

## ANC2F ARTS Overlay Review Committee:

### Brief Overview of Preliminary Findings and Ideas Under Discussion

#### Background

ANC2F's ARTS Overlay Review Committee was formed in June 2009 to review the effectiveness of the ARTS Overlay District zoning rules and to feed recommendations into DC's citywide zoning review process that is currently underway.

The ARTS District, which was established in 1989, encompasses large parts of both the 14<sup>th</sup> and U Streets corridors. The original purpose of the ARTS District was to encourage arts and related cultural and support uses, as well as pedestrian-friendly retail, residential and other development, that fosters 18-hour activity in the district.

ANC2F's ARTS Review committee comprises 5 residents (both newcomers and long-time residents), 2 business owners (including one restaurateur) and one local developer. The ARTS committee held 8 public meetings over June and July in which over 100 people participated and heard from panels of speakers that included local and national developers, business owners, restaurateurs, community leaders, residents, DC Office of Planning staff, urban planning and retail development experts, business associations, artists, gallery owners, theater representatives, the DC Zoning Administrator, the former chair of DC's Board of Zoning Adjustment, and DC's former Deputy Mayor for Economic Development. Further information about the public dialogue process undertaken by the committee is available at the committee's website: <http://www.anc2f.org/arts/>

The committee is now formulating its report and recommendations, which will be circulated for public comment during August, and which are due to be received by the Office of Planning and the DC Zoning Commission by September 7, 2009.

#### Some Preliminary Findings

1. **Arts uses** (especially artists and galleries) are finding it very difficult to pay the rents in this district and there is a high probability that we will face substantial loss of these uses in our area during the current recession.
2. The same is true of **small independent retailers** in our district: many are experiencing difficulty; more closures are expected. Both arts uses and independent retailers noted the heavy impact of DC's commercial property tax on their costs.
3. In contrast, the ARTS district continues to attract numerous **restaurant developments** (perhaps a dozen new announcements and/or openings over the past 2 months).
4. In addition, several **key development projects** are well-advanced in the planning stages, for example: Utopia project, Whitman Walker Clinic project, Central Union Mission project, Room & Board project.
5. **Financing challenges** in the current economic environment are likely to delay at least some of these key development projects and are already delaying or preventing some retail, office and other uses from moving into the area.

6. ***Four ingredients*** were repeatedly pointed to as being important to the future development of the district:
- (1) “***Momentum***”: loss of businesses &/or failure of critical development projects to go ahead would likely have negative impacts on the district that may last for years
  - (2) “***Special Appeal***”: this district’s “special appeal” to developers, businesses and residents alike is closely related to 2 factors: (i) business diversity; and (ii) the arts
  - (3) “***Daytime Foot Traffic***”: the need to grow daytime foot traffic in order to support retail
  - (4) “***Dead Zones***”: the need to overcome “dead zones” in the streetscape (especially along 14<sup>th</sup> Street) and join up the existing “clusters” of retail and other development
7. The DC Government has numerous ***economic development schemes*** (e.g. Great Streets, Retail Action Strategy, restore/Main Streets, etc, etc) and this district currently does not qualify for most (if any) of them.
8. Moreover, the 14<sup>th</sup> St. ***Streetscape Project***, on which hundreds of hours of community time was spent to take the design to completion, is now in limbo. The U St. Streetscape Project, while not in limbo, is at least a couple of years away.
9. While the Overlay District has been a useful tool, the ***ARTS Zoning Overlay has failed to be fully effective in promoting its arts objectives*** for many reasons; 3 of the most important reasons are:
- (1) The original “bonus” density and other zoning-related incentives were poorly targeted and relatively insignificant in size
  - (2) The zoning objectives were not supported by other Government policies to catalyze and support arts growth in the district
  - (3) The ARTS district (which is the largest neighborhood overlay zoning district) is too large and unwieldy in size and encompasses diverse zoning contexts, which has made it difficult to consolidate community institutions behind a cohesive approach to support and promote the overlay’s goals.
10. Nonetheless, numerous research studies indicate that ***arts spending has a powerful economic multiplier effect*** and generates significant downstream spending, jobs and tax revenues, making the incentivization of arts uses via zoning and other tools a valid urban planning strategy.
11. ***What’s good for the arts is good for retail/restaurants*** and to help the arts we need to have a healthy retail and restaurant sector. Arts businesses, retailers and restaurateurs agree that there is a symbiotic relationship between these businesses generally, and that a healthy growing commercial district generating foot traffic 18 hours per day “floats all boats”.
12. However, among these symbiotic uses – arts, retail and restaurants – ***arts uses typically require a more actively supportive policy environment to survive*** because they generate less cash flow and are more vulnerable to high rents/taxes.

### **Ideas Under Discussion (as possible recommendations)<sup>1</sup>**

1. **Retain the use of an “ARTS Overlay District” as a zoning tool in this area, but split up the current district into 2 arts overlay areas:** a 14<sup>th</sup> Street Arts Overlay District (probable boundaries:

<sup>1</sup> Note that the ideas listed here are in bullet/summary form and neither the ideas themselves nor the rationale for them is fully articulated in this brief note. In addition, these ideas apply only to commercially zoned property.

between N St and W or Florida), and a U Street Arts Overlay District (boundaries to be determined). [14<sup>th</sup> and U Streets have different building forms and are different zoning contexts].

2. Provide **more significant bonus density and height incentives for new developments that include a “substantial” arts component targeted at a very limited number of non-profit and low-profit arts uses, and arts live/work spaces**, not as a matter of right but as a special exception process (thus ensuring a public hearing), while retaining the current protections regarding setbacks and height step-downs (to protect light and air for neighboring residence zones, and to protect historic character).
3. **Level the playing field for residential and small-scale office development in the area** by providing the same maximum FAR (floor area ratio) envelope for both uses. [Office uses can help to significantly boost daytime foot traffic, and also to buffer residential floors from ground floor noise, but office development currently only qualifies for a maximum of 2.5 FAR, compared to the 4.0 maximum FAR applicable to residential “condo/apartment” developments].
4. **Increase the current limit for restaurants/bars to 40-50%** (of linear frontage, compared to the current 25% limit); measure it over a much smaller area (2-4 blocks at most versus the current 20-25 blocks measurement basis); and request from DC Council additional resources for the Zoning Administrator to enforce the limit: current resources for compliance (of all kinds) in the Zoning -Administrator’s office are totally inadequate.
5. **Retain the 50% ground floor retail requirement** for all lots wider than 50 feet, but explore the possibility of excluding restaurants and bars from fulfilling the 50% retail requirement for new developments.
6. Update and re-focus the **zoning definition of arts and creative uses**
7. Ask the DC Government to **earmark some local government-owned sites for future redevelopment with substantial dedicated arts components** (e.g. DPR’s S Street site, the Reeves Center, etc).
8. **Create a 501c3 organization for each Arts District** dedicated to developing the arts identity of each area and advocating for the growth, development, branding and promotion of these districts.
9. **Request FY11 DC Budget funds for the Arts Districts** for visual branding, streetscape improvements, façade restoration purposes, etc

In addition to the above ideas, a range of other ideas is also under discussion, including: (i) facilitating temporary arts uses (such as “Artomatic”) in the zoning regulations; (ii) integrating the Arts Districts into the strategic plan for the DC Commission on the Arts; (iii) exploring a commercial property tax freeze or rebate for properties occupied by arts and/or local independent retail uses; (iv) exploring market-rate (credit card “pay and display-type”) meter parking on the 14<sup>th</sup> and U Streets corridors, etc, etc.

We welcome your comments and input on any of the issues discussed in this note, or on any other issues that you consider to be of relevance to the current DC Zoning Review as it affects the ARTS District.

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