternatives to realize their development potential.



18-Month Action Agenda

March 2008 – September 2009

The Center City Steering Committee, comprised of community leaders, Business Improvement Districts, and other key stakeholders, developed this Action Agenda. It lays out critical priorities for the next 18 months and outlines key activities and related policy endeavors to take the necessary steps toward implementation.

Note: Also see “Recommended Actions” for specific Priority Places, Corridors and Transportation in the blue boxes in each section that follows.

Oversight

- Establish a working group that includes the Government of the District of Columbia, the Center City BIDs, Federal representatives including NCPC, NPS, and AOC, and meets quarterly to focus on implementing the priorities in the Action Agenda.

Economic Development

- Complete an analysis of the benefits and fiscal impacts of broadening and expanding the use of investment tools (TIFs, PILOTs, tax abatements) to address essential infrastructure and transportation needs and other critical goals such as a preferred mix of uses.
- Building on the analysis of core and emerging economies in the 2006 Comprehensive Plan for the National Capital, carry out retention/recruitment activity specific to each economic sector.

- Establish a GSA federal agency location initiative, as part of the larger business development strategy, specifically focusing on federal agency space, employment and contracting needs.
- Track Center City public investment and development from 2010 through 2014.

Neighborhood Quality

- Ensure affordable housing opportunities in major developments including Northwest One, Arthur Capper-Carrollsborg, Southwest Waterfront, Poplar Point and other District-controlled parcels.
- Evaluate the impact of expanding the use of tax abatements in an effort to ensure that the new areas are comprised of at least 50% residential uses.
- Complete retail cluster strategies to provide neighborhood retail services in emerging areas.
- Expand supportive housing and services, especially for the homeless, starting with the identification and acquisition of 3-5 smaller-scale sites dispersed throughout Center City.
- Within the School Modernization plan, identify Center City schools that can benefit from a partnership with businesses and civic organizations in emerging neighborhoods.



The Verizon Center in Washington, DC.



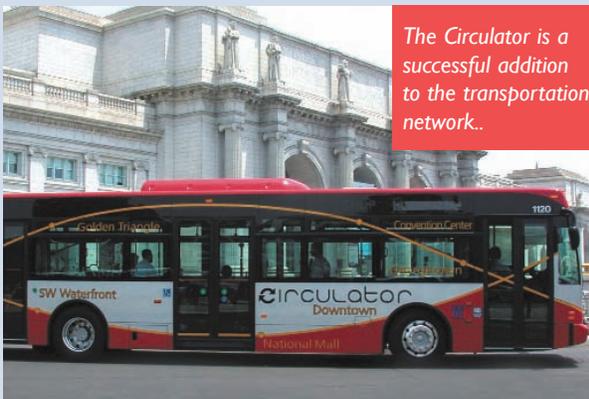
New buildings alongside older ones contributes to attractive, walkable streets in Center City.

- Complete a comprehensive plan to address parks, and open space needs throughout Center City.
- As part of Creative DC Action Agenda, just getting underway, analyze the current role and future potential for expanding DC's creative economies and cultural diversity for the benefit of its residents, visitors and workforce.

Transportation

- Implement the Congestion Management Task Force recommendations.
- Hire a “motor carrier coordinator” who will be responsible for both freight and tour bus issues and working with our Federal partners to implement solutions.
- Complete initial implementation for Circulator expansion to Adams Morgan, Capitol Hill, M Street SE/SW, as well as to the Mall and secure stable funding.
- Prepare a funding strategy and undertake feasibility analysis for streetcar routes and/or bus rapid transit (BRT) to serve Center City that include H Street, NE, the Anacostia line, the K Street transit way; NoMa and others.
- Support completion of the \$3 billion, ten-year *Metro Matters* funding plan that is comprised of \$1.5 billion of federal funding and \$1.5 billion of regional funding.

Note: See page 37 “Focused Resources – Transportation” Recommended Actions for more detail



Open Space, Environment, and Design

- Strengthen the partnership with the National Park Service in order to focus on implementation and revitalize federally-control public parks and reservations.
- Develop performance standards for “greening” the Center City.
- Develop comprehensive and integrated standards and review procedures for public space design in order to upgrade street and sidewalk environments.
- Convene a forum of developers, architects, urban designers, planners, landscape architects, and civic organizations to explore best practices and develop ways to strengthen Washington's architectural design identity.
- Address the impacts of security installations on community space, access and city image; establish District performance standards and review procedures.

