



The Situation

The District of Columbia (the “District”) owned approximately 7 acres of air rights above I-395 in the city’s growing East End submarket. A prior attempt to enter into a partnership to develop the air rights had failed and left the District with a financial judgement against it. While appealing the judgement, the District, through the Office of the Deputy Mayor for Planning and Economic Development (DMPED), sought to find a way to push the development of the air rights forward with a new development partner.

Actions & Results

Member(s) of our team, while working for DMPED, effectively navigated the complex legal and financial issues of the existing lawsuit and negotiated a new partnership agreement with the District’s new development partner, Property Group Partners, LLC. The partnership agreement outlined a mixed-use development plan to redevelop the land and air rights above and adjacent to the Center Leg Freeway (I-395). The project is approximately 2.2M Gross Square Feet (GSF), with approximately 180K GSF planned for residential, approximately 75K GSF for retail, and the remainder slated for trophy, Class-A office space. The entire project, including the platform, will be a national leader in sustainability design.

Concurrent with negotiations, member(s) of our team sought and received approval from the U.S. Department of Transportation to execute the partnership agreement between the District and Property Group Partners. The agreement was required because the development was occurring over a highway. All approvals, both local and federal, were received and the project broke ground in May of 2015.

Development Program

Residential: 150 Units

Retail: 75,000 SF

Office: 1.8M SF

Development Cost: \$1B(+)

Overall Benefits

- Leverages a currently underutilized portion of the District’s East End to develop a world-class air rights development that will generate millions in tax revenues
- 50 units of for-sale affordable housing
- Reconnects F & G Streets, restoring a portion of the District’s street grid to the original L’Enfant Plan

Economic Opportunities

- Temporary and permanent job opportunities across different sectors and employment levels.
- An estimated \$40M - \$50M in stabilized tax revenue from a site that previously generated nothing.

Environmental Sustainability

- Design of both platform and vertical development will be built to LEED Platinum standards.

The project is multi-phased master and will remove the very visible scar of the sunken I-395 corridor in the District’s downtown. The project will re-knit the growing East End submarket with the NOMA/Capitol Hill submarket. It will attract new residents to downtown and generate much needed tax revenues from a site that has long generated no benefit to the District.