ULI Regional Land Use Leadership Institute**UNLOCKING VALUE:** Leveraging DCPL Assets to Accelerate Branch Library Improvements

mTAP Presentation to
DC Public Library – Jeffrey Bonvechio May, 12th 2014

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Presentation Overview

- Project Scope & Questions
- Libraries as Mixed-Use Anchors
- Case Studies
- DCPL's Existing Policy
- Overview of Redevelopment Options
- Chevy Chase Neighborhood Library
- Southwest Neighborhood Library
- Lamond-Riggs Neighborhood Library
- Policy Recommendations

Project Scope & Questions

- How can DCPL leverage the value of its neighborhood library locations to reduce dependence on the District's Capital Improvements Plan?
- Chevy Chase: Should DCPL pursue a public-public partnership or a different opportunity for redevelopment?
- Southwest & Lamond-Riggs: What strategies could DCPL pursue to leverage development and make these libraries strong anchors for the community?
- How can the DCPL 'Mixed-use Real Estate Projects Policy' be strengthened as a tool for strategic decision making on mixed-use developments?
- Are there regional implications or benefits to locating neighborhood libraries in mixed-use developments?

Overview of Three Sites

1. Chevy Chase Library
5625 Connecticut Ave. NW
2. Southwest Library
900 Wesley Place. SW
3. Lamond-Riggs Library
5401 South Dakota Ave. NE

Libraries as Mixed-Use Anchors: Benefits for Library

- Reduce operating and capital costs significantly
- Environmental benefits
- Experience significant increases in circulation & foot traffic
- Potential to attract wider audience and "non-traditional" users
- Opportunity to better achieve public mission & assume a more prominent role in the community by partnering & integrating with complementary uses

Libraries as Mixed-Use Anchors: Benefits for Private Development

- Not susceptible to weak economies
- Draw users throughout the day, contributing to 24/7 character
- Provide a different type of use, complements retail & increases overall business
- Can be a destination for non-residents

Case Studies

- Hollywood Library, Portland
- The Standard @ East Library, Milwaukee
- Greensboro Place, Tysons
- Arlington Mill Community Center, Arlington

Case Study: Hollywood Library, Portland, OR

- City of Portland, Multnomah County Library, Sockeye Development, LLC (developer)
- Opened in 2002 (nation's first library in mixed-use, mixed-income development)
- Replaced existing branch with mixed-use infill development
- Library has condo ownership
- Project components:
  - 4-story mixed use
  - 13,000 sf library, on ground floor
  - 47 apartments (19 low-income units)
  - Ground floor retail cafe
- Has become County's largest circulation branch, added density In a neighborhood well-served by transit

Case Study: The Standard @ East Library, Milwaukee, WI

- City of Milwaukee, Milwaukee Public Library, HSI, Inc. (developer)
- Construction underway;
  Completion expected December 2014
- Replaced existing branch with mixed-use infill developm
- Will be condominium ownership
- Project Components:
  - 5-story mixed-use development
  - 16,000 sf library, ground floor
  - 99 apartments
  - Ground floor retail space
  - Underground & surface parking

Case Study: Greensboro Place, Tysons, VA

- Fairfax County, Fairfax County Public Library, Meridian (developer)
- Project currently in zoning (expect zoning approval fall 2014)
- New Library as proffer commitment
- Will be long term lease (70 years) @ no cost
- Project Components:
  - 3-story wing of 30-story office building
  - 19,300 sf library on 2nd & 3rd stories, entrance on upper pedestrian plaza level with direct access to Metro
  - Project: 3.85 million square feet mixed use
  - Building: 610,000 sf office & 16,000 sf retail
- Location is not on ground level of street

Case Study: Arlington Mill Community Center, Arlington, VA

- Arlington County, Arlington Partnership for Affordable Housing (APAH)
- Started in late 2000s; opened 2013-2014
- Replaced low-rise community center with two mixed-use buildings
- Long-term ground lease (75 years with option for extension)
- Project Components:
  - County community center – gym, classes, programs, meeting rooms
  - 122 affordable residential units, financed with LIHTC equity
  - Shared underground parking garage
  - Outdoor plaza space & playground
- Public RFP Process

Other Examples:

- International District/Chinatown Library, Seattle, WA (1)
- Villard Avenue Library, Milwaukee, WI (2)
- South Norfolk Memorial Library, Chesapeake, VA (3)
- Rockville Town Square, Rockville, MD (4)
- Shirlington Branch Library, Arlington, VA (5)

Case Studies: Common Themes & Lessons

- Smaller library footprints -- most less than 15,000 sf
- Residential uses, particularly apartments including affordable units
- Small retail uses (e.g. coffeeshop) often adjacent to or integrated with library
- Ownership: Condo or long-term lease
- Design elements:
  - Library typically ground floor with large windows, providing strong street-level presence
  - Bold signage used to communicate community identity
- Library plays central role in neighborhood revitalization efforts -- creates a community anchor, with greater focus on providing range of services
- Redevelopment results in increased circulation & users

DCPL Policy

DCPL's Current Mixed-Use Policies

- **Will not** solicit mixed-use projects.
- **Will** evaluate unsolicited mixed-use proposals.
- Must have demonstrated public interest and benefits to both DCPL and the community.
- Must be more beneficial to DCPL than if the same project were to proceed as a stand alone library.

Project Requirements

- Opportunity for community input and strong community support.
- Mission of all parties must be compatible.
- Significant cost savings and/or other benefits must be associated with the proposal.
- Proposal must meet the defined space requirements.
  - Typical library size is 20,000-22,000 sf
  - Not less than 15,000 sf
  - First floor visibility required, single floor facilities preferred.
- Must not add significant construction delays and library services must be provided/continue during construction.
- May consider benefits to community provided by a joint-use project (affordable housing, neighborhood stores, cultural resources).
- May consider potential for attracting non-traditional and otherwise hard to reach library customers

Evaluation of Options

The Status Quo

Pros:

- Limited short term costs
- No disruption of service

Cons:

- Misalignment with DCPL long term plans
- Perception of being “short-changed”
- Increased costs due to deferred maintenance and obsolescence
- Continued challenges in serving community and meeting public mission

Redevelopment of Site – Single Use

Pros:

- Broad appeal from community
- Minimal controversy
- Ability to control your destiny
- Purpose-built facility

Cons:

- High community expectations
- Cost-prohibitive
- Operating Down-time/reduced in service
- No partner to share operating / maintenance
- Fails to unlock land value

Evaluation of Options – cont.

Redevelopment– Added Density for Private-Use

Pros:

- Unlock value of underutilized FAR
  - Offset redevelopment costs
  - Pursue "highest & best use"
- Variety of potential structures
  - Sale-leaseback, buyback (condominium ownership), etc.
- Increased foot traffic / client-base
  - added density & co-tenancy opportunities
- Offsets operating costs (Shared-use)
- Reliable facility and maintenance expenses (Gross Lease)

Cons:

- Potential for community controversy
  - public good vs. private profit
- Potential for increased community expectations
  - project transparency, affordable housing requirements, community benefits, etc.
- Private development subjects the library to market & partner risk
- Potential down-time/reduced presence

Sale / Lease of Existing Site & Relocation

Pros:

- Eliminates down-time/reduced presence
  - Ability to time sale of existing facility
- Unlock value of underutilized land
- Opportunity to own or lease at new location
  - condominium vs. gross vs. net lease
- Leverage status as an "anchor tenant"
  - 10-20k Sq. Ft. lease with high-traffic use
  - Works in locations that might not appeal to other credit tenants
- TI money from landlords

Cons:

- Limited location options
  - market availability
- Potential for community controversy
  - preferences for standalone facilities
- Increased annual expenses in higher rent locations
- Real estate tax exposure?

Chevy Chase Neighborhood Library

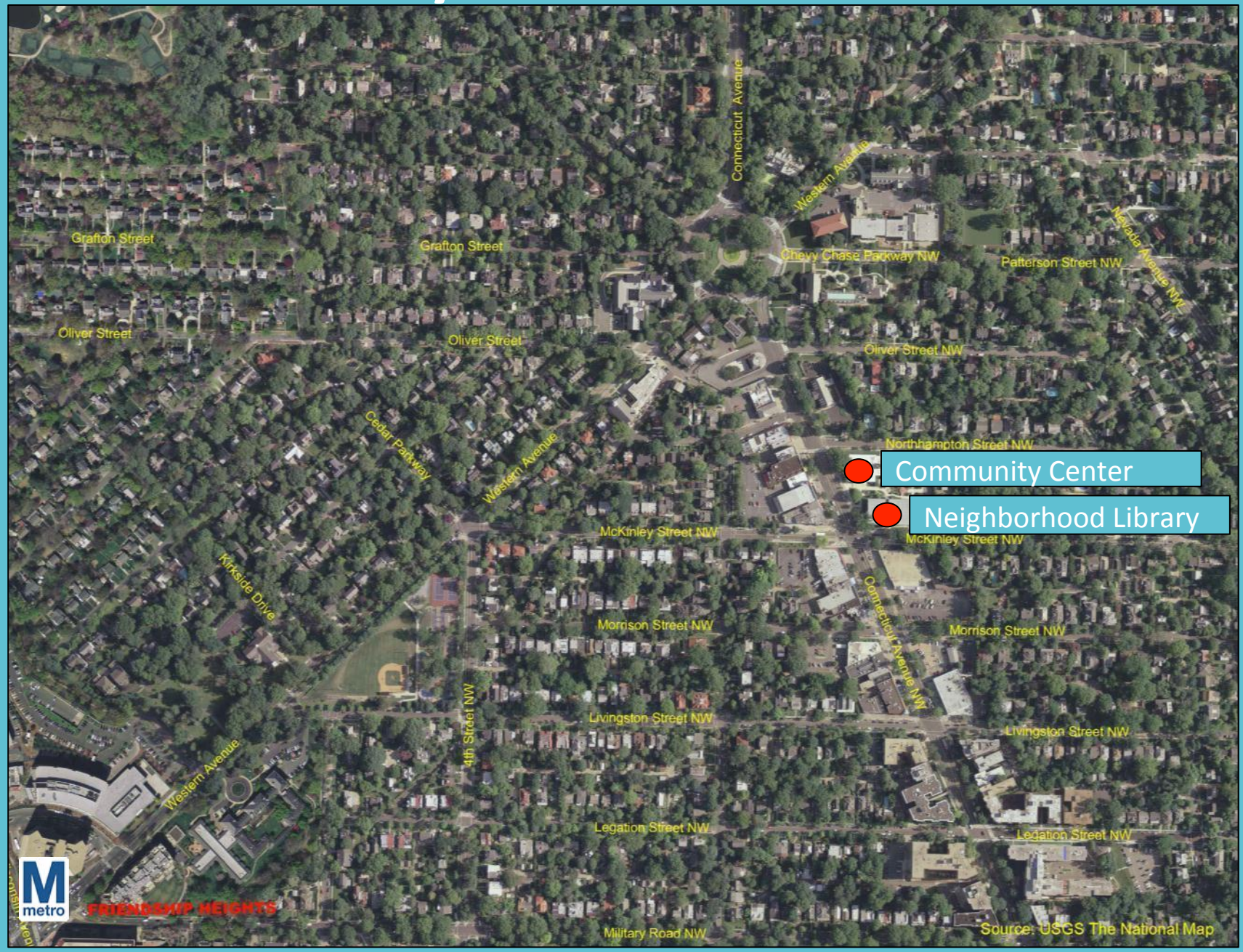
5625 Connecticut Ave. NW

- Fronts on Connecticut Ave
- Bordered by:
  - Northhampton Street
  - McKinley Street

- 73,390 SF Site
- 24,000 SF Bldg

- Adjacent to the Chevy Chase Community Center

- Friendship Heights Metro Station approx. 1 mile away



Chevy Chase

- Site Character
  - Library and adjacent Community Center are large freestanding brick structures
  - Landscape is attractive in the front
  - Density is relatively sparse for an urban setting.
  - Recreational amenities are on site

- Neighborhood Character/Considerations
  - Located within an established neighborhood with a strong sense of community
  - Some neighborhood retail on Connecticut Ave relatively unchanged since the 1980's
  - Primarily single family residences that have been around for about 100 years

Chevy Chase - Options

OPTION 1 - Public-Public Partnership

Combine library & community center into one expanded building

Benefits:

- Shared community/meeting spaces
- Shared development costs
- Greater efficiency
- Lower operating costs
- Achieve greater site coverage
- Better activate public space

Considerations:

- What resources can DPR bring to the table?
- Combined public use would result in minimal public opposition compared to other scenarios

OPTION 2 - Public-Public-Private (Residential)

Upzone site, combine library & community center with 30-50 condominium units

Benefits:

- Can be scaled appropriately with surrounding neighborhood
- Will provide built-in source of equity for redevelopment costs
- Lower building operating costs

Considerations:

- Project will be subject to inclusionary zoning
- Surrounding neighborhood has history of opposition to development

OPTION 3 - Public-Public-Private (Retail)

Attract retailer (preferably credit tenant) to renovate space in exchange for long-term lease

Benefits:

- Greater site coverage and reduced setbacks
- Increased foot traffic from retailer
- Shared development costs
- Better activated public space

Considerations:

- Tenant will occupy most of 1st floor
  - Limited community space - 1st Floor
  - Primary uses - 2nd Floor
- Potential opposition to mixed-use project & national retail
  - Strong community engagements
  - Provide high-quality public space

Chevy Chase - Execution: Public-Private Retail Partnership

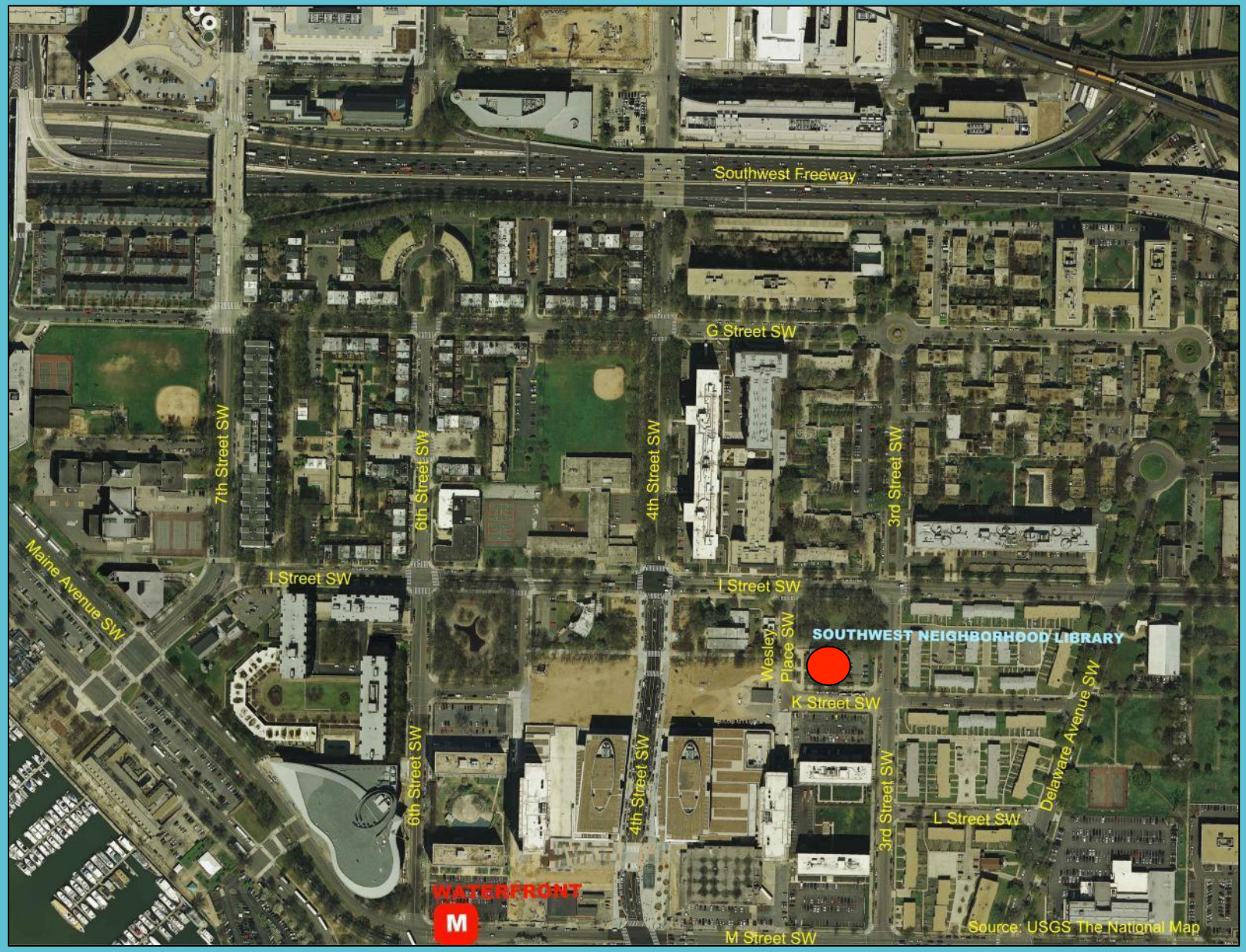
- Strong retail location
  - 28,000+ traffic counts
  - Walkable pedestrian streetscape
- Potential co-tenancy benefits from local retail concepts

- Engage local broker with national relationships (KNLB, Rappaport, etc.) to assess market rent and viability
- Determine potential min-max space library could relieve, discount market rent for X yrs to determine dollar level of build-out to expect
- Market a flexible amount of space for minimal rent, conditioned on retailer building out space and incorporating certain library requirements
- Library retains ultimate control of space as landlord, taking little risk in the process

Southwest Neighborhood Library

900 Wesley Place SW

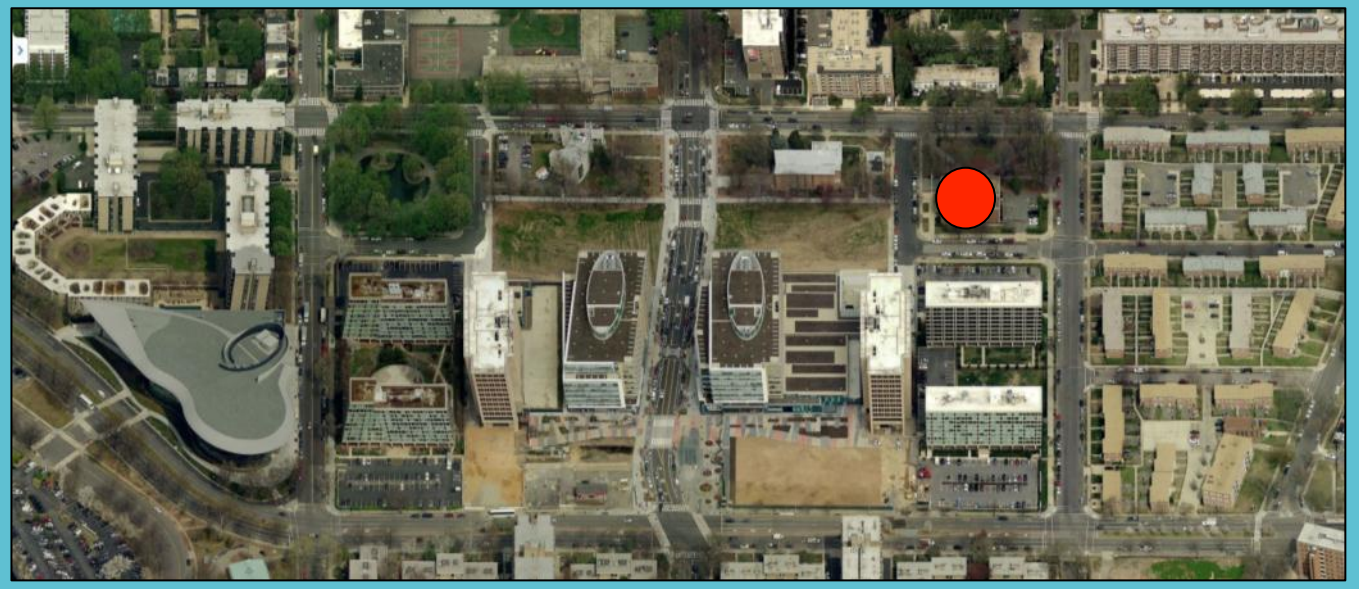
- Fronts on Wesley Place SW
- Bordered by:
  - I Street SW
  - K Street SW
  - 3rd Street SW
- 20,000 SF Site
- Pocket Park North of Library
- DC Owns property adjacent to existing library site
- Metro - Waterfront (Green)



Southwest

- Site Character
  - 53 year old, free-standing two story brick structure
  - Limited curb-appeal / architectural interest
  - Isolated from other uses

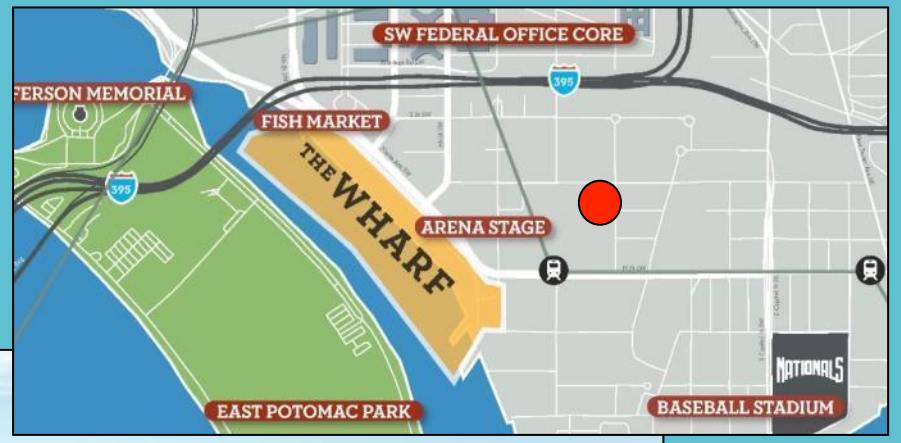
- Neighborhood Character/Considerations
  - Home to some of the oldest structures in DC
  - Evidence of 1950's and 60's era urban renewal
  - Neighborhood is redeveloping
  - Active ANC that prefers a stand-alone library

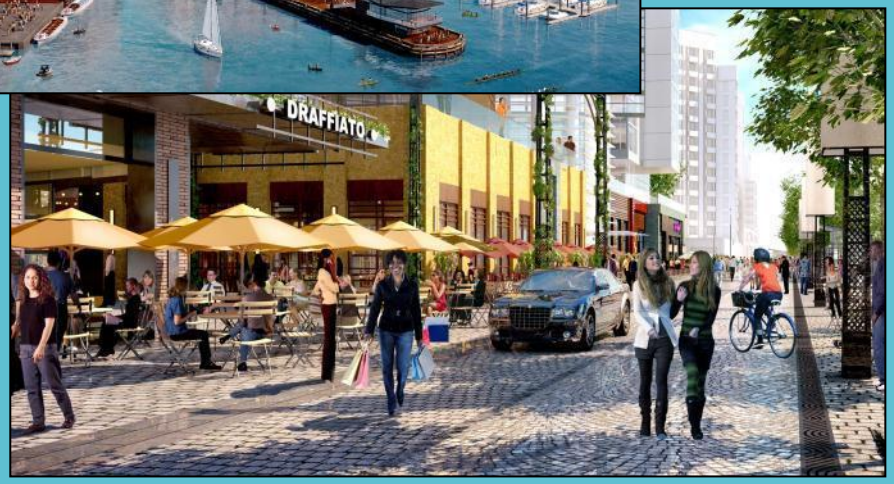


Southwest - Options

Relocation to Current Development Site – Ex: The Wharf

- Delivery timing - 2017/2018
  - Time to prepare for a relocation
  - Issue on RFP on current DCPL Land
- Availability of large format 2nd floor space with 1st floor entrance in Parcel 4
  - Rents: $25-50 NNN + CAM
  - No dedicated 1st floor space
  - Availability of TI money
- Future High Profile / High Traffic location
  - Exposure to new audiences (regional and national visitors)
- Potential for neighborhood tension
  - Moves the library away from the geographic center of Southwest and key infrastructure like Metro and Amidon-Bowen





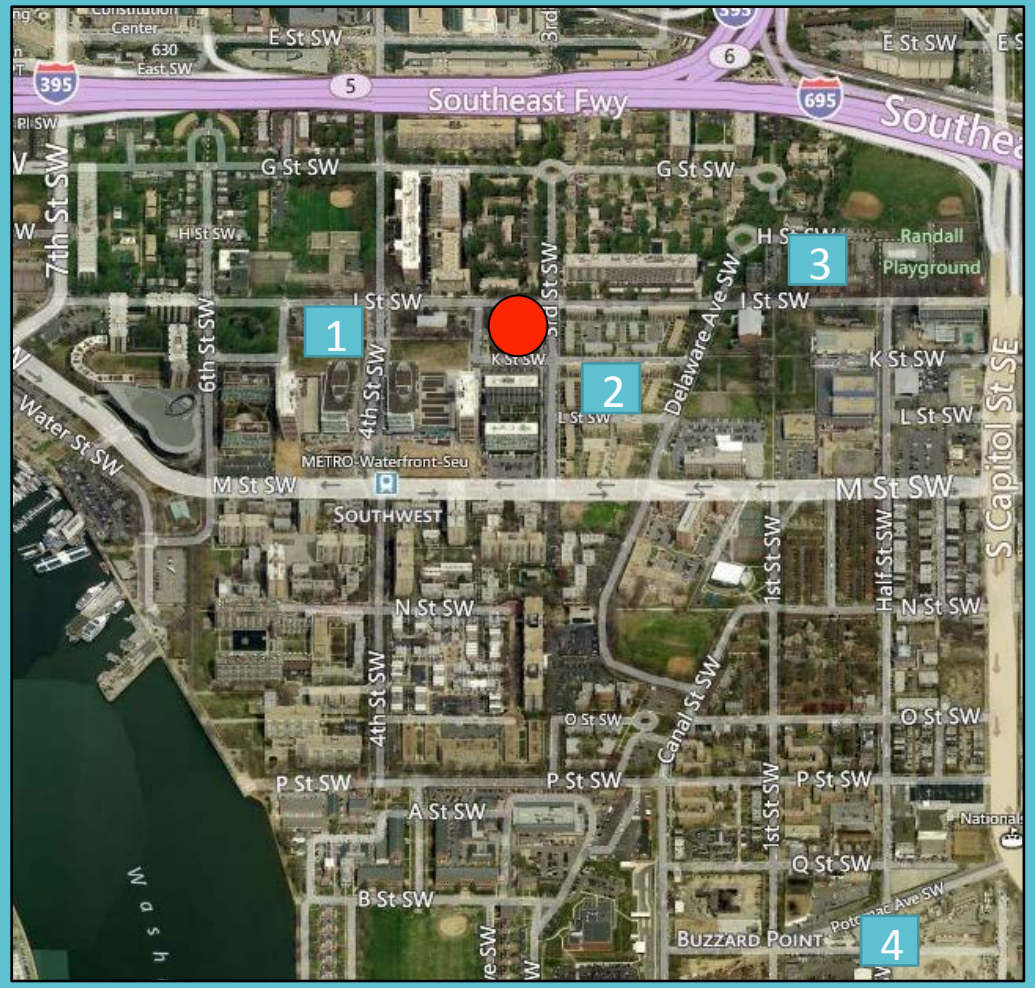
Southwest - Options

Redevelopment of Existing Site

- Excellent multifamily location (mid or high-rise)
  - 50-100 condominiums
  - Small multifamily building (Affordable or Market)
  - Subdivided condominium for library
- FAR will restrict ability to fully cover library cost
- Redevelopment period will result in need temporarily relocate

Relocation to Future Development Site

- Potential Opportunities:
  1. 1000 4th Street (Forest City / Vornado)
  2. Greenleaf Gardens (DCHA)
  3. Randall School (Telesis / Rubell Family)
  4. DC United Stadium Project (DMPED / Akridge / etc.)
- Uncertain timing & availability
  - 1000 4th Street has limited retail space
  - Randall School is still in planning
  - DC United acquisition isn't finalized
- Best Potential Option: Greenleaf Gardens



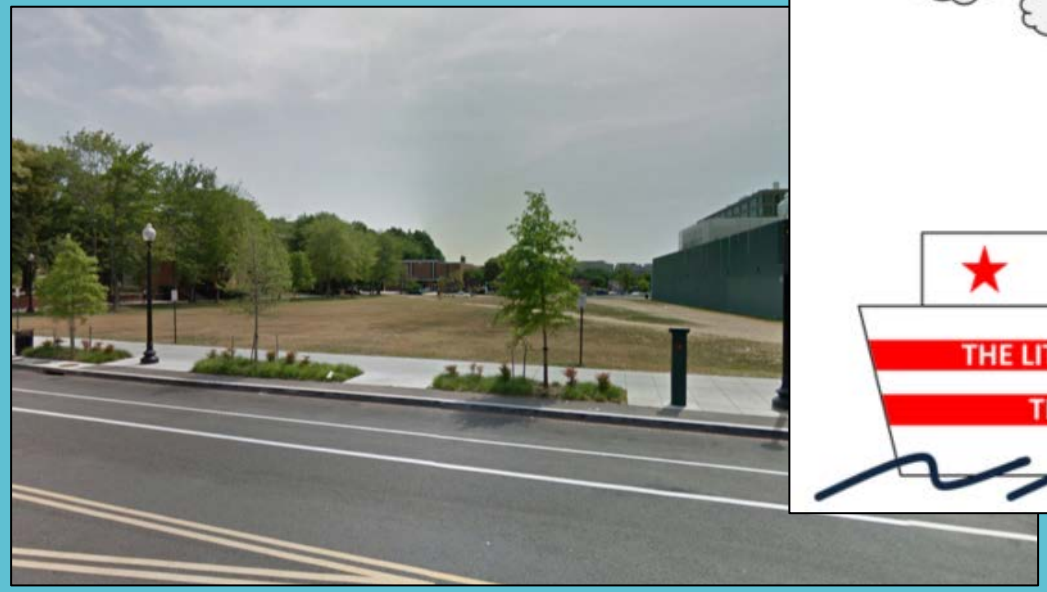
Southwest - Execution: Partner with DMPED on RFP

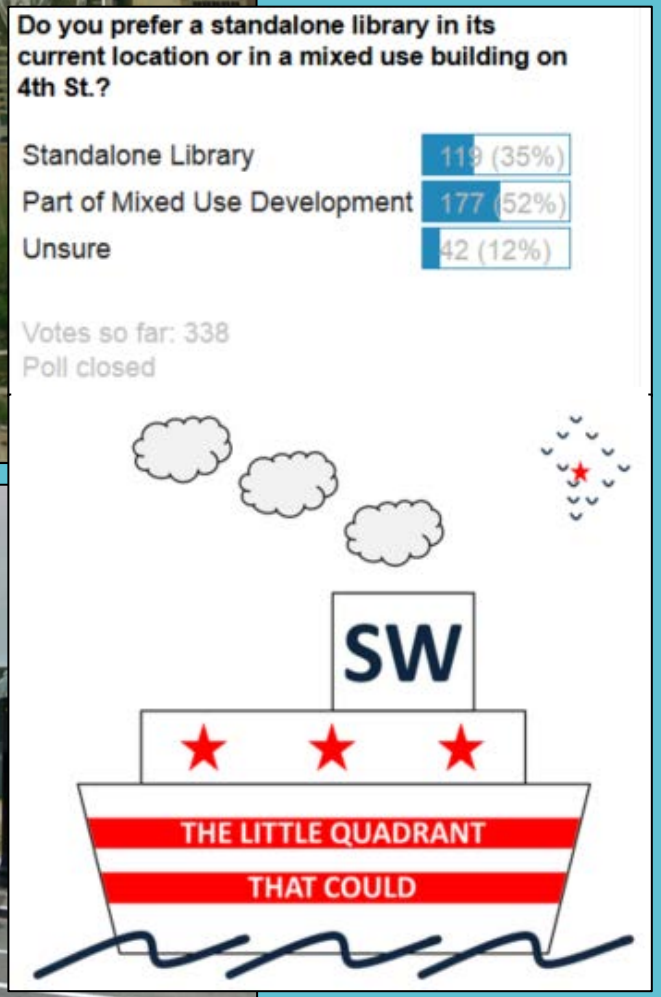
Inclusion of DCPL in the RFP will allow for the following:

- Larger site could fully subsidize new library
- No branch downtime
- DCPL can dictate requirements
  - Orientation, size, ownership structure, etc.
- Developers can leverage new library's draw to appeal to retailers / residents
- Variety of ownership opportunities
  - Condo ownership, lease, etc.

Other Considerations / Strategy:

- Include DCPL site in RFP?
- Engage with the community to generate feedback & get buy-in
  - Transparency is paramount
- Explain benefits of this approach
  - Quality of a "stand-alone" library without the cost
  - Improve neighborhood retail





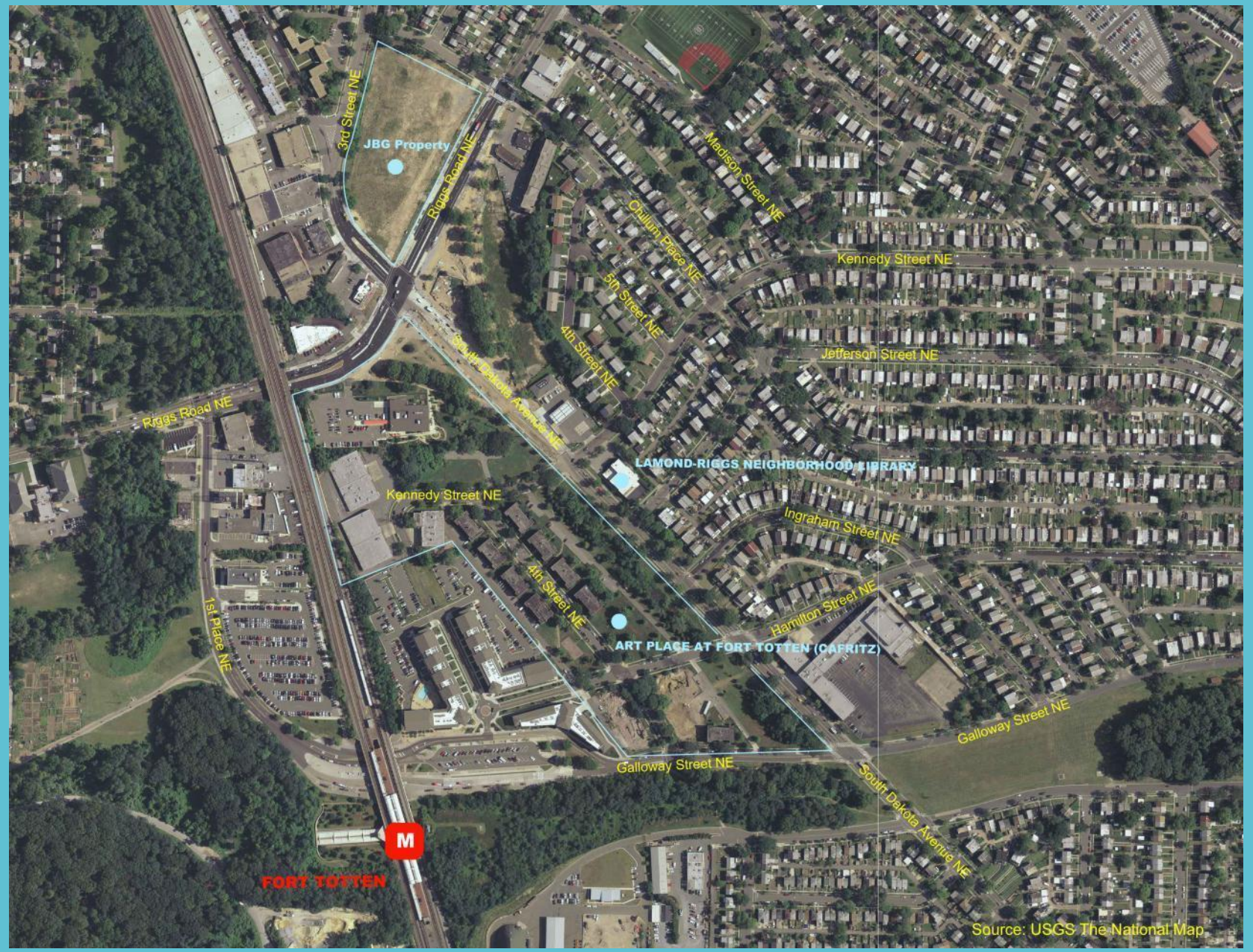
Lamond-Riggs Neighborhood Library

5401 South Dakota Ave. NE

- Fronts on South Dakota Avenue NE
- Bordered by:
  - Kennedy Street NE
  - Jefferson Street NE
  - Alley in rear

- 23,399 SF Site

- Fort Totten Station – Red, Green, Yellow lines



Lamond-Riggs - Options

REDEVELOPMENT: *Stand-Alone Mixed-Use*

<u>Re-zoning study:</u>

- Assess value of site as-if zoning were consistent with recent neighboring redevelopment
- Determine potential neighborhood opposition to added density
- Land lease / condominium arrangement proposal
- Potential for affordable housing / LIHTC project

<u>Primary Obstacles</u>

- Small site; challenge creating enough revenue to off-set cost
- Likely re-zoning challenges from neighborhood groups (Southwest site comparison)

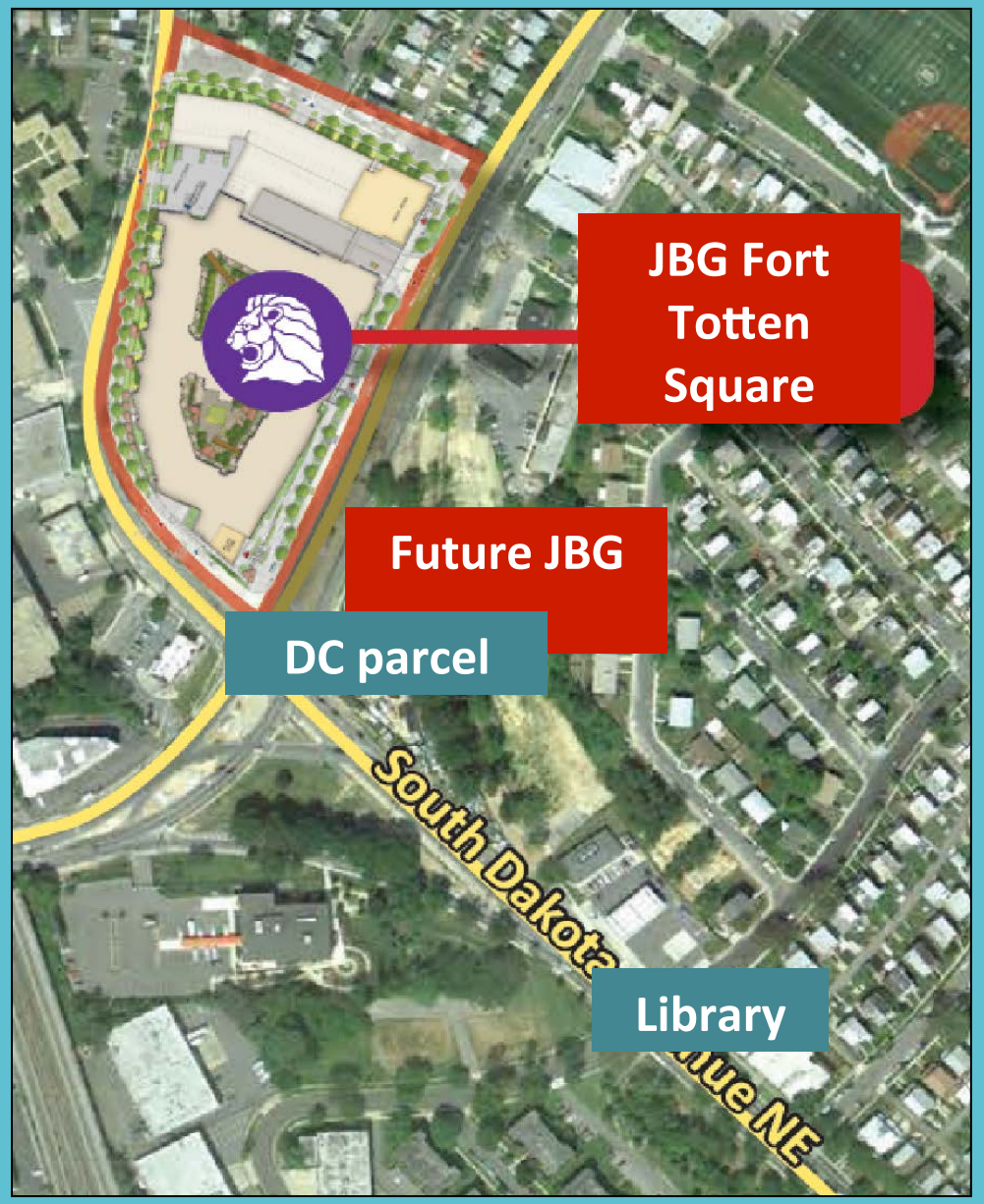
Lamond-Riggs - Options

RELOCATION: *Future Development – JBG Co.*

- Leverage Library as desirable retail anchor / amenity
- Leverage inter-government relationships to facilitate swap of right-of-way parcel to incent developer
- Assess up-keep costs at current site vs. lease costs
- Directly engage JBG and solicit proposal

Primary Obstacles

- Library site valuation vs. cost of lease
- DC right-of-way parcel not DCPL-owned
- Developer has no incentive to treat library differently from private tenants



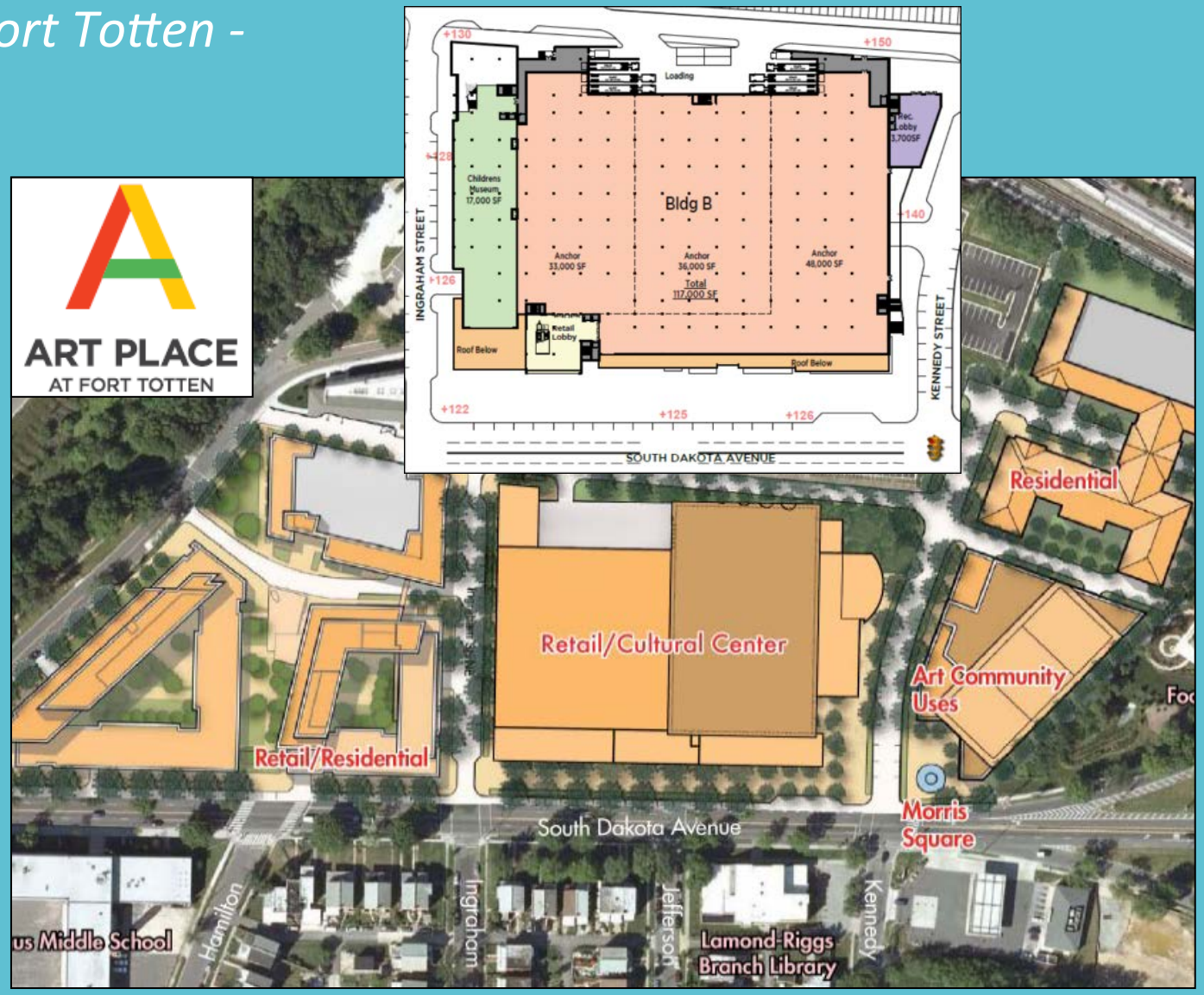
Lamond-Riggs - Options

RELOCATION: *Art Place @ Fort Totten - Cafritz*

- Library co-location aligns with Cafritz Foundation Goals
    - provides opportunity to partner with Foundation to deliver cultural amenity and share cost burden

Strategy:

- Directly engage Foundation to submit a proposal for library inclusion in Art Place's second phase
- Co-locate with (or locate adjacent to) the proposed 34,000 SF Children's Museum, or become part of the Art/ Community Building C



Lamond-Riggs - Options Recommendation:

Relocate to Art Place @ Fort Totten - Cafritz

THE MORRIS & GWENDOLYN CAFRITZ FOUNDATION

ART PLACE AT FORT TOTTEN

<u>Partner with the Foundation</u>

- Contribution in the form of the existing site or cash generated from land sale
- Potentially appeal to /leverage Cafritz Foundation's ~$700 million cultural endowment

<u>Disposition of Existing Site</u>

- Sold or ground leased to Art Place
  - Enhance value through additional density (residential, parking, or community amenities)
- Sold to a 3rd party
  - Proceeds utilized off-set future rent payments or purchase of space in Art Place (condominium ownership)

<u>Primary Obstacles</u>

- Valuing the proportion of the Library / Foundation's respective contributions to the overall project
- Desirability of current site to Foundation or a third party
- Potential loss of DCPL control over the library site itself

Policy Recommendations – Overview

- Consider changes to DCPL policies to be more strategic and proactive
- Use participation in a PPP / mixed-use program to orient branch libraries as the center of a community
- Incorporate changing library usage trends (like MLK Digital Commons) into mixed-use character of branches

Policy Recommendations

Existing Policy	Proposed Policy
Will **not solicit** PPP / mixed-use projects, but will consider unsolicited projects	**Actively solicit** mixed use projects for branches that meet policy criteria- *Ensures library design criteria are met, library is not a secondary element* *- Lets developers know there is interest in a PPP*
Must have demonstrated public interest and benefits to both DCPL and the community	Must have demonstrated public interest and benefits to both DCPL and the community *(no change recommended)*
Must be **more** beneficial to DCPL than if the same project were to proceed as a stand-alone library	Must be **no less** beneficial to DCPL than if the same project were to proceed as a stand-alone library- *Additional community benefits might merit consideration, all other things being equal* *- Note that 'beneficial' is not limited to financial considerations*

Proposed Policy

Policy Recommendations

Existing Policy	Proposed Policy
Must provide an opportunity for community input and strong community support	Must provide an opportunity for community input and illustration of community support *(no change recommended)*
Mission of all parties must be compatible	Mission of all parties must be compatible *(no change recommended)*
Significant cost savings and/or other benefits must be associated with the proposal	Cost savings are preferred; Other benefits as detailed below must be demonstrated- *Integrate library into community- Increase foot traffic- Provide space and design that promotes non-traditional library usage*

Policy Recommendations

Existing Policy	Proposed Policy
Proposal much meet the defined space requirements *- Typically 20 – 22,000 sf, not less than 15,000 sf* *- First floor visibility required* *- Single floor facilities preferred*	Defined size and programing requirements for particular site must be met- *Consider smaller facilities for mixed use locations- Single floor facilities on first or second floor strongly preferred* *- Ground floor entry with strong relationship to library space required*
Must not add significant construction delays **and** library services must be provided/continue during construction	Library services must be maintained during construction; if alternative site must be provided, delay should be minimized
May consider benefits to community provided by a joint-use project (affordable housing, neighborhood stores, cultural resources)	Should consider benefits to community provided by a joint-use project (affordable housing, neighborhood stores, cultural resources)
May consider potential for attracting non-traditional and otherwise hard to reach library customers	Should consider potential for attracting non-traditional and otherwise hard to reach library customers

Conclusion - Regional Implications

- Leverage library land to increase density, especially at Metro sites, to capitalize on transportation and infrastructure investments
- Increase environmental health and accessibility profiles in new buildings
- Leverage library land to increase residential supply and variety in central locations
- Leverage capital markets
- Reduce total burden on public capital budget
- Reduce operating expenses for asset management of outdated facilities
- Tap private capital, engage diversified structures (lease, condominium, land swap, tax credits, grants)
- Stimulate or anchor economic development
- Use educational, employment and community building benefits of 21st century library system to enhance social equity

Questions? Thank you!