UNLOCKING VALUE: Leveraging DCPL Assets to Accelerate Branch Library Improvements

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

Laura London
  *Arlington Partnership for Affordable Housing*

Sophie Mintier
  *Metropolitan Washington Council of Governments*

Travis Myers
  *US Bank*

Brant Snyder
  *Madison Marquette*

Tracy Strunk
  *Fairfax County Office of Community Revitalization*

Matthew Wessel
  *Rodgers Consulting, Inc.*
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 development
- 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 retailer
  - 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:
  - 1 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
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

Southwest - Execution: Partner with DMPED on RFP
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

Re-zoning study:
- 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

Primary Obstacles
- 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

Partner with the Foundation
• 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

Disposition of Existing Site
• 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)

Primary Obstacles
• 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

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

<table>
<thead>
<tr>
<th>Existing Policy</th>
<th>Proposed Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Must provide an opportunity for community input and strong community support</td>
<td>Must provide an opportunity for community input and illustration of community support</td>
</tr>
<tr>
<td>(no change recommended)</td>
<td>(no change recommended)</td>
</tr>
<tr>
<td>Mission of all parties must be compatible</td>
<td>Mission of all parties must be compatible (no change recommended)</td>
</tr>
<tr>
<td>Significant cost savings and/or other benefits must be associated with the proposal</td>
<td>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</td>
</tr>
</tbody>
</table>
## Policy Recommendations

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