



**Advisory Neighborhood Commission 1C
Adams Morgan
Minutes of December 16, 2010 Special Meeting**

A special meeting of Advisory Neighborhood Commission 1C was called to order by Chairman Wilson Reynolds at 7:05 on December 16, 2010 to discuss the issue of a tax abatement for a boutique hotel planned for the corner of Euclid Street and Champlain Street, NW in Adams Morgan. Commissioners Stacey Moye (1C01), Chris Otten (1C02), Bryan Weaver (1C03), Mindy Moretti (1C04), Michael Logsdon (1C05), Nancy Shia (1C06), and Wilson Reynolds (1C07) were in attendance, along with approximately 40 members of the public. The members of the public in attendance quickly grew to standing room only.

Panel Presentation

Members of the panel included Brian Friedman, the developer of the project, Bobby Mehling on behalf of the Christian Science Church, Council member Jim Graham and Lindsley Williams, zoning attorney for Holland and Knight.

Mr. Friedman spoke first saying that without the support of the ANC this day, the project will not go forward. The only way he can do it is with a government subsidy. Mr. Friedman presented the proposal in 2003, with the intention to restore the church. He said the hotel will generate taxes on food, beverages, room rental and income taxes of over a million dollars a year. The City Paper building is now assessed at 7 million dollars because he purchased it for the development, and its assessment is higher than before he purchased it. The construction is scheduled to be completed in 2015. He claimed that if the hotel project does not go forward, the church will most likely not be preserved.

Bobby Mehling spoke on behalf of the church and read a letter his colleague sent to the ANC commissioners. He said the project had already been endorsed by the Adams Morgan ANC, and a vote in favor of the tax abatement is critical to the project moving forward. It abates only real property tax.

Councilmember Graham said that this meeting and the action the ANC takes will in significant part determine the fate of the abatement and legislation as its vehicle. The only council session left is December 21st. He said he did not think the abatement would pass the council unless it got affirmative support from the ANC. The councilman said he sponsored the bill for the abatement because these are dollars we do not have today, and we will not collect these

moneys from the project if it does not happen. The project will contribute significantly to the Adams Morgan community and will help provide an increase in daytime commerce. If this project does not move forward, there is not another one waiting in the wings to use the church and the City Paper space. Councilmember Graham assured he would introduce requisites in the bill that more than half of the permanent and construction jobs be filled by DC residents. It will be one of the toughest employment agreements with DC.

Attorney Lindsley Williams said he was an independent consultant in the field of land use practice and works with Holland and Knight to address zoning barriers. He's been associated with projects in Adams Morgan for more than five years. The zoning that exists now is a combination of residential and commercial, including the Reed-Cooke overlay. They will have to move forward with zoning changes, given a favorable outcome on the tax abatement. He said they plan to proceed under a PUD process, and there would be more public hearings.

Commissioner Questions

Chairman Reynolds opened the meeting up for questions from commissioners. There was a two-minute time limit. Commissioner Moye was the timekeeper, and the time limit was strictly enforced.

Commissioner Shia (1c06) prepared the following questions:

- 1 How many bars are included in the hotel construction?
- 2 Will each bar need a separate ABC license?
- 3 How do they plan to get a license in a moratorium zone?
- 4 How does this fit in with the church's requirement: The use to which the Church building is put must be respectful of the fact that it was once a [place of worship](#), i.e., it must be respectful of religion generally. Even if only three of the 6 will be included in the church itself?
- 5 Why emergency legislation, which should only be used in emergencies? What's the emergency to get it done before the next Council session? Will it save lives, prevent low income people from being evicted, what's the emergency to give the subsidy before we understand why it's an emergency?
- 6 Why do we allow development to break the zoning laws and do it with public money? What happened to playing by the rules and within one's means? Will these values be forever lost by this project and others to follow? Just to say, that's how it's done, doesn't make it right because others do it that way.
- 7 What are the community benefits? i.e. space for community uses. How were they negotiated? Are they written into the emergency legislation?
- 8 Is First Source written into the legislation?
What is the breakdown on jobs? How many will actually be living wage jobs?
How many executive jobs will be for community people?
- 9 What will happen to WPFW?
- 10 high is the hotel planned to go? Why is a zoning variance justified?
- 11 Has anyone spoken directly with the people who live directly across the street on Champlain Street?
- 12 Why is the return on investment so high?
- 13 How is it guaranteed that the small businesses on Columbia Road will be able to stay, especially if the rents go sky high?
- 14 How much money did the developer, his family, friends, co-workers and employees give to the councilman in his reelection campaign this year?

The panel answered some:

Mr. Friedman and Mr. Graham: WPFW is not being displaced.

Mr. Graham: The height is 90 feet. The breakdown of jobs is 565. First Source will be applied. They will be union jobs, paid an hourly rate, nothing less than \$12/hour.

Mr. Friedman: The bars will be all over, pool bar, roof bar, drinks in the lobby when you check into the hotel. The community space will be occupied by the Adams Morgan Youth LEadership Academy, and Nigel Okunube, the director of AMYLA was introduced. There will be a 4000 square foot space dedicated community space, available to the community at no charge. Community meetings will occur in this space. There will be community youth employed by the hotel. Hotels do not close. They are open 24/7.

Mr. Williams objected to the terminology "break zoning laws" because he said he operates within the law to change the law. The project will need a zoning change, not a zoning variance.

Mr. Graham said the First Source will be written into the legislation, along with the 4000 square foot community room at no charge to the community.

Mr. Mehling gave a short history on the church's search for a buyer. Their first priority was another church, and second was a nonprofit organization. It took a while to find any buyer, and it was not an easy decision to have alcohol served in the church. They decided the pros of this development outweighed alcohol service. They truly care about the building and want it preserved.

Commissioner Otten (1C02) used his two minutes to make a statement. He stated that this issue of the tax abatement has not been meaningfully addressed in our community until tonight. He took exception to emergency legislation, expressing doubt the investors would just walk away.

Commissioner Moye asked if First Source is a self certifying process? What is the mechanism of ensuring majority of DC Jobs? There have been challenges with enforcement. She also asked is the 4000 square foot space one hundred percent dedicated to community use.

Mr. Graham said that First Source is monitored by the DOES, and we will have the toughest enforcement.

Mr. Friedman said the community room will be 100% dedicated to community use at no charge.

Commissioner Weaver asked about the zoning and the application of the Reed Cooke Overlay. Any height above 40 feet must dedicate half of it to affordable housing. This part of the RC Overlay is being lost in the project, and how can that be justified?

Mr. Weaver also asked to see the letter from the Marriott showing the closing window of time to prove the necessity for emergency legislation. It's important to make that contingency to

make a resolution.

Mr. Williams responded that it would be essential that zoning put aside the RC Overlay for this project. He wants the project to remap the extent of the Reed Cook overlay.

Mr. Friedman spoke regarding the Marriott letter, and promised it “in a couple of hours”.

Questions from Audience

Questions were taken from 3 sign-ups: for the development, against the development and general comments or questions

Joanie Y: Question about the City Paper building Don't they pay a hundred grand in taxes. Somebody is paying right now. A large part of project is CP bldg.

Mr. Friedman: We pay taxes on City Paper building.

William Simpson: Two concerns: 1st is the size of tax abatement seems to be significant relevant to overall project. Of the total cost to the developer, a third gets refunded in the cost of the abatement. 2nd is the height. It seems appropriate to require the height to be limited.

Mr. Graham responded: We got our analysis from the Chief Financial Officer, that's how the abatement came about. This is what it would take to make this project happen.

Brian Melrose: The project will add to horrendous traffic in AM. There is no need for another hotel. Since we're not metro accessible, people will come in taxis, limos and cars, further clogging traffic in Adams Morgan. It will cast a big shadow onto 18th Street.

Steve Trynowsky made a general comment that he was disturbed about the tone of the debate.

Lee Wells spoke in favor, and believes the hotel will be an anchor for our neighborhood that currently doesn't have one. It will provide amenities such as a gym, bars and restaurants, and is deserving of a tax abatement that will help rejuvenate Adams Morgan.

Benedict Albern (ph) said he was not really against the hotel project but had concerns about 1701 Euclid Street.

Mr. Friedman said that developing the hotel would help take away problems at 1701 Euclid.

Mr. Weaver noted that the people who live at 1701 Euclid are property owners and long time neighborhood residents.

Mary Lou Righini said this issue came up at KCA at the very end of the meeting, and was voted at 9:40 pm, passed 9 to 8.

Mr. Friedman said he was not allowed to explain the project at that meeting, but he believes many people in 1C03 support the project.

Kristen Barden, director of the Adams Morgan Business Improvement District, said her board discussed it, did not pass a resolution recently, but board members are behind it. She said we need daytime foot traffic that this hotel would create, be able to attract more retailers.

William Jordan: From my experiences in Columbia Heights, my biggest concern is two fold: One is community benefits, and the method used to follow up to ensure they are implemented. We've had project after project and don't know if the community benefits are there. Since the City is not committed to ensuring public benefits are made, I wouldn't count on them. A hotel is probably a good idea, but not at the expense of tax abatements. Hopefully this process will put some perspective on how abatements are let. Also based on the way the CFO looks at it, these tax abatements could be offered to other businesses, and used as incentives to get more diverse business in the community

Kim McGrath: It would be nice to make that building work, but I am concerned about additional parking pressures on the neighborhood.

Mr. Friedman: We are taking care of how to handle parking to alleviate situations, such as when the wedding ends. There will be 160 valet only spaces in the valet only garage. We are getting rid of the 90 degree angle in the alley. All staging comes on to property and will enter a garage on our property. We are only going down a little over 14 feet.

Alison Behnke (ph): I support the hotel. The community suffers a lot of abandoned buildings. The hotel can help that. It will be LEED Platinum certified green building.

Cesar Maxit: I am not necessarily opposed to the hotel, but build it if you have the money for it. We are being talked down to it. We're not dumb. The hotel has to pay because those are the rules and laws.

Lacy Macauly: I live within two block of the proposed construction. I want to put 46 million in context. We have been cutting real social services that people rely on. Job training and daycare have been cut. 46 million is money we need so we don't have to make those cuts.

Bill Thomas: I support the hotel. It will create more economic diversity within community. Daytime business is a big problem.

Ann Hargrove: If we lose this project we may lose the church and have a building we don't want. The church is very important to us. It is both beautiful on the inside and outside. It is an ode to our neighborhood.

Simi Batra: I live at 17th and Euclid. The concept is not a bad idea, but it is asking too much to rewrite tax laws and zoning laws. 4,000 square foot community center. As a legal requirement, you have to give the neighborhood something back. Actually, the building will be 106 feet tall, because the zoning board does not count the penthouse.

Ariane Bennett: Revitalization of the neighborhood is important to Adams Morgan. I've been working with the BID to bring the image of Adams Morgan up. Adams Morgan needs to be a gem. I am not against a tax abatement. I wish I could get one for my business.

Lisa Fuller: I oppose the abatement. It is irresponsible to give a handout that this city needs

for social services, especially a handout going to a multinational corporation that has billions already. Why does Marriott need 46 million? DC needs that.

Ruth Isenberg: I live on the 1700 block of Euclid and have no opinion on the abatement. My part of the neighborhood has been lost in all of the development, and in the 25 years I've owned, the traffic, noise, parking and crime have gotten worse. Harris Teeter has made it worse. Reconstruction of Jubilee made it worse. I can't imagine what the hotel construction will be like for us.

Mr. Friedman: The Marriott Corporation is not the owner of the hotel. They are the managers. They run the hotel. They create the system that runs the hotel, and have a reservation system to help make the hotel successful. The financing of the hotel needs the tax abatement, and Marriott takes no risk.

Darnell Bradford El: I am addressing young people's needs, and the intention to help AMYLA is excellent. However, we will be overlooking the Reed-Cooke overlay. Youth and affordable housing are two critical issues that must be addressed.

Robert Cochran: I am a business owner and resident of Adams Morgan. An abatement is an imaginary thing. This is really an investment in Adams Morgan. People who own property are happy to see the abatement. As the economy has tanked, there are no projects being done. That property can sit for another fifteen or twenty years. It is a total win for Adams Morgan

Lisa Duperier: This will generate millions into city coffers. Think of it as a hip urban hotel.

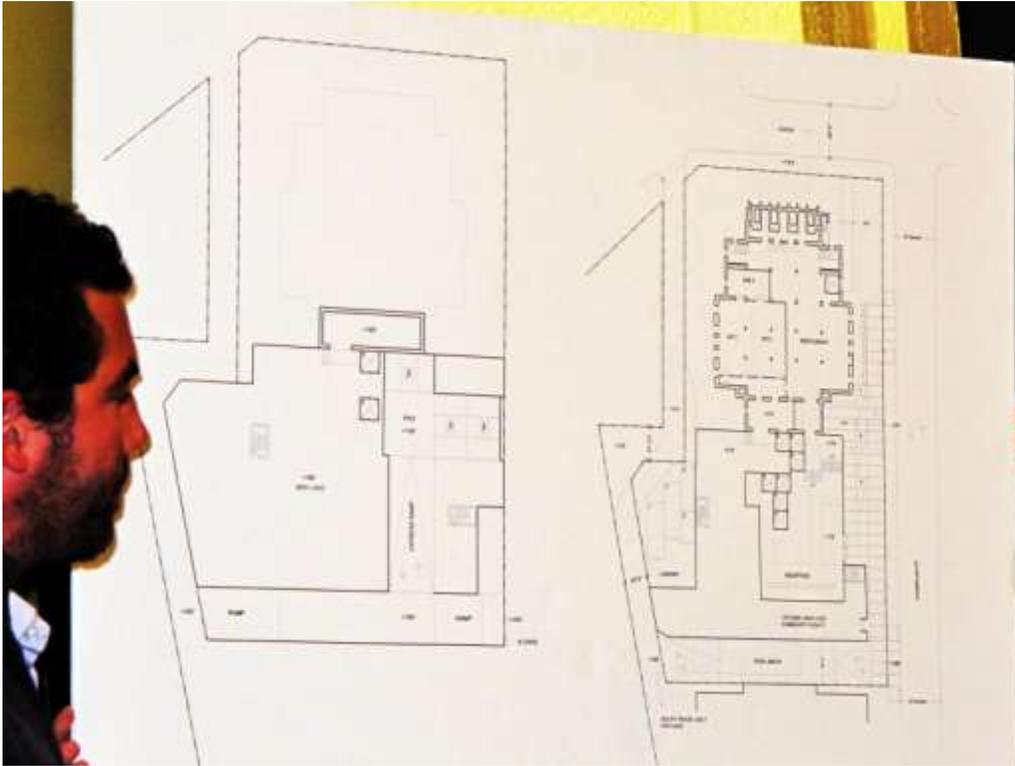
John Quig: Look at the balance sheet. Currently you get \$80,000 a year from this site. I do not understand why you are acting surprised by this.

Graham King: I'm a small business owner and never received a dime from the city. This is capitalism, and we're in the US.

Mr. Friedman: There are supposed to be 1500 construction jobs, and the hotel should employ 565 people.

Amy Melrose: I live at Fuller and 17th. I am a huge fan of local businesses. If the Marriott is only the managing company, who is funding it and are you local? How is boutique different from regular Marriott? Why no visual graphic representation at this meeting?

Mr. Friedman: My family is helping me fund it. I brought one graphic display and here it is.



Graham Boyle: I am kind of appalled by rhetoric coming out. We are bringing in new people to Adams Morgan. This will just confound daily operation of Adams Morgan. You are talking about putting a skyscraper up in the community. This is the biggest plundering of the DC coffers since the DC Baseball stadium

Peter Tucker: Mr. Graham said 46 million is appropriate based on the numbers. Just a week ago he was pushing for 61 million. Michael Brown said it was 91 million in tax breaks. Beyond numbers, the people who are not here tonight will not be here tomorrow. Property taxes will go through the roof.

Mr. Graham: The numbers I have always used were in the 40 million range. We could discuss lowering it.

Steve Lanning: Ed Lazere of the DC Fiscal Policy Institute issued a position where he felt that the benefits of the tax abatement unproven. We need to identify what those benefits are, and I would like to see the benefits written into the legislation. Try to explain the 46 million plus zoning, can you explain why he has to endure that much risk with no relief from city.

Mr. Friedman: It is a matter of financing. This project is completely un-financable without a subsidy because to build a project, you need to be showing return on cost. There is cost to preserving the church. It will be LEED- certified. Right now I am a small business. Every day I am spending money to make this happen. No one is paying me to be here. Marriott doesn't take that risk. That's what local real estate developers do. People working in the hotel will be locals, and they will need to be trained. The abatement will give us the ability to go to the next level.

Second Round Questions for Commissioners

Commissioner Otten: To Brian Friedman, we are waiting for the Marriott CFO's statement. The cost per room to build out is an average of \$500,000. Who are the investors?

Brian Friedman: Bestac (ph) Properties out of Michigan. Bestec are my cousins.

Ann Hargrove: There is a landmark application filed. The church asked not to be determined by the Historic Preservation Commission until we can go forward. It is unclear that it will be declared a landmark.

Jim Graham: Once we get into the PUD process, the Reed-Cooke overlay process, all of these issues will be subject of great discussion. These are issues that are after this stage.

Commissioner Weaver: Part of the reason we end up here tonight, is because we never came together before the tax abatement. Why is it we need this emergency? Ed Lazere is looking for a reason to give more favorable review of the tax abatement. We're playing catchup on these things. Height and density issues need to be defined. Explain why you want to take the Reed-Cooke overlay away. Define it and do a campaign to the community.

Commissioner Otten: October 7th was the only hearing on this tax abatement deal. If it's such a win-win home run, why not have a community forum? We need to have guidance from this community on what you want done with this tax relief for this project.

Commissioner Weaver offered the following resolution:

Resolution in support of tax abatement for proposed hotel in Adams Morgan

Whereas, the First Church of Christ, Scientist has indicated that it can no longer maintain its property at the intersection of Champlain Street, Euclid Street and Columbia Road; and

Whereas, the First Church of Christ Scientist has entered into an agreement with Friedman Capital to develop the property; and

Whereas, the development of the property would include the development of the property at 2390 Champlain Street, NW; and

Whereas, the proposed development of this site would be for a hotel with approximately 175 guest rooms, restaurant and bar as well as meeting space and event space; and

Whereas, the proposed hotel has the potential to bring hundreds of new temporary construction and permanent hotel jobs to the community; and

Whereas, the proposed hotel has the potential the add to the diversity of the Adams Morgan community and increase much-needed daytime foot traffic; and

Whereas, the developer has requested a \$46 million tax abatement over 20 years for the project to proceed; and

Whereas, the city's Chief Financial Officer has concluded that the project cannot proceed without the abatement.

Now Therefore Be It Resolved that the Adams Morgan Advisory Neighborhood (ANC1C) supports the \$46 million tax abatement for the construction of a hotel at intersection of Champlain Street, Euclid Street and Columbia Road provided the following caveats are included in the abatement legislation:

Fifty-one percent of construction jobs and construction hours worked (1,500 jobs per the developer) be filled by D.C. residents (a minimum of 765 jobs); and

Fifty-one percent of permanent jobs (581 jobs per the developer) in the hotel will be filled by D.C. residents (at a minimum 297 jobs) with at a minimum 51 percent of those jobs (152) going to residents of Ward One; and

A provision that the developer cannot claim the approved tax abatement until the minimum 297 hotel jobs (152 for Ward One residents) have been filled by District residents; and

-One hundred percent of apprenticeships go to District residents with preference given to residents of Ward One; and

A commitment by the developer to work with a D.C. NOG, trade union or nonprofit (Jubilee Jobs, YouthBuild, D.C. Project, LiUna, for example) whose core mission is to train and employ District residents, to train and hire District residents for this project; and

A commitment by the developer to fund training for D.C. residents to take the available jobs; and

A commitment by the developer to work with an outside auditor or trade union (Jubilee Jobs, YouthBuild, D.C. Project, LiUna, etc.) to ensure that the local hiring minimums are being met and maintained; and

Should any of these requirements not be fulfilled at any given time, the developer will forfeit the tax abatement; and

A commitment from the developer that the promised 4,000 square foot community nonprofit incubator space will be available to nonprofit organizations in the Adams Morgan community at no cost.

Be It Further Resolved, that should these provisions not appear in the abatement legislation, ANC1C revokes its support for this project and will in fact oppose any proposed abatement legislation; and

Be It Finally Resolved, that ANC1C's support for the abatement does not prevent ANC1C from continuing to work with the developer regarding the construction this project, nor from continuing to provide its great weight with relevant city agencies especially with regard to the PUD application and the community amenities afforded by the PUD process.

It was seconded by Commissioner Moretti

Bobby Mehling: The church has been under contract with this developer for 6 years. At this point I don't believe we are still under contract. The church is losing patience with the process. If this isn't resolved quickly they will go down another path.

Commissioner Logsdon called the question. The resolution was passed as amended by a roll call vote.

Moye, aye;

Otten, no;

Weaver, aye;

Moretti, aye;

Logsdon aye;

Shia, abstain;

Reynolds, aye.

Commissioner Moretti made a motion to adjourn. It was seconded and the meeting was adjourned at 10:25.