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RECOMMENDATIONS and IMPLEMENTATION

The existing conditions analysis provides a baseline for resources in the study area, including urban design, land use, parks and open space, community safety, and market conditions. Through numerous site visits, data collection, and community engagement, the study team generated a variety of constraints and opportunities to be addressed and resolved through this Area Development Plan. The Recommendations and Implementations detailed in this Plan provide a road map for addressing constraints and establishing a strategy to capitalize upon opportunities in the following resource areas: Urban Design and Land Use, Public Realm and Community Safety, Parks and Open Space, and Economic Development and Housing.

Implementation

This section presents proposed public actions and investments needed to realize the desired changes at Riggs Road and South Dakota Avenue. Implementation of this Redevelopment Framework Plan will be a short to long term evolutionary process. Analysis of the study area and the projected development trends lead to the next steps of identifying opportunity sites for guiding development in the area.

Visioning

Visioning is the process of collaboratively putting together an image of a consensus based outcome. It offers the opportunity to turn plans into places that reflect a high degree of community identity.


Based on the public engagement process, the study team generated several images that visualize the redevelopment opportunities around the intersection. The images incorporate the planned development projects at the Tiger Mart and Dakotas apartment and include a physical representation of the recommendations for improved scale and character, building setbacks, streetscape upgrades, and enhanced community identity. Consistent with this redevelopment framework, the images should be considered a starting point to outline opportunities for a holistic vision rather than complete final designs for the future.



URBAN DESIGN and LAND USE

The area immediately surrounding the intersection has an excessively wide and low visual character with a poor height to setback ratio. The scale of the intersection caters to vehicles rather than pedestrians. The width of Riggs Road around the primary study area is approximately 65 feet, yet due to the large setbacks resulting from the South Dakota ramps, there is approximately 300 feet between the Tiger Mart and Dakotas Apartments. In order to maintain consistency in scale with some of the other commercial corridors in the District, the building heights should be between five to seven-story buildings with a minimum setback to the street. Increasing the building heights and reducing the setbacks would result in a more appropriate urban design scale in the primary study area and would provide traffic calming to the area, reducing vehicle speeds. Property owners and developers seeking increased building heights must go through the map amendment and/or PUD process. Decreased building setbacks, streetscape upgrades, new streetfront retail, and a new continuous network of sidewalks will improve and revitalize the pedestrian experience in the area.

Table 4.1- Urban Design and Land Use Recommendations and Implementation Strategy

GOAL		RECOMMENDATIONS	LEAD AGENCY/ ORGANIZATION	IMPLEMENTATION STRATEGY/ PARTNERSHIPS	PROGRAM	PUBLIC FUNDING NEEDED	TIMEFRAME/ PROJECTED COMPLETION
		* Note 4 (See Appendix)					
Establish a dynamic neighborhood center at Riggs Road and South Dakota Avenue that enhances community character and reactivates the street	1	Develop the Riggs/South Dakota intersection with four corners of activity, making the intersection into a dynamic neighborhood center, similar to other successful intersections in the District.	DMPED, Private developers	OP	TIF, Enterprise Zone	Yes	Ongoing
	2	Change from a mix of industrial and multi-family residential land uses to medium density residential and commercial uses at opportunity sites and residential land uses from moderate to medium mixed-uses at opportunity sites.	OP, Private developers	DMPED	N/A	No	Short/ Mid-term
	3	Encourage underground parking to reduce the volume of parking structures in the project area.	OP	DMPED	TIF, Enterprise Zone	Yes	Short/ Mid-term
	4	Engage WMATA, DDOT, and neighboring property owners in a discussion regarding innovative parking solutions, including parking pilots, shared parking, and other tools.	OP	Private developers, WMATA, OP	WMATA, MPD Community and NS	Yes	Short term

An example of a successful retail corridor in the District with four corners of activity, appropriate building height -to-setback ratios, and proximity to a Metro station is Friendship Heights next to Mazza Gallerie in upper northwest (see Figure 4.1). First and second floor street front retail faces Wisconsin Avenue from Jennifer Street to Western Avenue with residential uses and office space on the upper floors. The development has also incorporated surface, structured, and underground parking in several locations.



Figure 4.1 - Four corners of retail Mazza Gallerie



PUBLIC REALM and COMMUNITY SAFETY

Recommendations for improvement to public realm and community safety rely on a successful partnership between residents, business owners, local law enforcement, schools, and local government to develop strategies that promote and enhance community policing, pedestrian safety, territorial reinforcement, and maintenance of property.

In general, the neighborhoods in the study area have a strong community identity due in part to high home ownership rates and a good number of long-time residents. To goal is to enhance the overall safety of the area: to reduce and deter crime, to increase community policing, and to improve the quality of the pedestrian environment by reducing speeds, installing adequate lighting, and continuous sidewalks.

Figure 4.2 - Diagram of Public Realm



What is Public Realm?

Public realm also refers to the space between the face of the building and the curb of the street, including streetscape elements such as sidewalks, street lamps, and street trees, building facades and signage.

Table 4.2- Public Realm and Community Safety Recommendations and Implementation Strategy

GOAL		RECOMMENDATIONS	LEAD AGENCY/ ORGANIZATION	IMPLEMENTATION STRATEGY/ PARTNERSHIPS	PROGRAM	PUBLIC FUNDING NEEDED	TIMEFRAME/ PROJECTED COMPLETION
	* Note 5 (See Appendix)						
Create pleasant, barrier free streets that reinforce convenience, safety, and visual interest of pedestrians.	1	Collaborate with WMATA on the implementation of the Station Access Study recommendations, which may include safety, access, and signage improvements.	WMATA	OP, DDOT, NPS	WMATA's Station Access Study; Capital Space Project	No	Short-term
	2	Engage WMATA and the NPS to patrol the Metro area and adjacent footpaths to increase safety. Develop a Policing Plan with the Metropolitan Police Department to continue a vigilant police presence and response.	OP	Private developers, WMATA, OP, NPS, MPD	WMATA's Station Access Study	Yes	Short-term
	3	Improve sidewalks and overall access to Fort Totten Metro Station with particular focus on opening 3rd Street access at current Clark Development; Other surrounding corridors, including Kennedy street, 4th Street, Galloway and any new vehicular access routes should encourage safe and well lighted neighborhood connections.	DDOT	WMATA, OP, Private Developers	WMATA's Station Access Study; Capital Space Initiative	Yes	Mid-term
	4	Install a uniform system of street lights with ample illumination in all residential areas including Kennedy street, 4th Street, Galloway.	DDOT	Community	Transportation Enhancement Fund	Yes	Mid/Long-term
	5	Implement recommendations from DDOT's South Dakota Avenue Transportation and Streetscape Study.	DDOT	OP, Community	District's Capital Improvement Budget, Space Project	No	Short-term
	6	Work with the Mayor's Office of Community Relations (MOCRS) to complete regular "Fix It-s" to address public safety and regulatory issues.	MOCRS	OP, Community	Operation "Fix-It" and "Fight Back"	Yes	Short-term
	7	Develop First Place as a multi-modal neighborhood-serving corridor. Following the lead of the Metropolitan Branch Trail, enhance safe and accessible pedestrian and bicycle connections in the study area.	DDOT	WMATA, DDOT, OP, Private Developers	Transportation Enhancement Fund, CDBG Funds	Yes	Mid-term

PARKS AND OPEN SPACE

Parks are most successful when they are well used by communities. In order for parks to be consistently used, they need to be well maintained, well defined, and safe. For any parks' initiative to be successful, active community members will need to take a certain amount of ownership in terms of maintenance and programming. The goal is to enhance the Fort Circle Parks simultaneously so that when the short term park is converted into long term development, residents will not lose their sole recreational asset, but rather have ample other parks and greenspaces to enjoy in their neighborhood.

Table 4.3- Parks and Open Space Recommendations and Implementation Strategy

GOAL	RECOMMENDATIONS		LEAD AGENCY/ ORGANIZATION	IMPLEMENTATION STRATEGY/ PARTNERSHIPS	PROGRAM	PUBLIC FUNDING NEEDED	TIMEFRAME/ PROJECTED COMPLETION
Connect , activate, and create new open spaces; Improve the safety, maintenance, and quality of existing parks and establish additional recreational opportunities	1	Provide publicly accessible pocket parks, active recreation, and/or green space where appropriate in new development. Ensure that the design optimizes the accessibility, safety, and programming of the site and involves resident input.	OP	DMPED, DPS Private Sector	N/A	No	Ongoing
	2	Establish formal partnerships between local and federal parks volunteer coordinators to provide communities with the tools and training for successful stewards.	DPR	NPS, DPR, NCPC, DCPS, DDOE	District's Capital Improvement Budget, Capital Space Project	No	Ongoing
	3	Implement Capital Space initiative recommendations for improving access, signage, and safety at Fort Totten Park.	NCPC	OP, DPR, NCPC	District's Capital Improvement Budget, Capital Space Project	No	Mid-term
	4	Work with NPS to establish active recreation, such as playground or trails at the edges of the Fort Circle Park near residential areas.	NCPC	NPS, DPR, NCPC, DCPS, DDOE	Capital Space Initiative	Yes	Short-term
	5	After the completion of roadway improvements, consider short term park and open space uses on development sites such as the triangle parcel by Food and Friends.	DPR	DDOT, DMPED, DPR, OP	District's Capital Improvement Budget, Capital Space Project	Yes	Short-term
	6	The KFC/Taco Bell, Riggs Plaza and Triangle sites should be targeted to include innovative green and open space amenities within any proposed development concept.	Private Sector	DPR, NPS, OP DDOT	N/A	No	Ongoing



ECONOMIC DEVELOPMENT and HOUSING

Recommendations for residential, commercial, and retail opportunities are summarized below and consider the ongoing and planned development in the study area, as well as the demand potential described in the following pages. The development of the Dakotas, Fort Totten Station, and Cafritz mixed-use projects promises to be an important anchor of new commercial and residential investment at this important gateway to the District. These projects will add 2,345 new single and multi-family residential units and more than 165,000 square feet of new retail development to the primary study area in the next several years.

Table 4.4- Economic Development and Housing Recommendations and Implementation Strategy

GOAL(S)		RECOMMENDATIONS	LEAD AGENCY/ ORGANIZATION	IMPLEMENTATION STRATEGY/ PARTNERSHIPS	PROGRAM	PUBLIC FUNDING NEEDED	TIMEFRAME/ PROJECTED COMPLETION
Maintain affordable housing in the area so future generations may continue to live in the neighborhood.	1	Provide new mixed income housing for generations that want to continue to live in the neighborhood.	DHCD, Private sector	DCHFA, OP	DHCD Housing Production Trust Fund DCHFA- Single family Mortgage Revenue Bonds; Tax Exempt and Taxable Multi-family rental and Co-Op Bond Financing	No	Mid-term
	2	Emphasis should be placed on housing opportunities for seniors.	DHCD	OA, DCHFA	DHCD- Housing Finance for Elderly, Dependent and Disabled	No	Mid-term
	3	Maintain and improve home ownership opportunities for all residents.	DHCD	DHCD	DHCD- Single Family Residential Rehab Program	No	Mid-term
Attract commercial and retail development that serves all generations	1	Provide technical and financial assistance with the intent of retaining and expanding local businesses.	DSLBD	DHCD	DSLBD- ReStore DC, Enhanced Business Information Center DHCD- Community Development Block Grants	Yes	Short/ mid-term
	2	Attract ground floor retail that encourages-pedestrian activity: restaurants, cafes, coffee shops, flower shops, etc.	WDCEP, Private sector	OP, DMPED	N/A	Yes	Short/ mid-term
	3	Encourage future retailers to participate in an improvement district that promotes the area, regulates signage and addresses security.	DMPED	DSLBD	N/A	Yes	Short/ mid-term
	4	Determine feasibility of using Tax Increment Financing to finance retail attraction, streetscape, and public realm improvements to connect new development to Metro.	DMPED	OP	TIF	Yes	Mid-term
	5	Encourage new development near the Metro Station that takes advantage of proximity to public transit.	DMPED, WMATA	OP, Private sector	N/A	No	Short/ mid-term
	6	Establish partnerships with development teams proposing Planned Unit Developments (PUD) to negotiate community benefits with area residents.	OP	OP, Community Developers, Property Owners	Planned Unit Development	No	Ongoing

Recommendations for economic development are based on the demand potential of the entire study area.

DEMAND POTENTIAL

ERA assessed the growth potential in the study area using a three-step process. First, through analysis of other areas in the region that have experienced transit-oriented redevelopment in the last 15-years, ERA established annual rate-of-growth projections. Second, residential and household projections were developed based on three, five-year increments to assess “net-new” market-rate households that will be added to the study area. Finally, office demand was assessed based on the rate of population growth. The prospects for the study area as a major office development area are long-term; therefore, local-service oriented office uses drive demand for office space in the market, driven by an increase in new households in the study area.

Population and Households

Residential growth in the study area has generally been negative in recent years. However, several development proposals are in the pipeline or currently under development that will reshape the study area. It is reasonable to assume that the study area can achieve some significant growth in the coming 15 years, resulting in a better, pedestrian friendly transportation network and transit-oriented development, which would attract residents to a relatively lower housing cost area of the District. The area has some significant benefits for development that include access to two Metro lines and major transportation corridors that link the area to the west and south.

To assess growth potential in the study area, ERA looked at other areas that have undergone redevelopment near Metro stations. Because city redevelopment, in such neighborhoods as Capitol Hill and Columbia Heights, has been recent, the primary areas for comparison came from Bethesda, Maryland (see Figure 4.3) and Silver Spring, Maryland (see Figure 4.2), which both experienced focused redevelopment efforts around the Metro stations in suburban neighborhoods since 1990. The Bethesda and Silver Spring annual growth rates provide a foundation for considering the achievable rates of growth in the study area. However, Riggs Road is beginning from an earlier point of redevelopment, is closer to downtown Washington, and has significant amounts of land for redevelopment that are owned by the Metro or currently utilized for other uses.

The growth in this area is expected to be largely multi-family structures and will likely include a mix of ownership types, consisting mostly of owner-occupied units (60-70-percent). Additionally, the baseline population estimates are approximations of current population and households and are only estimates for potential growth within the study area. Based on other experiences, it is likely that this development will be concentrated in several key areas, particularly near the Fort Totten Metro station and the Riggs Road/South Dakota Avenue intersection.

Figure 4.3 - Bethesda Row retail.
Photo from Smart Growth Illustrated,
from www.epa.gov



Figure 4.2- Silver Spring Center, photo from
www.silverspringcenter.com



Office Market

The office market in the study area has been underserved for some time. A tour of the area indicates no major stand-alone office buildings and only a few buildings that could be considered “flex” space that may incorporate some office uses. Because the area is removed from downtown, with more mature markets in between, the market for office development in the study area is minimal.

As a result, office development in the area will likely be driven by local household growth and resident demand for office-related services, such as insurance or real estate. These services will be provided by small businesses of less than 10 employees. ERA estimated the number of small businesses created per household for the District as a whole, and then applied that average to the study area. Small businesses in service sectors tend to serve local residents and it takes a certain number of households to support a small business. The analysis projects that same level of development in the study area.

Each household in the District generates demand for 0.02 small businesses. This rate was applied to the number of households in the study area to generate an expected level of office demand from existing and new household growth. From the existing households, we expect demand for 86,000 square feet of office space, a need that is not currently met by the local market. This demand was spread equally over the following three, five-year periods to indicate redevelopment of office space in the neighborhood.

Additionally, new household growth, based on the projections shown in the pre-



vious section, will result in office demand of 15,100 square feet from 2007 to 2011, 20,600 square feet from 2012 to 2016, and 14,500 square feet from 2017 to 2021. Table 4.5 summarizes the total expected future office demand in the study area.

Table 4.5 - Supportable Office Demand

	2006	2007-2011	2012-2016	2017-2021
Estimated Households (HH) ¹	2,980	459	627	441
Small offices supported by on-site HH ²	66	10	14	10
Office market demand (in sf) ³	86,000	15,100	20,600	14,500
Total Supportable Development				

¹2006 is the current estimate of households with projections for new households built for each five year increment thereafter

²Each business average six employees and requires 225 square feet per employee. The total demand in future years was increased by 25 percent to account for capture of additional demand from a regional market; 2006 demand represents a currently underserved market demand.

³The existing demand that is not being served will be developed and absorbed by the market over the 15 year period.

Retail Market

The retail customer trade areas for the study area, as shown in Figure 4.4, are defined by geographical barriers, psychological boundaries, driving times and distances, population and employee densities, and the impact of nearby retail competition. Fort Totten Park, Fort Slocum Park and the Metro rails have substantial impacts on the intersection's ability to draw customers from the west and south.

The residents of the primary and secondary trade areas would provide the highest percentage of Riggs Road/South Dakota Avenue's retail sales and serve as the most reliable and regular customers. Based on the retail market analysis (the full analysis is located in the Appendix), approximately 105,000 to 170,000 square feet of potential retail demand is derived from households in the Riggs Road/South Dakota Avenue trade areas.

The local workforce will add to the total demand for retail near the intersection. Approximately 3,757 people are employed at businesses within the primary trade area. The workforce component of the study area's customer base contributes an estimated 10,000 to 17,000 square feet of retail demand to the area.

Current and Projected Retail Demand

The total of the resident and workforce retail demand calculations yields the total retail demand for the study area. Projected retail demand assessments are based on expected population, workforce, and income growth in Riggs Road/South Da-

RIGGS ROAD PRIMARY TRADE AREA

Riggs Road/South Dakota Avenue's primary trade area contains the residences and workplaces from which the majority of the corridor's retail sales will be derived. According to 2006 estimates based on 2000 Census information, 16,035 people reside in 7,121 households within the primary trade area's boundaries. The median household income is \$53,775. Approximately 31.8 percent of households report annual incomes of more than \$75,000 ¹. Significantly more homes are owner-occupied (69.54 percent) than rented (30.46 percent) in the primary trade area.

RIGGS ROAD SECONDARY TRADE AREA

Within the Riggs Road/South Dakota Avenue secondary trade area ², many retail centers offer existing competition. Consequently, capture rates for the study area decrease as expenditures are dispersed among a greater number of shopping alternatives. According to 2006 estimates based on 2000 Census information, 25,341 people reside in 9,613 households within the secondary trade area's boundaries. The median household income is \$49,864. Similar to the primary trade area, the secondary trade area's housing distribution is weighted towards owner-occupied dwellings: With 40.6 percent of residences are classified as rental homes.

Figure 4.4 - Retail customer trade area boundaries



¹ The source for the data referenced for the primary and secondary trade areas – U.S. Census Bureau, 1990 and 2000 Census information. Current year 2006 estimates and 2011 projections – Claritas, Inc. Demographic Snapshot Reports. Generated for Retail Compass, LLC (November 2006).

² Exclusive of the Primary Trade Area boundaries identified above.

kota Avenue trade areas. Totals are expressed as the amount of demand under high productivity conditions.

Planned, proposed, and future development will absorb portions of this retail demand. The Riggs Plaza Apartments project is anticipated to include up to 20,000 square feet of retail space, thereby decreasing total amount of demand. Additional projects will have the same effect. The most favorable site for large-scale retail development in the study area is located at the Riggs Road Center (Tiger Mart site). As a sizable and consolidated property along a highly trafficked roadway, the Riggs Road Center parcel is underutilized and offers an opportunity to capture expenditures that might otherwise exit the District. Between 80,000 and 100,000 square feet of retail could be accommodated at Riggs Road Center.

Table 4.7: Total Current and Projected Retail Demand, 2006-2021

Retail Category	Total Demand 2006 (SF)	Total Demand 2011 (SF)	Total Demand 2016 (SF)	Total Demand 2021 (SF)
NG&S	46,041	51,706	53,881	55,389
F&B	31,372	34,774	36,053	36,908
GAFO	38,158	41,267	42,717	43,723
TOTAL	115,571	127,747	132,651	136,021

MARKET ANALYSIS FINDINGS - WHAT DOES IT ALL MEAN?

- Future market demand for *workplace* uses in the study area will be driven by multiple factors—realignment of the intersection, new transit-oriented development at Fort Totten Metro, and the District's overall economic revitalization
- Increasing housing prices elsewhere in the District as well as the study area's walking distance to Fort Totten Metro will likely enhance opportunities for new housing
- A key advantage of new housing includes increasing demand for nearby services catering to local residents, such as retail (grocery store, restaurants) and office

AFTERWORD

Market conditions have changed significantly in the District since the original writing of the market analysis. Residential development and absorption rates have slowed significantly and anticipated development projects have slowed. Within the Riggs Road neighborhood, challenges to development may arise in the short-term. Market driver assumptions for the study area were based on price pressures occurring in closer-in, core neighborhoods. Value-seeking customers who wanted to remain in the city looked to emerging markets, such as Riggs Road, to find more affordable housing prices. A slow down in the market in the District will slow the progression of redevelopment outside of the urban core and would push back redevelopment plans or patterns as value-seeking customers remain on the buying sidelines or find more affordable options closer to the urban core.

Table 4.7- Summary of proposed build out in the study area

DEVELOPER	RESIDENTIAL	RETAIL	PARKING
Lowe Enterprises	Dakotas - 171 multi family	N/A	90 spaces
	Tiger Mart- 420 multi family	85,000 sf	550 spaces
	Triangle - 235 multi family	20,000 sf	N/A
	TOTAL 826 units	105,000 sf	640 spaces
Clark Realty Capital Fort Totten Station Apartments	Phase 1 - 128 condo units		153 spaces
	Phase 2 - 135 condo units		162 spaces
	TOTAL 263 condo units	8,000 sf	315 space
Riggs Plaza Apts/ Cafritz Foundation	Phase 1 - 426 apt units	87,000 sf	602 spaces
	Phase 2 - 400 apt units	203,000 sf	1,680 spaces
	TOTAL 826 apt units	287,000 sf	2,282 spaces
	TOTAL 1,915 new units	400,000 sf	3,237 spaces

The proposed development in the Riggs Road neighborhood will take up a significant amount of the market demand over the short and medium-term. The total market demand over the long-term should not change significantly and ups and downs in the market cycle are expected over time. The proposed development is greater than the existing number of residential units within a half-mile radius of the study area and based on estimates completed in 2006 will supply the market through 2016 at least. This analysis is a long-term projection, which could adjust with changes to the market, but planners would expect slower market absorp-



tion over the next one to four years with the potential for an increased rate of absorption thereafter. Over the longer-term, the fundamental conditions for development in the neighborhood have not materially changed, and a slowing of shorter- and medium-term development is expected.

In the retail market, the 2,345 residential units planned for the Riggs Road and South Dakota Avenue neighborhood will add new retail demand to the area. Spending by these households will increase 2011 projected retail demand figures by 15,138 square feet (6,738 square feet in Neighborhood Goods and Services, 3,907 square feet in Food and Beverage, and 4,493 square feet in General Apparel, Furnishings, and Other). Based on previous calculations, the additional demand generated by new development will increase the total need for retail goods and services at Riggs Road and South Dakota Avenue to 142,885 square feet.

The planned developments for this area have proposed 164,798 square feet of new retail space. Approximately 44,000 square feet of retail will be replaced by this new construction. Upon demolition of existing retail space, estimated available demand is 186,885 square feet (2011 projected retail demand plus replaced retail space). In the absence of a revised, comprehensive retail analysis, it is assumed that the proposed amount of new retail development is appropriate for the Riggs Road and South Dakota Avenue neighborhood.

Table 4.8: Modified 2011 demand based on new development

CATEGORY	2011 PROJECTION
POPULATION	990
HOUSEHOLDS	459
RETAIL DEMAND**	
Neighborhood Goods and Services	58,444
Food and Beverage	38,678 sf or 7-8 restaurants*
General Apparel, Furnishings, and Other	45,760
OFFICE	15,100 sf

* a typical restaurant is approximately 5,000 square feet
** The projected retail demand has been revised based on the planned and ongoing development around the intersection, as described in Table 4.7.

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5.0 VISIONING

URBAN DESIGN VISIONING

Opportunity and collaboration are key: the visioning images should be considered as starting points rather than polished and final visions for the future. No definite plans for development have been identified on any of the parcels shown in the renderings. Figure 5.1 shows streetscape in its current state. This image depicts streetscape improvements like new street lamps, signage, and street furniture as well as new pedestrian crosswalks. Figure 5.2 presents the opportunities for Riggs Road adjacent to the present Tiger Mart site.

Figure 5.1 - Existing Conditions at Riggs Road looking west



Figure 5.2- Proposed Vision for the Riggs Road streetscape improvements



Figure 5.3 - Existing Conditions at the intersection



Figure 5.3 is an aerial view of the existing conditions at the Riggs Road and South Dakota Avenue intersection looking west.

Figure 5.4 - Simulated Intersection realignment



Figure 5.4 is a simulation of the intersection realignment. The northbound ramps from South Dakota Avenue are closed to vehicular traffic and are replaced with turning lanes. In addition, the Dakotas Apartments have been razed.



Figure 5.5 - Short-term redevelopment visualization at the intersection



Figure 5.5 is a simulation of the short-term redevelopment at the intersection. In the next five years, the Tiger Mart and Dakotas parcels will be built out with mixed-use residential and retail at the corners of the intersection. Since the timeframe for redevelopment of the Riggs Road Plaza Apartments and Food and Friends site is in excess of 10 years, the triangle parcel is shown as a public park and plaza. Due to the steep slope, this visualization shows a terraced park with a playground, ball court, and plaza at the intersection. A long staircase replaces the northbound ramp.

This visualization is not intended to show the design of the Dakotas mixed-use project, but rather it is intended to suggest the change in massing and scale around the intersection. Similarly, it is not intended to delineate a design of the park, but to present opportunities for its redevelopment as a public asset.

Figure 5.6 - Long-term redevelopment visualization at the intersection



Figure 5.6 is a simulation of the long-term redevelopment at the intersection. After ten years, it is anticipated that the KFC/Taco Bell will be replaced with a mixed-use streetfront retail development. The public park on the Food and Friends parcel is replaced with development that will provide a link between the Cafritz development and frontage on Riggs Road.

This visualization is not intended to show the design of any of the mixed-use projects fronting Riggs Road, but rather it is intended to suggest the change in massing and scale around the intersection.

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NOTES ON THE FINAL PLAN

The following notes on the final Plan are in response to additional guidance offered by the Council of the District of Columbia, Committee of the Whole. The Council approved PR 18-78, the “Riggs Road and South Dakota Avenue Area Development Plan Approval of 2009” on March 3, 2009.

1. OP clarifies that four of the development opportunity sites are currently zoned C-3-A or CR, which is consistent with the mixed use medium density designation and Transit Oriented Development prescribed for the Fort Totten Metro Station area in both the Comprehensive Plan future land use map and this small area plan. These four sites are Food and Friends/DC Triangle, Riggs Road South Industrial, Fort Totten East Industrial, and Fort Totten West, where no change is being recommended in the underlying zoning or Comprehensive Plan future land use designation, which allows up to 65 feet as a matter-of-right and up to 90 feet through a Planned Unit Development (“PUD”). Any proposed development over 65 feet would be required to apply to the Zoning Commission for discretionary approval of a PUD, where public review and comment is an essential part of the process, and where great weight must be provided to the views of the affected Advisory Neighborhood Commission (“ANC”). OP emphasizes its intent to work with community stakeholders and the affected ANC to address design and scale issues of new development through the PUD process.
2. OP clarifies that one of the opportunity sites, Riggs Plaza, is currently zoned R-5-A and is currently designated on the Comprehensive Plan future land use map as mixed use medium density residential and commercial. The Riggs Plaza site has a pending application for a zoning map amendment to change the R-5-A zoning to C-2-B zoning, which would allow up to 65 feet as a matter of right and up to 90 feet through a PUD. Although this requested zoning change would appear to be more consistent with the Comprehensive Plan future land use map designation of medium density mixed use than the existing zoning, that decision is within the discretion of the Zoning Commission, where, as previously stated, public review and comment is an essential part of the process, and where great weight must be provided to the views of the affected Advisory Neighborhood Commission (“ANC”) on design and scale issues.
3. OP clarifies that the following two development opportunity sites – the KFC/Taco Bell site and the Riggs North Industrial site -- are currently zoned C-M-1, which allows up to only 40 feet as a matter-of-right and up to 60 feet through a PUD, and which prohibits residential use. Because this Plan calls for a change to medium density mixed residential and commercial use on the KFC/Taco Bell site, and because the small area plan calls for a change to moderate density mixed residential and commercial use on the Riggs Road North Industrial site, the current Comprehensive Plan future land use map designation of PDR or industrial for each of these sites would need to be changed to a mixed use category, in addition to the recommended changes in zoning for these sites. Once again, public review and comment is an essential part of both the Comprehensive Plan amendment process and the Zoning Commission’s zoning map amendment and PUD process, where great weight must be provided to the views of the affected ANC on any proposed development that relies on such a zoning



NOTES ON THE FINAL PLAN (continued)

change.

4. Regarding DDOT's planned realignment of the Riggs/South Dakota intersection, DDOT should reconsider the request for a traffic light and driveway access from Riggs Road to the Food and Friends site. DDOT should also reconsider the pedestrian mobility and safety issues associated with the current design's lack of a pedestrian crosswalk on the west side of the intersection between the KFC/Taco Bell site and the Food and Friends site. DDOT should report the result of its analysis and decision on a reconsideration of these matters to OP, the District's Committee of the Whole, and Food and Friends.
5. OP will provide stronger guidance to WMATA and DDOT on substantially improving the existing poor pedestrian and bicycle access and facilities throughout the planning area, and in the short term should ensure the re-opening of the existing 3rd Street right of way between the Metro Station and Kennedy Street, which had been closed during the construction of the Clark development project.
6. OP clarifies that the plan's designation of the Food and Friends site as a "long-term development opportunity" for residential and retail development is not intended to suggest or encourage Food and Friends to leave the site; rather, the plan is pointing out the opportunity to redesign the site in the context of the closing of the traffic ramps and opening of the adjacent triangle site as a development parcel. The plan is providing guidance for the possibility that the organization may explore opportunities to reconfigure, expand or pursue incorporation within a mixed use project, as the value of the property increases with future nearby development.

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This market analysis, completed in early 2007, is summarized in the economic development and housing section of the Area Development Plan.

FOREWORD

The initial analysis was supplemented in early 2008 and provides a conservative, long-term assessment of the development opportunity in the neighborhood over the long-term. Since completing the analysis, the residential market has significantly changed in the District, with the pace of sales slowing and prices declining slightly. However, these short-term market changes in the District do not materially alter the long-term projections in the report. This report is designed to be a long-term plan with average annual assessments of supportable residential development. It is impossible to take into account the timing and severity of the real estate cycle but over the long-term the market will continue to average a certain level of sustained development and growth. The timing and severity of the market declines will only alter the timelines described in the report by delaying some of the short-term projections (one to five years) while we would anticipate the medium and long-term projections to continue to be supportable.

GENERAL and LIMITING CONDITIONS

This study is based on estimates, assumptions and other information developed by Economics Research Associates (ERA) from its independent research effort, general knowledge of the market and the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or any other data source used in preparing or presenting this study.

No warranty or representation is made by ERA that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner without first obtaining the prior written consent of Economics Research Associates. No abstracting, excerpting or summarizing of this study may be made without first obtaining the prior written consent of ERA. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person, other than the client, without first obtaining the prior written consent of ERA. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from ERA. This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

INTRODUCTION

This section includes the primary market review analysis for the study area, a half-mile radius from the intersection of Riggs Road and South Dakota Avenue (the Intersection), with demand potential for residential, office and other uses. Specifically, the tasks include:

- Preparing an inventory of existing businesses and structures' physical condition, ownership, total square footage, and typology.
- Studying the existing development pattern.
- Evaluating current market conditions and trends, including real estate sales and transactions.
- Taking into consideration all nearby planned and proposed development projects, conduct market study (demand) for the following uses:
 - Residential, including ownership and rental.
 - Commercial office.
 - Entertainment.
 - Cultural/community uses.
- Analyzing market options for residential, commercial (retail and office) and mixed-use development, including market-rate, affordable, and live-work housing.
- Incorporating retail conditions and market potential analysis provided by Retail Compass LLC.

METHODOLOGY

To conduct the market analysis and review of existing conditions, ERA began with a visual inspection of the area and a review of the existing research and documentation available on planned developments in the study area. In addition to the visual inspection and site tour used to understand the quality and character of the neighborhood and mix of land-uses and businesses, ERA also conducted market research from a variety of sources to achieve the objectives listed above. This research included:

- Demographic and economic research and projections to understand the changing population mix and conditions in the neighborhood.
- Real estate market research from primary and secondary resources to understand land-use trends, vacancy rates, rental rates, and other factors driving the local real estate market in the study area.

To develop residential and household demand projections, ERA used historical experience in the study area and other similar areas in the District that have undergone transit-oriented redevelopment projects. This research led to the development of residential and household growth projections for the study area. Office demand potential was assessed as a factor of local household service demand that will drive the office market. Retail demand was determined by evaluating the possible amount of captured expenditures and the expected sales per square foot for establishments.

KEY FINDINGS

- While population has steadily declined in the study area and throughout the District in the past 30 years, recent upward trends in population suggest opportunities for development and growth in the study area.
- Household sizes have decreased and consistently gotten older in the study area. These trends suggest opportunities for multi-family development in the corridor.
- Residential prices have increased substantially in the area due to price pressures across the District, and could lead to increased demand for housing to relieve price pressures for existing residents.
- Office spaces is virtually non-existent in the area and redevelopment of the Intersection could lead to significant growth potential for office uses serving the local resident population with needed office services closer to home.
- Retail space in the study area is currently underutilized or vacant pending re-development.

DEMAND POTENTIALS

- Resident population could increase by over 3,000 during the next 15 years.
- Household growth will grow slightly faster, with emphasis placed on multi-family developments that will result in more units and fewer residents per unit.
- The existing area is underserved by office uses and could support additional development with improvements to traffic, pedestrian, and transit access. Existing demand could be as high as 86,000 square feet within the half-mile study area.
- Additional demand for office development, spurred by local residential growth, could reach 50,200 square feet over the next 15 years.
- Existing demand for high-performing retail could total 115,571 square feet. By 2021, this amount could total 136,021 square feet.

A.1 DEMOGRAPHIC and ECONOMIC CONDITIONS

The following sections include the demographic and economic analysis for the study area. As described in the main report, the primary study area for the project is the quarter mile radius at the intersection of Riggs Road and South Dakota Avenue. The Secondary study area includes the half mile radius from the Intersection. An additional one mile area around the intersection has also been included for analysis and comparison purposes.

Population

Population numbers were examined for the primary and secondary study areas as well as a one mile radii from the intersection; population data for the District was also included. Table A.1 shows the change in population from 1990 to 2011 and Figure A.1 compares the Compound Annual Growth Rates (CAGR) in the study area and the District.

The population decline that the study area is experiencing is consistent with the decline of population in the District (see Figure A.4). Urban area population decline is evident throughout the country, as city centers decrease and suburban development expands. However, throughout the study area, population decline has been occurring at a decreasing rate, with the largest decline occurring between 1990 and 2000.

- The population one mile from the intersection is experiencing the lowest rates of decline, with projected population remaining stable between 2006 and 2011. This contrasts with the projected population declines for the other geographic areas.
- The highest annual rate of population decline was experienced between 1990 and 2000 for the area half mile from the Intersection (0.8 percent). This rate however has slowed, with a projected annual population decline of only 0.2 percent for 2006 to 2011.
- While the area immediately adjacent to the intersection experienced annual population decline in 1990 to 2000 of 0.7 percent, population is expected to decrease at a slower rate (0.2 percent) between 2000 and 2011.

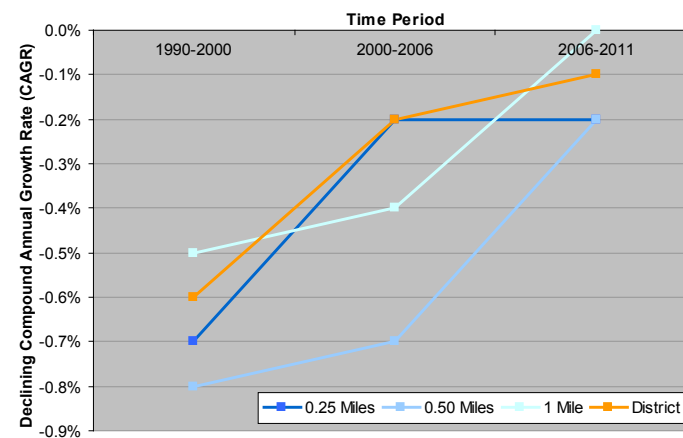
Table A.1: Projected Population and Compound Annual Growth Rates (CAGR), 1990-2011

	1990	2000	2006	2011	1990-2000 CAGR	2000-2006 CAGR	2006-2011 CAGR
.25 Mile	1,451	1,346	1,332	1,320	-0.7%	-0.2%	-0.2%
.50 Mile	5,924	5,490	5,268	5,219	-0.8%	-0.7%	-0.2%
1 Mile	25,254	24,077	23,520	23,550	-0.5%	-0.4%	0.0%
Washington DC	606,900	572,059	563,842	560,539	-0.6%	-0.2%	-0.1%

Source: US Census; ESRI Business Analyst; Economics Research Associates, November 2006

Figure A.1 - Comparison of the CAGR (1990-2011) by Area

Source: US Census; ESRI Analyst; ERA, November 2006



Population changes in the District

Table A.2 shows the change in the District's population since 1970. The table also compares two different population projection numbers for the District up to 2030. The population decline experienced by the District between 1970 and 2000 is consistent with the decline in the study area. Citywide, the largest population decline was between 1975 and 1980, when the population decreased at an annual rate of 2.2 percent. However, since 1990, the annual population decline has steadily slowed and both projections show the population stabilizing by 2030. The forecasts from the Washington Metropolitan Council of Governments (MWCOC) suggest trends toward increasing populations in the District in the near and medium term if current urban renaissance trends continue.

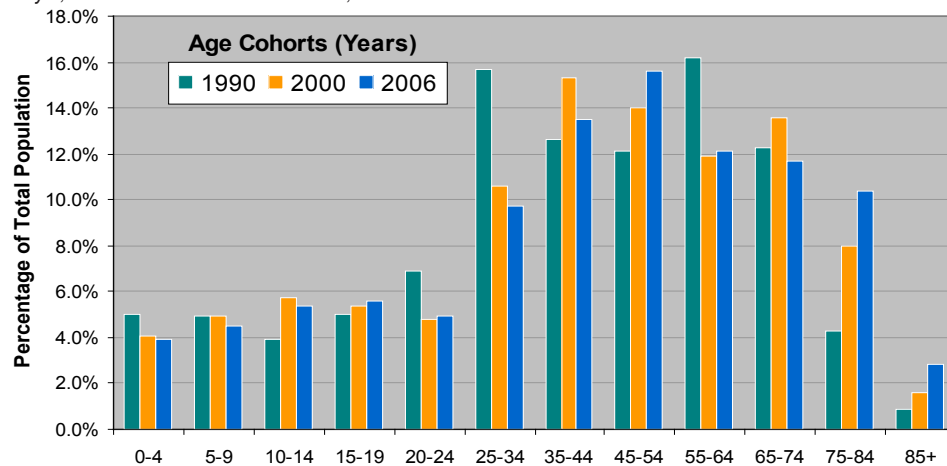
Table A.2: Population in the District, 1970-2030

Year	Woods&Poole Econ.		MWCOC	
	Population	CAGR	Population	CAGR
1970	755,406			
1975	711,759	-1.2%		
1980	637,160	-2.2%		
1985	634,546	-0.1%		
1990	605,321	-0.9%		
1995	580,517	-0.8%		
2000	571,454	-0.3%	572,100	
2005	561,959	-0.3%	577,500	0.2%
2010	556,721	-0.2%	608,700	1.1%
2015	553,049	-0.1%	641,900	1.1%
2020	550,229	-0.1%	673,000	1.0%
2025	548,468	-0.1%	712,000	1.1%
2030	548,248	0.0%	733,800	0.6%

Source: Woods and Poole Economics; MWCOC; ERA, November 2006

Figure A.2 analyzes the population distribution by age for a half mile radius from the intersection within the study area. The graphs show a change in the distribution of population in each age bracket between 1990 and 2006. Most significantly, there has been a large decrease in the percentage of residents between age group 20-34 while there has been a large increase in the percentage of residents between age group 75-84. Key findings are listed below:

Figure A.2- Population Distribution by Age within 0.5 Mile Radius, 1990-2006 . Source: US Census; ESRI Analyst; Economic Research Associates, November 2006



- The percentage of small children in the study area has decreased. In 1990, 5 percent of the population was in the age group of 0-4, however, by 2006 the population percentage decreased to 3.9 percent. In addition, the percentage of the population in age group 10-14 has increased between 1990 and 2006.
- The largest population changes between 1990 and 2000 were experienced in the age groups of 20-24 and 55-64, where the population percentage decreased to 5.1 percent and 4.3 percent, respectively.
- While the age group 45-54 experienced some population increases, the largest increases were in the age group of 75-84, where the percentage increased from 4.3 percent of the population in 1990, to 10.4 percent of the population in 2006.

Households

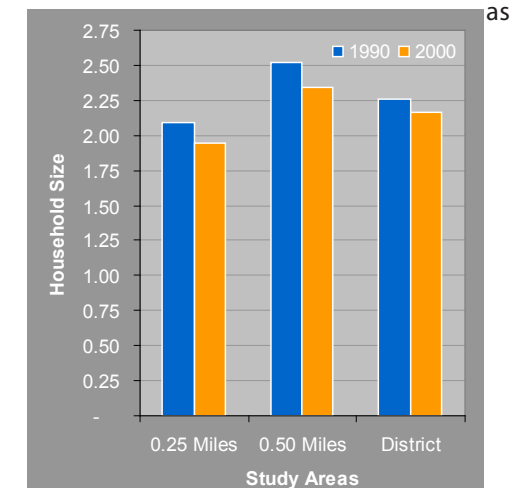
The changes in the number of households are smaller than the changes in population. As seen in Table A.3, while the number of households slightly decreased between 1990 and 2000 (except for the half mile study area, which experienced negligible change), between 2006 and 2011, the number of households is expected to remain constant or slightly grow.

Table A.3: Projected households and Compound Annual Growth Rates (CAGR), 1990-2011

	1990	2000	2006	2011	1990-2000 CAGR	2000-2006 CAGR	2006-2011 CAGR
0.25 Miles	694	689	696	696	-0.1%	0.2%	0.0%
0.50 Miles	2,341	2,342	2,284	2,283	0.0%	-0.4%	0.0%
1 Mile	10,097	9,955	9,768	9,831	-0.1%	-0.3%	0.1%
District	249,634	248,338	248,014	248,330	-0.1%	0.0%	0.0%

The fact that population is decreasing at a faster rate than households, suggests a decrease in the household size, illustrated in Figure A.3. The largest decline in average household size between 1990 and 2000 was seen in the half mile study area, where the average household size decreased from 2.52 to 2.34. Based on the Washington Metropolitan Council of Governments (MWCOC) population projections, households will also be expected to grow through 2030.

Figure A.3 - Change in Average Household Size, 1990-2000



The largest differences in household growth are apparent in 2000 to 2006. While the half mile study area and the one mile study area experienced an

nual population decline of 0.4 percent and 0.3 percent, respectively, the District experienced no household change, while the quarter mile study area experienced 0.2 percent household growth.

Figure A.4 shows the change in median income projected to 2011. As can be seen, median household income is expected to rise for all the geographic areas. However, the median household income in the study area is not forecasted to increase as quickly as the median household income in the District, which is expected to increase by \$26,851 between 1990 and 2011.

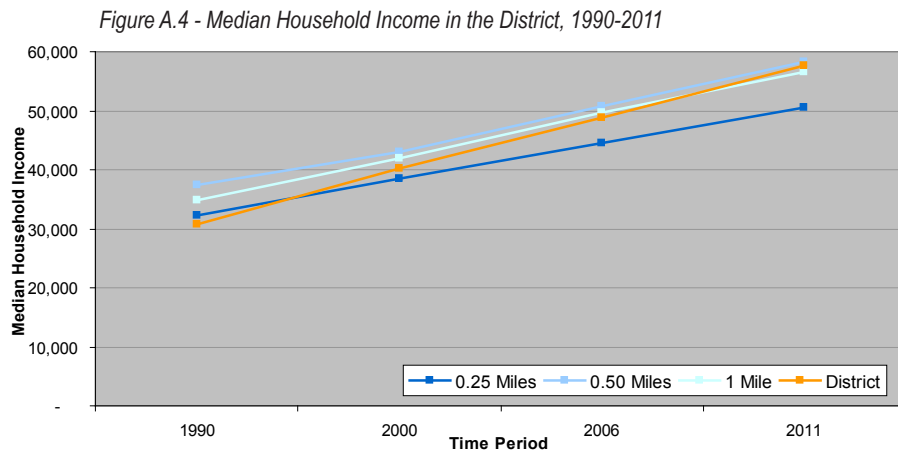


Table A.4 illustrates change in number of households within different income brackets between 2000 and 2011. The half mile study area contains a larger number of households in higher income brackets than the ¼-mile study area.

- Incomes in the quarter-mile study area are projected to increase at a slower rate than incomes in the half mile study area.
- The half mile and the half mile study areas experienced increase in number of households in larger income brackets between 2000 and 2006.
- The most drastic income change was evident in households earning \$100,000-\$149,000, where the percentage of residents in this bracket is projected to increase between 2000 and 2011 by 8.3 percent and 7.9 percent, for quarter-mile and half-mile, respectively.

Table A.4: Change in household distribution by income, 2000-2011. Source: US Census; ESRI Analyst; ERA, November 2006

Income (\$1000)	2000		2006		2011	
	0.25 Miles	0.5 Miles	0.25 Miles	0.5 Miles	0.25 Miles	0.5 Miles
<15	13.4%	13.8%	11.2%	11.3%	9.8%	9.4%
15-24.9	14.3%	12.8%	8.8%	9.8%	7.2%	8.1%
25-34.9	15.0%	11.2%	13.9%	9.6%	12.9%	9.6%
35-49.9	18.2%	18.1%	22.2%	18.5%	19.5%	14.7%
50-74.9	21.8%	23.3%	17.4%	20.9%	18.5%	21.0%
75-99.9	10.1%	11.3%	13.6%	14.0%	12.8%	14.8%
100-149.9	6.3%	8.1%	10.5%	12.8%	14.6%	16.0%
150-199.9	0.1%	0.8%	1.6%	2.1%	3.3%	4.6%
200+	0.7%	0.6%	0.9%	0.9%	1.4%	1.9%



A.2 REAL ESTATE MARKET CONDITIONS

Existing residential structures account for the majority of the real estate in the study area. The residential inventory consists of a mix of single-family and multi-family structures, with large sections of the study area containing a mix of semi-detached and detached single-family residences of varying qualities.

Two industrial clusters, one on South Dakota Avenue just north of Riggs Road and one at Kennedy Street, NE and 3rd Street, NE are also located in the primary study area. The industrial uses are closely aligned with the train tracks to the north of Riggs Road and contain a mix of industrial uses. In addition, a cluster of industrial/flex facilities off 3rd Street to the west of the Metro train tracks includes several older buildings that are currently occupied by local union offices. An additional industrial cluster exists on the fringe of the study area to the south of the Metro station and includes a concrete/stone plant and other industrial uses.

Within one mile of the Intersection, average industrial/flex annual direct net absorption for 2000 to 2005 was -11,105 square feet. There have been large fluctuations in absorption, where in 2003, 2004, and 2005, rates went from -27,200 square feet to 36,215 square feet to -72,642 square feet, respectively. In 2006, absorption was -27,800 square feet. Between 2000 and 2005, vacancy rates peaked in 2003 and 2005, at 12.4 percent and 18.6 percent respectively. Vacancy rates in the remaining years were between 6.2 percent and 7.9 percent. In Q3 of 2006, vacancy rates climbed to a high of 23.3 percent. In addition, there are several community uses in the area that include two schools, a public library, and a day-care center (a private facility) among others.

Table A.5 illustrates the housing status for the study area and the District. In the study area, home ownership rates are roughly ten percent lower quarter-mile from the Intersection than the rates half-mile from the Intersection. These rates are fairly consistent between 1990 and 2006. Vacancy rates however have increased, with rates increasing between 1990 and 2006 by 1.6 percent in the quarter-mile study area and 2.6 percent in the half-mile study area.

Table A.5: Housing status, 1990-2006

	1990	2000	2006
0.25 Mile			
Owner Occupied	58.6%	57.7%	57.8%
Renter Occupied	38.4%	38.5%	37.5%
Vacant	3.1%	3.8%	4.7%
0.50 mile			
Owner Occupied	67.5%	67.0%	68.1%
Renter Occupied	29.1%	28.4%	25.9%
Vacant	3.4%	4.6%	6.0%
Washington DC			
Owner Occupied	34.9%	36.8%	39.3%
Renter Occupied	54.8%	53.5%	51.0%
Vacant	10.4%	9.6%	9.7%

Source: US Census; ESRI Business Analyst; Economics Research Associates, November 2006

- While homeownership rates in the District have been increasing and vacancy rates decreasing, they are roughly half of the homeownership rates in the ½-mile study area.
- Homeownership rates quarter-mile from the study area have been the most stable between 1990-2006.

Though multi-family units outnumber single-family units in the District, this is not the case in the study area. As seen in Table A.6, the number of single-family units greatly exceeds the number of multi-family units. Within the quarter-mile study area, in 2000, there were 478 single-family units and only 255 multi-family units. This trend is also apparent in the half-mile study area, where in 2000, there were 1,825 single family units, and only 613 multi-family units. This is consistent with the character of the housing stock and the tradition of the neighborhood as a family-centric single-family home neighborhood.

- Within the study area, both types of housing experienced increases between 1990 and 2000.
- While the District contains a greater number of multi-family units than single-family units, changes between 1990 and 2000 for both housing types were small.

Table A.6: Housing unit type, 1990-2000

	1990	2000
.25 Mile		
Single Family Units	466	478
Multi Family Units	251	255
.5 Mile		
Single Family Units	1,785	1825
Multi Family Units	649	613
Washington DC		
Single Family Units	105,923	108,999
Multi Family Units	169,719	165,359

Source: US Census; ESRI Business Analyst; Economics Research Associates, November 2006

Table A.7 illustrates that total single-family sales in the Riggs Park neighborhood have generally been stable between 1999 and 2003, and increased in 2004, where sales increased to 144 from 79 in the previous year.

- The median square foot sale value has steadily increased from 1999-2006, including an increase in year-to-date sales in 2006.
- In 2001 and 2002, the growth in median sales value of single-family homes slowed with annual increases of 5.4 percent and 7.1 percent, respectively. This is less compared to annual increases of 19.1 percent in 2000 and 16.7 percent in 2003.
- The highest annual increases were seen in 2004 and 2005, where the median sales price increased by 32.0 percent and 27.7 percent, respectively.

Table A.7: Single family sales, Riggs Park neighborhood

Year*	Total Single-Family Sales	Total Value	Median SF Sale Value	Annual Change
1999	98	\$ 1,488,328	\$ 111,528	N/A
2000	83	\$ 7,268,161	\$ 132,821	19.1%
2001	91	\$ 7,583,338	\$ 140,000	5.4%
2002	96	\$ 9,203,514	\$ 150,000	7.1%
2003	79	\$ 7,040,269	\$ 175,000	16.7%
2004	144	\$ 18,315,100	\$ 231,000	32.0%
2005	160	\$ 24,754,765	\$ 295,000	27.7%
2006	116	\$ 25,763,345	\$ 332,500	12.7%

* 2006 data is year-to-date

Source: DC Real Property Sales Database, ERA, November 2006

BUILDING PERMITS ISSUED IN THE DISTRICT

As seen in Table A.8, the number of building permits issued in the District has fluctuated between 1980 and 2005. The number of permits decreased throughout the 1980's and the 1990's, and increased in 2000 and 2005. While there were 2,661 permits issued in 1980, there were 35 issued in 1995. In 2005, however, this number increased to 2,860. In general, the District issues a larger number of multi-family permits than single-family permits.

- There has been a recent increase in multi-family permits, while the number of single-family permits has decreased. Between 2000 and 2005, multi-family permits increased from 619 to 2,735, while single-family permits decreased from 187 to 125.
- Almost all of the multi-family permits issued in the District are for structures with five or more units.
- There were a large number of permits issued in 1980 and 2005, while permit growth slowed between these two years.

Table A.8: Building permits issued in the District, 1980-2005

	1980	1985	1990	1995	2000	2005
Total Units	2,661	590	368	35	806	2,860
Single-Family Detached	478	152	180	35	187	125
All Multi-Family	2,183	438	188	0	619	2,735
2-Unit Multi-Family	34	24	26	0	8	76
3 and 4-Unit Multi-Family	0	31	0	0	7	35
5+ Unit Multi-Family	2,149	383	162	0	604	2,624

OFFICE

Existing Office Buildings within the Study Area

A visual tour of the study area indicates minimal office space in the primary study area. CoStar Property Research tracks only one office building in the market, which is currently occupied by a local labor union. There are several other buildings in the area that may have some office space within them, but are more likely to be classified as flex or industrial space. The quality of the facilities in the area is generally poor, with most facilities likely classified as C space (see Table A.9), which indicates older stock, with few renovations. Within a one mile radius, 14 existing office buildings are dotted along some of the major transportation arteries that lead into the downtown area of the District.

An analysis of the existing office and industrial space and the consequent market summary for the study area are shown in Table A.9 on the following page. The single office building within the half-mile study area, which is currently being used for local labor union office space, is 10,996 square feet. The one-mile study area contains a total of 347,216 square feet of office space. Absorption within the one mile study area has fluctuated between 2000 and 2005, with an average annual absorption of 19,250 square feet. Between 2000 and 2004 absorption rates have decreased, with annual absorption dropping from positive 44,301 square feet in 2000 to negative 22,000 square feet in 2004. In 2005 however, absorption was positive with 20,022 square feet.

Vacancy rates in the one mile study area have decreased between 2000 and 2003, with an increase in 2004. Vacancies went from 25.9 percent in 2000 to 4.7 percent in 2003. In 2004 however, vacancy rates increased to 11.1 percent. In Q3 of 2006, office vacancy was at 6.6 percent. Average direct rents have followed a similar pattern as vacancy rates, with rents increasing from \$13.02 in 2000 to \$21.00 in 2003. In 2006, rents dropped to \$16.35.



Table A.9: Office and Industrial market summary, 2000-2006

Submarket	Number of Buildings	Total RBA 1/	Share of 3-Zip aera / DC	Vacancy Rate 2/	Average Rental Rate				
.5-Mile - Office	1	10,996	1.1%	60.0%	-				
.5 Mile - Industrial/Flex	1	25,000	4.0%	0.0%	-				
1-Mile - Office	14	347,216	36.2%	6.7%	\$16.41/fs				
1 Mile - Industrial/Flex	10	587,584	94.1%	20.5%	\$6.93/nnn				
3-Zip Code - Office 3/	43	959,446	0.8%	4.0%	\$31.20/fs				
3 Zip Code - Industrail/Flex	12	624,316	N/A	28.1%	\$10.98/nnn				
All DC Office	1,500	125,837,142	N/A	5.9%	\$44.07/fs				
Direct Net Absorption, 2000-2005 Annual Totals								Through Q3	
	2000	2001	2002	2003	2004	2005	Avg. Annual	2005	2006
.5-Mile - Office	0	0	0	0	0	0	0	0	(6,600)
.5 Mile - Industrial/Flex	0	0	1,000	0	0	0	167	0	0
1-Mile - Office	44,301	39,214	28,549	5,413	(22,000)	20,022	19,250	4,678	(4,799)
1 Mile - Industrial/Flex	(4,000)	0	1,000	(27,200)	36,215	(72,642)	(11,105)	(27,842)	(27,800)
3-Zip Code - Office 3/	23,996	(37,732)	1,921	29,992	(66,651)	100,720	8,708	29,870	17,099
3 Zip Code - Industrail/Flex	0	7,512	39,488	(25,372)	(28,828)	(24,800)	(5,333)	20,000	(40,800)
All DC Office	1,283,766	2,893,088	287,711	2,015,018	954,440	4,542,288	1,996,052	2,743,613	1,213,158
End of Year Direct Vacancy Rate								Through Q3	
	2000	2001	2002	2003	2004	2005	Avg. Annual	2005	2006
.5-Mile - Office	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	60.0%
.5 Mile - Industrial/Flex	4.0%	4.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
1-Mile - Office	25.9%	14.5%	6.2%	4.7%	11.1%	5.3%	11.3%	9.7%	6.6%
1 Mile - Industrial/Flex	7.9%	7.9%	7.8%	12.4%	6.2%	18.6%	10.2%	11.0%	23.3%
3-Zip Code - Office 3/	3.6%	8.0%	7.8%	4.2%	12.1%	11.3%	7.8%	18.7%	9.5%
3 Zip Code - Industrail/Flex	19.1%	17.9%	11.6%	15.7%	20.3%	24.3%	18.2%	17.1%	30.8%
All DC Office	5.3%	5.3%	6.9%	6.7%	7.1%	6.0%	6.2%	6.8%	6.2%
End of Year Average Direct Rent								Through Q3	
	2000	2001	2002	2003	2004	2005	Avg. Annual	2005	2006
.5-Mile - Office	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
.5 Mile - Industrial/Flex	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1-Mile - Office	\$13.02	\$14.95	\$18.81	\$21.00	\$19.85	\$16.35	\$17.33	\$18.53	\$16.35
1 Mile - Industrial/Flex	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3-Zip Code - Office 3/	\$18.80	\$11.12	\$13.74	\$27.05	\$29.07	\$28.34	\$21.35	\$28.66	\$30.06
3 Zip Code - Industrail/Flex	\$25.00	\$0.00	\$0.00	\$0.00	\$11.10	\$13.80	\$8.32	\$12.00	\$11.90
All DC Office	\$36.78	\$39.04	\$39.92	\$40.56	\$41.33	\$41.66	\$39.88	\$41.48	\$42.47

1/ Rentable Building Area

2/ Does not include Sublet Vacancy

3/ Includes the zip codes: 20010, 20011, 20017

Source: CoStar Property; Economics Research Associates, August 2006

RETAIL

Existing retail space in the study area is largely confined to parcels immediately adjacent to the Intersection. Dominated by Tiger Mart-anchored Riggs Road Center, additional retail offerings include three pad sites, several isolated establishments, and a collection of storefronts north of the Dakota Apartments. A large percentage of retail spaces appear to be vacant, pending redevelopment.

- Retail potential for the study area is impacted by nearby, existing retail centers. These destinations currently draw expenditures from households within the study area. Riggs Road and South Dakota Avenue's ability to support new retail development is contingent upon redirecting spending to new establishments and centers.
- Less than half a mile from the study area, Riggs Plaza is a 120,000 square foot, grocery-anchored neighborhood center. In addition to the goods and services offerings at this location, a bowling alley provides evening and weekend activity .
 - » Impact on the study area's retail potential: Significant. Riggs Plaza's Giant Food store satisfies a considerable amount of local demand for grocery needs. Additionally, as an established shopping center, Riggs Plaza is a central part of existing shopping patterns in the community.
- Approximately 750,000 square feet in size, Prince George's Plaza is a super-regional shopping center anchored by Macy's and JCPenney. With over 100 stores, this large collection of retailers is less than three miles from the project area.
 - » Impact on the study area's retail potential: Significant. Super-regional retail centers draw customers from long distances. The ability to capture expenditures from a large trade area is critical to establish and maintain their viability. The neighborhood surrounding the study area is located within Prince George's Plaza's primary trade area. For this reason, retailers currently located at the super-regional center will hesitate to open a second store so near. Additionally, retailers seeking new locations will first opt for sites at the established Prince George's Plaza. These market conditions will have the greatest impact on the General Merchandise, Apparel, Furnishings and Other (GAFO) retail categories (see Retail Categories in Figure A.9).
- Located to the north of the study area, Takoma Center and Takoma Park Shopping Center are grocery-anchored shopping centers.
 - » Impact on the study area's retail potential: Moderate. These neighborhood centers impact the northern boundary of the study area's primary trade area, further limiting Riggs Road and South Dakota Avenue's potential to attract Neighborhood Goods and Services (NG S) spending.

DEMAND POTENTIAL

ERA assessed the growth potential in the study area using a three-step process. First, through analysis of other areas in the region that have experienced transit-oriented redevelopment in the last 15 years, ERA established annual rate of growth projections that seem reasonable to assume could be achieved within the study area. Second, residential and household projections were developed based on three, five-year increments to assess *net new* market-rate households that will be added to the study area. Finally, office demand was assessed based on the rate of population growth. The prospects for the study area as a major office development area are long-term; therefore, local-service oriented office uses drive demand for office space in the market, driven by new households in the study area.

Population and Households

Residential growth in the study area has generally been negative in recent years. However, several development proposals are in the pipeline or currently under development that will reshape the Riggs Road neighborhood. With a redevelopment focus on the area, it is reasonable to assume that the study area can achieve some significant growth in the coming 15 years, resulting in a better, pedestrian friendly transportation network and transit-oriented development which would attract residents to a relatively lower-cost area of the District. The area has some significant benefits for development that include access to two Metro lines (Red and Green) and major transportation corridors that link the area to the west and south.

To assess growth potential in the study area, ERA looked at other areas that have undergone redevelopment near Metro stations. Because city redevelopment, in such neighborhoods as Capitol Hill and Columbia Heights, has been recent, the primary areas for comparison came from Bethesda and Silver Spring Maryland, which both experienced focused redevelopment efforts around Metro stations in suburban neighborhoods since 1990. In Table A.10, expected growth rates were assessed for the first 10 years of the redevelopment efforts, from 1990-2000. The last five years of redevelopment, from 2000-2006, are illustrated in Table A.11.

Table A.10: Bethesda and Silver Spring, 1990-2000

	Population	Households	Owner-Occ	Renter-Occ
Bethesda	1.66%	1.56%	1.03%	1.77%
Silver Spring	1.84%	1.91%	-0.14%	2.30%
TOTAL	1.77%	1.78%	0.46%	2.11%

Source: US Census; ESRI Business Analyst; Economics Research Associates, November 2006

Table A.11: Bethesda and Silver Spring, 2000-2006

	Population	Households	Owner-Occ	Renter-Occ
Bethesda	1.93%	2.05%	1.68%	2.18%
Silver Spring	1.08%	1.06%	1.07%	1.06%
TOTAL	1.40%	1.44%	1.39%	1.45%

Source: US Census; ESRI Business Analyst; Economics Research Associates, November 2006



The Bethesda and Silver Spring annual growth rates provide a foundation for considering the achievable rates of growth in the study area. However, Riggs Road is beginning from an earlier point of redevelopment, is closer to downtown Washington, and has significant amounts of land for redevelopment that is owned by the Metro or currently utilized for other uses (like industrial).

This analysis led to increases in the rates of potential growth used for the study area, which are reflected in the following table. These rates were applied to the existing number of residents and households to develop projections for population growth in the primary study area. Based on these growth rates and assumptions, Table A.12, reflects the expectations of residential growth potential in the study area. These growth projections are

for market-rate units and do not reflect any affordable housing requirements or units that would be in addition to

these projections. The growth in this area can be expected to be largely multi-family structures and will likely have a mix of ownership types, consisting mostly of owner-occupied units (60-70-percent). Additionally, the baseline population estimates are approximations of current population and households and are only estimates for potential growth within the study area. Based on other experiences, it is likely that this development will be concentrated in several key areas, particularly near the Fort Totten Metro station and the Riggs Road/South Dakota Avenue intersection.

Office Market

The office market in the study area has been underserved for some time. A tour of the area indicates no major stand-alone office buildings and only a few buildings that could be considered *flex* space that may incorporate some office uses. Because the area is removed from downtown, with several more mature markets in between, the market for office development in the study area is minimal.

As a result, office development in the area will likely be driven by local household growth and resident demand for office-related services, such as insurance or real estate offices. These services will be provided by small businesses of less than 10 employees. As described in the Table A.13, ERA estimated the number of small businesses created per household for the District as a whole, and then applied that average to the study area. Small businesses in service sectors tend to serve local residents and

it takes a certain number of households to support a small business. We should expect to see that same level of development in the study area to service the local resident population.

Table A.13: Small Business Demand from Local Households

Industry Sector	District of Columbia Establishments 1/	Percent Office Using	DC Office Using Total
Information	464	70.0%	325
Finance & Insurance	661	75.0%	496
Real Estate & Rental & Leasing	743	75.0%	557
Professional, Scientific & Technical Svcs	3,024	90.0%	2,722
Management of Companies and Enterprises	119	80.0%	95
Admin, Support, Waste Mgt, Remediation Svcs	565	40.0%	226
Health Care and Social Assistance	1,399	75.0%	1,049
Other Services	2,642	25.0%	661
Total Small Office Establishments			6,130
Households 2/	276,600		
Small businesses generated per household:	0.02		

1/ Establishments employing less than 10 employees

2/ Households based on 2004 Estimate American Community Survey housing unit estimate

Each household in the District generates demand for 0.02 small businesses. This rate was applied to the number of households in the study area to generate an expected level of office demand from existing and new household growth. From the existing households, we expect demand for 86,000 square feet of office space, a need that is not currently met by the local market. This demand was spread equally over the following three, five-year periods to indicate redevelopment of office space in the neighborhood. Additionally, new household growth, based on the projections shown in the previous section, will result in office demand of 15,100 square feet from 2007 to 2011, 20,600 square feet from 2012 to 2016, and 14,500 square feet from 2017 to 2021. Table A.14 summarizes the total expected future office demand in the study area.

Table A.14: Supportable Office Demand

	2006	2007 to 2011	2012 to 2016	2017 to 2021
Estimated Households 1/	2,980	459	627	441
Small Offices Supported by On-site HH:	66	10	14	10
Office Market Demand: 2/	86,000	15,100	20,600	14,500
TOTAL SUPPORTABLE DEVELOPMENT: 3/		43,800	49,300	43,200

1/ 2006 is the current estimate of number of households with projections for new households built for each 5-year increment thereafter

2/ Each business average 6 employees and requires 225 square feet per employee; The total demand in future years was increased by 25% to account for capture of additional demand from the regional market; 2006 demand represents a currently underserved market demand.

3/ The existing demand that is not being served will be developed and absorbed by the market over the 15-yr period

Retail Market

The retail customer trade areas for the study area, as shown in Figure A.5, are defined by geographical barriers, psychological boundaries, driving times and distances, population and employee densities, and the impact of nearby retail competition. Fort Totten Park, Fort Slocum Park and the Metro rails have substantial impacts on the intersection's ability to draw customers from the west and south.

Resident Expenditures

The residents of the primary and secondary trade areas would provide the highest percentage of Riggs Road/South Dakota Avenue's retail sales and serve as the most reliable and regular customers. The total captured expenditures by residents are a function of the residents' total expenditures in each retail category multiplied by an estimated capture rate. A capture rate is assigned based on typical performance by establishments in each retail category and the strength of the competition posed in each retail category.

Total captured expenditures are divided by reasonable expectations of sales per square foot. The resulting estimated retail demand figures are calculated under conditions of the retail corridor's performance with weak and strong sales. Under the *high productivity* scenario, fewer square feet of retail are supported, as expenditures are concentrated among a smaller (and presumably, more viable) number of stores.

As demonstrated in Table A.15, approximately 105,000 to 170,000 square feet of potential retail demand is derived from households in the Riggs Road/South Dakota Avenue trade areas.

Expenditures By Local Workforce

The local workforce will add to the total demand for retail near the Intersection. Approximately 3,757 people are employed at businesses within the primary trade area. As demonstrated in Table A.16, as a group, the workforce component of the study area's customer base contributes an estimated 10,000 to 17,000 square feet of retail demand to the area.

RIGGS ROAD PRIMARY TRADE AREA

Riggs Road/South Dakota Avenue's primary trade area contains the residences and workplaces from which the majority of the corridor's retail sales will be derived. According to 2006 estimates based on 2000 Census information, 16,035 people reside in 7,121 households within the primary trade area's boundaries. The median household income is \$53,775. Approximately 31.8 percent of households report annual incomes of more than \$75,000¹. Significantly more homes are owner-occupied (69.54 percent) than rented (30.46 percent) in the primary trade area.

RIGGS ROAD SECONDARY TRADE AREA

Within the Riggs Road/South Dakota Avenue secondary trade area², many retail centers offer existing competition. Consequently, capture rates for the study area decrease as expenditures are dispersed among a greater number of shopping alternatives. According to 2006 estimates based on 2000 Census information, 25,341 people reside in 9,613 households within the secondary trade area's boundaries. The median household income is \$49,864. Similar to the primary trade area, the secondary trade area's housing distribution is weighted towards owner-occupied dwellings: 40.60 percent of residences are rental homes.

Figure A.5: Retail customer trade area boundaries, Riggs Road



¹ The source for the data referenced for the primary and secondary trade areas – U.S. Census Bureau, 1990 and 2000 Census information. Current year 2006 estimates and 2011 projections – Claritas, Inc. Demographic Snapshot Reports. Generated for Retail Compass, LLC (November 2006).

² Exclusive of the Primary Trade Area boundaries identified above.



Table A.15: Retail demand generated by resident expenditures

Retail Category	Total Captured Expenditures-Residents ¹	Low Productivity		High Productivity	
		Sales/SF	Supportable Retail SF ²	Sales/SF	Supportable Retail SF ³
Groceries, Sundries and Similar	\$12,244,440	\$325	37,675	\$582	21,021
Prepared Foods	\$1,776,080	\$181	9,813	\$384	4,628
Alcohol at Home	\$1,524,640	\$241	6,326	\$391	3,904
Personal/ Household Care Products and Services	\$4,543,200	\$153	29,694	\$330	13,755
NG&S Subtotal	\$20,088,360		83,508		43,308
Food Away From Home	\$9,888,620	\$226	43,755	\$464	21,330
Alcohol Away From Home	\$853,360	\$159	5,367	\$191	4,467
F&B Subtotal	\$10,741,980		49,122		25,797
Apparel, Accessories and Similar	\$7,821,620	\$324	24,141	\$372	21,031
Reading Materials and Similar	\$529,360	\$188	2,821	\$249	2,128
Home Furnishings, Décor and Similar	\$3,012,760	\$215	14,013	\$340	8,848
Electronics, Technology and Similar	\$2,283,800	\$403	5,672	\$525	4,356
GAFO Subtotal	\$13,649,540		46,647		36,364
TOTAL	\$44,479,880		179,277		105,468

NOTES:

¹ Customer Spending Patterns, Claritas, Inc. The referenced data is confined to the primary and secondary trade area boundaries for Riggs Road/South Dakota Avenue. Data source: U.S. Bureau of Labor Statistics, Customer Expenditure Survey. Generated for Retail Compass LLC (November 2006).

² Low productivity retail totals are estimated by dividing total expenditures in each retail category by the sales per square foot for each category as estimated by International Council of Shopping Center's Monthly Mall Sales Index 2006.

³ High productivity retail space is determined by dividing the amount of DC resident household expenditures in individual retail categories by the sales per square foot for each category, as estimated in the Urban Land Institute's Dollars and Cents of Shopping Centers: 2005.

Table A.16: Retail demand generated by workforce expenditures

Retail Category	Total Captured Expenditures-Workforce ¹	Low Productivity		High Productivity	
		Sales/SF	Supportable Retail SF ²	Sales/SF	Supportable Retail SF ³
NG&S	\$1,150,919	\$225	5,115	\$421	2,734
F&B	\$1,823,084	\$193	9,446	\$327	5,575
GAFO	\$665,628	\$289	2,303	\$371	1,794
TOTAL	\$3,639,631		16,864		10,103

NOTES

¹ The total amount of retail expenditures generated from the workplace subset are estimated according to data obtained from Office Worker Retail Spending Patterns: A Downtown and Suburban Area Study, International Council of Shopping Centers (2004). Figures gathered from this publication were adjusted to reflect the environment, occupation type and income levels of Riggs Road/South Dakota Avenue employees.

² Low productivity retail totals are estimated by dividing total expenditures in each retail category by the sales per square foot for each category as estimated by International Council of Shopping Center's Monthly Mall Sales Index 2006.




³ High productivity retail space is determined by dividing the amount of DC resident household expenditures in individual retail categories by the sales per square foot for each category, as estimated in the Urban Land Institute's Dollars and Cents of Shopping Centers: 2005.

Current And Projected Retail Demand

The total of the resident and workforce retail demand calculations yields the total retail demand for the study area. Table A.17 reflects these totals, including estimates in five-year intervals until 2021. Projected retail demand assessments are based on expected population, workforce, and income growth in Riggs Road/South Dakota Avenue trade areas. Totals are expressed as the amount of demand under high productivity conditions.

Planned, proposed and future development will absorb portions of this retail demand. The Riggs Plaza Apartments project is anticipated to include up to 20,000 square feet of retail space, thereby decreasing total amount of demand. Additional projects will have the same effect. The most favorable site for large-scale retail development in the study area is located on the current site of Riggs Road Center (Tiger Mart site). As a sizable and consolidated property along a highly trafficked roadway, the Riggs Road Center parcel is underutilized and offers an opportunity to capture expenditures that might otherwise exit the District. Between 80,000 and 100,000 square feet of retail could be accommodated at Riggs Road Center site.

Table A.17 - Total current and projected retail demand, 2006-2021

CATEGORY	TOTAL DEMAND Square Feet (SF)			
	2006	2011	2016	2021
NEIGHBORHOOD GOODS and SERVICES				
 <p>Demand for Neighborhood Goods and Services retail ranges between 46,000 and 55,000 square feet. Despite the close proximity of the Giant Food at Riggs Plaza, this amount of demand suggests that a grocery store is supportable within the study area, as well as a pharmacy/drugstore.</p>	46,041	51,706	53,881	55,389
FOOD and BEVERAGE				
 <p>The Food and Beverage demand estimate indicates an unmet need for dining alternatives in the study area. At approximately 31,000 square feet, the scale of the demand in this retail category would sustain a small cluster of restaurants or quick-bite establishments near the Intersection.</p>	31,372 or 5-6 restaurants*	34,774 or 6-7 restaurants*	36,063 or 6-7 restaurants*	36,908 or 6-7 restaurants*
*A typical sit down restaurant is 5,000				
GENERAL MERCHANDISE, APPAREL, FURNISHING, and OTHER				
 <p>Retail demand in the GAFO category is associated with the household income levels in the study area. The estimated 38,000 square feet of GAFO retail could be anchored by at least one large-format retailers supported by a collection of small, boutique establishments.</p>	38,158	41,267	42,717	43,723
TOTAL	115,571	127,747	132,651	136,021



AFTERWORD

Market conditions have changed significantly in the District since the original writing of the market analysis. Residential development and absorption rates have slowed significantly and anticipated development projects have slowed. Within the Riggs Road neighborhood, challenges to development may arise in the short-term. Market driver assumptions for the study area were based on price pressures occurring in closer-in, core neighborhoods. Value-seeking customers who wanted to remain in the city looked to emerging markets, such as Riggs Road, to find more affordable housing prices. A slow down in the market in the District will slow the progression of redevelopment outside of the urban core and would push back redevelopment plans or patterns as value-seeking customers remain on the buying sidelines or find more affordable options closer to the urban core.

The proposed development in the Riggs Road neighborhood will take up a significant amount of the market demand over the short and medium-term. The total market demand over the long-term should not change significantly and ups and downs in the market cycle are expected over time. The proposed development is greater than the existing number of residential units within a half-mile radius of the study area and based on estimates completed in 2006 will supply the market through 2016 at least. This analysis is a long-term projection, which could adjust with changes to the market, but planners would expect slower market absorption over the next one to four years with the potential for an increased rate of absorption thereafter. Over the longer-term, the fundamental conditions for development in the neighborhood have not materially changed, and a slowing of shorter- and medium-term development is expected.

In the retail market, the 2,345 residential units planned for the Riggs Road and South Dakota Avenue neighborhood will add new retail demand to the area. Spending by these households will increase 2011 projected retail demand figures by 15,138 square feet (6,738 square feet in Neighborhood Goods and Services, 3,907 square feet in Food and Beverage, and 4,493 square feet in General Apparel, Furnishings, and Other). Based on previous calculations, the additional demand generated by new development will increase the total need for retail goods and services at Riggs Road and South Dakota Avenue to 142,885 square feet.

The planned developments for this area have proposed 164,798 square feet of new retail space. Approximately 44,000 square feet of retail will be replaced by this new construction. Upon demolition of existing retail space, estimated available demand is 186,885 square feet (2011 projected retail demand plus replaced retail space). In the absence of a revised, comprehensive retail analysis, it is assumed that the proposed amount of new retail development is appropriate for the Riggs Road and South Dakota Avenue neighborhood.

Figure A.6 - KFC/Taco Bell

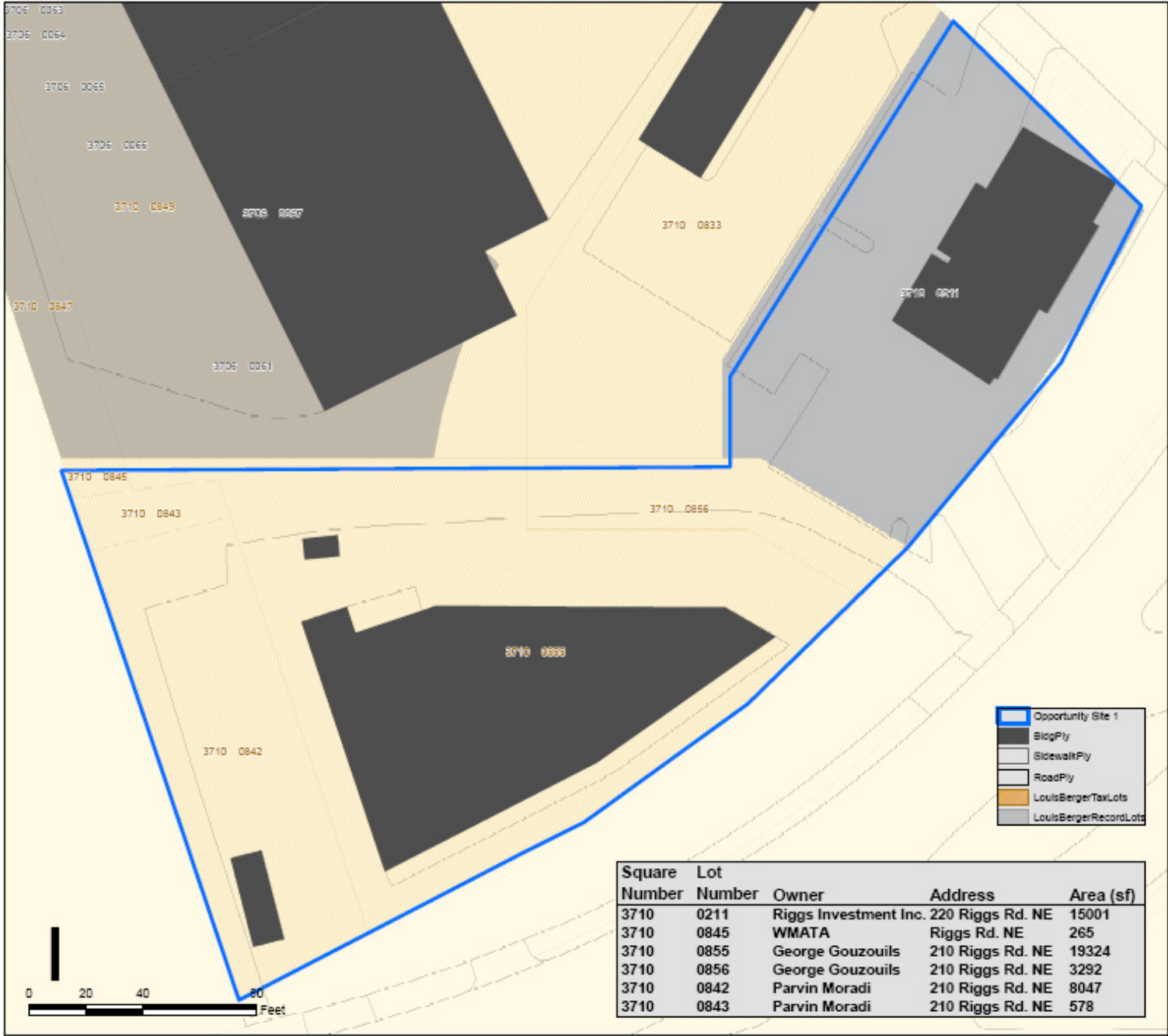


Figure A.7 - *Riggs Road North Industrial Park

* This opportunity site includes parcel 3710 0891, and is reflected as such throughout the Plan.

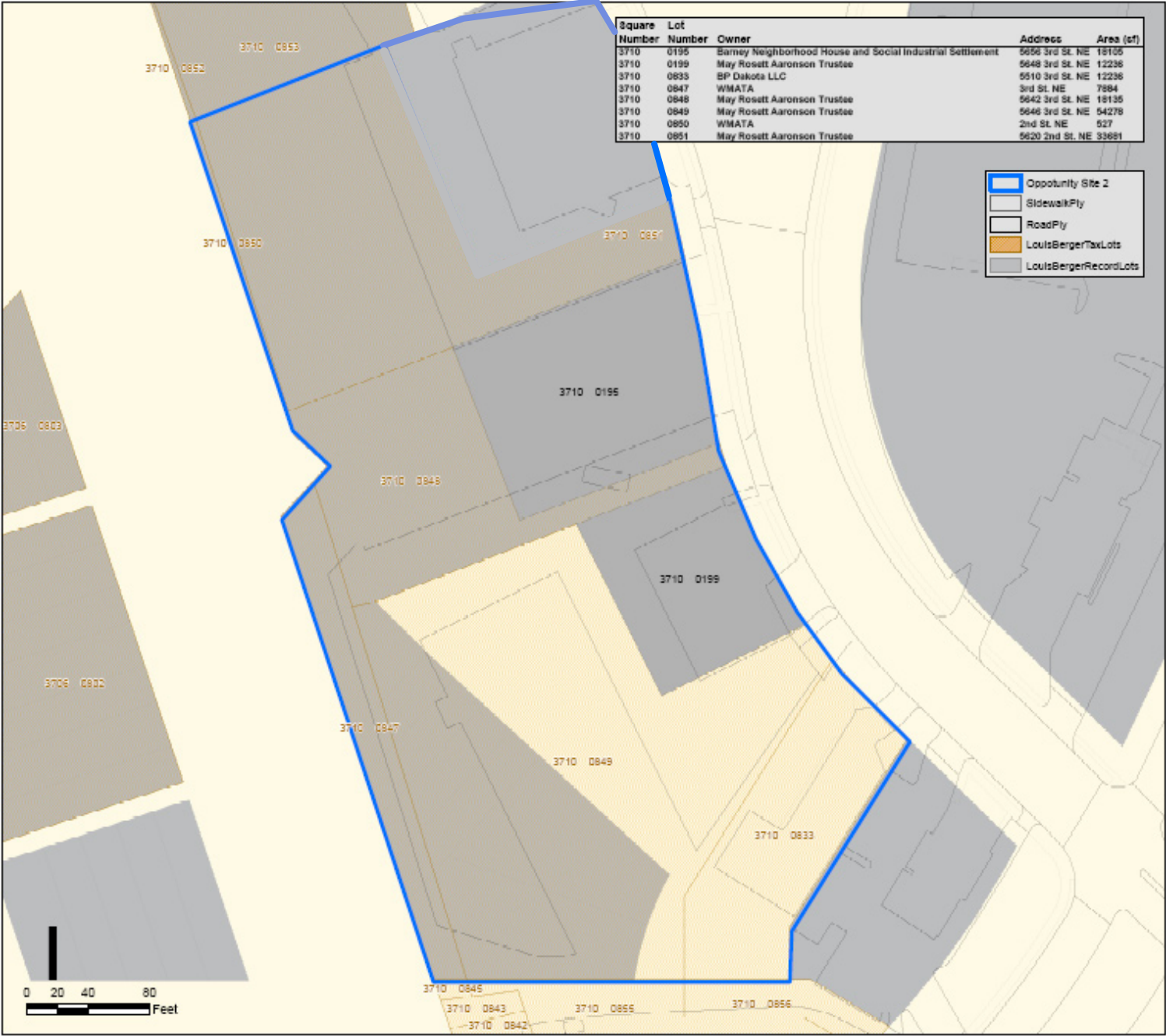


Figure A.8 - Riggs Plaza Apartments and Food and Friends

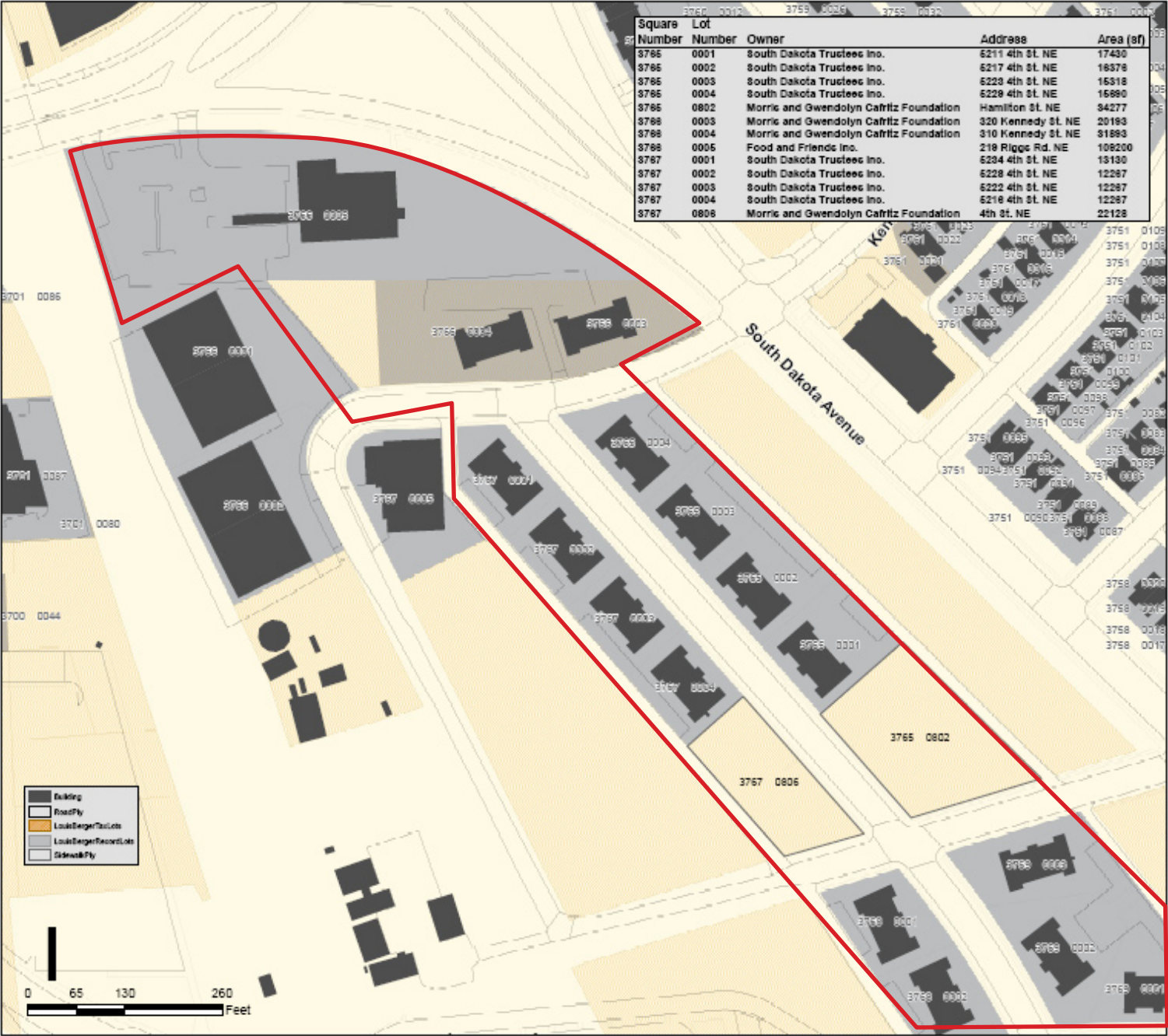


Figure A.9 - Riggs Road South Industrial Park

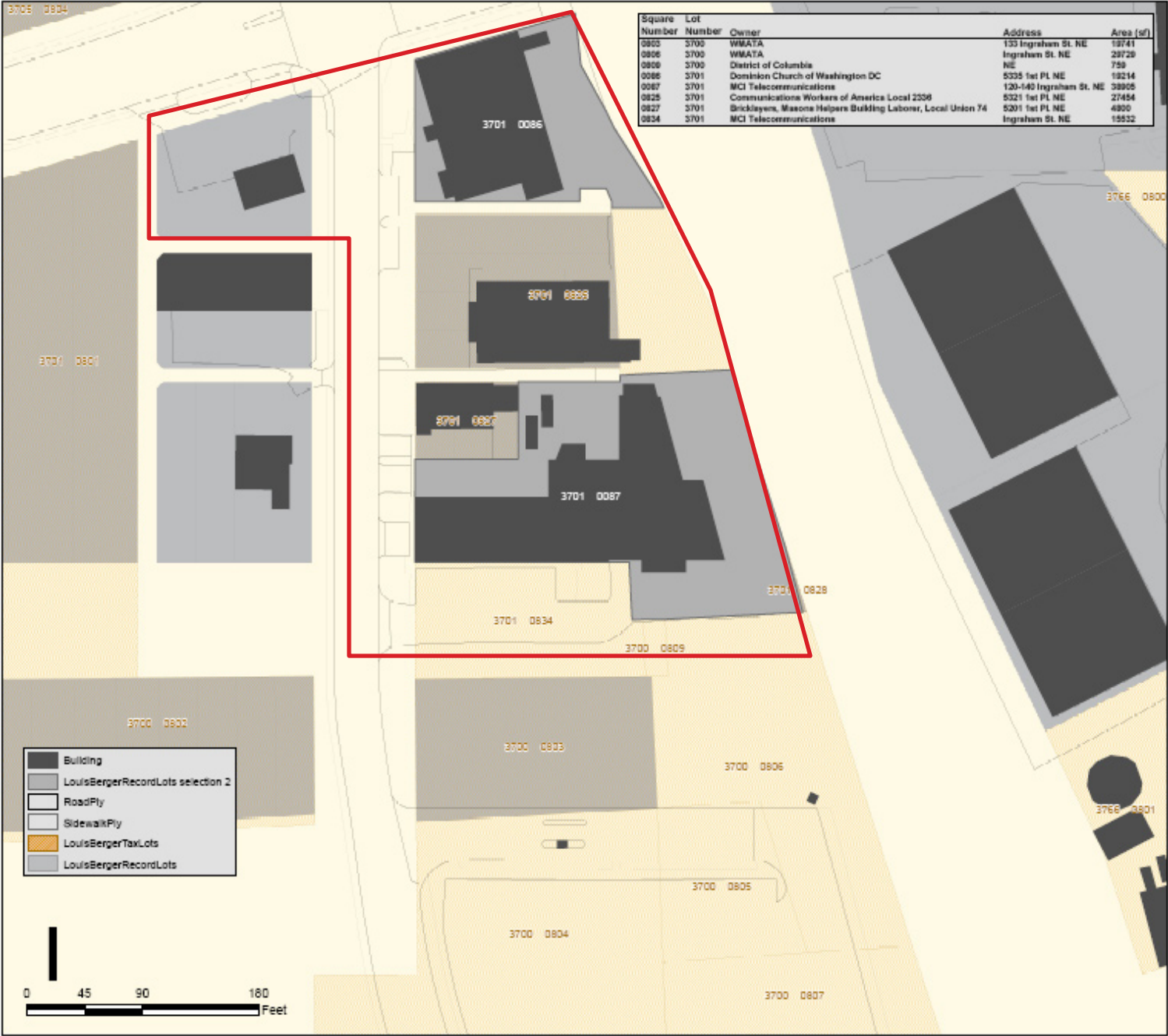


Figure A.10 - Fort Totten East Industrial Site

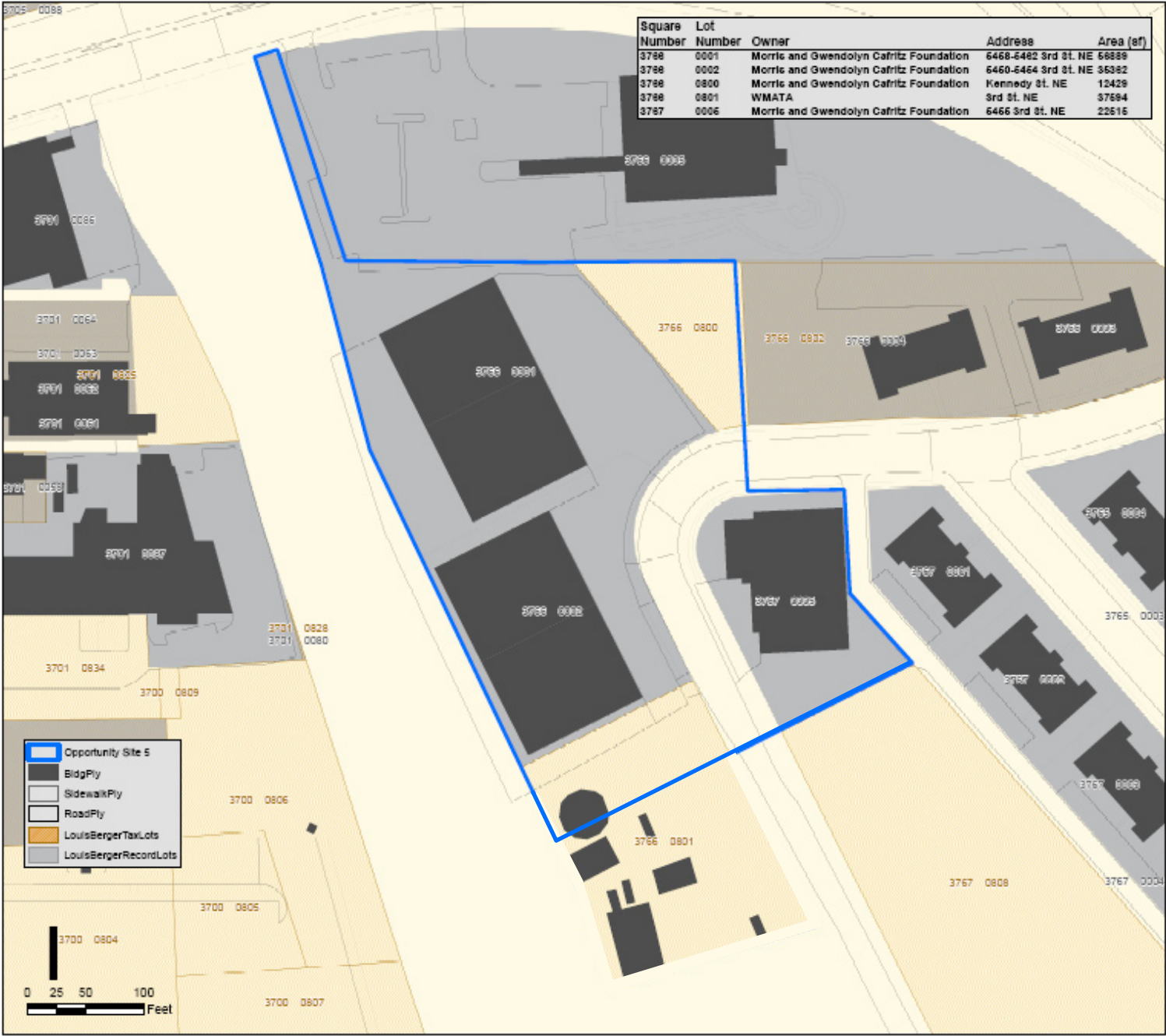


Figure A.11 - Fort Totten West

