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Envisioning SoHo at the Southeast Waterfront; Government Partners With Developer on \$1 Billion Project; [FINAL Edition]

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Full Text (1580 words)

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A Cleveland developer is betting \$1 billion that Washington's version of the Strand in London can spring from a former federal supply depot on the seedy banks of the Anacostia River, amid an urban wasteland of rock piles, vacant lots and abandoned maintenance sheds.

Barely a mile south of the U.S. Capitol, this strip of industrialized waterfront between the Frederick Douglass Memorial Bridge and the Washington Navy Yard seems an unlikely ground for fashionable shops, housing and offices. It seems more like what it has been: the District's forgotten back lot.

Next door is the U.S. Navy's oldest inshore installation, a one-time heavy armaments factory that outfitted Adm. Charles S. Sperry's Great White Fleet and assembled 16-inch guns for World War II battleships. A sewage pumping station and fleet service center squat nearby, abutting a trash transfer station and a gravel company. The summer breeze sometimes carries the whiff of rot.

In a first-of-its-kind collaboration, the federal government is partnering with a private company, Forest City Enterprises Inc., to develop public land and restore the grimy industrial park. Forest City's plan is to take over the 42.5-acre site, called the Southeast Federal Center, open up its prime river views and convert it into a showcase neighborhood for the District's economic revival.

"I have in my mind -- perhaps this is a little out of reach -- but SoHo. It's New York," said Harold J. DeBlanc III, director of the Southeast Federal Center project for Forest City Washington Inc. "It's never been done before."

Prince George's County has high hopes for its National Harbor, the \$2 billion hotel, office, restaurant and entertainment complex scheduled to open in 2008 along the Potomac River in Fort Washington. And Washington has its dreams of a new baseball stadium rising up from the Anacostia River's dilapidated waterfront. But before either, there was the Southeast Federal Center.

The notion for the site is as simple as the execution will be complex: Take government surplus land; turn over control with appropriate incentives to private developers; and create a new destination in the District, a mix of Baltimore's Inner Harbor and Washington Harbor near Georgetown. The project is 21/2 years from breaking ground and plans are incomplete.

The project's risk is reflected in an 18-year construction schedule, designed to give the market plenty of time to absorb new space, and a relatively low purchase price negotiated between the government and Forest City.

Neighbors are not holding their breath that the huge project will ever be completed, at least to the extent that is planned.

"It is way too drawn out to really buy into it. . . . We're more interested in servicing the community right now," said Mary C. Williams, 6D03 advisory neighborhood commissioner and a lawyer who represents the Southwest waterfront community to the west.

Still, the dream is slowly coming into focus. Since Congress passed the legislation in 2000 to set up the land deal, the area has landed an anchor, the 5,500-worker headquarters of the U.S. Department of Transportation, which is being built on 11 adjacent acres at 2nd and M streets SE. To the east of the headquarters, the Navy has remade its old munitions works into an office building complex with 10,800 defense workers. The city's proposed baseball stadium would be to the west across South Capitol Street.

In December, the government reached terms with Forest City, laying out a \$1 billion, 16-year building schedule after a two-year planning period. Announced last month, the plan calls for 3.2 million square feet of housing, or about 2,600 units; 2 million square feet of office, retail and cultural space; and a centerpiece 5.5-acre public park on the river. Given low vacancy rates in the District and anticipated federal demand, the scale is not out of reach, especially over time.

The federal government has agreed to value the land at \$108 million, for which it will be compensated in phases as the project is completed, and to accept a 15 percent share of Forest City's net proceeds from certain transactions.

District planners are working with the developer to provide public amenities, such as open space, and the developer wants the city to finance infrastructure improvements, such as streets and utility services, which Forest City projects would cost \$117 million.

Armies of lawyers have been deployed in talks with the U.S. General Services Administration, which owns the land, and tough work remains.

Participants say they envision a "city within a city" that would include a waterfront promenade linking to one already built by the Navy Yard, a marina where larger ships could tie up, water taxi or ferry service and displays of Navy artifacts.

"This is an opportunity to bring Washington to the waterfront," DeBlanc said. "People can enjoy the vista of the Anacostia and experience a type of place they really don't see here."

Forest City officials said they plan to retain a few of the half- dozen structures on the site, using some to create rental or condominium apartments. A former Navy maintenance shop could be converted to a market echoing Faneuil Hall in Boston or Tobacco Row in Richmond, with amenities such as a gourmet deli, a fitness club and retail services.

"The streetscape experience is really what's going to be important here," DeBlanc said. "I imagine very much a pedestrian- oriented streetscape, brick elevations and other elements reflecting the history of the site. The industrial charm of the site is going to be reflected in neutral and stone design. . . . We want this to be an enjoyable experience for people."

He said the streetscape would include sidewalks, streetlights and benches, and building facades up to 20 feet above ground.

Currently, office buildings dominate, and many residents have been temporarily relocated while nearby low-income and seniors housing projects are rebuilt. The streets are often empty, creating a dangerous wasteland after business hours, Williams said. "It all sounds real lovely, but right here in my community we have low- and moderate-income people," she said. "We don't see any plans for including affordable housing or actually providing for needs and services for the existing

community."

DeBlanc said the firm is familiar with affordable housing programs that generally require 20 percent of projects to be reserved for low- and moderate-income residents and would work with the District on a plan. In any case, the company is not planning to sell "\$800 per square foot" units, he said.

Forest City is being careful to plan for a slow build-out, DeBlanc said, and has an eye on keeping prices affordable for eventual tenants. "Construction costs are enormous right now," he said. "We had to anticipate that in determining what we could pay to GSA. Also, we are in an area that is untested for this type of product we're developing. We're in an emerging market. We have to offer a good value to potential residents.

"You want to be careful; you can't oversupply a place. We know many examples of builders starting construction in a great market and finding in midway that things cool. You don't want to get ahead of yourself and start something that can't be sustained."

Forest City hopes to hold the attention of the city's planning staff, which is busy with the \$535 million stadium project, DeBlanc said. "It's very much a private-public project," he said. "We need the District, and it's done a good job. It's a gigantic investment. Everybody needs to be careful how we plan for the infrastructure, particularly plans for phasing it in."

If the Forest City plans do bear fruit, that would be an indication that change for the better on the waterfront is on the way, said Toni Griffin, deputy director for the Anacostia Waterfront Corp., a city government entity. Over 30 years, the District estimates \$8 billion of public investment flowing to the waterfront to achieve the goal of bringing the District to the water, Griffin said.

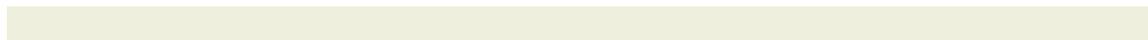
Other nearby sites, such as the Arthur Capper and Carrollsburg Dwellings housing projects, are being redeveloped. A \$6 million Canal Block Park is planned for a three-block stretch from 2nd and M streets SW north to Garfield Park.

With the Navy, DOT and stadium projects, "an entire area of the District has been reclaimed and will be revived," said D.C. Del. Eleanor Holmes Norton (D), a key force behind the project, the author of the federal legislation that made it possible, and the senior Democrat on the House economic development, public buildings and emergency management subcommittee.

Norton said the project is already a national model. She has signed on to legislation that would allow similar private-public projects on U.S. land nationwide. She has also proposed a bill, the Fair Land Transfer Compensation Act, to transfer ownership to the District of two major parcels totaling 66 acres for development: Reservation 13, now the site of D.C. General Hospital, and Poplar Point, National Park Service land on the southern bank of the Anacostia, both in Southeast.

"The whole area is a priority for us," Griffin said. "Just because baseball is there doesn't mean we're not going to focus with the housing authority, . . . with the Department of Transportation on its headquarters," or with Forest City.

"We think the ballpark will help create a neighborhood image and draw and market attractions that will help accelerate some of the interrelated housing and offices in the area." So what is a 16-year schedule today could end up shorter, Griffin said.



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