

Final Report
Square 2986 Large Tract Review Subcommittee
Submitted to ANC4B
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Charge

ANC4B created a committee (“Square 2986 Committee) to address the various issues deriving from proposals for redevelopment of Square 2986, which is located between Georgia Avenue on the west, Peabody Street on the north, 9th Street on the east, and Missouri Avenue on the south, in the northwest quadrant of Washington, DC. Initially five subcommittees were created, and participation was open to all residents of Ward 4.

The Large Tract Review subcommittee was created to respond to issues arising from the Large Tract Review planning process as defined in Chapter 23 of the DC Zoning Regulations.

Current conditions

Georgia Avenue and Missouri Avenue serve the Square 2986 site. The “Curtis Chevrolet” site currently is entered from Georgia Avenue and Peabody Street. Georgia Avenue is a major north-south arterial street connecting DC to Montgomery County, Maryland, serving as a significant commuter route with upwards of 25,000 vehicles daily and about 15,000 transit passengers served on Metrobus lines traveling between Silver Spring and Downtown and the southwest quadrant of DC on the 70 series bus lines. It is a six lane road with two travel lanes in each direction, with parking on each side of street in most places. The corridor is lined with low density retail, interspersed amongst stretches of residential.

Missouri Avenue (and continuing as either Military Road to the west and as Riggs Road to the east) is a four lane east-west connector for the upper northwest quadrant, connecting Friendship Heights, Wisconsin Avenue, Connecticut Avenue, 16th Street, Georgia Avenue, North Capitol Street, and Eastern Avenue within DC, and points further east in Prince George’s County, carrying approximately 20,000 vehicles/day.

Georgia Avenue context. Commercial districts along Georgia Avenue are organized into nodes. The node including Square 2986 is situated between Missouri Avenue and Whittier (one block north of Piney Branch Road, where the Safeway Supermarket and CVS Drug Store are located). Arguably, this node starts further south, perhaps as far south as Kennedy Street. (A Rite Aid Pharmacy is located at Longfellow Street, and the Emery Recreation Center is located between Madison Street and Missouri Avenue.)

DC’s Department of Transportation, in association with the Office of Planning, has designated Georgia Avenue as a “Great Street” and additional land use and urban design and transportation planning has been undertaken along certain stretches of the corridor, although a more detailed plan for this node has not yet been conducted.

Petworth’s Park Place apartments, Donatelli Development



Petworth. To the south, Petworth, leveraging the “transit oriented development” potential of the Georgia Avenue-Petworth Green Line subway station, is going through an intense period of redevelopment. The subway station has about 5,000 riders each day during the week and 6,000 riders

each day on weekends. A large apartment development (Park Place) including ground floor retail on the west side of the street has been built on what had been unused land owned by WMATA. This has spurred three other housing developments within three blocks of the site, along Georgia Avenue, and Safeway has announced that they will be redeveloping their parking fronted single story supermarket site into a mixed use residential project, including an expanded supermarket on the first floor.¹

Top: rendering of proposed Safeway mixed use development project in Petworth, on the 3800 block of Georgia Avenue.
Bottom: photo of the current store.



Walter Reed redevelopment. DC will receive a significant portion of the Walter Reed Hospital site, as a result of the de-accessioning due to the military base consolidation program. This will open 60+ acres to large scale mixed use redevelopment, with the likelihood of significant additional traffic on the corridor as a result, although the development process will occur in phases over the next 5 to 20 years.

Streetcar planning. In 2003, DC Department of Transportation initiated the “Alternatives Analysis,” which put reintroduction of streetcar service on the city’s transportation agenda. Georgia Avenue is designated as one of the corridors for the implementation of streetcar service. Original plans called for the northward termination of service at Silver Spring, in Montgomery County, Maryland, although current plans show the service turning east from around the Walter Reed campus, and terminating at the Takoma Metro Station.

¹ Economic and Demographic Profile of Petworth/Park View. Washington DC Economic Partnership, 2010.
<http://www.wdcep.com/wp-content/uploads/2010/08/gapetworth.pdf>

Based on the development impact of modern streetcar lines being built in the Pearl District in Portland, Oregon and the South Lake Union District in Seattle, it is likely that streetcar service along Georgia Avenue will lead to significant new development and residential attraction opportunities. Property values are expected to increase in response, and low density commercial properties are likely to be redeveloped as mixed use multi-story projects.

While DC’s first streetcar line is expected to enter service in late 2012 or early 2013, planning for the Georgia Avenue streetcar line is only in the earliest stages, and proposed dates for design, engineering, construction, and operation phases have not been determined.



Square 2986. The site referred to as “Curtis Chevrolet,” Lot 38, has mixed zoning. The front of the parcel along Georgia Avenue is zoned commercial (C3A) and the rear of the property is zoned residential (R5A). The C3A zone comprises 94% of the lot. Small multiunit residential properties abut the site on Peabody Street, 9th Street, and at the easternmost portion of the 900 block of Missouri Avenue. On Georgia Avenue to the south of the site, commercial buildings at the northwest corner are not part of the “Curtis Chevrolet” site and therefore not part of the proposed development.

Development capacity of the site

	C3A	R5A
Maximum lot occupancy	75%	40%
Maximum height	65 feet	40 feet
Maximum floor-to-area ratio	4.0/non-residential 2.5	0.9

Comprehensive Plan recommendations for the site

The Comprehensive Land Use Plan is the master plan for land use in the District of Columbia. However, while this plan makes recommendations on how land uses should be organized, and the zoning map of this plan guides the broad use of all land within the city, the “Comp Plan” does not dictate or require that particular parcels be developed to their “highest and best use” or to the maximum size or development type allowed by zoning.

The Office of Planning has prepared detailed documents concerning the Comprehensive Plan recommendations for this site,² both for the previously proposed development plan for this site in 2008 and for the recent ANC4B request that the commercial property on Square 2986 be downzoned from C3A. The recommendations can be summarized as a preference for:

- Mixed use development
- Expanding the retail options available to area residents
- Including housing, as well as affordable housing requirements within the housing that is provided
- Maximizing the economic development potential of the parcel
- Strengthening and intensifying the commercial node between Missouri Avenue and Piney Branch as well as Georgia Avenue more generally.

Square 2986 zoning and planning review

Typically, review is triggered when a developer/property owner requests “relief” (variances, exceptions) or changes to zoning classifications (upzoning, downzoning, planned unit development). If changes aren’t sought, additional review is not normally required and projects proceed administratively, without opportunity for citizen input.

Proposed use. Foulger-Pratt has proposed a single use project for the site, an approximately 100,000 square foot Walmart store, served by underground parking, with the addition of at least one “liner” store along Georgia Avenue. The store’s floor space will be split 60% for general merchandise categories (housewares, furniture, apparel, etc.) and 40% for groceries. Customers would enter the parking garage from Peabody Street and deliveries would enter from Missouri Avenue. The proposed lease term is 75 years.

The proposed use as a general merchandise and supermarket store of approximately 100,000 square feet in size is a “matter of right” use in the C3A zone and does not require additional approvals.

The large tract review process is triggered by size of proposed developments. While the developers have not asked for any extraordinary relief with regard to the development of the site, because the site is greater than 3 acres and the building proposed is greater than 50,000 square feet, the Large Tract Review process (DCMR10B-2300) is applied. The process is conducted over a 60 day period, unless extended, with the first 30 days for review by District government agencies and other stakeholders.

² Office of Planning, “Setdown Report for Zoning Commission Case Number 10-20 – Advisory Neighborhood Commission 4B – Proposed Zoning Map Amendment” (October 29, 2010)

The large tract review process is designed to ensure that extra-normal demands are not made of DC Government resources, including infrastructure, through the process of inter-agency review and coordination. Specifically the process is designed:

- To minimize adverse environmental, traffic and neighborhood impacts;
- To avoid unnecessary public costs in terms of new services or facilities required of city agencies; and
- To carry out the policies of the District Elements of the Comprehensive Plan for the National Capital. (Section 2300.2 of 10DCMR23)

Note that the Large Tract Review process is essentially advisory in nature because for the most part, regulations do not exist within the process to mandate action or deny approval. The lack of “teeth” in the process can make it difficult to generate significant improvements in what may be projects with significant flaws.

Submittal of the building application. A development application was submitted in late March, 2011, and the review process is underway.

Community input. Previous to the submission and on a continuing basis, representatives of Foulger-Pratt, the site developer, and Walmart Corporation, the proposed tenant, have been meeting with community groups, Ward 4 Advisory Neighborhood Commissions, and other stakeholders. ANCs located within 200 feet of the site automatically have standing to file comments under the “great weight” provisions, although any citizen or group can submit comments.

Committee analysis of the Square 2986 development proposal

Walmart and urban markets. In November 2010, the Walmart Corporation electrified many in the city when they announced their entry into the Washington, DC market with plans to open four stores: in a new multi-store shopping center development on New York Avenue in Ward 5; as part of a mixed use development on New Jersey Avenue in Ward 6; as a retail section of a planned unit development at the edge of DC near the Capitol Heights Metro Station in Ward 7; and on the former site of the Curtis Chevrolet dealership on Georgia Avenue in Ward 4.

Walmart’s entry into Washington reflects two separate business initiatives. First, is a new focus on urban markets (not just DC, plans include San Diego, Chicago, and New York City) whereas previously the corporation focused on suburban and rural locations. (Note that the company has some urban stores in places such as Philadelphia, Baltimore (Port Covington), and New Orleans but the stores tend to be identical to suburban stores—big, single story, with parking in front, often in industrial areas.) Second, Walmart has recognized that to continue to be able to grow, they must be prepared to fit stores into smaller spaces, and therefore they are developing a variety of store formats smaller than their typical 150,000 to 225,000 square foot general merchandise stores and supercenters (general merchandise + full-line supermarkets).

New smaller formats include convenience store type formats (on college campuses and in markets where Tesco’s Fresh & Easy chain operates), the supermarket only Neighborhood Market division, and smaller “supercenters,” combining general merchandise and groceries but at around 100,000 s.f., half the size of a typical supercenter for locations where land values are normally quite high and large lots are unavailable. In association with the creation of smaller store formats, the company has indicated a willingness to locate in multi-story mixed use developments, with either one- or two-level store

formats. Similar to the Target Store in Columbia Heights, the store proposed for Ward 6 will be located on the second story, with a ground floor entrance.

Timing and the recession. Politically, Walmart’s entry into the city was well-timed. Residents desperate for jobs, elected officials desperate for signs of an economic recovery, and developers wanting to revive stalled projects were all open to the entry of the company into the city, whereas previous efforts and proposals by Walmart (in Ward 5 and Ward 8) had been rebuffed.

Walmart is controversial because of the negative impact their stores can have on locally owned retailers and neighborhood commercial districts, drops in residential property values (at least in suburban settings), increased crime associated with high customer traffic, various business practices seen as controversial in some quarters, and because their business model is focused on obtaining as much as 100% of a consumer’s spending on goods purchases—leaving little room for other retailers.

An active community response. The controversy has motivated various citizen and stakeholder efforts. Some oppose the company’s entry into the city altogether while others seek a binding agreement concerning business operations and other concessions in advance of the opening of the stores (e.g., the “Respect DC Coalition”).



RespectDC Coalition yard signs have been placed at various locations across the city.

Simultaneously most of the city’s elected officials have spoken out in favor of Walmart’s entry into the city³, and new urbanists and smart growthers have lauded the entry of Walmart into urban markets as a sign of resurgent center cities and as a sign that national retailers previously focused on suburban markets are capable of change.

These responses at times have overshadowed the ability to dispassionately identify and address certain problems with the development proposals as conceptualized by the various developers, in Ward 4 and elsewhere. This problem is accentuated because of gaps in the city’s regulations with regard to the review of large scale projects generally and so-called big box retail in particular.

Organizing the committee review of the Square 2986 proposal. There are many different ways in which the committee could have organized our evaluation and report on the project. While the LTR

³ Thomas, Jr., Harry and Emma Mitts. “What Wal-mart has meant to a Chicago Neighborhood.” *Washington Post*, May 15, 2011. Harry Thomas Jr. is the Councilmember for DC’s Ward 5.

language in 10DCMR2300.2 has traditionally been interpreted quite narrowly, mostly focused on mitigating infrastructure impacts, in particular potential traffic increases, the LTR subcommittee argues that in order to “minimize adverse ... neighborhood impacts” a broader analysis of the project is required than has been typical of previous Office of Planning large tract review processes of other sites.

As neighborhood residents and stakeholders, we have organized our analysis using a broad interpretation of the language in the regulation concerning the potential for negative “neighborhood impact” and offer recommendations focused on mitigating such impacts. The analysis is organized in four sections:

- Use, Building design, and Site development issues;
- Transportation, Safety, and Environmental issues;
- Neighborhood economic impact;
- Identified gaps in City planning and zoning regulations.

Images: (1) Typical one-story Walmart store occupying an entire site (Port Covington, Baltimore). (2) Two-story store occupying an entire site proposed for Georgia Avenue, DC (3) Second floor Walmart store proposed for New Jersey Avenue, DC, as part of a mixed use development. (4) Two-story store proposed as part of a mixed use development in Tysons Corner in Fairfax County, Virginia



Use, site plan, and building design issues

Walmart as the proposed tenant. Walmart is a well-known national and international retailer that over the past 25 years has become the largest and most dominant retailer in the United States. For example, the company sells 25% of all groceries in the U.S. The company has three main lines of business, Walmart general merchandise stores, Supercenters which combine general merchandise and full-line supermarkets, and the Sam's Club Wholesale Club.

A single use general merchandise store, either with or without a supermarket component is a matter of right use in the C3A zone and therefore for the most part, the committee report doesn't address issues surrounding the proposed use.

Site Plan in the context of recommendations of the Comprehensive Plan

While the previous development proposal for this site was mixed use, housing with limited ground floor retail, the current proposal is for a single use retail building, a Walmart store approximately 100,000 square feet in size, with the addition of at least one ground floor non-Walmart retail store approximately 1,500 s.f., served by underground parking. As noted above, the Comprehensive Plan recommends, but cannot require, housing as part of a mixed use development on this site.



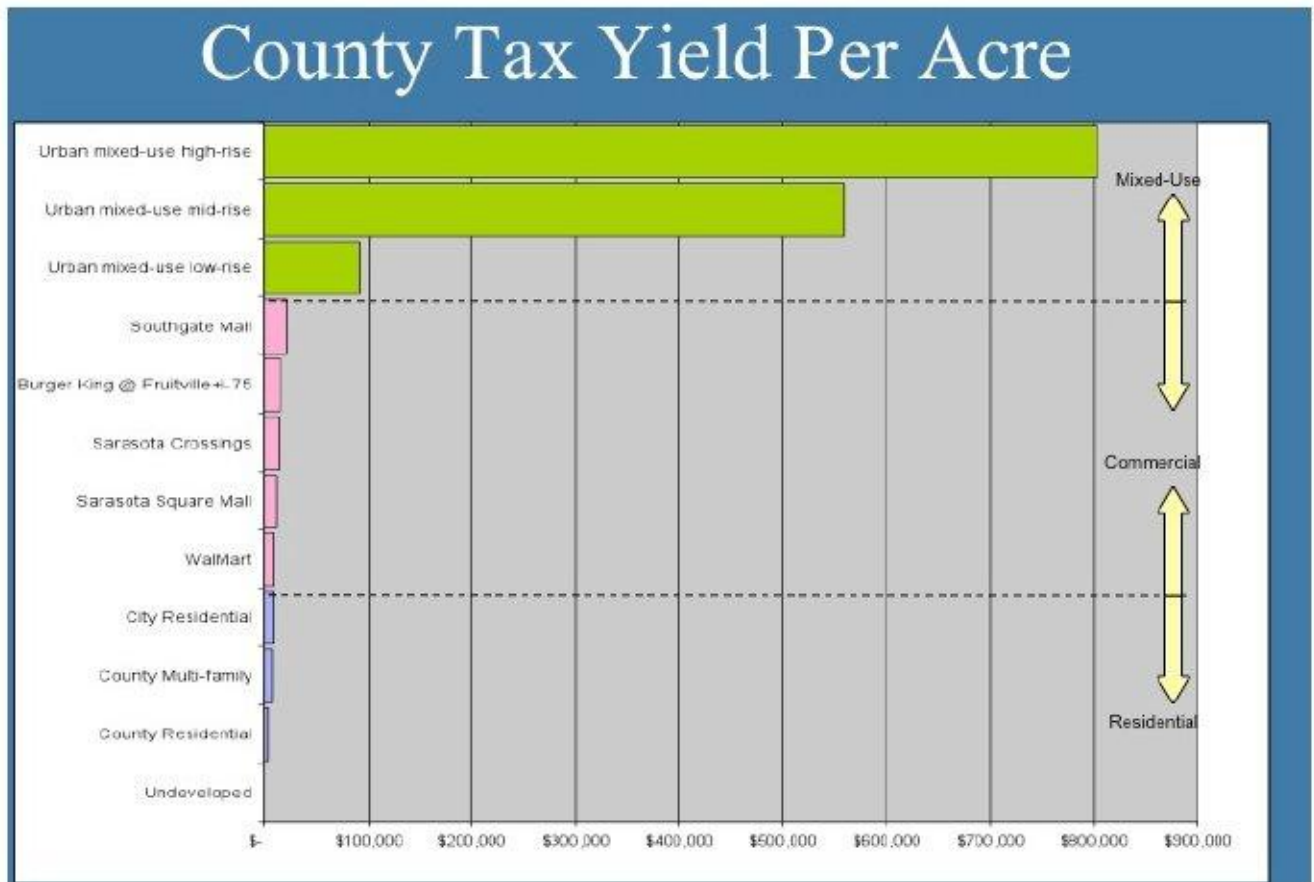
Vancouver's "The Rise" development covers a 2.3-acre city block, with 212,000 s.f. of retail space, anchored by Home Depot, Winners HomeSense, and Save-On-Foods. Above the retail levels are 92 live-work rental homes, enhanced by a 20,000 s.f. intensive green roof and community garden.

While there are still some examples of large scale single use projects in DC such as the Rhode Island Place development anchored by Home Depot and Giant, and the DC/USA retail complex in Columbia Heights, and some housing only developments at subway stations, most of DC's more recent developments are mixed use of some sort, mostly with ground floor retail and housing above, including (but this is by no means a comprehensive and complete list) large or medium scale vertical mixed use projects such as the Tenleytown Sears site, the Safeway Supermarket anchored CityVista site at 5th and K Streets NW, and the Harris Teeter anchored Constitution Square project in NoMA, which includes retail, housing, office, and a hotel. Across the city, many sites are being redeveloped from one-story single use to multi-story mixed use such as the Giant Supermarket-O Street Market site in Shaw, as well as Petworth Safeway redevelopment.

The common element across these projects is high quality transit access. However, multi-story mixed use projects are proposed for two sites on Wisconsin Avenue NW in places lacking subway access,

redevelopment of a Giant Supermarket⁴ across from the Washington Cathedral, and of a Safeway⁵ store in Tenleytown. As the inventory of developable land across the city continues to diminish, similar sites along major arterials located elsewhere in the northwest quadrant are likely to appreciate in value commensurate to the point where the land can be profitably redeveloped.

A study conducted for Sarasota County, Florida by Public Interest Projects, an economic consulting firm based in Asheville, North Carolina, found that urban mixed use projects of all levels of density significantly outperformed single use commercial and single use residential properties in terms of overall tax yield. In DC, where residential property also generates income taxes which are fully captured by the municipality (unlike every other city in the United States), the positive impact of mixed use residential housing would be even greater.⁶ Note that in the DC context, multiunit residential without retail may outperform single use commercial when income tax revenues are considered.



⁴ “After 10 years, will Northwest D.C. neighborhood get a new Giant?,” Washington Post, May 16th, 2011, p. B1.

⁵ O’Connell, Jonathan. “Safeway plots mixed-use development in Tenleytown.” Capital Business, Washington Post, May 16th, 2010

⁶ Presentation by Peter Katz to the Board of Commissioners of Sarasota, Florida, September 2009. <https://www.box.net/shared/o4a47iy5th>

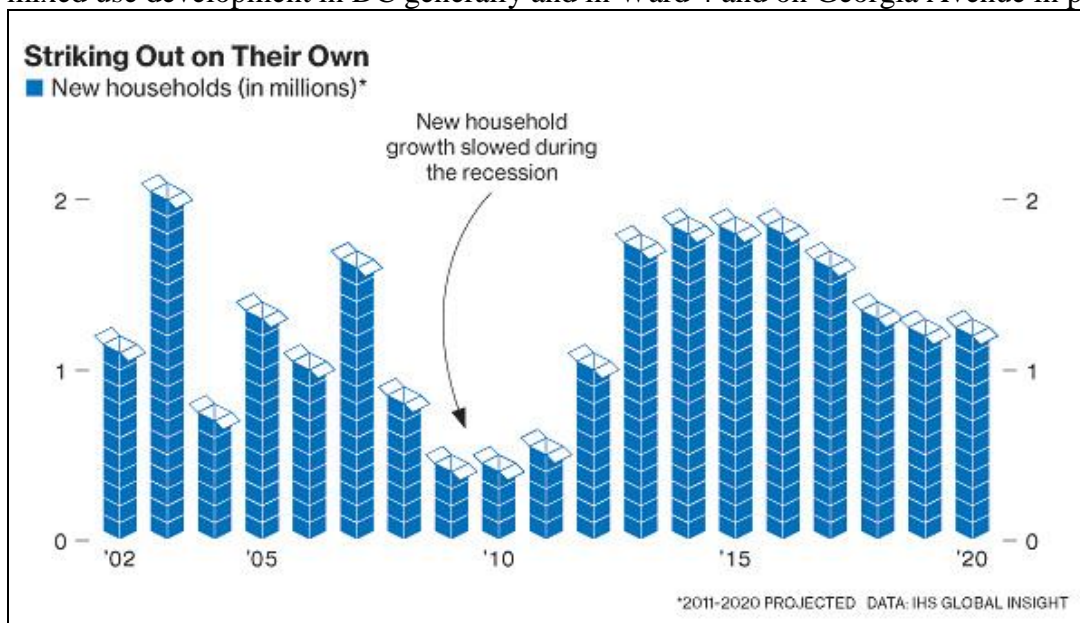
Note that Walmart, with their agreement to locate multi-story stores in mixed use developments in Washington's Ward 6 and in Tysons Corner in Fairfax County, Virginia, has demonstrated a new willingness to locate stores in mixed use developments.

Foulger-Pratt argues that economic circumstances *at this time* dictate a single use project, that they cannot get financing *at this time* for a mixed use project, despite the fact that DC is the strongest real estate market in the United States and the second strongest development market in the world.

Foulger-Pratt has stated that the proposed lease term with Walmart is for 75 years, meaning that the site could not be redeveloped until around 2086. Note that redevelopment of commercial buildings such as that proposed for Square 2986 may typically occur over a 20 to 40 year time frame (such as with strip shopping centers in the H Street and Columbia Heights neighborhoods).

Imagine what Downtown DC would be like today if all of the properties had been encumbered with 75 year leases signed before 1940—the last 25 years of redevelopment would not have occurred and the city likely would be bankrupt, given that commercial property taxes generate a significant proportion of the city's revenue stream.

Note that while the creation of new households and therefore demand for housing dropped as a result of the current recession, household formation is picking up and is expected to outspan 2007's figure of 1.6 million new households over the period from 2013 to 2017 (graphic below).⁷ This should be taken into consideration when evaluating the claims concerning the state of the intermediate term market for mixed use development in DC generally and in Ward 4 and on Georgia Avenue in particular.



Granted, the renewal of real estate development activity in the city is occurring primarily at sites proximate to transit (subway) stations, especially those sites located within walking distance of the station, neither of which is the case for Square 2986.

But as the best locations elsewhere in the city are developed and as DC improves neighborhood transit with the reintroduction of streetcar service to streets such as Georgia Avenue, sites such Square 2986 will become far more valuable, and therefore candidates for more intensive multi-story and mixed use redevelopment.

⁷ "When Kids Move Out the Economy Benefits." *Bloomberg Businessweek*, May 16-22, 2011, p. 9-10.

Examples of the redevelopment process in other neighborhoods include conversion of strip shopping centers on 14th Street NW and H Street NE into multi-story mixed use projects, the addition of a mixed use, mostly housing, development of the surface parking lots at the Rhode Island Metro Station, and the development of mixed use primarily residential properties at Fort Totten, which has not been considered a high-value location.

Probably Foulger-Pratt could obtain financing for a mixed use development at Square 2986 if they were willing to take on equity partners for this project. Likely they are unwilling to do so, but they do so with other investments in their portfolio, such as with Peterson Companies in the Downtown Silver Spring retail development, and in their recent acquisition of suburban apartment complexes⁸.

Equity infusions raised by taking on new partners is how other projects in less well-favored locations have been able to proceed in other parts of the city (such as Brookland and Fort Totten—both projects have gone forward because the original developer sold a significant interest in the properties to better financed partners). Foulger-Pratt should be more honest about their calculus about the full set of business decisions concerning the Curtis Chevrolet site.

Further, the committee asserts that Foulger-Pratt has a conflict of interest concerning development of Square 2986 in terms of “highest and best use.” The company has a significant investment in Silver Spring, Maryland, which is located less than 3 miles north of the site. The more they invest in a DC site this close to their Silver Spring projects, the greater is the potential negative impact on their multi-million dollar investment there.

This assertion is reinforced by Foulger-Pratt’s recent announcement that they are breaking ground in July 2011 for the Citron, a 222 unit luxury apartment housing development in Downtown Silver Spring⁹, their last remaining undeveloped property in Silver Spring.

Site Plan and Development recommendations

1. Foulger-Pratt should be strongly encouraged to create a phased development program for the site, allowing for the addition of upper-story housing at a later date, as both economic circumstances and demand warrants.
2. This will necessitate some redesign of the building (and the truss style roof designed to retain the feel of the streetcar barn likely couldn’t be retained) including the possibility of some increase in parking beyond that required by the proposed retail use to service the addition of upper story housing at some point in the future.* (* An alternative scenario limiting the need for additional parking to support housing is discussed on page 16.)
3. Building the capacity for mixed use development in the future likely would necessitate some DC Government financing to encourage this preferred course of development on the site.*
4. If Foulger-Pratt is not willing to agree to a phased mixed use development, the committee asserts that a 75 year lease for this project is not in the public interest, and recommends that the Office of Planning and the Deputy Mayor for Planning and Economic Development discuss with the developers the fact that a shorter lease term is more appropriate, commensurate with typical time frames for redeveloping similar properties.
5. Economic impact to the city of a single use vs. a mixed use project further justifies a preference for a mixed use project at this site, further supporting a shorter lease term, and the raising of this issue with the developer.

⁸ Plumb, Tierney. “Foulger-Pratt bumps up residential unit.” *Washington Business Journal*, May 20, 2011.

⁹ Ibid.

Building design (urban design)

The zoning regulations concerning matter of right projects does not require the developer or Walmart to change the design of the project as offered. However, in various interactions with the community, the design has undergone refinement in response to community input, and the design has improved somewhat over time.

Georgia Avenue was originally developed as a walking street, when most people traveled around the city on streetcars, and within the neighborhood on foot. This accounts for the relatively low density building stock along the corridor (one and two story buildings, dating from around 1900-1930). At the same time, having storefronts every 20-40 feet provides a design rhythm that supports walking, window shopping, and patronizing multiple stores as part of a single shopping trip.

This sense of place and the success of the retail district declined simultaneously with the replacement of walking and streetcar (transit) trips by the automobile, which means that not only is Georgia Avenue engorged with traffic, but there are relatively few pedestrians, comparatively speaking.

While the building that is proposed is better than a typical Walmart suburban store—it will be two stories and have underground parking instead of a large surface parking lot—for the most part the store is still suburban in concept in that it doesn't engage very well with the street and land use context. This is true for both the Georgia Avenue and Missouri Avenue elevations.

In short, the building doesn't look much different from and doesn't treat the streetscape much different than a typical suburban Walmart store, based on images 1 and 2 shown above on page 9.



Walkability

People walk on great streets. They browse. They visit with their neighbors. They rush to meetings. Pedestrians are constantly being pulled by something new to see or do. Historically, downtown buildings were built on 20' and 25'- foot bays with continuous storefronts down the block. This human-scaled pattern is still the most important factor on great streets all over the world.

A now out-of-print publication from the Downtown DC Business Improvement District outlines principles of great streets and active storefronts. The text in the image above states that downtown buildings were built on 20 to 25 foot wide bays with storefronts along the block. Each storefront had its own door/entrance, and the storefront displays varied greatly from one another because the stores specialized in various segments of the markets and each had separate and unique window displays. Similarly, a study by Jan Gehl et al. found that “interesting facades” fostered seven times greater activity compared to “uninteresting facades” defined as buildings with fewer entrances on the street,

blank walls, etc.¹⁰ These broad principles are also discussed in the Urban Design Element of the DC Comprehensive Plan

Neighborhood grocery and corner stores in New York City still demonstrate how retailers used to engage, connect, and communicate with the street thereby contributing to street vitality, by displaying and selling produce outside, through storefronts open out onto the street.



The way that outdoor commercial activities contribute to vibrancy and interaction is further described in the Downtown DC BID publication previously cited. The caption for the image below is entitled “vibrancy and sociability” and states: Great streets are social streets. They are designed for people to interact with one another intentionally and by happenstance. Nothing attracts people more than other people to watch. Great design, diversity and density of uses will attract people to downtown streets.



These design characteristics need to be captured within the street frontage along Georgia Avenue especially, but on the other elevations facing Missouri Avenue and Peabody Street.

As currently designed, the façade of the building on Missouri Avenue has limited articulation and punctuation and significantly degrades the placemaking qualities on this side of the street. Blank walls

¹⁰ "Close encounters with buildings" by Jan Gehl, Lotte Johansen Kaefer and Solvejg Reigstad. Urban Design International 11: 29-47 (2006)

kill urban vitality. This elevation happens to be directly across the street from a community park, which is another reason to discourage long blank walls of any significant expanse.

Parking to serve a residential component on the site. With regard to Recommendation 2 in the previous section—that the building and site be redesigned to accommodate further mixed use development in the future, specifically the addition of upper story housing, it is worth restating that building needs to be (re)designed so that an entrance to future housing is provided from the outset, without having to rebuild the front of the store.

It is possible that a greater amount of parking should be provided than is currently needed solely by a general merchandise store and supermarket, to accommodate the future development of housing on the site in addition to the current retail program. Alternatively, limited parking could be marketed as a benefit, and the project could be positioned around “car-free living” in association with an aggressive transportation demand management program, especially in association with streetcar service on the Georgia Avenue corridor, and incorporation of car and bike sharing programs.



Image simulation of streetcar service on Georgia Avenue NW in Washington, DC. Note that a middle of the street configuration is not likely, but is shown because of the photos we had to work with in creating this image. The base image shows the DC streetcar being tested by the manufacturer. Streetcar service may or may not require overhead wiring, which is not depicted in this image.

While obtaining financing for housing properties with limited parking can be tricky, it is possible that the reduced rental rates as a result would be attractive to a certain segment of the rental housing market that prefers transit and sustainable transportation mobility options over automobiles, and that the vacancy rate for the building would not be negatively affected by a low-no parking scenario.

Building Design Recommendations

6. Walmart should reorganize the design and operation of the store so that separate departments of the store, such as the grocery department, prepared food counters (e.g., most Walmarts have a quick service food counter, with tables and chairs), are placed with entrances on Georgia Avenue, thereby punctuating the façade, providing more openings, and more reasons to walk along the entire block of the Georgia Avenue frontage, and better connecting this extremely large scale building to the otherwise relatively small scale and punctuated streetscape that currently defines Georgia Avenue.
7. The Missouri Avenue elevation especially, but the Peabody Street elevation as well, should be redesigned to better engage with the street in keeping with urban design principles focused on creating great storefront and street experiences on the first floors of buildings in urban commercial districts.

Transportation, Safety, and Environmental Impacts

As part of the LTR process, Office of Planning has sent the site development application to all relevant DC government agencies (Environment, MPD, FEMS, DDOT, WASA, etc.) for their review and comment.

Traffic and transportation

The initial response of the DC Department of Transportation has indicated a number of problems with the traffic study as provided by the developer.

Note that high automobile trip generating uses are best located in places where there is a great deal of slack road capacity to accommodate the traffic. Large general merchandise stores such as Target or Walmart generate lots of traffic and generally should not be located in places where the infrastructure is lacking. DC's land use and transportation planning principles and practices are not particularly fine-grained and fail to provide the ability to direct high traffic generating uses only to those locations where pre-existing infrastructure can best service the demand.

While the committee likely believes that a Walmart would be better located if placed elsewhere, especially proximate to a subway station, such as how the DC/USA retail center, including Target, is located directly across the street from the Columbia Heights Metro Station, or how a Best Buy is located at the Tenleytown Metro, the LTR process does not afford us the ability to change the location of the store. Hence, our recommendations focus on making the best of what is a suboptimal situation.

In order to decrease the number of car and truck trips to and from the store, it is recommended that the developer and tenant agree to implement a comprehensive transportation demand management program. Given that Walmart is the nation's foremost practitioner of logistics and supply chain management, and the company's newly stated commitment to refashioning its offer in urban-appropriate ways, we believe that at this location, there is the opportunity to develop, implement, and demonstrate national best practice transportation management strategies for the retail sector.

Customer traffic and transportation demand management. An urban store is likely to have more customers than a typical suburban Walmart store. Walmart does not disclose individual store customer counts, but the national average for the company is 4,000 transactions/daily/store, meaning that at least 4,000 people would travel to and from the store each day, totaling 8,000 daily trips/store/day. However, it is reasonable to assume that urban stores will have higher customer counts than the national average, given the greater amount of population present within tighter retail trade areas.

We can't say how many more people will shop at an urban Walmart store—we don't have enough information to say, and retailers that have opened in urban locations, such as the Target store at the DC/USA development in Columbia Heights, don't disclose this data, nor do they provide direct comparisons between their urban and suburban stores, although we do know through various sources that the Home Depot store in Rhode Island Place has weekly sales more than double the national store average for that company.

The Walmart store on Georgia Avenue could have customer counts 50% to 100% higher than the company's average daily customer count, meaning that 12,000 to 16,000 additional trips could be generated by the store each day on average, vastly overtaking the Georgia Avenue-Missouri Avenue intersection, which already is close to being rated a failing intersection.

Note that the traffic study argues that some trips in the corridor will be reduced and/or combined because of the proximity of the store to residents, reducing the need to travel to further out locations for shopping, and additionally, a combination general merchandise and grocery store will increase trip chaining (combining multiple tasks into single trips) for some residents, further reducing the number of trips for some households. These are reasonable arguments which complicate making definitive projections and inferences.

The difference between this location and the DC/USA or Tenleytown Best Buy developments is that those stores are located on top of subway stations, and a significant number of trips to and from those store are accomplished by transit, on foot, and in limited amounts, by bicycle.

Even though the 70s bus line serving Georgia Avenue is one of the busiest in the city, averaging about 15,000 riders each day, the site is 1.8 miles to the nearest subway station (Georgia Avenue-Petworth station on the green line), and it would be uncomfortable (although people will do it) for people to take the bus to and from the Metro. Note that research states that with each change of mode (bus, subway, etc.), the likelihood of using transit for particular trips drops by 25%.

Furthermore, while we recognize that the Retail Trade Area for the store encompasses an area larger than Ward 4, the fact is that according to the most recent Census data, 78% of Ward 4 households have an automobile, and likely most trips to the store will be by car. This will only be accentuated by customers making trips from farther out locations.

To reduce automobile trips, Walmart should be required to provide shuttle and delivery services.

A shuttle service would allow customers to get to and from the subway station without having to pay an additional transit fare. Shuttle services are provided by many retailers across the country. Ikea provides such services for the Red Hook store in Brooklyn. In Pittsburgh, a shuttle service connects the South Side Works lifestyle retail center (comparable to Arundel Mills) and the East Carson Street commercial district to transit service and other retail at Station Square.

Once very common, retail delivery services would be a significant advance in customer service and transportation demand management for a large scale retailer operating in the urban setting. Customers would be more willing to come to the store by modes other than the automobile, if they knew that they wouldn't have to tote their purchases home. In Manhattan, Home Depot provides home delivery services and companies have popped up to purchase and deliver items from stores such as Costco to city customers.¹¹ In DC, the Pan Am International Market, a grocery store with locations in Columbia Heights and on Michigan Avenue, will take customers and their purchases home if they spend at least \$50. Safeway and Giant (through its Peapod division) have delivery operations available to DC customers.

¹¹ Marco, Meg. "Man Goes Into Business Delivering Costco To Overpriced NYC Neighborhoods." Consumerist blog, September 29, 2009. <http://consumerist.com/2009/09/man-goes-into-business-delivering-costco-to-overpriced-nyc-neighborhoods.html>

It happens that Walmart is testing home delivery of purchases in San Jose, California.¹² Since Walmart is expected to offer online grocery ordering as well, home delivery should be an option for such orders placed in areas served by urban Walmart stores.

Parking. While the developer has announced that parking for the store would be monitored, and people parking at the store and then shopping elsewhere in the commercial district would be discouraged, it makes sense to instead utilize the parking garage at the Walmart store to also support other retail and service businesses in the commercial district. This is called “shared parking.”

The company touts that its stores help to generate additional business for commercial districts but expecting people to drive from store to store along Georgia Avenue will further burden the traffic carried on the corridor and induce trips, adding to congestion. It makes more sense for people to park once and chain trips on foot.

FREE PARK AND SHOP PARKING = **FREE PARKING**

Drive into any of the 290 lots and garages all over Washington displaying the Park and Shop emblem. When you shop at a store displaying the same emblem, have the clerk affix a ONE HOUR FREE PARKING stamp to your parking ticket. Get an additional hour of FREE PARKING* at every member store you shop. The more stores you shop, the longer you can park--for FREE! Most stores require minimum purchase.

*Each stamp is worth 1 hr. Free Parking. This service is not for all day parkers. If you park all day you are subject to the minimum all day rate.

FREE STORE DIRECTORY
Available at all member lots and garages. Shows you where to shop for FREE PARKING privileges. Keep one in your glove compartment.

Look for the sign of **FREE PARKING** wherever you **PARK & SHOP!**

BUSINESS & PROFESSIONAL MEN: CALL EX 3-2116 TO LEARN THE ADVANTAGES OF PARK & SHOP!

Ad from the *Washington Star*, April 10, 1968

Shared parking scenarios were once common in urban commercial districts. Best practice mobility management systems are reviving the concept¹³. The ad above is from a program that served

¹² Bustillo, Miguel. “Wal-Mart Tests Home Delivery: Retail Giant Seeks to Challenge Amazon by Leveraging Blend of Store, Web Sales.” *Wall Street Journal*, April 25, 2011. (Accessed online.)

Downtown DC from the 1950s to the 1970s. A similar program should be explored with the Walmart store vis-à-vis the commercial district node at Missouri Avenue.

Employee traffic and transportation demand management. Walmart estimates that 300 people will be employed by the store. Employees using an automobile to get to work and parking in the store or on neighboring streets will further stress the road network and availability of neighborhood parking. A robust TDM program, including transit benefits and other strategies, should be implemented.

Freight delivery management. According to Walmart-based Environmental Impact Review studies submitted in California, a typical store receives 80-90 deliveries weekly as a combination of large trucks (70 feet long) from Walmart distribution centers, supplemented by smaller direct delivery trucks from vendors such as Coca Cola.¹⁴ However, that number is for stores 80% to 90% larger than the urban stores. It could be that there would be fewer deliveries by comparison to stores half the size of a “typical” suburban or rural store. On the other hand, it is equally possible that the number of store deliveries will be the same or higher, if urban stores experience a higher velocity of sales or “inventory turns.”

The city has narrow streets when compared to the wide suburban arterials and freeways that normally are used by delivery trucks in the suburbs. The impact of many large trucks added to a congested and tight street network has the potential to be very problematic. Typically the city’s arterial streets are relatively congested during the day, particularly during morning and evening rush hour periods, but have relatively limited traffic at night.

By shifting deliveries to overnight hours, when the DC street network is comparatively empty, the impact of additional trucks coming into the city would be minimal. Note that Au Bon Pain and Yes! Natural Foods get a significant number of their deliveries during overnight hours, when the stores are closed, and traffic is minimal. Walmart is known for its world class logistics and supply chain management and developing an overnight delivery system to serve urban stores in DC (and elsewhere) should be fully within their capabilities.

Additionally, restrictions on deliveries should be imposed during morning and evening “rush hour” traffic periods (e.g., 7:00 a.m. to 9:00 a.m.; 3:30 p.m. to 7:00 p.m.).

Transportation Demand Management recommendations

8. Walmart should provide a shuttle service between their store and the Georgia Avenue-Petworth Metro Station.
9. Walmart should offer delivery services for all transactions totaling at least \$50.
10. Walmart should make home delivery services a routine and standard part of their service offering in urban/center city store locations, not just at the Georgia Avenue location, but in all the stores in DC, and in other urban markets across the United States.
11. Walmart should agree to explore with the DC Department of Transportation setting up a shared parking situation with the on-site customer parking spaces, perhaps through the creation of a “transportation management district” to manage this and other transportation demand management initiatives in both this and the Walter Reed commercial nodes on Georgia Avenue.

¹³ Smith, Mott. “On-site parking: the scourge of America’s commercial districts.” March 31, 2006, <http://www.planetizen.com/node/19246>.

¹⁴ Source: www.bigboxtoolbox.com

12. Walmart should commit to the provision of transit and other transportation benefits to employees, to limit the number of trips employees made to the store by car.
13. Walmart should commit to shifting deliveries to overnight hours for all of the deliveries from Walmart distribution centers, and for at least 50% of the deliveries made directly by vendors.
14. Walmart should agree to not receive deliveries during morning (7:00 a.m. to 9:00 a.m.) and evening (3:30 p.m. to 7:00 p.m.) rush hour traffic periods.

Traffic circulation issues



This map by Michele Baskin illustrates the streets and land uses around Square 2986, depicting the relatively constrained and congested area around the site.

The transportation engineering expertise of DDOT far exceeds that of committee members. We defer to the DDOT analysis of the initial traffic study submitted by Foulger-Pratt—DDOT asserts that the study significantly undercounts the number of customer trips and their impact on intersection operation and traffic flow, including the intersection at Georgia and Missouri Avenues, which operates at LOS (Level of Service) D currently. However, the committee offers the following observations:

Peabody Street generally and in particular the block between 9th Street and Georgia Avenue. Peabody Street is an extremely narrow street (34 feet wide), and there is parking on both sides. Between

Georgia Avenue and Blair Road a number of traffic calming treatments have been installed to discourage through traffic. On the 900 block, parking serves residents in the multiunit residential buildings on the street as well as people working at the police station on the 6000 block of Georgia Avenue. There is an entrance, usually locked, from the police station parking lot onto Peabody, although the main entrance is on Georgia Avenue. Cars are frequently parked on two driveway aprons next to the police station on the north side of the street.



Left: Cars parked on driveway aprons on the north side of the 900 block of Peabody Street NW, on the police station property. Right: cars on Peabody Street at the intersection with Georgia Avenue.

The site plan proposes customer ingress and egress via Peabody Street and to maintain parking capacity, the developer proposes to add 6 feet to the width of the street on the south side by donating requisite land from their parcel.

Because people entering and leaving parallel parking spaces will impede customer traffic flow going in and out of the alley entrance to the underground parking facility, and because peak hour traffic could equal or exceed a few hundred cars per hour, it makes more sense to eliminate street parking from the portion of the block from Georgia Avenue to just past the point of the customer entrance alley across from the Florian co-op residential properties. (The traffic signal at the intersection should also be reset to include a timed exclusive left turning phase from southbound Georgia Avenue onto Peabody Street.)



Left photo: Traffic diverter at the 4300 block of Jenifer Street, Friendship Heights. Right: west side, 6000 block of 9th Street NW, to the rear of the MPD police station property.

To prevent customer traffic from entering into the Walmart entrance alley from both directions of Peabody Street, which will increase congestion significantly at all hours of the day, and because westbound traffic generated by the store will diminish the quality of life of local residents, placement of a diverter in the middle of the street between the Walmart side of the block and the residential portion of the block should be considered. Note that there may be emergency service implications of this proposal that make implementation problematic.

Diverters have been installed in Friendship Heights (pictured on previous page) to discourage customer traffic from the nearby shopping centers from using residential streets. While the image shows a typical diverter treatment, what we are proposing is more of a mid-block “dead end.”

The west side of the 6000 block of 9th Street, the rear of the block on which the police station is located, has “excess” space that could be turned into additional parking (preferably managed through a special permit system) that could serve residents currently located on Square 2986 as well as staff working in the police station.

Adding parking to city streets is generally discouraged, especially when it comes at the expense of the sidewalk network and grass, but it may be warranted in this instance. If constructed, the cost should be borne by the developers of the Square 2986 project. By constructing the parking area perpendicularly (image below), a rough doubling of capacity would occur compared to parallel parking, making up for the removal of parking on Peabody Street.



Parking perpendicular to the street in San Francisco.

Residential-serving east-west streets between Georgia Avenue and Blair Road. Measures will need to be taken to eliminate to the extent possible cut-through traffic between Blair Road and Georgia Avenue. Because of the need for emergency vehicles, especially police vehicles, to get between Georgia Avenue and Blair Road relatively quickly, installation of traffic calming measures such as speed bumps on every east-west street likely to be used by through traffic going to the Walmart store is impractical. But traffic restrictions should be imposed on non-neighborhood through traffic, and paired with regularly scheduled enforcement efforts.

Traffic circulation recommendations

15. The committee supports the developer proposal to add 6 feet to the width of the street on the south side of the 900 block of Peabody Street, along the entire length of Lot 35.
16. Eliminate parking on the portion of the 900 block of Peabody Street (from Georgia Avenue to the easternmost lot line of Lot 35, to simplify entry into and out of the Walmart store.
17. Forbid parking on the sideyard of the police station alongside Peabody Street.

18. Install a traffic diverter midway in the 900 block of Peabody Street, between the “Curtis” section and the residential section of Square 2986 to ease customer traffic into and out of the Walmart development without imposing on the residential portion of the block and to eliminate cut through traffic on Peabody Street.
19. Consider adding special parking by permit only to the west side of the 6000 block of 9th Street through the creation of special perpendicular parking area, the cost of which should be borne by the developer.
20. Put restrictions on through-traffic between Blair Road and Georgia Avenue, at least for Peabody (if a diverter is not installed) and Quackenbos Streets, and maybe Rittenhouse Street, with recurring enforcement efforts, to limit the impact of the Walmart store in terms of generating cut through traffic on residents.

More significant transportation planning and engineering issues triggered by consideration of the redevelopment of Square 2986

Reconstructing the Georgia Avenue-Missouri Avenue intersection. As shown in the map by Michele Baskin, Missouri Avenue is “offset” in an “S” configuration as it comes to and through Georgia Avenue—this is not a typical intersection with 90 degree angles. The unusual configuration is made more complex by a significant grade difference between the east and west sections. Additionally, the way Rock Creek Ford Road intersects with Missouri Avenue, just west of Georgia Avenue, creates further pressure on this intersection.



Looking southeast across the Georgia Avenue-Missouri Avenue intersection, from the northwest corner of the intersection.

The geometry of the intersection contributes seriously to the failure of the road network at this point. The intersection is already close to failing in terms of LOS grading.

It will only get worse with the addition of the Walmart store now, and the redevelopment of Walter Reed Hospital later, as the Reed site is only one mile directly north of this intersection.

The development of Square 2986 and the coming development at Walter Reed should spur us to take the opportunity to reconsider, redesign, and reconstruct the intersection. This may be the only chance we have to do this.

There is no question that this course would be expensive and require, in all likelihood, some eminent domain action as the buildings at the northeast corner of Georgia Avenue could be purchased (and moved rather than demolished) and the gasoline station at the southeast corner of Georgia Avenue could be purchased and closed. Missouri Avenue could be reconfigured to be straighter and more direct going across Georgia Avenue, significantly improving traffic flow at the intersection.

Another option, comparable to how Connecticut Avenue goes under Dupont Circle or how Massachusetts Avenue goes under Thomas Circle, Missouri Avenue could be re-routed underneath Georgia Avenue.

Additionally, the northwest “corner of the intersection, a triangular piece of property with a single story retail store on the property, bounded by Piney Branch Road on the west, Rock Creek Ford Road on the north, Missouri Avenue on the south, and Georgia Avenue on the east, could also be acquired as part of a reconfiguration project.



Looking at the northwest corner of the Georgia Avenue-Missouri Avenue intersection. Rock Creek Ford Road comes into Georgia Avenue in the middle of the image.

The city has done similar breakthrough infrastructure projects elsewhere, such as the restoration of Thomas Circle by removing travel lanes that had been cut into it decades ago, the creation of the “Starburst Plaza” at the intersection of H Street and Maryland Avenue NE, and the use of pavers on 7th Street SE adjacent to Eastern Market in the Capitol Hill neighborhood.

There is no question that this would be quite an expensive undertaking, and likely, given the city’s economic circumstances at present, could be considered foolhardy.



Pavers installed during the restoration of Eastern Market, 7th Street SE

On the other hand, with the future development of the Walter Reed site, projected streetcar service and the development that will follow, the need to strengthen the urban design characteristics of the Georgia-Missouri-Piney Branch Road node of Georgia Avenue, to foster continued revitalization of the Upper Georgia Avenue commercial district, to support continued resident attraction to Upper Northwest, and to further neighborhood stabilization amid significant demographic changes in the Ward, investing in reconfiguring this intersection is not only worthy of our consideration, but cost effective considering the various economic benefits that would result.

It is anticipated that this would be done at the city’s expense, perhaps with some financial support from proffers associated with Georgia Avenue development projects. Even without proffers, this is a necessary and long term investment in Georgia Avenue and the Upper Northwest—a “100 year” investment in the future of Upper Northwest and the revitalization of Georgia Avenue.

Georgia Avenue Streetcar Service. As discussed on pages 3-4 above and depicted in an image simulation on page 16, current and future development activity projected to occur on upper Georgia Avenue, including a massive redevelopment of the Walter Reed Hospital site into a mixed use development covering portions of 60 acres, justifies reinstituting streetcar service on Georgia Avenue, which is already part of DDOT’s long range planning.

Just as Arlington County added millions of square feet of residential, office, and retail space to the Wilson Boulevard corridor without significant expansion of their road network by meeting increased transportation demand through better utilization of extant transportation infrastructure, including the Orange Line subway service, streetcar service on Georgia Avenue could significantly reduce negative traffic impacts from increased development and density along the Upper Georgia Avenue corridor.

However, planning for streetcar service on Georgia Avenue isn’t underway currently. Whereas on H Street NE, streetcar tracks were installed as part of the streetscape improvement program, admittedly, after a focused lobbying campaign initiated by ANC6A, the fact that the Georgia Avenue Great Streets construction project currently underway in Petworth, between Webster Street and Otis Place, hasn't

included installation of streetcar tracks as part of the design, engineering, and construction process is an example of poor coordination between DDOT programs and failures in long range planning.

Given the plans for future development in the corridor, streetcar service planning for Georgia Avenue should be reprioritized, and more detailed planning, design, and engineering activities should commence forthwith.



Bus shelter at the southwest corner of 5th and H Streets NE. Streetcar tracks are visible in the curb lane of the street. Even though during the design and engineering phase of the project, streetcar plans weren't fully formed, streetcar tracks were included as part of the construction program, to minimize delays and eliminate the need for future reconstruction. Streetcar operation is expected to enter revenue service in 2013.

While original concepts for streetcar service along Georgia Avenue anticipated that the service would terminate at the Silver Spring Transit Center in Montgomery County, Maryland, current concepts show that the service would not continue past Walter Reed to Silver Spring but instead would turn east from the Walter Reed site to connect to the Takoma Metro Station. The distance along Georgia Avenue from the Petworth Metro station to the Georgia Avenue-Colesville Road intersection in Silver Spring is 4.2 miles. It is 1.6 miles from the Walter Reed campus to the Silver Spring Metro Station.

Instead, service to both points (and Montgomery County should be encouraged to plan for and fund extension of service beyond both termination points further into the county) should be part of a streetcar service plan for the Georgia Avenue corridor, because service to Silver Spring should likely contribute significantly to reduction of motor vehicle trips along the Georgia Avenue corridor generated from locations within Montgomery County.

Great Streets Planning. DDOT Great Streets planning has thus far included detailed studies of Petworth and the Gateway section of upper Georgia Avenue, but not the area between Kennedy Street and Walter Reed Hospital, which makes up the “Missouri Avenue-Piney Branch Road” node of the commercial district which Square 2986 anchors. Given the evident development activity in this area, planning for this section of the Georgia Avenue Great Streets Master Plan should no longer be allowed to languish.

Transportation planning and engineering recommendations

21. Consider reconstructing the Georgia Avenue-Missouri Avenue intersection to improve its geometry and capacity and to reduce congestion. This will be a major undertaking that could delay the Walmart project, but it is an important investment in the revitalization of Georgia Avenue and Upper Northwest DC, and would be a signature investment with multi-decade impact.
22. Prioritize and commence planning, design, and engineering for streetcar service on Georgia Avenue, in order to reduce negative traffic impact that would otherwise occur, as a result of limited transit service in the corridor (bus only), north of New Hampshire Avenue until Downtown Silver Spring.
23. Make sure that current road construction projects along Georgia Avenue incorporate streetcar tracks to support development of the streetcar service and to reduce the need for later and more costly reconstruction.
24. Consider reviving previous plans to provide streetcar service through to Silver Spring in Montgomery County in order to reduce through motor vehicle traffic traveling on Georgia Avenue.
25. Allocate funds and commence planning for the creation of the Kennedy Street to Walter Reed section of the Georgia Avenue Great Streets Master Plan.

General infrastructure

Concerns are frequently expressed in community meetings, about the state of infrastructure in and around the Georgia Avenue corridor, with an admonition that the developer and tenant need to take this into consideration when proceeding. The committee recognizes that both the developer and tenant are fully capable of addressing such issues as they arise.

Safety

A security management plan should be developed to cover operation of the store, especially at times of high usage such as “Black Friday.” Failure to provide adequate security at a Black Friday sales event at a Walmart store in New York State resulted in a death of an employee who was crushed by horde of stampeding shoppers seeking great deals.

Safety recommendation

26. Walmart should be required to submit a safety and security management plan before a certificate of occupancy is issued for the operation of the store. Special considerations should be provided concerning special sales events.

Environment

The developer and tenant are able and experienced with construction, infrastructure, and environmental requirements of sites such as this and the committee believes that DC environmental and building regulations and involvement of DDOE and WASA are more than adequate to address and mitigate issues as necessary.

Neighborhood Economic Impact

As discussed above, the provisions of the Large Tract Review regulations have traditionally been interpreted quite narrowly by the Office of Planning in their execution of site plan and development review activities deriving from the regulation. Mostly, review focuses on mitigating infrastructure impacts, in particular traffic. Clause (a) of 10DCMR2300.2 reads:

To minimize adverse environmental, traffic and neighborhood impacts;

The LTR subcommittee argues that the “neighborhood impacts” considered by the review process should be defined in greater detail, and include a study of the economic impact, positive and negative, of large tract developments, and provide a process for the identification, analysis, consideration and mitigation of potentially negative impacts.

This process should consider: (1) the overall tax revenue impact of the project on its own and as part of different development scenarios (discussed above on page 11); (2) the economic impact on local businesses and extant commercial districts; and (3) opportunities and measures for mitigation.

A deeper analysis of the cost of development is the foundation of the smart growth movement, which avers that greenfield development can be more costly in terms of development of new infrastructure compared to infill development and intensification in extant places. But even development in extant places has costs.

Many states and/or communities include economic impact review procedures as part of their environmental impact analysis and review processes for development projects. For example, the California Environmental Quality Assessment process requires an assessment of new development in terms of the potential for “urban decay” within extant communities. Other communities have provide more intensive review of “big box” retailers of a certain size (usually larger than 75,000 s.f. or 100,000 s.f.), because of local ordinances.

Additionally, the current language within DC environmental regulations could be interpreted in a manner supporting the consideration and mitigation of negative economic impacts from new development.

Community benefits agreements tend to be triggered only when zoning relief is requested by developers. In projects requiring relief or special consideration such as planned unit developments, the community benefits process has been created to provide for the mitigation of potentially adverse impacts, because the relief usually results in additional developable space which is monetized by the developer.

But relief isn’t required for the Square 2986 project, and therefore the development review process doesn’t include a Community Benefits negotiation. The Respect DC Coalition has drafted a proposed community benefits agreement, although thus far Walmart has not agreed to be party to such an agreement.

Only one of the four sites (in Ward 7) requires relief, and therefore residents and stakeholders there have been able to work on a process for receiving community benefits. In the other situations (stores in Wards 4, 5, and 6) the community has no leverage to bring Walmart or the respective developers to

the table for such an agreement, other than through an argument for the consideration of economic impact within the context of the language in the Large Tract Review regulations.

Chain retailers can have negative impact on local economies. While it is true that national retailers employ local residents, and generate local sales tax and property tax revenues, in addition to income tax revenues collected on wages (and in DC, “state” income taxes remain 100% within the city as none have to be shared with county or state governments), the main reason that Walmart’s entry into a market is controversial is because of the experience of business and community decline in other places occurring after a Walmart store has opened in their communities, with resultant business closure and increases in commercial property vacancies.

Furthermore, while some studies of the economic impact of Walmart on local economies are equivocal, there is no question that the nature of the retail space and the strength of local commercial districts changes significantly upon the entry of large scale national chain stores such as Walmart. (This is not a phenomenon exclusive to Walmart, but as the nation’s largest retailer, the impacts of Walmart stores on communities are particularly pronounced.)

A local retail economy may be harmed as a result of the entry of large footprint national chain retail stores like Walmart in at least five ways:

- (1) National retailers replace locally owned stores as the dominant retailers in local communities;
- (2) Locally owned and operated retail operations close;
- (3) Traditional commercial district locations are supplanted by individual stores or clusters of national retailers located outside of central business districts and other in-community locations, and the region’s commercial activity re-centers upon these new locations;
- (4) Business services and other activities that support locally owned retailers decline in response to the closure of locally owned and operated retail businesses, leading to further business closure;
- (5) The economic multiplier impact of local consumer purchases is reduced as chain stores purchase services and goods from out-of-market vendors, and repatriate profits to distantly located corporate headquarters.

Many economic studies finding limited economic impact of the entry of chain stores fail to study these kinds of impacts, and therefore recount an incomplete picture about the impact of national retailers on local economies.

Unfortunately, the ANC4B LTR subcommittee did not have the resources to conduct a detailed economic impact study of our own. The Small Business subcommittee of the ANC4B Square 2986 committee did compile a listing of businesses in the area, and developed some alternative development scenarios for the site, which can be drawn upon by the ANC in consideration of this issue.

A computer database of stores and commercial properties located within Ward 4 and the retail trade area of the Georgia Avenue location was not available to us. Even if such a database were available, some of the information needed for quality analysis, such as lease terms, rents, sales revenues, sales tax data, etc. are not likely available, making it difficult to perform such an analysis in the time available to us.

The following discussion is an attempt to examine various economic impacts, positive and negative, which may result from the opening of a Walmart store on Georgia Avenue in Ward 4.

Tax revenues generated from the operation of a Walmart store. It is only fair to start with an imputation of the revenues generated to the city by the store proposed for Georgia Avenue, including sales, property, and wage income taxes, as well as corporate income taxes from the owner of the property and from Walmart on the store's profits.

Sales taxes. While the store will be organized 60% general merchandise and 40% food, sales between the categories will likely be 50/50. In DC, groceries are untaxed. The typical sales/square foot for a Walmart Store is \$300 to \$550.¹⁵ It's fair to use the high estimate (even a higher estimate could be used beyond the national averages, because of the volume of sales typical in urban store locations), because urban locations for national chain stores are known for particularly high sales. This will be a minimum gross revenue of \$55 million annually. A total of \$27,500,000 would be subject to local retail sales taxes of 6%, although a certain percentage of these sales will be for prepared food consumed on the premises, which is taxed at 10%. The store would generate a minimum of \$1,650,000 in annual sales tax revenues.

Taxes on store profits. Theoretically, the store would pay taxes based on its \$55 million in annual sales. Of course, expenses are deducted, such as cost of goods sold, labor, etc., so the taxable income is likely to be slight. The stated average operating margin for Walmart is 6.08% after all expenses, so it's fair to say that the store will generate about \$3,344,000 in taxable profit. The DC corporate tax rate is 9.975%, so the corporate income tax on the store would be about \$326,040. Additional taxes on inventory, "franchise" taxes, etc. may also be applicable.

Income taxes. If each store will hire approximately 300 workers according to press reports, and the average hours worked by an employee is 34 hours/week and there are 52 weeks in a year, there will be 530,400 labor hours expended. At an average wage of \$11/hour (urban wages are expected to be higher compared to Walmart's national average) that would total \$5,834,400 in total wages. Of course, the total income tax collected by DC is dependent on the percentage of employees that will be DC residents. The citywide average is that 30% of jobs in DC are held by DC residents. The committee was not able to come up with an estimate of the net income tax revenue generated on total wages that would be earned by store workers.

Property tax revenue. One way to estimate the property tax for the Walmart site is to compare it to the Safeway store at 6500 Piney Branch Road NW. That store is about 65,000 square feet and is assessed around \$12 million, and the property taxes are about \$2,160,000. Presumably the Walmart store would be worth at least 50% more because it will be at least 50% bigger than the Safeway. Therefore the property taxes will be around \$3 million, although likely these will be paid by Walmart reducing their DC taxable income, although additional taxes on the income of the property owner(s) would also be collected.

Note that new "supermarkets" are eligible for DC tax abatements and other incentives, thereby reducing the tax revenue generated by the property. However, from reading the relevant section of the DC Code it is not clear that a supermarket-general merchandise combination store is eligible. In any case, Walmart has stated that they have no intention of participating in the supermarket tax abatement program.

Employment and social welfare expenditure impacts. Construction of the store will result in labor and management income on the part of construction companies and employees, and earnings and taxes

¹⁵ HDL Companies. 2007 Retail Store Taxable Sales Estimates.
<http://www.hdlcompanies.com/download/index.cfm?fuseaction=download&cid=605>

on any construction materials purchased locally, although it is likely that most of the materials used in construction will not be purchased locally.

Ward 4 unemployment is 8.1% and the opening of the store will result in the hiring of 300 people, most on a full-time basis. This will contribute positively to local income and will result in a reduction of an undetermined amount of unemployment insurance payments and other social welfare expenditures to people currently unemployed. (Although this needs to be paired with employment and ownership losses in relation to DC businesses that may close as a result of competition with Walmart.)

On the other hand, it is possible based on other findings that social benefits expenditures will continue to be directed to people who may be employed by Walmart, because they may not make enough in income to pay for their own health care and some may need other welfare subsidies (food stamps)¹⁶. But this is typical of many retail jobs and is why the Earned Income Tax Credit was developed to further support lower income wage earners.

Economic impact studies of Walmart operations. The committee has reviewed some of the various studies of economic impacts typically associated with the operation of Walmart stores, and we noted these findings in particular:

- Three retail jobs are lost for every two Walmart jobs created¹⁷.
- Walmart's entry into a new market doesn't increase overall retail activity or employment opportunities^{18*}.
- Walmart's entry has significant negative impact on existing retailers. Supermarkets and other variety stores suffer sales declines of 10% to 40%¹⁹.
- In a study in an urban neighborhood in Chicago, after the opening of a Walmart store, 82 of 306 (27%) small stores in the immediate neighborhood closed over the 18 month period after the opening²⁰.
- When Walmart's total economic impact, positive and negative, is calculated, the overall revenue contribution to a community may be negative^{21**}.
- Typically chain stores spend less on local goods and services purchased locally than independently owned stores. One study calculates that for every \$100 spent at a store, \$68 recirculates in the local economy (an economic multiplier of 1.68) when spent at a locally owned store, while \$43 recirculates (1.43 multiplier) when spent at a chain retailer²².
- On a positive note, Wal-Mart grocery prices are 8% to 27% less than mainline supermarket companies²³ resulting in savings and increased disposable income for local consumers.

¹⁶ Good Jobs First. [Shopping for Subsidies: How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth](#) (2004)

¹⁷ Neumark et al. "The Effects of Wal-Mart on Local Labor Markets." Institute for the Study of Labour Discussion Paper #2545, University of Bonn (2007)

¹⁸ Davis et al. "The Impact of an Urban Wal-Mart Store on Area Businesses: An Evaluation of One Chicago Neighborhood's Experience." Center for Urban Research and Learning, Loyola University Chicago (2009)

¹⁹ Parachuri et al. "The Wal-Mart Effect: Wave of Destruction or Creative Destruction?" *Economic Geography* 85: 2 (2009): 209-236. Stone et al. "The Economic Impact of Wal-Mart Supercenters on Existing Business Centers in Mississippi. Mississippi University Extension Service (2002). Capps and Griffin. "Effect of a Mass Merchandiser on Traditional Food Retailers." *Journal of Food Distribution* 29 (1998): 1-7.

²⁰ Davis et al., *ibid*.

²¹ Boarnet and Crane. "The Impact of Big Box Grocers on Southern California: Jobs, Wages, and Municipal Finances." Orange County Business Council (2009)

²² Civic Economics. "The Andersonville Study of Retail Economics." (2004)

²³ Blattberg et al. "Wal-Mart Supercenter versus the Traditional Supermarket: How can a local grocery store survive?" Kellogg Business School, Northwestern University (2007)

- Less quantifiable is the impact on local taxes – Walmart is likely to charge itself high rent, and license fees for the use of logos and other trademarks, which can reduce local revenues and therefore local taxes²⁴ Still, it is fair to say that Walmart’s entry into DC, especially coverage in retail categories that are underrepresented in DC, will lead to sales tax revenue increases for the city overall.

** Note: one of the problems in extending these findings from other settings to DC specifically is that as a rule, DC has less operative retail space per capita for its population and visitorship (office workers and tourists) compared to other communities and to the DC suburbs specifically, especially in terms of representation of chain retail. As a result, many DC residents do a significant proportion of their regular shopping for convenience, specialty, and shopping goods outside of the city. In retail market studies, this is called leakage. For example, Walmart reports that DC residents spend at least \$41 million annually at their suburban stores, based on their study of credit card transaction data.

DC’s Office of Planning has developed a “Retail Action Strategy”²⁵ to improve the retail environment and array of stores across the city and within specific commercial districts, to contribute to improvements in quality of life as well as to retain (and tax) a greater percentage of consumer purchases made by DC residents. This is called “capturing” retail sales that would otherwise “leak out” of the city. It also leads to more property development and jobs in the city, and increased income, sales, and property tax revenues.

Except in rare circumstances (with stores in Georgetown and the shopping center at Friendship Heights on the DC-Maryland border), and for very specific specialty retailers, suburban residents are fully served by retail offerings present in their locales, and have no reason to come into DC to shop.

Therefore, suburban residents are not likely to come into DC normally to shop at chain stores located in the city. (E.g., a suburban resident is likely to shop at a Home Depot or Lowes in the suburbs, rather than come to Home Depot’s DC location.) However, in the parts of Montgomery and Prince George’s Counties proximate to locations of Walmart stores in DC, it is possible that some retail capture will occur, because except for the store in Landover Hills, PG County, much of the area inside the Beltway lacks Walmart presence.

Positive impact on consumers. There is no question that the Georgia Avenue corridor and the upper northwest quadrant outside of the area served by Friendship Heights has limited access to the various general merchandise categories (sporting goods, apparel, housewares, electronics, furniture, etc.) and brands carried by Walmart. Because of a lack of competitive in-city options, Silver Spring Maryland also serves as a regional retail center for a goodly portion of upper northwest.

Increased access within DC to such retail offerings is beneficial to a great number of consumers. Consumers would also benefit because goods offered by Walmart, including groceries, are typically priced significantly less compared to many other retailers,²⁶ increasing disposable income on the part of households shopping at the store.

²⁴ United Food and Commercial Workers International Union. “Outline of Data and Methodology for Estimating Amount of Tax Avoided by Wal-Mart.” Mitchell, Stacy. The Big Box Swindle: The True Cost of Mega-Retailers and the Fight for America’s Independent Businesses. Boston: Beacon Press (2006)

²⁵ See the www.planning.dc.gov website for the DC Retail Action Strategy plan

²⁶ Blattberg et al., *ibid.*

One can also argue that increased competition in the grocery sector will result in improvements to existing stores currently shopped by DC and Ward 4 residents, even if those residents choose not to shop at Walmart. Many residents have complaints about prices, quality, upkeep, and operational efficiencies of area stores currently facing little competition within the city. Improvements at other stores as a result of increased competition, including the possibility of price reductions, will also benefit local consumers.

The committee notes that while Walmart's proposed sale of groceries at the Ward 4 site has been lauded as a response to so-called "food deserts," on Georgia Avenue there are two Safeway supermarkets located a short distance both north and south of the site, as well as a branch of the independent Yes! Natural foods grocery. A Safeway has been proposed as part of new development at Riggs Road and South Dakota Avenue in Fort Totten/Lamond-Riggs. Other supermarkets in Ward 3 and elsewhere in the city also serve Ward 4 residents. Only 7 DC Census tracts were recently identified by the US Department of Agriculture as lacking access to groceries. None are in Ward 4.

Impact on Ward 4 and Ward 1 independent retailers. Based on the experience in Chicago,²⁷ which also has a higher population density than the areas of Upper Northwest DC closest to the proposed Walmart location, **it's not unreasonable to project that upwards of 30% of independent retailers along the Georgia Avenue corridor in Ward 4, as well as in nearby commercial districts in Ward 1, will fail over a 18 to 24 month period following the opening of a Walmart store.**

NOTE that potential business failure can be mitigated (reduced) in advance of the opening of the Walmart store through the provision of business consultation services, working with businesses to better position their store and offerings, physical improvements to buildings such as façade improvements, and physical improvements to the streetscape (trees, street furniture, and other pedestrian treatments).



Improvements to the façades of the storefronts of the shopping center (including the former Sheridan Theater) on the east side of the 6200 block of Georgia Avenue NW were completed by the Emory Beacon of Light Community Development Corporation, using community development block grant funding. The project, which refurbished and rehabilitated the art deco architectural details of the buildings, is an example of the kind of technical assistance and program of property improvement that could be performed to mitigate potential negative impacts on the Georgia Avenue commercial corridor resulting from the entry of a large scale national chain retailer such as Walmart.

²⁷ Davis et al., *ibid.*

Impact on Ward 4 chain retailers. It's also likely that chain retailers will be affected by Walmart's entry. For example, in the Washington market, Rite Aid and Giant are significantly more vulnerable to Walmart's entry as both companies have been experiencing a multi-year decline in market share, profitability, and merchandising competitiveness compared to their peers. A Rite Aid is present a few blocks south of the site, while the closest Giant Supermarket is located just across the DC border on Riggs Road in Prince George's County, Maryland (as a relatively new store in a dense neighborhood, the Giant supermarket location in Columbia Heights is not likely to experience significant sales declines). Similarly, the Payless Shoe store on the 6400 block of Georgia is likely to be vulnerable, etc.

Even relatively healthy companies are not immune to competition from deep discount retailers. A Safeway store that had been located adjacent to Capital Plaza in Landover Hills in Prince George's County remained open after the mall was demolished and replaced with a Walmart store, but the store finally closed last year. Giant closed a store located in Landover Hills as well.

It is possible that Safeway's plans to redevelop their Petworth store (1.7 miles from the proposed Walmart) and to open a store in the development proposed for Riggs Road NE (1.8 miles from the proposed Walmart) will change as a result of the entry of Walmart into upper northwest.

Increases in vacant commercial property as a result of store closures will reduce property, income, and sales tax revenues currently generated by active businesses.

Walmart challenge to the results of the Loyola study. Two studies by Mari Gallagher Associates²⁸, commissioned by Walmart, challenge the negative economic impact of Walmart's effect on businesses in the Austin neighborhood of Chicago as determined by a study conducted under the auspices of Loyola University of Chicago.

Gallagher found that new businesses opened in the commercial district, attracted by the entry of Walmart. She argues that these new businesses, such as a chain auto parts store and at least one bank, balance out against business closures, and should be considered a countervailing positive impact.

Furthermore, while Gallagher challenged the results of the Loyola study finding no change in sales—the fact is that this finding was based on sales tax collection data provided by the State of Illinois, and is therefore incontrovertible.

A notable absence within the Gallagher studies is the failure to address how the entry of national chain retailers can reshape local commercial districts and micro-economies in ways that are negative, including the reduction of the amount of money circulating within the local economy, abandonment and/or disinvestment of commercial properties, and how sub-district economies become less resilient as they are re-formed into branches of the national retail economy.

Conclusion. It is fair to assume that a significant number of businesses currently operating businesses will fail after the opening of a Walmart general merchandise and grocery store on Georgia Avenue, and mitigation measures, paid for by the developer and/or Walmart, should be undertaken to reduce the negative impact of this, in advance of the opening of the store.

Also, it is possible that a finding could be made that there is not demand for a grocery store at the site, and that an argument could be made that on economic impact grounds, a building permit and

²⁸ Available at www.marigallagher.com

certificate occupancy permit should not be granted for a combination general merchandise/supermarket store, that only a general merchandise store should be approved.

Neighborhood economic impact recommendations

27. Based on this preliminary review, it is recommended that the Office of Planning conduct a more detailed and complete analysis of the neighborhood economic impact of a Walmart general merchandise/supermarket combination store in Ward 4, as a legitimate (but novel) interpretation of the provisions of the Large Tract Review process concerning minimization of adverse neighborhood impacts. If potentially negative impacts cannot be expected to be reasonably mitigated, denial of the application in whole or in part could potentially be justified.
28. A mitigation program, funded by the developer and/or Walmart, should be created for Ward 4 businesses (a separate program could be created for Ward 1, but such a recommendation is not within the purview of this committee) to limit potentially negative impacts on extant retailers, as well as to leverage to as great an extent as possible, in a proactive manner through various commercial district revitalization activities, the entry of Walmart into the Georgia Avenue corridor generally, and into the Missouri Avenue-Piney Branch commercial district node specifically.
29. Funds should be made available for technical assistance to merchants, façade improvement projects, marketing, and other initiatives, in advance of (and after) the opening of the Walmart store, to better prepare retailers to face and address competition. (The Main Street commercial district revitalization program, such as the program in Old Takoma, serving both DC and Maryland, is one such model for this type of program.)
30. A revitalization coordinator should be hired, paid for by Walmart/Foulger-Pratt, for at least a three year period, to develop and manage this program, in association with merchants, residents, and other stakeholders. This person could be assigned to work as part of the Deputy Mayor's Office for Planning and Economic Development, the Office of Planning, or in the Ward 4 Councilmember's Office.
31. A master database of all commercial properties should be created, with data on lease terms, property size, building condition, revenue potential/s.f. and other items, for use in the execution of this program.
32. A recruitment and development program to attract new businesses and new development should be executed simultaneously with development and implementation of the technical assistance and support program for extant businesses and properties.
33. Note that while the Washington DC Economic Partnership is tasked with the development of marketing materials for various DC commercial districts, they have not created promotional materials for the Missouri Avenue to Piney Branch Road commercial node on Georgia Avenue. They should be directed to create such materials forthwith.

Identified Gaps in Planning and Zoning Regulations

The need for more robust planning and zoning regulations was made evident to the committee throughout the consideration of the development proposal for Square 2986. Each recommendation is deserving of a separate and longer write up, which is beyond the scope of this report.

Recommendations for rectifying gaps in Planning and Zoning regulations

34. The Large Tract Review process does not adequately address potentially negative economic impact of projects generally. The LTR process is also deficiently because it is essentially advisory, without the ability to directly mandate action or deny approval. These defects in the Large Tract Review process should be addressed and the process made more robust.
35. DC should create a new mandatory review process (“Large Retail Impact Review”) to address the various economic and other impacts of large scale retail projects in excess of 75,000 square feet.
36. Arguably, the Georgia Avenue site on Square 2986 does not have the capacity to meet the demands of uses generating great numbers of automobile trips, and therefore high traffic generating uses should not be able to be located there. Land use and building use approval processes should include provisions for linking use approvals to sites with the capacity to satisfy transportation demand to a great extent through the use of already extant transportation infrastructure. The “ABC” planning process employed in the Netherlands is a model for how this could be done in practice²⁹.
37. DC does not impose impact fees on new developments. Suburban jurisdictions, including Montgomery County³⁰, do impose such fees. Collection of such monies would provide another method to address mitigation of project impacts, including the cost of rectifying the impact of new projects on “downline” infrastructure.

About the LTR Subcommittee

LTR subcommittee Co-Chairs: Richard Layman, David Wilson
ANC4B Square 2986 Committee Chair: Doug Smith, Jr.

The Committee held three meetings separate from the overall group meetings, and engaged in a great deal of email communication. Various members had additional meetings outside of the group and shared the findings amongst the group. Discussion and materials produced by the other subcommittees of the Square 2986 Committee was accessed by the LTR committee. The report was written by Richard Layman, who takes responsibility for the content as submitted.

LTR Committee members and others contributing to the content of this report and/or providing technical support: Sarah Anderson; Ginia Avery; Arjumand Bonhomme; Willie L. Baker, Jr.; Randall Clarke; Verna Collins; Lee Crump; Steven Davis; Glenette Hilton; Derrick Humphries; Kirra Jarratt; Eric Johnson; Reginald Johnson; Tim Letzkus; Rebecca Mills; Lee Moore; Beth Pointer; Vishant Shah; Taalib-Din A. Uqdah; William Washington; Faraji Whalen; Faith Wheeler. Apologies to anyone inadvertently not listed.

²⁹ <http://www.eaue.de/winuwd/131.htm>

³⁰ <http://permittingservices.montgomerycountymd.gov/permitting/pdf/DevelopmentImpactTax.pdf>