This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

Photo Credit

fire station

Redevelopment of Library and Fire Station, Washington, District of Colombia, United States

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On this page: *A case study on Redevelopment of Library and Fire Station, Washington, District of Colombia, United States. Find more at the Municipal Public-Private Partnership Framework - Project Summaries section for brief summaries of around 100 projects from around the world, examples of successes and challenges, as well as innovative ideas on solutions, or visit the Guidelines on Innovative Revenues for Infrastructure section.*

Project Summary:

Background

Washington D.C. (the District) needed to refurbish the West End Library and West End Fire Station and also needed to develop additional, centrally located low-cost housing. As the library and fire station were almost functionally obsolete, their renovations would be extremely costly. The District was able to acquire new, modern facilities, while also providing affordable housing, by leveraging the air rights above the library and fire station.

Project Structure

In 2009, the District issued a competitive tender for bids for the redevelopment of the District-owned parcels. Through the competitive selection process, the development rights for the site were ultimately awarded to EastBanc Partner on 10 March 2010, whose proposal included USD 149 million in capital investment. The project leverages adjacent, privately-controlled parcels along with the Districtowned parcels, to deliver a new fire station and library, approximately 150 multifamily residential condominiums, 900 m2 of retail space, and 52 residential rental units affordable to households earning at or below 60 percent of the area's median income on the fire station site. The high-end condominiums provide additional tax revenue to the District, while the affordable housing adds muchneeded housing space to the city.

The District sold the Developer all of the rights, titles, and interests in the District-owned parcels of land, with the exception of the air rights necessary to construct the new library and the new fire station in accordance with the new development plans, in addition to the easements, covenants, and other rights necessary to the support the operation of these facilities. The budget cap for the new library design, development, construction, furnishing, and equipment was USD 9,400,000, which would be financed from the purchase price. Once this cap had been met, the new fire station budget cap was USD 8,600,000 for its design, development, construction, furnishing, and equipment. After the library and fire station caps were met, the remaining amount would be used for the design, development, and construction costs relating to the affordable units.

The District assumed the environmental risk (existence of environmental waste, USTs, asbestos, in the property) to a point. Namely, the District retains liability for these occurrences if the Developer finds any of these hazards within a specific, contractually agreed to period of time, during which it should have carried out an environmental test or study. After that period, the Developer loses its right to object to any conditions that may be discovered. Likewise, the property was sold to the Developer in "as is" condition. All risk of loss was borne by the District up to the moment of the contract's closing. In addition, the District retained review and approval rights concerning the construction drawings, but waived any liability in connection with them.

Lessons Learned

By the end of 2018, all of the newly developed facilities were open and functioning, bringing new life to this D.C. neighborhood.[1]

This project highlights the following.

- Community engagement throughout the entire process is key for the successful completion of a project and for the stakeholders' opinion about the opportunities and benefits that the project offers to the citizens.

  At the beginning of the process in the District, the community felt that the property disposition process moved rather fast and without much public input. Different community groups approached DC's Council and conveyed their concerns, to which the District responded by rescinding the initial disposition process and restarting it again. This provided time to hold several meetings in which the community voiced their opinions to the District and expressed their ideas about the project, especially the new library. The Deputy Mayor for Planning and Economic Development, prior to the official release of the project's request for proposals, indicated that all future bidders should take into account the community's input and integrate it in their proposals. Once the proposals were received, the city consulted the community once again for their views and to inform them about the proposals. Following their endorsement, the project was awarded to the Developer EastBanc.

- Political will and involvement by different public entities of the local government can help to make a project commercially viable.

  In the beginning, this project faced strong criticism and a lawsuit from an activist group because D.C.'s Zoning Commission had waived the Inclusionary Zoning requirement for the construction of the building above the new library, which otherwise would have mandated that a portion of the new residential space be reserved for affordable housing units. However, the Commission found that "the enhanced level of service that will result from the construction of the new Library and Fire Station so clearly will enhance the neighborhood that they set a benchmark in excellence for any future requests for Inclusionary Zoning waivers", and that, without waiver, the project would not generate enough revenue for the Developer to build the new library and the fire station. The Commission concluded that "under these unique circumstances" waiving the Inclusionary Zoning requirements was warranted. The District of Columbia Court of Appeals upheld the Commission's decision.

Footnote 1: Source(s) accessed on January 27, 2019

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The Guidelines on Innovative Revenues for Infrastructure (IRI) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.

To find more, visit the Innovative Revenues for Infrastructure section and the Content Outline, or Download the Full Report. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.

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