



Washington



THE JAMES V. FORRESTAL BUILDING

Washington, DC

Technical Assistance Panel Report | February 11-12, 2025

About

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The Urban Land Institute (ULI) is a global, member-driven organization comprising more than 45,000 real estate and urban development professionals dedicated to advancing the mission of shaping the future of the built environment for transformative impact in communities worldwide.

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Sponsored by:

The National Capital Planning Commission with support from the Public Buildings Reform Board

Cover photo: An aerial view of the Forrestal Building taken from the Smithsonian Castle in Southwest Washington, DC.

Source: U.S. Department of Energy

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ULI Washington

ULI Washington is one of ULI's largest District Councils worldwide, with 2,300 members. We welcome membership and participation from individuals who share our commitment to responsible land use to sustain the growth and prosperity of the National Capital Region. The opportunity to influence local land use policy remains the focus and achievement of ULI Washington.

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The objective of ULI Washington's Technical Assistance Panel (TAP) program is to provide expert, multidisciplinary advice on land use and real estate issues facing public agencies and nonprofit organizations in the National Capital Region. ULI Washington has completed over 70 TAPs to date. Drawing from its extensive membership base, ULI Washington conducts two-day panels offering objective and responsible advice to local decision-makers on a wide variety of land use and real estate issues, ranging from site-specific projects to public policy questions. The TAP program is intentionally flexible to provide a customized approach to specific land use and real estate issues. Learn more at washington.uli.org.

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About

Acknowledgments

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ULI Washington would like to thank the following individuals for helping shape the project and execute it successfully.

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Executive Summary

On February 11 and 12, 2025, ULI Washington assembled a Technical Assistance Panel (TAP) to develop a roadmap for redevelopment of the James V. Forrestal Building, also known as the U.S. Department of Energy (DOE) headquarters or the Forrestal Complex, in the District of Columbia. The National Capital Planning Commission (NCPC) and the Public Buildings Reform Board (PBRB) sponsored this TAP to connect ongoing planning studies in Southwest Washington with efforts to identify federal assets for disposal.

NCPC and PBRB have a shared interest in improving the use of federal buildings, rightsizing the federal real estate footprint to reduce costs, and promoting a beautiful capital city, particularly in the monumental core. NCPC has an important planning role in ensuring that changes to the federal footprint will continue to enhance our nation's capital, one of the most admired cities in the world, and achieve goals shared by both federal and local interests. PBRB's legally mandated role is to identify and recommend federal real properties for disposition from the federal portfolio.

PBRB recently analyzed 21 properties in the National Capital Region and determined that more than half of these properties could be divested from the federal real estate inventory. The James V. Forrestal Building, one of the identified buildings in Washington, has been repeatedly studied by NCPC, the District of Columbia, and private firms.



Boundary of NCPC's 2013 SW Ecodistrict Plan, with the Forrestal Complex highlighted in green.

Notably, NCPC's *SW Ecodistrict Plan* (2013) provided a shared vision for the site's potential redevelopment. The PBRB also recognizes this site's potential to catalyze new development in the surrounding area referred to as Southwest.

The TAP study area consisted of seven federally owned parcels bound by Independence Avenue, SW to the north; the 12th Street Expressway to the west; 9th Street, SW to the east; and the Maryland Avenue, SW right-of-way to the south. L'Enfant Plaza or 10th Street, SW, bisects the study area, terminating to the north at Independence Avenue, SW and the Smithsonian Castle, and to the south at Banneker Park overlooking the Southwest Waterfront and The Wharf.

The Panel considered the catalytic impact that Forrestal redevelopment could have on other dispositions in the area between Independence Avenue and the Southwest Waterfront, and in the National Capital Region overall.

TAP Goals

The Panel interviewed project stakeholders and deliberated on strategic steps aligned with achieving the **TAP goals as identified by the sponsor team:**

- Identify strategies that advance divestment and redevelopment of the James V. Forrestal Complex as a catalyst to unlock additional redevelopment within the capital's monumental core.
- Identify financial structures/models between federal and local government entities, including the U.S. Department of Energy which currently occupies the Forrestal Building, that ensure a financially viable and sustainable approach for all parties.
- Construct a possible data-driven and flexible timeline that would further subsequent divestments and redevelopments.

- Identify authorities and a mutually satisfactory working model that would facilitate close coordination and collaboration between the District of Columbia, the General Services Administration (GSA), and other stakeholders (DOE, the historic preservation community, and other interested parties).

Key Recommendations

The Panel recognized that the study area presents a unique and timely opportunity to become a gateway between the Southwest Waterfront and the National Mall, with realization of this opportunity hinging on the redevelopment of the Forrestal Building. Therefore, the TAP's focus began with the possibilities presented by the Forrestal Building.

To guide its deliberations, the Panel first created a roadmap of major activities that would be required to fully maximize the redevelopment potential of the Forrestal Building and its surrounding submarket. The major activities and key conclusions are summarized below.

DECISION ON DOE HEADQUARTERS

- The Panel considered meeting DOE's headquarters needs with a lease, whether it comes from existing commercial office inventory or new construction. This has the potential to provide long-term cost savings to taxpayers and provide modern and efficient spaces for DOE employees.
- The Panel considered the opportunity to relocate DOE to another federal building for its headquarters.

DETERMINATION OF SITE POTENTIAL

- The Panel recommended a coordinating entity to champion the redevelopment of the Forrestal Complex and the adjacent areas in Southwest, with a key focus on guiding the disposition and redevelopment process of federal assets. This entity does not necessarily have to be a new agency or authority. Based on conversations with the District government, the Panel concluded that this entity could be formed by an existing District department or subsidiary whose scope could be expanded to fulfill this role.

TRANSACTION AND REDEVELOPMENT

- The Panel recommended that the coordinating entity convene key stakeholders to create a Memorandum of Understanding (MOU) that sets transparency around certain parameters of any redevelopment effort such as any potential federal infrastructure requirements that may be residual at the site.
- The Panel recognized that one possibility would be to divest at least a portion of the site to public benefit users, including cultural institutions such as the Smithsonian, health care organizations, universities, or non-profits. The Panel recommended that the intended public benefit user be identified during the pre-disposition process.
- Based on prior studies, the Panel proposed a redevelopment program for the Forrestal Complex totaling 3.7 million square feet, with uses likely to succeed based on current market factors.

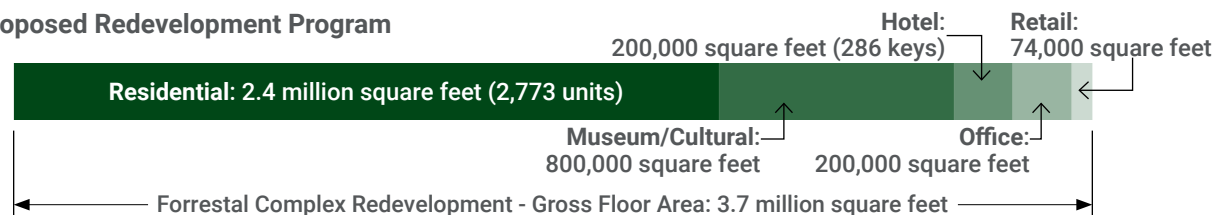
FINANCING

- The Panel recognized there is the possibility that redevelopment of Forrestal Complex into a 3.7 million-square-foot mixed use project is not financially viable on its own, as a variety of factors can escalate costs beyond the level that the project can "pencil" without public financing assistance. The redevelopment efforts could potentially be financed publicly with the District government or by the federal government or with the use of creative financing tools or a combination of funding sources.

CATALYTIC IMPACT

- Based on the Panel's proposed redevelopment program, it projected the Forrestal Complex would contribute \$45.3 million in annual tax revenue at full build-out. Once the Forrestal Complex is redeveloped, the Panel anticipated there would be a catalytic impact on development in Southwest, including the disposition and redevelopment of other federal assets, as well as the redevelopment of private office buildings to other uses, resulting in a net increase of 1.9 million square feet and \$150.9 million in new tax revenue.
- The Panel recommended developing an updated vision plan for the Southwest study area that builds upon NCP's *SW Ecodistrict Plan* (2013) to guide property disposal, reuse, redevelopment, and infrastructure planning.

Proposed Redevelopment Program





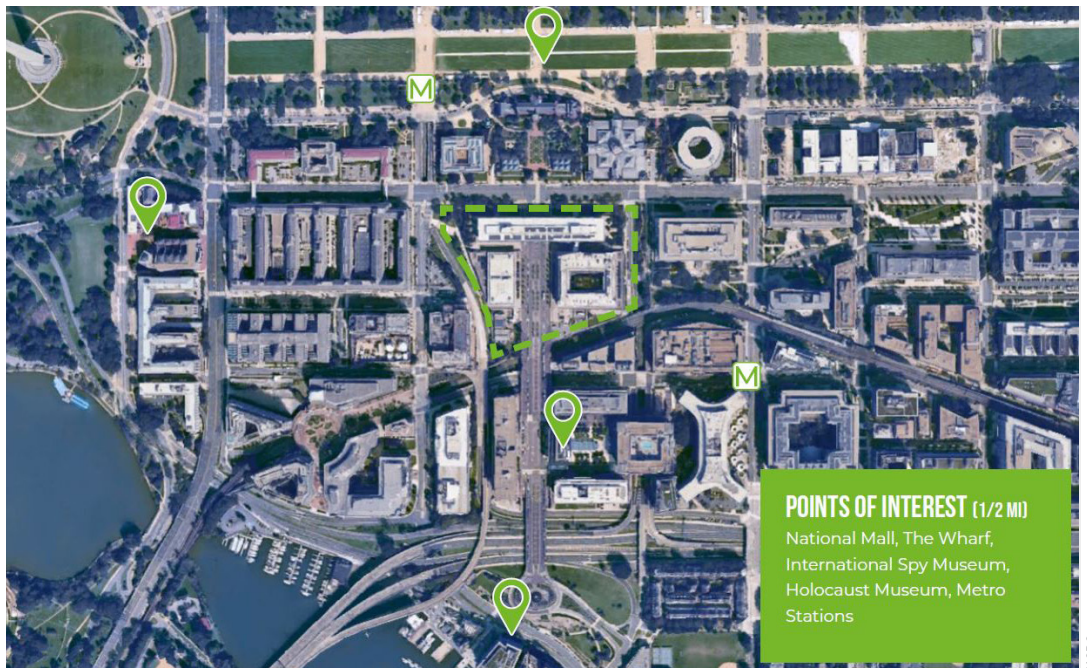
Scope & Background

TAP Study Area Description

The Panel examined the study area at three geographical scales: the Forrestal Complex site; the immediate surrounding area between Independence Avenue, SW and the Southwest Waterfront; and the larger National Capital Region.

The TAP's study area consisted of seven federally owned parcels bound by Independence Avenue, SW to the north; the 12th Street Expressway to the west; 9th Street, SW to the east; and the Maryland

Avenue, SW right-of-way to the south. L'Enfant Plaza, or 10th Street, SW, bisects the study area, terminating to the north at Independence Avenue, SW and the Smithsonian Castle and to the south at Banneker Park overlooking the Southwest Waterfront. The Panel was asked to consider the catalytic impact the Forrestal redevelopment could have on other dispositions in the area between Independence Avenue and the Southwest Waterfront, which has a large concentration of federal assets, and the National Capital Region.



Boundary of TAP Study Area outlined in green, with nearby points of interest indicated. The study area consists of seven federally owned parcels and is bound by Independence Avenue, SW; 9th Street, SW; Maryland Avenue, SW; and the 12th Street Expressway.

About the Sponsors

The National Capital Planning Commission (NCPC)

Established by Congress in 1924, the National Capital Planning Commission (NCPC) is the federal government's central planning agency. NCPC is the federal government's central planning agency for the National Capital Region, charged with review of federal and certain District of Columbia development. The agency also undertakes planning initiatives that respond to the capital city's distinct needs. NCPC works to sustain a beautiful, secure, and symbolic capital that reflects the nation's history and aspirations and to ensure orderly, efficient federal development and operations while also recognizing that Washington is a growing, modern, and evolving city. NCPC seeks to successfully address federal and local interests through strong working relationships with federal partners, the District of Columbia, and other stakeholders.

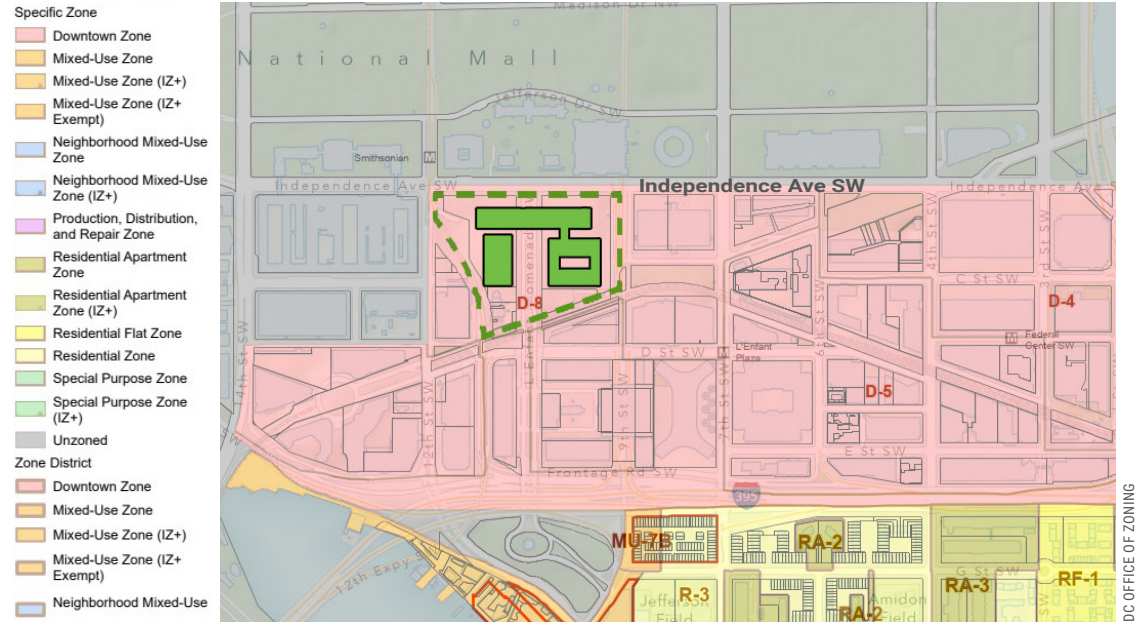
The Public Buildings Reform Board (PBRB)

PBRB was established under P.L. 114-287, the Federal Assets Sale & Transfer Act of 2016 (FASTA), as an independent agency to identify opportunities for the Federal government to significantly reduce its inventory of civilian real property throughout the nation and thereby reduce costs.

Background & Existing Conditions

The James V. Forrestal Complex is a three-building brutalist structure constructed in 1969 at 1000 Independence Avenue, SW. The Forrestal Complex has 1.8 million rentable square feet and sits on 11 acres. The building was originally built for the military, and housed offices of the Navy between 1969 and the creation of the Department of Energy (DOE) in 1977. It is named after James Forrestal, the first United States Secretary of Defense. The building is currently owned by the General Services Administration (GSA) and is operated by DOE. DOE upgraded the building over time to include one of the largest solar arrays in the city. The building also underwent a lighting upgrade project known as an “Energy Savings Performance Contract” that cut lighting energy use by about 50% and cut costs by around \$258,000 a year, and was self-funding in less than 10 years. Current zoning at the Forrestal site is D-8 (top map), which permits high-density development and could foster the transition of a federally-owned area south of the National Mall (bottom map) into a mixed-use area.

The Forrestal Complex is located within Area I of the Commemorative Works Act,¹ which is designated for commemorative works of “preeminent historical and lasting significance to the United States.” Forrestal was listed multiple times as a future museum site. Most recently, in 2022 the site was shortlisted by the Smithsonian Institution as a potential Tier 1 site for the location of either the National Museum of the American Latino or the American Women’s History Museum.



Above: The Forrestal Complex is in the D-8 Downtown Zone. Below: Land Use Map.

¹ “Commemorative Works Act: Siting Memorials in the District of Columbia.” Congressional Research Service, May 8, 2023.

History of Planning in the Study Area

Prior planning efforts in the study area include the 2009 Monumental Core Framework Plan. NCPC and the U.S. Commission of Fine Arts, in cooperation with 15 federal and local agencies, developed the Framework Plan. The Framework Plan provided in-depth analysis and tools to relieve development pressure on the National Mall; better integrate federal development with city life; and support a diversifying local economy, growing population, and expanding

downtown. It sought to remove or minimize infrastructure barriers and address the unintended consequences of some past development decisions. The Framework Plan laid out the area around the Forrestal Complex to become a new destination that enhances physical and symbolic connections and beautifies public spaces.

The 2013 SW Ecodistrict Plan, prepared by NCPC and the DC Office of Planning, along with an 18 member SW Ecodistrict Task Force, is a long range, comprehensive approach to transform a 110-acre, isolated federal precinct into a well-connected

mixed-use neighborhood, workplace, and cultural destination linking the National Mall and the Southwest Waterfront. The plan identified the rehabilitation and redevelopment of federal properties in the area. It strove to meet future space needs of a modern federal workforce and identified new public and private development opportunities and partnerships. As recommended in the plan, redevelopment of the Forrestal Complex is the most significant catalyst to unlock the potential of the SW Ecodistrict and transform the area into a mixed-use neighborhood. It offers the greatest opportunity to infuse the civic qualities of the monumental core with the vitality of downtown Washington.

More recently, the 2023 Independence Avenue Corridor Study identified the lack of diverse land uses along and south of the avenue and noted that its eight oversized and underutilized vehicular lanes are an enormous unrecognized opportunity. A collaborative effort between NCPC, the Smithsonian Institution, and the District Department of Transportation, the study resulted in a comprehensive vision for the corridor between 3rd and 15th Streets, SW. It analyzed current and anticipated future traffic operations and identified the potential to reduce Independence Avenue's existing eight-lane configuration. The redesigned avenue would transform this space into a new front door to the National Mall and serve as a significant public amenity for this emerging district.



NCPC IMAGE PREPARED BY PERKINS+WILL

Rendering looking west from 9th Street, SW showcasing the potential transformation of Independence Avenue, SW into a grand boulevard.

The Challenge and the Opportunity

NCPC and PBRB have a shared interest in improving the use of federal buildings, rightsizing the federal real estate footprint to advance missions and operations and reduce costs, and promoting a beautiful capital city. NCPC has an important planning role in ensuring that changes to the federal footprint will continue to enhance the nation's capital, one of the most admired cities in the world, and achieve goals shared by both federal and local interests. PBRB's legally mandated role is to identify and recommend federal real properties for disposition. PBRB analyzed 21 properties in the National Capital Region and assessed that more than half of those properties could be divested from the federal real estate inventory.

Disposition of federal property is a complex process. Federal agencies are required to continually survey real property under their jurisdiction to identify and report any excess property (property no longer needed to carry out their missions) to the General Services Administration (GSA).

This report includes conceptual renderings from Perkins&Will of a reimagined area south of the National Mall. The renderings build on past planning efforts and the *Independence Avenue Design Study* prepared in partnership between NCPC, the District Department of Transportation, and the Smithsonian Institution to transform Independence Avenue into a new front door to the National Mall. They will be updated as additional planning for the area takes place.



Above: Rendering showcasing the potential transformation of 10th Street, SW looking south from the Haupt Garden towards the Southwest Waterfront.

Below: Rendering looking east from 12th Street, SW showcasing the potential transformation of Independence Avenue, SW into a grand boulevard.



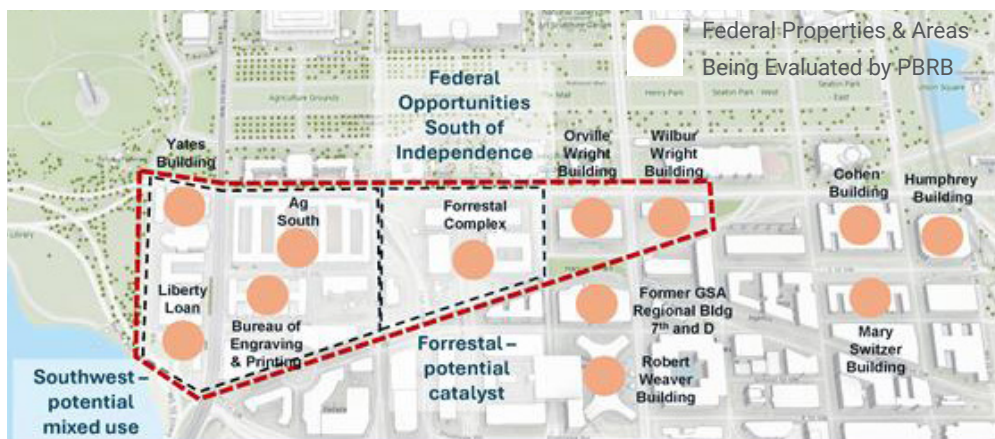
Once a property is determined suitable for disposition, GSA uses the following process to dispose of it properly:

- Offer the property to federal agencies at fair market value. If federal agencies do not express interest, the excess property is designated as surplus property.
- Offer conveyance of surplus property to state and local governments and qualified nonprofits at less than fair market value – even at no cost – to accomplish public purposes specified in statute.
- Negotiate a sale option for state and local governments to purchase the surplus property at fair market value to create public benefits other than those specified in statute.
- Public sale option for the public to purchase surplus property through either brokers or online auctions.

In 2016, Congress established PBRB to recommend excess property for disposal. The Office of Management and Budget (OMB) must approve PBRB's recommendations for each round they submit to Congress before federal agencies may begin disposing excess properties, according to the process outlined above.

PBRB commissioned a repositioning study from JLL in response to the Board's identification of large opportunities for divestment in the District of Columbia.² PBRB's analysis demonstrated the potential for a complete redevelopment south of Independence Avenue in the District of Columbia's Southwest quadrant, including the Forrestal Complex as a catalyst project. The report highlighted the redevelopment opportunity in the heart of the nation's capital and the need for a unique approach informed by a clear blueprint for implementation.

According to a 2024 JLL report, office space leased by the federal government in the District of Columbia is projected to decrease by 41% to 14.7 million square feet by 2030, compared to 24.0 million square feet leased in 2015.³ Washington's Southwest submarket could be among the most negatively affected by federal downsizing as 24% of the office inventory in this area is leased to GSA. In addition to the U.S. Department of Agriculture Cotton Annex, which was disposed of and recently converted into an apartment building, other federal properties considered for divestment include the Liberty Loan Federal Building, Federal Office Building (7th and D Streets, SW), and the Wilbur J. Cohen Federal Building. These planned divestments, along with the Forrestal Building and the future vacancy at the Bureau of Engraving and Printing (14th and C Streets, SW), present an opportunity to begin the transformation of Independence Avenue, SW into a new mixed-use corridor and front door to the National Mall.

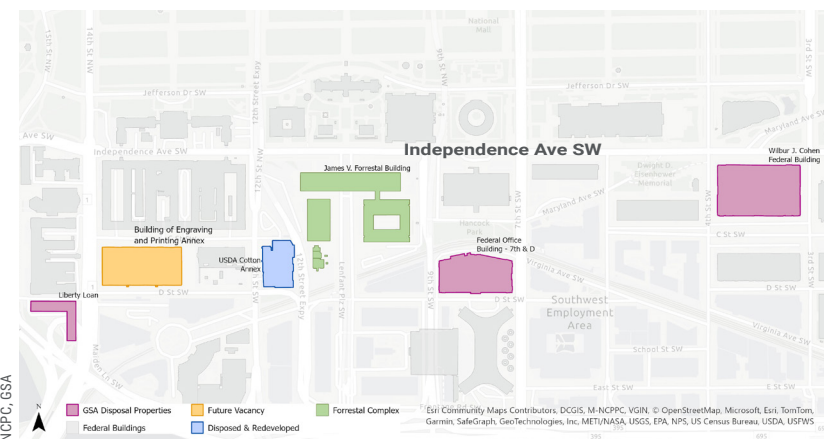


JLL, PERKINS+WILL, NCPG

Snapshot of Southwest from PBRB's evaluation of federal buildings in the National Capital Region.

² JLL Forrestal Complex and Agriculture South Federal Buildings Repositioning Study, June 2024

³ "Spotlight: Washington, DC." JLL, 2024.



NCPG, GSA

A map of dispositions and future vacancies announced by GSA as of February 2025 within the Southwest area, along with the Forrestal Complex (Green).

TAP Questions

The sponsor team posed the following **questions** to the TAP:

- How might the disposition and redevelopment of the Forrestal Building unlock other disposition opportunities?
- What other public benefits might be driven from the divestment of Forrestal?
- Who would be the champions for redevelopment? What specific actions should those champions take?
- How might the federal and District governments collaborate to make this happen?
- What conditions need to be in place to make a divestment successful? How might this redevelopment be phased?

Additional Considerations and Values

In addition to addressing the questions posed at the TAP's onset, the Panel evaluated the following considerations and values provided by the sponsor team for redeveloping the Forrestal Building:

Economic & Cost Considerations: How does this project become financially viable for the federal government, District government, and the private sector? Does it contribute in other ways, like supporting revisioning Washington and other local goals and plans?

Public Realm: How might reconfigurations of the public realm reinforce ideas of Washington as the nation's capital and the federal city?

Sustainability: What are the environmental factors that must be accounted for and researched further?

Symbolic: What should be kept that is realistically feasible? Is it appropriate for residential properties to overlook museums and the National Mall? Under what conditions would it not be appropriate?

Neighborhood: How is this going to catalyze the surrounding blocks? What is the neighborhood's character?

Historic: Federal buildings tell a physical story about the nation's view of government. How might that story be preserved and presented even with divestment?

Department of Energy's New Facility: The DOE has spent considerable tax dollars and time on its current headquarters at the Forrestal Building, retrofitting the building with solar panels, for example. Given the opportunity to have a new building, could the agency develop a national demonstration building that assembles cutting-edge technology and puts that on display for professionals and the public alike while still maintaining the DOE workforce's integrity and safety? Would Public-Private Partnerships be available to conceptualize and even help fund a demonstration property?



On the first day of the TAP, the panelists visited the Forrestal Building.

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Stakeholder Engagement

The Panel toured the Forrestal Complex and met with DOE representatives on the TAP's first day. The Panel also conducted roundtable discussions with stakeholders to consider an array of diverse and informative viewpoints. Twenty-five stakeholders joined the panelists and sponsors as representatives of their organizations and government agencies. Each of the four discussions focused on a different topic central to the undertaking's execution: public sector coordination; economic development; development and capital markets; and public realm planning. This allowed representatives of local entities and different levels of government to candidly share their priorities for the future.

The list in the sidebar represents agencies and organizations identified as stakeholders that participated in this TAP. The individual stakeholders were identified by the TAP sponsor team for their vested interest in the study area, their experience with the area's planning history, and their potential roles in the disposition and redevelopment of the area. Each discussion aggregated candid input from these professionals and landowners to build a holistic picture of the study area within the TAP's scope.

Stakeholder Agency Identification

FEDERAL GOVERNMENT AGENCIES

- Smithsonian Institution (SI)
- U.S. Commission of Fine Arts (CFA)
- U.S. Department of Defense (DOD)
- U.S. Department of Energy (DOE)
- U.S. General Services Administration (GSA)
- U.S. Government Accountability Office (GAO)

DISTRICT GOVERNMENT AGENCIES

- Office of the Deputy Mayor for Planning and Economic Development (DMPED)
- DC Office of Planning (DCOP)
- DC State Historic Preservation Office (SHPO)
- District Department of Transportation (DDOT)

NEIGHBORHOOD AGENCIES

- Southwest Business Improvement District (SWBID)

REGIONAL ENTITIES

- Virginia Railway Express (VRE)
- Washington Metropolitan Area Transit Authority (WMATA)

PRIVATE SECTOR ENTITIES

- District Wharf Properties
- HR&A Advisors
- Jones Lang LaSalle (JLL)
- Lowe
- MRP Realty
- Perkins&Will
- Perkins Eastman
- Skidmore, Owings & Merrill (SOM)

What the Panel Heard:

This is the missing link between the National Mall and the Wharf.

There are huge opportunities to catalyze something great here.

"Forrestal is a massive object that is in the way."

The site can potentially accommodate residential, trophy office, retail, & cultural uses.

The Department of Energy's future space needs should be determined first.

The SW Federal District area should be more porous.

"A destination within a destination."

Stakeholder Discussion

During the stakeholder roundtable discussion, the Panel received candid input about the study area. A summary follows of notable insights from each topic of interest:

Public Sector Coordination

- Current space requirements for DOE may not necessarily be the agency's future need.
- Congress would not be likely to support a large appropriation request to relocate DOE.
- The District government may need to provide incentives to a developer in order for redevelopment to occur.
- Lessons should be learned from prior dispositions' pitfalls to avoid them with Forrestal and future dispositions.
- A vision is needed for this area, like a Small Area Plan.

Economic Development

- A mix of housing types should be considered in the study area.
- The study area could accommodate cultural facilities – the site was considered as a future home for Smithsonian museums – but doing so would make the redevelopment more expensive.
- Demolition costs would be significant due to asbestos in the current building.
- The District's debt ceiling would come into play if public financing is considered for development.
- The site could be conveyed with zero acquisition costs.

Development and Capital Markets

- 10th Street, SW is the logical place to concentrate retail.
- The area currently lacks amenities for office or residential uses.
- Reintroducing all the L'Enfant Plan streets on the Forrestal Complex would make redevelopment more difficult.
- There should be great buildings along Independence Avenue, SW. Forrestal is not a great building.
- Consider tax abatements for any use that is built. It does not cost anything because the Forrestal Building is not on the tax rolls now.

Public Realm Planning

- Banneker Park is an important linchpin to help bring traffic to The Wharf (Southwest Waterfront).
- The Arts and Industries Building on the National Mall could be used as a neighborhood amenity, such as a food hall.
- There are opportunities to better connect VRE and Metro to each other and the surrounding area.
- The area between the National Mall and the Southwest Waterfront should be more porous to allow for better use of the space.
- Intensive programming should be brought to 10th Street, SW, including banners, shade, trees, and festivals, and the street could become Washington's "Las Ramblas" (in Barcelona).

The most commonly expressed sentiment was that the Forrestal Complex could accommodate a variety of uses given its location and size, including residential, hotel, office, retail, and cultural uses. The Forrestal Complex has an important location that serves as the transition between the National Mall and the Southwest Waterfront.

Most stakeholders agreed that redevelopment would be complicated and expensive, which may require incentives for the project to be financially viable. There are several upfront costs including demolition, infrastructure, and streetscape improvements that would involve several federal and District agencies in the redevelopment, which could prolong the process.

Due to the redevelopment's complicated nature, stakeholders said a champion would be required to guide the process, not just for the Forrestal Complex, but for other assets in the federal portfolio. Stakeholders also seemed to agree that a plan should be created for the area between Independence Avenue and the Southwest Waterfront.

There was some disagreement about the placement of various uses within the study area. Some stakeholders felt that Independence Avenue, SW should be reserved for civic spaces, such as museums, while others suggested residential could drive premium rents for the views, or a hotel could draw tourists visiting the National Mall.



The Roadmap

The challenge posed to the Panel demanded an organized approach. The Forrestal Complex is currently an underutilized federal asset that is expensive to maintain and severs connectivity between the National Mall and The Wharf on the Southwest Waterfront, two large economic drivers for the District. A project to redevelop the study area would serve several purposes, including saving federal taxpayer dollars by relocating DOE to a less expensive location; generating economic activity in a new mixed-use neighborhood that would connect two tourist destinations; and serving as a proof of concept for the disposition and redevelopment of other federal assets within Southwest Washington and throughout the National Capital Region.

The Panel proposed a roadmap for the implementation agencies including DOE and GSA of the disposition and redevelopment of the Forrestal Complex. The roadmap, outlined to the right, focused on strategic steps and recommendations and is described in more detail in the sections that follow.

1) Decision on DOE Headquarters

- a) Decide where the DOE headquarters should locate and whether it would be on a federally-owned site or in a leased space.

2) Determination of Site Potential

- a) Create a coordinating entity for divestment and redevelopment of federal assets in Southwest Washington.
- b) Draft a Memorandum of Understanding (MOU) with expectations and agreements for development.
- c) Determine the need and identify potential use for the public/civic use parcel.

3) Transaction and Redevelopment

- a) Transfer the public/civic use parcel for redevelopment.
- b) Transfer the remaining parcel to a private partner(s) for redevelopment.
- c) Redevelop the Forrestal Building.

4) Financing

- a) Raise capital: market and Public-Private Partnership tools.

5) Catalytic Impact

- a) Develop an updated vision plan for Southwest Washington.
- b) Disposition and redevelopment of other federal assets in Southwest Washington and beyond.



An historic aerial view looking north on 10th Street SW toward L'Enfant Plaza with the Forrestal Complex and National Mall in the background.

Decision on DOE Headquarters: Meeting the Department of Energy Headquarters Needs

The first step the Panel identified in the roadmap is for DOE and GSA to determine the future of the DOE headquarters. Forrestal is the current headquarters of DOE and comprises 1.8 million gross square feet (GSF) across three buildings on 11 acres. Of the total gross square footage, there are 839,000 usable square feet (USF) of office and administrative space, including over a dozen Sensitive Compartmented Information Facility (SCIF) areas and a Child Development Center. Currently, there are 5,700 employees assigned to the Forrestal location.

Federal office utilization rates, including DOE, have risen in the short-term, primarily due to President Trump's memorandum requiring employees to return to work in-person at their respective duty stations on a full-time basis. Furthermore, legislation signed in early 2025 created a 60% average annual building utilization threshold for federal office space.⁴ If the utilization rate falls below 60% after a year of analysis, agencies must take corrective action in the second year, which could include selling, consolidating, or signing a smaller lease. An executive order signed in January 2025 directed all executive branch departments and agencies to take steps to terminate remote work and return to in-person work on a full-time basis.

⁴ The Thomas R. Carper Water Resources Development Act (WRDA) of 2024.

NCPC IMAGE PREPARED BY PERKINS+WILL



Above: Rendering showcasing the potential transformation of public space along Independence Avenue, SW on the north side of the Orville Wright Building, a possible location for a new DOE headquarters recommended by the Panel.

NCPC IMAGE PREPARED BY PERKINS+WILL



Below: Rendering looking east on Maryland Avenue, SW from Hancock Park showcasing the potential transformation of public space on the south side of the Wilbur Wright Building, a possible location for a new DOE headquarters recommended by the Panel.

In addition, there are efforts underway to significantly downsize the federal workforce. Given that all these initiatives are happening simultaneously, the long-term space needs for DOE are uncertain and likely would remain so for a while to come.

Future Headquarters Options

Keeping in mind the current uncertainty about DOE's Program of Requirements moving forward, the Panel identified multiple options for meeting the agency's future headquarters needs. These options include keeping the status quo; constructing a new facility; relocating to other federally owned space; and relocating to leased space. Under the **status quo option**, the agency would remain in the current buildings at the current location. The Panel determined that a low-density federal use of the 11-acre Forrestal Complex was not the optimal use of this property, so this option was not suggested as the right approach.

Under the **second option**, construction of a new headquarters, the Panel conservatively assumed DOE would need 855,000 rentable square feet (RSF), based on the agency's calculation of its current space needs under the Thomas R. Carper Water Resources Development Act. If a new DOE headquarters was built on a portion of the 11-acre Forrestal Complex, a rough cost estimate for this space requirement is \$741 million, assuming \$750 per RSF plus \$100 million in demolition costs. GSA typically only receives about 39% of the capital funding it requests from Congress on an annual basis. Given the

current fiscal environment, the Panel assumed there was a low probability of receiving appropriations for a newly built DOE headquarters. Even if GSA was able to successfully obtain appropriations, continued federal occupancy on a portion of the Forrestal footprint would constrain future development activity on the remainder of the site. Therefore, the Panel concluded this alternative was not a viable option.

A **third option** would be to relocate DOE to existing federal space. Consolidation efforts are underway for other federal agencies in the National Capital Region and could allow DOE to occupy a portion of the vacated space. The Panel identified at least two federal buildings in Southwest which could potentially serve as the new headquarters. The Wilbur and/or Orville Wright Buildings located east of the Forrestal Complex along Independence Avenue, SW (both pictured on [page 14](#)) may become vacant if the Federal Aviation Administration (FAA) consolidates to the U.S. Department of Transportation (DOT) headquarters in the Navy Yard neighborhood.

To illustrate the potential opportunity to relocate DOE to existing federal space, the Orville Wright Building has 847,392 RSF according to JLL's June 2024 report, which is nearly equivalent to the space needed by DOE. The Panel noted that the ability to move DOE into an existing federal building such as the Orville Wright Building offered a low-cost relocation option and was worthy of further exploration. The cost estimate generated by the Panel to relocate DOE, based on GSA's experience of moving its employees from the

GSA Regional Office Building at 301 7th Street, SW to 1800 F Street, NW, was \$50 million to \$100 million. The future renovation and build-out can be scaled based on fiscal constraints. Another alternative identified by the Panel is relocating DOE's headquarters to federally owned space at the agency's Germantown, Maryland complex, a 97-acre facility which currently serves as an annex for administrative operations.

Relocating DOE to leased space was the **fourth option** explored by the Panel. GSA currently leases 44 million square feet of space in the National Capital Region. The District's commercial office market has elevated vacancy as changing work patterns accelerated due to the pandemic and the Panel determined there were options to accommodate DOE. However, it was unlikely these vacant spaces could house the agency in one building if it occupied 855,000 RSF. A lease could potentially be executed in one or multiple buildings based on the actual amount of space needed by DOE once workforce downsizing was completed and the ability to split agency operations into different offices was determined. The Panel analyzed two lease alternatives, assuming a lease size requirement of 855,000 RSF. One alternative would be to lease space in existing inventory and the other would be to lease space in new construction.

Comparative Analysis

The Panel prepared a comparative analysis of the two lease alternatives, pictured to the right. This analysis estimated the annual lease payment to occupy existing inventory would range between \$40.2 million and \$47.0 million based on rents ranging from \$47 to \$55 per square foot, plus an upfront cost ranging from \$102.6 million to \$158.2 million.

The Panel conducted a supplementary analysis on development costs and leasing costs, depicted at bottom right. The annual lease cost for new construction, similar to what was done at the DOT headquarters, was approximately \$81.4 million, based on an estimated rental rate of about \$95 per square foot. The Panel recognized that there could be some economic challenges with a new construction lease at the estimated rental rate given program rate restrictions in the District of Columbia. Nevertheless, under either alternative, **a lease has the potential to provide long-term cost savings to taxpayers** given current spending on rent, operations, and maintenance. Currently, DOE is paying market-rate rent to GSA for an underutilized complex and relocating from Forrestal could save the federal government more than \$2 billion in deferred maintenance and \$41 million in annual operating costs.⁵

Existing Inventory Comparative Analysis

Recurring Cost Element	Cost/RSF		Total Cost	
	Low	High	Low	High
Annual Lease Payment	\$47	\$55	\$40,185,000	\$47,025,000
Upfront Cost Element	Cost/RSF		Total Cost	
	Low	High	Low	High
Standard TI (Tenant Improvements)	Included in rent	Included in rent	Included in rent	Included in rent
Custom TI	\$100	\$130	\$85,500,000	\$111,150,000
BSAC (Building Specific Amortized Capital)	Included in rent	Included in rent	Included in rent	Included in rent
FF&E (Furniture, Fixtures, and Equipment)	\$20	\$55	\$17,100,000	\$47,025,000
TOTAL UPFRONT COST	\$120	\$185	\$102,600,000	\$158,175,000

Assumed Headquarters Size Requirement (RSF): 855,000

Development and Leasing Cost Analysis

1. DEVELOPMENT PROJECT COST ASSUMPTIONS	COST (\$)	\$/RSF
Site Acquisition	42,750,000	50.00
Site Improvements	54,343,800	63.56
Shell Building	200,805,300	234.86
TI & BSAC	284,099,400	332.28
Total Hard Costs	581,998,500	680.70
Soft Costs and Misc	167,631,300	196.06
TOTAL DEVELOPMENT COST	749,626,800	876.76
2. LEASING COST ASSUMPTIONS		\$/RSF
Shell + Tenant Improvements Rental Rate		70.14
Total OPEX		25.00
TOTAL ESTIMATED RENTAL RATE		95.14
TOTAL ANNUAL ESTIMATED LEASE COST	81,345,384	

⁵ JLL Forrestal Complex and Agriculture South Federal Buildings Repositioning Study, June 2024.

Recommended Department of Energy Headquarters Approach

Based on an analysis of current and future needs, as well as potential headquarters options, the Panel recommended that **DOE relocate from the Forrestal Complex**. Of the four options presented above for a future headquarters, **the Panel's preferred alternatives include either a federally owned solution or a lease**. Moving DOE to a federally owned building would leverage existing space with renovation and build-out calibrated to fit within available resources. Alternatively, meeting DOE's headquarters needs with a lease, whether it comes from existing commercial office inventory or new construction, has the potential to provide long-term cost savings to taxpayers. **The preferred alternatives recommended by the Panel would allow for the full redevelopment of the Forrestal Complex**, which could catalyze further redevelopment in Southwest.



View from the Haupt Garden on the National Mall south to the Forrestal Building.

Summarization of Options for the DOE Headquarters and the Panel's Recommendations



Option 1:
Status Quo



Option 2:
Construct New Headquarters



Option 3:
Relocate to Existing Federal Space



Option 4:
Relocate to Leased Space



Summary of the Panel's analysis of the most viable options for the Department of Energy's Headquarters.

Determination of Site Potential

Governance Structure

The Panel recognized that **interagency collaboration is essential to redevelop the Forrestal Complex** under an approach that acknowledges the needs of federal government, local government, and private sector stakeholders. The Panel recommended that **a coordinating entity should champion the redevelopment of the Forrestal Complex and the adjacent areas in Southwest**, with a key focus on guiding the disposition and redevelopment process of federal assets. This entity does not necessarily have to be a new agency or authority. Based on conversations with the District government, the Panel concluded that **this entity could be formed by an existing District department or subsidiary whose scope could be expanded to fulfill this role**. The entity would have the benefits of institutional knowledge, expertise, and relationships to help expedite future redevelopment to Southwest Washington which Forrestal may catalyze.

The coordinating entity would have authority to make meaningful recommendations on assessments and tax policy related to the federal assets that would eventually be transferred to a private entity and subject to taxation. It could also potentially hold the title of disposed federal assets from GSA, like a redevelopment authority. The entity could also collect, manage, and use funds to prepare for the next redevelopment project in the queue (for example through administrative fees). There are potentially several non-core federal assets within Southwest Washington and elsewhere in the National Capital Region that could be disposed of in the future. The Panel strongly recommended these **dispositions should be done sequentially and in a thoughtful way** so that the market is not potentially flooded with empty federal buildings.

Case Study: The Parks at Walter Reed

The Walter Reed Army Medical Center, located on 110 acres in Northwest Washington, DC, was disposed of through the 2005 Base Realignment and Closure (BRAC) Act, which used an independent commission to recommend dispositions to Congress for a streamlined approval process. Initially owned by the U.S. Army, much of the site was transferred to the District of Columbia for \$22.5 million, while the remaining 44 acres were allocated to the U.S. Department of State for a new Foreign Missions Center. The redevelopment of the 66-acre portion designated for mixed-use was undertaken by private developers Hines, Urban Atlantic, and Triden, which were responsible for constructing over three million square feet of development after being selected through a competitive process by the District's Walter Reed Local Redevelopment Authority (LRA).

The LRA Committee is comprised of 22 members including eight District agency directors, 10 voting and alternate citizen members, and four ex-officio members. The citizen members were appointed by the Chairman of the Council of the District of Columbia. The District delegates and five of the citizen members are voting members of the LRA Committee.⁶ Lessons from this project highlight the benefits of using legislative packages to handle federal property dispositions efficiently, the effective use of local redevelopment authorities to manage and negotiate redevelopment plans, and the strategic inclusion of community benefits, such as affordable housing, in development agreements. This case illustrates the successful integration of federal agency facilities with community-focused urban redevelopment and the adaptive reuse of historic buildings.



The Parks at Water Reed incorporates historic structures with new construction.

⁶ Walter Reed Army Medical Center Local Redevelopment Authority (<http://walterreedlra.com>).

Setting Redevelopment Parameters

Assuming GSA made the decision to dispose of the Forrestal Complex, the Panel recommended that **the coordinating entity convene key stakeholders to create a Memorandum of Understanding (MOU) to determine the parameters of any redevelopment effort.** Some of the parameters that could be addressed were identified as:

- Utilities and infrastructure needs for any federal assets that may remain as well as private development at full build-out.
- Preservation of the Virginia Avenue, SW right-of-way within the redevelopment area
- Identify desired civic or cultural uses to determine if a portion of the site can be divested separately for these purposes.
- Resolution of inflated valuations of federal assets that would become taxable upon a sale to a private entity.

In addition, legal requirements must be met prior to disposition, including the following:

- A National Environmental Policy Act (NEPA) process to determine if disposition would have significant environmental effects.
- A Section 106 review as required by the National Historic Preservation Act (NHPA) to consider the potential effect on historic properties.

The MOU would provide clarity to a private sector partner on the site's potential and reduce uncertainty when seeking approvals for redevelopment. It would also lay out how the public sector would achieve their legal requirements and create more value to both the federal and District governments.

Investigating Adaptive Reuse Potential of Federal Buildings

During the pre-disposition due diligence period for any federal assets, the Panel recommended that an evaluation to determine whether a portion of the building could be adaptively reused be done. If reused effectively, there is potential cost savings in the redevelopment and reduced time to market. Existing assets with historic designation would largely be adaptively reused in their current form to a new use. A historic preservation redevelopment example in Southwest Washington is the U.S. Department of Agriculture Cotton Annex. GSA disposed of the 1930s-era building and Carmel Partners redeveloped it in 2024 into The Annex on 12th, a 562-unit apartment project. The development incorporated the historic, seven-story former Cotton Annex into a new 13-story building.

In the case of the Forrestal Complex, the buildings are not designated as historic and their current configurations make conversion to other uses very difficult. Previous studies

examined maintaining a portion of the complex but removing the bridge structure that straddles 10th Street, SW to open views of the Smithsonian Castle. This would retain the buildings' existing layout and architecture with some exterior modifications. Alternatively, the upper levels of concrete above the second story plinth could be demolished to recapture the load capacity of the supporting structure at street level. This could potentially allow redevelopment up to what is permissible by zoning by using a combination of taller floors and lighter weight construction. A partial adaptive reuse under this approach would reuse the first level and all below-grade construction, allowing some flexibility for a new architectural solution.

However, the Panel determined that **adaptive reuse of the Forrestal Complex would likely not be financially viable and recommended that the buildings should be totally razed for redevelopment** (see the New Development vs. Conversion section on [page 23](#)).



Annex on 12th Apartments

CARMEL PARTNERS

Key federal stakeholders that could convene in drafting the MOU include GSA, NCPC, and CFA along with District agencies including DMPED, DCOP, SHPO, DDOT, and the Office of the Chief Financial Officer. Private sector stakeholders could be consulted as well and may include entities such as ULI, the District of Columbia Building Industry Association, and the SWBID to ensure that redevelopment opportunities would pique sufficient interest from the developer community.

Evaluation of Infrastructure Capacity

The Panel identified that an important step to make prior to disposition is to evaluate infrastructure capacity. As Southwest Washington evolves into more of a mixed-use destination with a combination of federal and private entities controlling various parcels, an evaluation of projected infrastructure capacity is needed to ensure the successful redevelopment of Forrester and additional federal assets in the area. Some of the infrastructure needs to address in the area include a phased streetscape development of 10th Street, SW; the possible reconstruction of Maryland Avenue, SW; the potential elimination or rerouting of the 12th Street Expressway ramp; upgrades to, or decommissioning of, the Central Utility Plant; a more connected multimodal transit hub; and other typical infrastructure such as water, sewer, utilities, and stormwater management.

Virginia Avenue & The L'Enfant Plan

The Panel recognized that extending the 120-foot Virginia Avenue, SW right-of-way through the study area would restore the spirit of L'Enfant's 1791 *Plan for the City of Washington*. However, doing so would place an additional burden on the site by creating irregular-shaped development pads and reducing the total developable area. Adding Virginia Avenue, C Street, and Maryland Avenue, SW into the redevelopment area street grid would create a series of triangular sites that resulted in less development potential.

Several redevelopment scenarios previously created for the Forrester Complex proposed either restoring all, or some, of the L'Enfant Plan streets. It is the Panel's recommendation that **Virginia Avenue, SW should not be introduced into the study area** at the expense of reducing this gateway site's redevelopment potential. Either way, the Panel recommended including a resolution regarding the Virginia Avenue right-of-way issue in the MOU so that a private partner(s) would be able to understand the expected development parameters of the Forrester Complex.



Rendering showcasing the potential extension of the Virginia Avenue right-of-way from where the U.S. Department of Energy East Building sits today. While the panel recommended that Virginia Avenue not be restored because of its impact on development potential, several previous studies have called for this gateway. This planning issue needs to be resolved with further discussion.

Case Study: Southeast Federal Center

The Southeast Federal Center (SEFC) was an underutilized part of the Washington Navy Yard situated along the west bank of the Anacostia River in Southeast Washington. At 53 acres, it presented a prime redevelopment opportunity. The [Southeast Federal Center Public-Private Development Act of 2000](#) provided GSA with special authority to adopt innovative, flexible approaches for working with the private sector to develop the SEFC site. In 2005 Forest City Washington (now Brookfield Properties) was selected to redevelop a 42-acre parcel. The deal structure allowed for the transfer of parcels within the SEFC from GSA to developer control as they were developed. After its selection as the

SEFC developer, Brookfield Properties developed the SEFC Master Plan, inclusive of the following plans: site, land use, urban design framework, parking, landscape, circulation, and phasing.⁷ Subsequently, a series of MOUs were entered into by GSA and NCPC, and GSA and CFA regarding the SEFC transfer to Brookfield Properties for mixed-use development. The master plan was amended as needed since market conditions, planning, and zoning requirements changed in the 20 years since the plan was originally conceived.

A significant aspect of the redevelopment involved addressing extensive environmental

contamination from previous industrial use. Remediation efforts were required to comply with a U.S. District Court Consent Decree and an Environmental Protection Agency Consent Order under the Resource Conservation and Recovery Act. These efforts were critical to ensuring the site's safety for its new uses. The comprehensive remediation, funded with more than \$75 million from GSA, was integral to transforming the historically industrial site into a vibrant urban district. Separately, JBG Companies (now JBG Smith) was selected by GSA to develop a new 1.8 million square foot building leased by the U.S. Department of Transportation for their headquarters on an 11-acre parcel. The headquarters building was completed in 2006 and GSA purchased it in 2020 for \$760 million. At full build-out, The Yards (as the SEFC is now known) is anticipated to contain approximately 5.5 million square feet of development. To date, Brookfield Properties built the following at The Yards:

- 325,000 SF office
- 249,800 SF retail (plus 22,000 SF under construction)
- 1,548 apartment units (plus 467 units under construction)
- 138 condo units
- 225 hotel keys
- 50-slip Yards Marina
- 5.5-acre Yards Park



BROOKFIELD PROPERTIES

The Yards

⁷ https://www.ncpc.gov/files/projects/2020/MP03_Southeast_Federal_Center_-_Revised_Master_Plan_2nd_Amendment_Project_Narrative_Jun2020.pdf

Transaction and Redevelopment

Transaction Alternatives

Once the pre-disposition due diligence is complete, the next step would be the disposition of Forrestal for redevelopment to begin. The Panel recognized that **one possibility would be to divest at least a portion of the site to public benefit users, including cultural institutions such as the Smithsonian, health care organizations, universities, or non-profits.** The Panel recommended that the intended public benefit user to be identified during the pre-disposition process to make sure it actually happens.

Once the public benefit user is identified, the remaining portion of the site could be disposed to the private sector for fair market value. The transaction structure could either be a sale or a ground lease.

Alternatively, the site could be transferred to the coordinating entity at fair market value, which then could be conveyed to a private entity under a Public-Private Partnership. The benefit of doing a Public-Private Partnership for the Forrestal redevelopment is that it would address the expected large upfront costs, including demolition and infrastructure. Once the private sector redevelopment partner is selected, the parcel could either be sold or conveyed through a ground lease.

Proposed Redevelopment Program

The selected redevelopment partner would need to prepare a master plan for the Forrestal Complex which would involve community engagement and entitlement approvals. Studies were previously done on the development potential of the 11-acre site.

Based on those prior studies, the Panel proposed a redevelopment program for the Forrestal Complex totaling 3.7 million gross square feet, with uses likely to succeed based on current market factors, including the elements indicated in the graphic below.

Proposed Redevelopment Program



Residential:

2.4 million Square Feet (2,443 Units)



Museum/Cultural Space:

800,000 Square Feet



Hotel:

200,000 Square Feet (286 Keys)



Office:

200,000 Square Feet



Retail:

74,000 Square Feet

Financing

New Development vs. Conversion

The Panel concluded that **new development at the Forrestal Complex would maximize land value** compared to a conversion to another use. Forrestal's three buildings only occupy a portion of the 11-acre site and are lower than the maximum height allowed under current zoning. Currently, the main building facing Independence Avenue, SW is only four stories above the second level plinth. Under a conversion scenario, even if the lower levels were filled in, the building would only be six stories, although there is the possibility to add up to three more stories. Conversion to residential use is not easily achievable since the main building is 145 feet wide, and an ideal multifamily building is 65-70 feet wide. The existing building would have to be partially demolished to make the floor plates usable for residential. Additionally, the existing 20-feet by 20-feet column spacing does not work well for residential conversion. However, the Panel recognized that reusing the existing structure could yield some savings, estimated at \$25 per square foot.

Using the Forrestal Complex's northwest corner as an example, **new development at the current D-8 zoning designation could accommodate a 10-story building with a one-story penthouse containing 669,582 square feet** (60,870 square foot floor plates) of space. Meanwhile, converting the existing

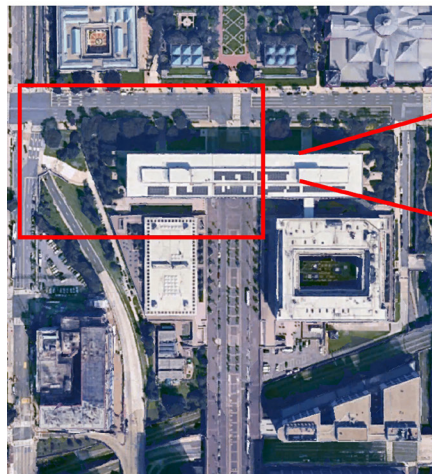
northwest building would conservatively use only about 70% of the footprint, and nine out of 11 stories (or 82%) of currently allowable height. Therefore, the **total amount of density under a conversion scenario would be 384,340 square feet**.

A sensitivity analysis of the northwest parcel prepared by the Panel, depicted below,

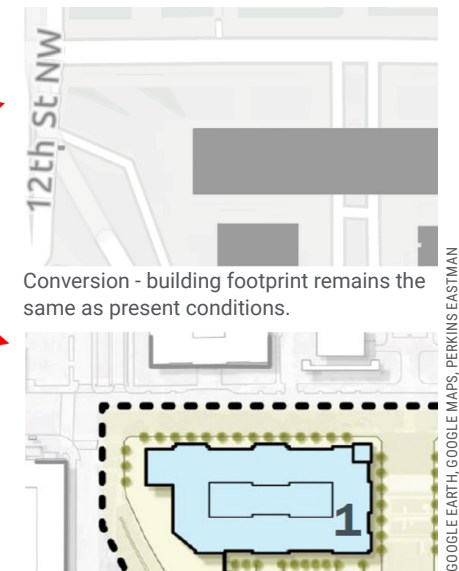
Land Value Sensitivity Analysis

	Conversion 384,340 SF		New Development 669,582 SF
Structure Savings for Conversion		\$9,608,500	n/a
Density Value @ \$50/SF	\$19,217,000	\$28,825,500	\$33,479,100
Density Value @ \$100/SF	\$38,434,000	\$48,042,500	\$66,958,200
Density Value @ \$150/SF	\$57,651,000	\$67,259,500	\$100,437,300

comparing the density value of conversion vs. new development showed that **new development is much more valuable**, even with the savings achieved by maintaining some of the structure in a conversion. This is due to the larger-scale development that is achievable with new construction compared to a conversion.



Forrestal site plan alternatives on northwest parcel with conversion (top) and new development (bottom).



Conversion - building footprint remains the same as present conditions.

New development - redevelopment of the complex with a new building footprint and greater utilization of allowable FAR.

Site Use Demand Analysis.

Residential Market Demand

While the current state of the commercial real estate market is challenging, the Panel determined **there is new development potential on the Forrestal Complex, mostly for multifamily**. Based on the Panel's proposed development program **more than half of the redevelopment area could incorporate multifamily uses**, totaling 2.4 million square feet (or 2,443 units).

Independence Avenue, SW has the potential to be Washington's Central Park West. Given its location along Independence Avenue, SW, a residential development on the Forrestal Complex would provide unprecedented views of the National Mall, Smithsonian Castle, Washington Monument, and U.S. Capitol, and could be considered "beachfront property" in the eyes of a developer. There are no residential buildings currently along Independence Avenue, SW. Therefore, to maintain the street's civic nature, there may need to be other uses more compatible on the Forrestal Complex's north end, such as a new Smithsonian museum. Residential could be set back from Independence Avenue, SW from civic uses closer to the street. The final placement of uses within the Forrestal Complex footprint would need to be determined based on a redevelopment master plan and the MOU.



A residential building near the Forrestal Complex with superior views of the Tidal Basin.



Apartment buildings in the Southwest area of the District have closer views of the Washington Monument unlike those in other neighborhoods.

Based on the performance of other multifamily properties nearby with monument or Tidal Basin views, **an apartment building at the Forrestal Complex could achieve premium rents**. For example, the 1331 residences, located southwest of the Forrestal Complex in The Portals mixed-use development, have average rents at nearly \$5.00 per square foot according to Real Page. That property can achieve such high rents even though the average unit size is much larger than a typical apartment in the District of Columbia at about 1,000 square feet. While there are not many amenities nearby, the views are superior. The Hepburn is an example of a high-end residential building in Dupont Circle, an amenity-rich neighborhood that has rents averaging nearly \$5.50 per square foot. A newly delivered office to residential conversion called Elle Apartments in the Golden Triangle, an area with less amenities, has rents averaging \$5.00 per square foot, which demonstrates there is demand for apartment housing downtown in an area with few convenience retail options, like the Forrestal Complex.

Basic Underwriting: Multifamily Rental

The Panel prepared a sample development plan and proforma for a new multifamily project on the Forrestal Complex's northwest corner (see boundary on [page 23](#)) with a lot area of approximately 80,000 square feet (see tables to the right). Assuming a FAR of 8.4, a prototypical 650-unit apartment building averaging 829 square feet with

Sample Development Plan: NW Corner of Forrestal Complex

SITE PLANNING				
Lot Area		79,860 lot sf		
FAR SF Possible	8.4 FAR	669,582 gsf		
FAR Residential		649,582 gsf	83.0% efficiency factor	
FAR Retail		20,000 gsf	95.0% efficiency factor	
Construction Type		Concrete High-Rise		
Rentable/Saleable Residential		539,153 rsf	650 units	829 rsf/unit
Rentable/Saleable Retail		19,000 rsf		
Total Rentable/Saleable		558,153 rsf		
Market Rate Units		496,021 rsf	598 units	
Affordable Units	8.00%	43,132 rsf	52 units	
Residential Parking		450 spaces	0.69 spaces/unit	0.75 spaces/market rate unit
Retail Parking		0 spaces		
Total Parking		450 spaces		

Sample Development Proforma: NW Corner of Forrestal Complex

BUDGET				
Land Cost	\$75.00/FAR sf	\$50,218,650	\$89.97/rsf	\$77,259/unit
Closing Cost	1.45%	\$805,966	\$1.44/rsf	\$1,240/unit
Site Preparation		\$10,368,608	\$18.58/rsf	\$15,952/unit
Hard Costs: Demolition	\$13.16/sf	\$8,810,289	\$15.78/rsf	\$13,554/unit
Hard Costs: Residential	\$290.00/gsf	\$188,378,780	\$337.50/rsf	\$286,814/unit
Hard Costs: B/G Parking	\$45,000/space	\$20,250,000	\$36.28/rsf	\$31,154/unit
Other Hard Costs		\$2,695,765	\$5.00/rsf	\$4,147/unit
Soft Costs		\$39,070,714	\$70.00/rsf	\$60,109/unit
Financing	7.75%	\$36,296,168	\$65.03/rsf	\$55,840/unit
Marketing, Operating Deficit		\$2,000,000	\$3.58/rsf	\$3,077/unit
Misc. / Contingency	5.00%	\$12,960,277	\$23.22/rsf	\$19,939/unit
Total Project Costs		\$371,855,219	\$666.39/rsf	\$572,085/unit

RENTAL PROCEEDS				Relevant SF Only
Market-Rate Rent		\$32,737,374	\$58.65/rsf	\$50,365/unit \$5.50/sf/mo.
Affordable Rent		\$1,035,174	\$1.85/rsf	\$1,593/unit \$2.00/sf/mo.
Retail Rent		\$1,235,000	\$65.00/rsf	\$1,900/unit \$5.42/sf/mo.
Parking Income	\$275/space/mo.	\$1,485,000	\$2.66/rsf	\$2,285/unit \$0.23/sf/mo.
Misc. Revenue	\$80/unit/mo.	\$624,000	\$1.12/rsf	\$960/unit \$0.10/sf/mo.
Taxes	Rate: 0.950%	-\$4,835,615	-\$8.66/rsf	-\$7,439/unit -\$0.75/sf/mo.
OpEx	30.2%	-\$5,822,853	-\$10.43/rsf	-\$8,958/unit -\$0.90/sf/mo.
Vacancy Factor	5.0%	-\$1,855,827	-\$3.32/rsf	-\$2,855/unit -\$0.29/sf/mo.
Net Operating Income		\$24,602,252	\$666.39/rsf	\$572,085/unit

Assumptions used by the Panel in the sample development plan and proforma are indicated in **red text** above.

19,000 square feet set aside for ground floor retail, and a total of 450 below-grade residential parking spaces, is possible on the site. While the site's D-8 zoning does not have an affordable housing requirement, this hypothetical development plan sets aside 8% of the units as affordable.

A development budget for this prototypical multifamily building assumed demolition costs are paid by the developer. However, under a Public-Private Partnership that responsibility could be different. The total demolition cost was allocated for each parcel, assuming the northwest parcel is

about one-sixth the total developable land area. For land cost, the development budget estimated a value of \$75 per FAR square foot, or approximately \$50.2 million. Total project costs, including land and closing costs, site preparation, hard costs, soft costs, financing, marketing, and contingency, were estimated at \$371.9 million, or \$666 per rentable square foot.

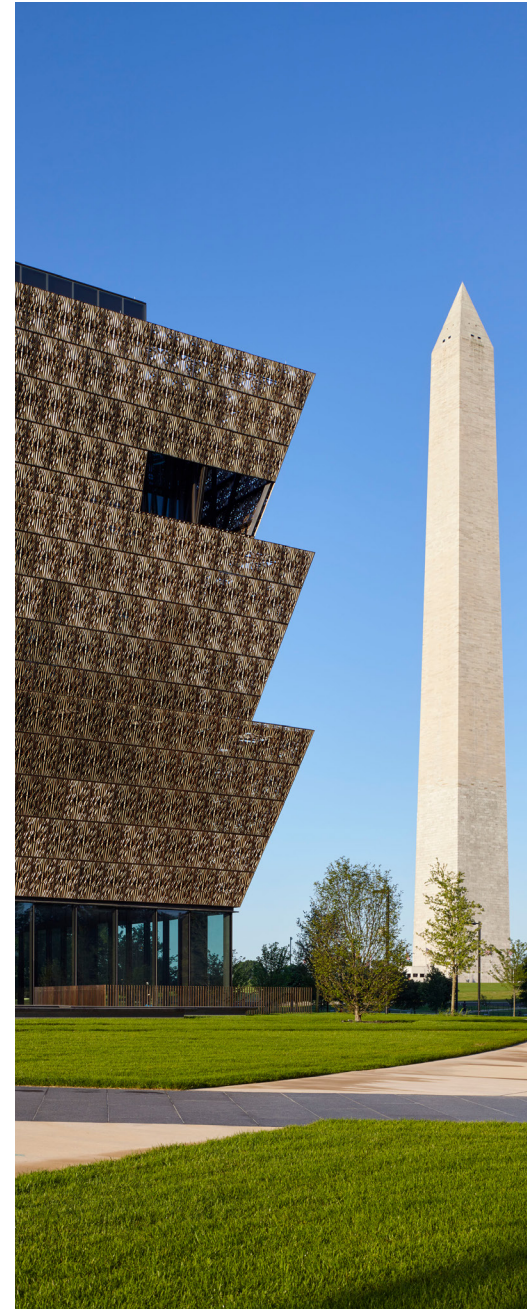
Under the sample development plan, market-rate rents for the apartments were estimated at \$5.50 per square foot, which may be achievable based on the performance of other buildings in the District of Columbia. This sample development assumed an 8% affordable component, so the overall apartment rents were lower than a 100% market-rate building, which could be built since the D-8 zone has no affordability requirement. Retail rent is estimated at \$65 per square foot. After estimating other income, property taxes, operating expenses, and a vacancy factor, the net operating income was \$24.6 million. The Return on Cost based on these estimates was 6.62%, which is above the 6.5% return threshold that the market currently expects. However, as interest rates fall in the future, the return on cost threshold target may decrease below 6.5%, leaving more room for any necessary adjustments to the sample development proforma.

Condominium Development

A condominium building would help to diversify the housing proposed by the Panel at the Forrestal Complex. However, the current regulatory environment for condominium liability discourages new development by the private sector. Therefore, it is unlikely a developer would build this housing type at the Forrestal Complex until the District government resolves this issue.

Cultural Institution Demand

The Panel identified **the Smithsonian Institution as a potential partner in the redevelopment of the Forrestal Complex.** Due to space limitations on the National Mall, the Smithsonian would need to look elsewhere for future museum locations. The Forrestal Complex offers a logical expansion opportunity. The Smithsonian has federal and private capital sources it can tap to fund construction of new cultural space (the Panel estimated 800,000 square feet for two new Smithsonian museums in its proposed development program), but it was the Panel's understanding that it would have to pay fair market value for the land like a federal agency, unless OMB waived this requirement.



ALAN KARCHMER

The National Museum of African American History and Culture occupies one of the last remaining spaces on the National Mall for Smithsonian museums.

Hotel Market Demand

While the Panel recommended most of the Forrestal Complex be redeveloped as multifamily based on current market conditions with a cultural entity like the Smithsonian as a potential partner, there are other viable uses that could be built. One of those uses is hotel. While hotels in Southwest, aside from those at The Wharf, have relatively low rates ranging from \$110 to \$160 per night, according to a February 2025 Google search, these properties are farther away from the National Mall than the Forrestal Complex and are mostly surrounded by government buildings, which make it

difficult to reach the Mall. Meanwhile, the Salamander Hotel at The Portals has an average room rate near \$500 per night. North of the National Mall, the Waldorf-Astoria on Pennsylvania Avenue has a room rate over \$2,000 per night. A hotel on the Forrestal Complex would be the closest hotel to the National Mall and could likely achieve rates much higher than the typical Southwest Washington hotel room as tourists might be attracted to this location.

Office Market Demand

The current state of the District of Columbia office market post-pandemic is challenging with the vacancy rate over 20% as the shift to

remote work continues to negatively impact demand. A bright spot is the high-end or trophy market, where less than 10% of the space is vacant. There was a flight to quality in recent years as law firms and other organizations sought amenity-rich buildings in locations near transit. Meanwhile, there has been a dearth of new office construction, especially trophy space. As of the beginning of 2025, there was only one major office building under construction in the District of Columbia. However, BXP recently acquired a 300,000 square foot office building downtown with the intention of demolishing it and redeveloping it into a 320,000 square foot trophy office. The *Washington Business Journal* reported that a law firm signed up as an anchor tenant and BXP was negotiating with another client for most of the remaining space.⁸

The lack of new office construction in the District of Columbia, and a demonstrated demand for high-end space, may warrant the consideration of trophy office at the Forrestal Complex. Office tenants may value the Forrestal Complex location for the same reasons an apartment renter would, with its views of the National Mall, Metro access, and proximity to The Wharf. Also, as identified in the stakeholder roundtable, the real estate ecosystem in the District of Columbia cannot be limited to just high-end apartments; there needs to be a mix of uses and while office is not as in demand as it once was, it still has a part to play in the commercial real estate market. The Panel estimated a trophy office building with 200,000 square feet could potentially be viable at the Forrestal Complex.



The Salamander Hotel at The Portals

⁸ <https://www.bizjournals.com/washington/news/2025/01/07/bxp-725-12th-mcdermott-new-office.html>

Retail Market Demand

Ground floor retail development at the Forrestal Complex would likely be most successful if it is concentrated along 10th Street, SW, which would help to draw visitors from the National Mall to The Wharf, and vice versa. The Panel estimated that a retail component with just under 75,000 square feet could contribute to the success of the Forrestal redevelopment. While the nearest grocery store is about a mile from the Forrestal Complex, this use would need a subsidy for it to be viable due to the current lack of neighborhood residential density.

Raising Capital through Public-Private Financing

The Panel recognized there is the possibility that redevelopment of Forrestal into a 3.7 million square foot mixed use project is not financially viable on its own, as a variety of factors can escalate costs beyond the level that the project can “pencil” without public financing assistance. Therefore, the Panel identified several public and private financing options that might be available to underwrite a redevelopment. Some of these factors include the following:

Demolition: A demolition estimate provided in the JLL Repositioning Study indicated it could cost between \$50 million to \$100 million to demolish the existing Forrestal Complex. The Panel relied on an estimate of \$50 to \$60 million based on the demolition of the former

Walter Reed Hospital in 2019 that cost \$25 million for a 2.5 million square foot building.

Utilities: Based on interviews with DOE staff, electricity capacity seems adequate for the building’s current use. However, redevelopment into a mixed-use project may necessitate additional capacity. In addition, water and sewer needs for mixed-use development typically require more capacity than an office building.

10th Street: The Forrestal Complex in its current configuration straddles 10th Street, SW. Once Forrestal is redeveloped, the street would need to be reconstructed, either at its current width or narrowed. The street is at ground level within the Forrestal footprint, but

to the south the street is elevated, which would complicate any streetscape work done along that stretch until Banneker Park.

Regulatory Requirements: Government agencies such as CFA or the DC State Historic Preservation Office may require additional architectural elements or materials which can increase development costs beyond a typical building.

Other Infrastructure: There may be other infrastructure issues which can bring additional development costs, including the possible reconstruction of Maryland Avenue, SW or the potential elimination or rerouting of the 12th Street Expressway ramp.



View of the Forrestal Building from Independence Avenue, SW.

U.S. LIBRARY OF CONGRESS

Local Financing Options

If the Forrestal redevelopment would not be financially viable by a master developer due to any of the reasons outlined above, public assistance could potentially be sourced by the District government as it has done for other large-scale development projects in the city. However, there are some constraints which could limit its ability to do so. Revenue growth for the District has been modest recently and the Office of Revenue Analysis (ORA) has revised downward its projections for the next few years amid a changing economic outlook due to federal workforce cuts.⁹ In its February 2025 revenue estimate, ORA revised its FY 2025 local source revenue forecast downward by \$21.6 million. For the remainder of ORA's financial plan period, covering FY 2026 – FY 2028, a downward revision of over \$1 billion for local source revenue is projected.

The District has debt cap constraints. If it can be demonstrated that the Forrestal redevelopment would generate a significant amount of tax revenue, the Panel suggested some adjustment to the cap could be made in consultation with the District's Chief Financial Officer. However, the Forrestal redevelopment would be competing for public dollars with other District priorities, including the RFK Stadium redevelopment, St. Elizabeths, Poplar Point, and potentially the Armed Services Retirement Home, among others.

⁹ <https://ora-cfo.dc.gov/blog/district-columbia-faces-revenue-decline-amid-changing-economic-outlook-due-federal-workforce>



Above: Rendering showcasing the potential transformation of 10th Street, SW from above, looking north toward the National Mall.

Below: Rendering showcasing the potential transformation of 10th Street, SW from eye-level, looking north toward the Smithsonian Castle.



Based on the sample redevelopment program prepared by the Panel, the project at full build-out is projected to bring in \$45.3 million of tax revenue annually, including \$19.5 million in personal income taxes, \$14.9 million in real estate taxes, \$6.3 million in retail sales taxes, and \$4.7 million in hotel sales taxes (see the Economic Impact section on [page 34](#)). Assuming a 10% debt service, the bond capacity for a Payment in Lieu of Taxes (PILOT) is about \$150 million and \$110 million for Tax Increment Financing (TIF) bond proceeds. There is a precedent in the District to issue these types of incentives for large-scale redevelopment projects, including at The Wharf, Yards Park, and Gallery Place. In the case of The Wharf (pictured to the right), \$198 million in TIF proceeds were used to finance its construction and debt service was paid with the project's incremental sales and real property taxes.¹⁰

Another tool the District could use to incentivize the Forrestal redevelopment is property tax abatement. Currently, the District has multiple property tax incentives related to office conversions, including the Housing in Downtown and Office-to-Anything tax abatement programs. The Forrestal Complex falls within the boundaries of the Office-to-Anything program. However, a separate tax abatement program could be introduced to incentivize redevelopment of this area. Grants could also serve as an incentive tool for redevelopment, but the District's operating budget is currently too tight for that option.

Federal Financing Options

In addition to the District government, public financing assistance could come from the federal government. For instance, the Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides credit assistance for qualified projects of regional and national significance, including transit-oriented development located within a half mile of a rail station, with low-interest loans and flexible amortization.¹¹ The Forrestal Complex is less than a quarter mile from the Smithsonian Metro station and under a half mile from the VRE L'Enfant station. The program is designed to fill market gaps and leverages substantial

private co-investment through supplemental, subordinate investment. However, TIFIA funds are limited to 33% of the total anticipated project cost and the TIFIA application process can be cumbersome.

However, an alternate program called TIFIA Lite allows experienced borrowers with strong credit to access an expedited application process. Eligible projects under the TIFIA Lite program can receive up to a \$100 million loan. Railroad Rehabilitation & Improvement Financing is also available at low interest rates and flexible amortization and can fund up to 100% of TOD projects. Other federal financing tools include Special Tax Districts and Opportunity Zones.



HOFFMAN-MADISON WATERFRONT

The Wharf is a success story in leveraging public-private financing in the District since the PILOT bonds will be paid back 15 years early.

¹⁰ <https://cfo.dc.gov/page/active-tifs-and-pilots>

¹¹ <https://www.transportation.gov/buildamerica/financing/tifia>

Smithsonian Sales Tax TIF

While there are federal and private capital sources for the Smithsonian to utilize for construction of new museums, the Panel suggested an innovative solution could potentially be brokered between the District and the Smithsonian to help finance infrastructure improvements at the Forrester Complex. Currently, the Smithsonian does not collect District sales tax, but if there is a way to monetize that lost sales tax revenue, a public financing source for the redevelopment of Forrester could come from a “Smithsonian Sales Tax” TIF. The Panel estimated that the Smithsonian generates between \$150 million to \$200 million annually in sales, which yields \$9 million to \$12 million in lost sales tax revenue. The bond capacity for that lost sales tax revenue, based on 10% debt service, is \$90 million to \$120 million per year.

NPDC IMAGE PREPARED BY PERKINS+WILL



Rendering showcasing public space along the potential extension of the C Street, SW right-of-way from 10th Street, SW looking west from where the U.S. Department of Energy West Building sits today.



SMITHSONIAN INSTITUTION

A view of the Smithsonian Castle looking north across the Haupt Garden.

Catalytic Impact

Gateway to the Southwest Waterfront from the National Mall

Once the Forrestal Complex redevelopment plan is implemented, the vision of a connector between the National Mall and The Wharf, two large economic drivers for the District, can begin to be realized via 10th Street, SW. It is only a half mile (or about a 10-minute walk) along 10th Street, SW between Independence Avenue, SW and The Wharf. Given the current configuration of the Forrestal Complex buildings, a visitor in the Smithsonian's Haupt Garden on the National Mall would have no idea the waterfront is so close.

Besides the Forrestal Complex, an impediment to 10th Street, SW becoming a connector is the street itself. For instance, there is no tree canopy along the corridor. Landscaping is difficult since much of the street south of the Forrestal footprint is a bridge structure. However, the portion of 10th Street, SW within the redevelopment area is at grade, which could allow for the introduction of some trees. The Panel's Forrestal redevelopment plan envisioned ground floor retail along 10th Street SW, which would help activate the street and draw visitors along the corridor. An aspirational vision for 10th Street, SW is "Las Ramblas," the lively and iconic primarily pedestrian street in the heart of Barcelona, Spain. Las Ramblas and 10th Street, SW are similar in

length (0.75 and 0.6 miles, respectively) and both serve as connectors to the waterfront. The re-imagined street could also serve as an alternative gathering place for festivals, helping to take pressure off the National Mall.

A redeveloped Forrestal could be the catalyst for additional redevelopment along the 10th Street corridor. South of the Forrestal Complex is L'Enfant Plaza, a mixed-use development at the mid-point of the 10th Street corridor with four office buildings, a Hilton hotel, a retail plaza, and the International Spy Museum. As the result of a foreclosure auction, L'Enfant Plaza had a change in ownership on a portion of the buildings within its footprint. Other uses such as multifamily and hotel were pitched as

additions to L'Enfant Plaza over the years, so a redeveloped Forrestal could spur building activity next door.

L'Enfant Plaza's west office building is the current headquarters of the U.S. Postal Service (across 10th Street from the International Spy Museum). The Panel suggests **the full potential of the 10th Street, SW corridor would not be realized without addressing the future of this site.** The southern terminus of 10th Street, SW is **Benjamin Banneker Park**, which the Panel suggests **needs a focal point of some sort** to draw pedestrian traffic along the corridor, such as a memorial, museum, or some other use to bring traffic from the waterfront to 10th Street.

Rendering showcasing the potential transformation of 10th Street, SW looking south from the Haupt Garden towards the Southwest Waterfront. Rendering assumes the Virginia Avenue right-of-way is reintroduced, resulting in a smaller development parcel on the southwest corner of Independence Avenue and 10th Street.



NCPC IMAGE PREPARED BY PERKINS+WILL

Program Standards in Southwest

In anticipation of future redevelopment in Southwest Washington, the Panel suggested a more holistic approach to establishing a program in the area to address issues including infrastructure, green space and pocket park needs, and the identification of needed civic, cultural, and educational uses. The Panel recommended that **an updated vision plan should be established for the Southwest study area** which can draw on the comprehensive planning established by NCPC in the 2013 *SW Ecodistrict Plan* to guide property disposal, reuse, redevelopment, and infrastructure planning. Design guidelines with desired build to lines, setbacks, and height limits could be established to create a consistent streetscape. Some of the federal assets slated for disposal, such as the Liberty Loan Building, currently are unzoned. Designating the zoning of these parcels would set potential development expectations for private sector partners. Another development incentive tool for consideration in this area is the establishment of a process for expediting permit review.

Planned VRE Service Improvements at L'Enfant Station

Over the next decade, the Transforming Rail in Virginia program seeks to expand railroad capacity at the VRE L'Enfant Station with planned improvements. There are currently three existing tracks shared by freight and passenger trains. In its current configuration, the VRE L'Enfant Station serves one train direction at a time and the platform is too short to accommodate full eight-car train boarding. According to VRE, adding a fourth track at L'Enfant Station, along with the new Long Bridge and related improvements, would help reduce train congestion in the region, improving on-time performance of VRE trains and enabling increases in service.¹³ In addition to adding a fourth track, the platform would expand to accommodate longer trains and reduce crowding. Station access would also improve with new entrances and elevators. Construction is expected to start in 2027 with completion in 2029. The Panel recommended improving connectivity between the VRE L'Enfant Station and the L'Enfant Plaza Metro Station, including wayfinding and a covered walkway.



L'Enfant Station Renderings



VIRGINIA RAILWAY EXPRESS

¹³ "L'Enfant Station Improvements." VRE, 2025.

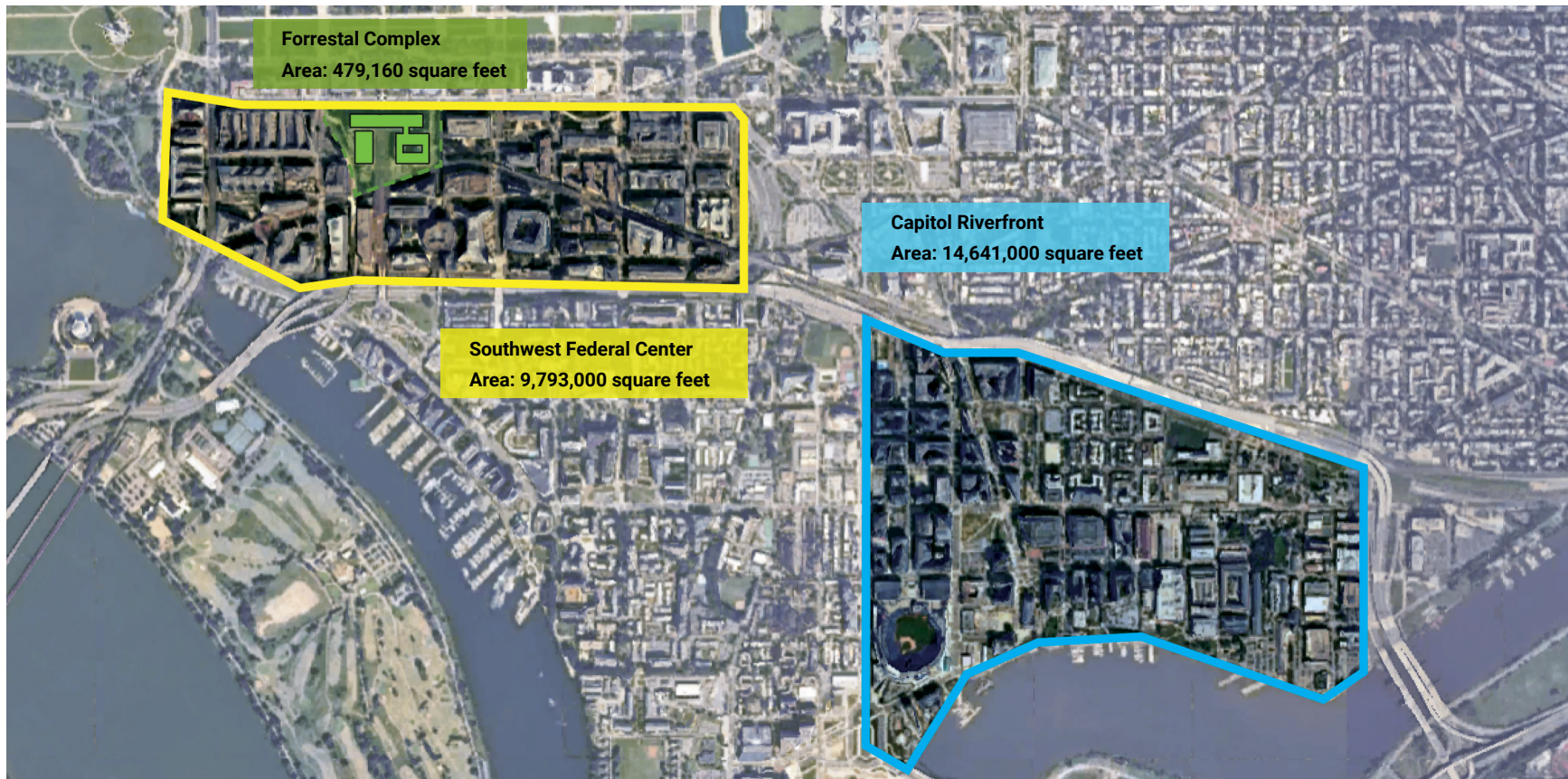
Economic Impact

The Panel prepared an economic impact analysis of the Forrestal Complex and the greater Southwest area as compared to the Capitol Riverfront to highlight the catalytic potential of new development, displayed in full on the following page. The Capitol Riverfront neighborhood east of South Capitol Street encompasses over 14 million square feet in land area, while the Southwest area is about two-thirds of the land area at approximately 9.8 million square feet. At full build-out, Capitol Riverfront will contain about

37.2 million square feet of development, contributing an estimated \$492.8 million in annual tax revenue to the District. Most of the development in this neighborhood is residential, followed by private and federal office space. Capitol Riverfront contains only 2% of Washington's land area but generates 9% of the city's tax revenue.

Based on the Panel's proposed redevelopment program, it projected that **the Forrestal Complex could contribute \$45.3 million in annual tax revenue at full build-out.**

Once the Forrestal Complex is redeveloped, the Panel anticipates **there would be a catalytic impact on development in Southwest**, including the redevelopment of other federal assets and private office buildings to other uses, **resulting in a net increase of 1.9 million gross square feet and \$150.9 million in new tax revenue.** The anticipated ratio of land uses in Southwest between the National Mall and Southwest Waterfront are likely to be different than the Capitol Riverfront, with more of a balance between residential and office. See the table on the following page for the full analysis.



The Forrestal Complex's total area compared to that of Southwest Federal Center and the Capitol Riverfront neighborhood.

Comparative Economic Impact Analysis: the Forrestal Complex, the Southwest Federal Center, and the Capitol Riverfront

Program Components	Forrestal Complex		Catalytic Impact - Southwest Federal Center				Capitol Riverfront		
	Redevelopment (a)		Current Program		Future Program		Change	Upon Full Build-out - 30 Years	
	Square Feet	%	Square Feet	%	Square Feet	%	Square Feet	Square Feet	%
Residential	2,442,742	66%	1,129,000	5%	9,271,742	35%	8,142,742	22,800,000	61%
<i>Number of Units (1,000 SF/Unit)</i>	2,443		1,129		9,272		8,143	22,800	
Hotel	200,000	5%	1,382,500	6%	1,982,500	7%	600,000	1,157,000	3%
<i>Hotel Keys (700 SF/Key)</i>	286		1,975		2,832		857	1,727	
Retail	73,791	2%	486,392	2%	560,183	2%	73,791	1,500,000	4%
Office - Federal	-	0%	9,300,000	38%	4,000,000	15%	(5,300,000)	4,000,000	11%
Office - Private	200,000	5%	11,400,000	46%	9,000,000	34%	(2,400,000)	5,300,000	14%
Office - Other Public	-	0%	227,000	1%	227,000	1%	-	806,000	2%
Museums - Pays Property Tax	-	0%	430,000	2%	430,000	2%	-	-	0%
Museums - Exempt from Property Tax	800,000	22%	215,546	1%	1,015,546	4%	800,000	-	0%
Sports/Entertainment	-	0%	-	0%	-	0%	-	1,500,000	4%
Other	-	0%	-	0%	-	0%	-	150,000	<1%
Gross Floor Area (Square Feet)	3,716,533	100%	24,570,438	100%	26,486,971	100%	1,916,533	37,213,000	100%
Land Area (Acres)	11		225		225		n/a	336	
Annual Tax Revenue (b)	New Tax Revenue						New Tax Revenue		
Real Estate Taxes ¹	\$ 14.859		\$ 91.161		\$ 135.537		\$ 44.376	\$ 162.077	
Personal Income Taxes ²	\$ 19.493		\$ 9.009		\$ 73.989		\$ 64.979	\$ 181.944	
Retail Sales Taxes ³	\$ 6.272		\$ 20.672		\$ 47.616		\$ 26.944	\$ 127.500	
Hotel Sales Taxes ⁴	\$ 4.693		\$ 20.275		\$ 34.888		\$ 14.614	\$ 21.274	
Total Local Annual Tax Revenue	\$ 45.317		\$ 141.116		\$ 292.029		\$ 150.913	\$ 492.795	

(a) Assume the Virginia Avenue right-of-way is not extended into the study area.

(b) Tax Revenue Estimates in Millions of Dollars.

¹ Real Estate Taxes: Values of \$300 to \$500 per square foot (SF) and the specific property type tax rates.

² Personal Income Taxes: 95% occupancy; 1.5 residents per unit; average income of \$120,000; \$7,000 in taxes per person; 80% are DC taxpayers.

³ Sales Taxes from Retail SF: \$500 to \$1,000 in sales per SF and average sales tax of 8.5%.

⁴ Hotel Sales Taxes: \$250 to \$400 per room per night; 75% occupancy and 15% tax rate.

Conclusion

The Panel recognized that the study area presents a unique and timely opportunity to become a gateway to the Southwest Waterfront from the National Mall, even though Forrestal is currently a “massive object that is in the way,” according to stakeholders. The roadmap developed by the Panel focused on the following strategic elements:

1. DECISION ON DOE HEADQUARTERS
2. DETERMINATION OF SITE POTENTIAL
3. TRANSACTION AND REDEVELOPMENT
4. FINANCING
5. CATALYTIC IMPACT

The Panel recommended that DOE relocate from the Forrestal Complex. Moving DOE to a federally owned building leverages existing space with renovation and build-out calibrated to fit within available resources. A lease has the potential to provide long-term cost savings to taxpayers given current spending on rent, operations, and maintenance.

The Panel recognized that interagency collaboration is essential to redeveloping the Forrestal Complex under an approach that acknowledges the needs of the federal government, local government, and private sector stakeholders. The Panel recommended a coordinating entity to champion the redevelopment whose key

focus would be to guide the disposition and redevelopment process of federal assets. It does not have to be a new organization but could be an existing one that expands its focus.

The Panel determined that adaptive reuse of the Forrestal Complex would not be financially viable and recommended that the buildings be totally razed for redevelopment. The Panel concluded that new development at the Forrestal Complex would maximize land value compared to conversion to another use. New development at the current D-8 zoning designation could accommodate a 10-story building with a one-story penthouse containing 669,582 square feet and a conversion scenario would be 304,340 square feet of density.

The Panel proposed that more than half of the redevelopment area could incorporate multifamily uses, and the rest could be used for cultural, hotel, or office. Ground floor retail development at the Forrestal Complex would likely be most successful if it is concentrated along 10th Street, SW, which would help to draw visitors from the National Mall to The Wharf. The redevelopment efforts could potentially be financed publicly with the District government or from the federal government or the use of creative financing tools.

Once the Forrestal Complex redevelopment plan was implemented, the vision of a

connector between the National Mall and The Wharf, two large economic drivers for the District, could begin to be realized via 10th Street, SW. A redeveloped Forrestal could be the catalyst for additional redevelopment along the 10th Street corridor. It was projected the Forrestal Complex would contribute \$45.3 million in annual tax revenue at full build-out. Once the Forrestal Complex is redeveloped, the Panel anticipated there would be a catalytic impact on development in Southwest, including the disposition and redevelopment of other federal assets, as well as the redevelopment of private office buildings to other uses, resulting in a net increase of 1.9 million gross square feet and \$150.9 million in new tax revenue.

The Panel recommended developing an updated vision plan for the Southwest study area which can draw on the comprehensive planning established by NCPC in the 2013 *SW Ecodistrict Plan* to guide property disposal, reuse, redevelopment, and infrastructure planning.

In the Implementation Matrix in Appendix A, the Panel identified the party responsible, and ideal partners or stakeholders for each action item, to the degree it was able to at this stage, along with anticipated timing for completion. See Appendix A. The Panel strongly recommended these dispositions be done sequentially and in a thoughtful way so that the market is not potentially flooded with empty federal buildings.



APPENDIX A: Implementation Matrix

Federal Entities:**NCPC:** National Capital Planning Commission**GSA:** General Services Administration**DOE:** U.S. Department of Energy**OMB:** Office of Management and Budget**DC Government Entities:****DCOP:** District of Columbia Office of Planning**DMPED:** Deputy Mayor for Planning and Economic Development**DDOT:** District Department of Transportation**OCFO:** Office of the Chief Financial Officer**Others:****SI:** Smithsonian Institution**CE:** Coordinating Entity for Divestment and Redevelopment in the SW area (to be determined)**CI:** Community Input**MD:** Master Developer

Recommended Action	Area of Concern	Responsible Party	Partners/ Stakeholders	Timing
Create a vision plan for the Southwest neighborhood to guide property disposal, reuse, redevelopment, and infrastructure planning	Catalytic Impact	NCPC, DCOP	DMPED, GSA	Fall 2025
Decide where the DOE headquarters would be located and whether it would be in federally-owned or leased space	Decision on DOE Headquarters	GSA	DOE, OMB, NCPC	Fall 2025
Create a coordinating entity for divestment and redevelopment in the Southwest area	Determination of Site Potential	DMPED	District Agencies, NCPC	Winter 2025
Draft an MOU with expectations and agreements for development	Determination of Site Potential	CE	GSA, NCPC, DMPED, DCOP, DDOT, OCFO, Prospective MD Partners, Section 106 Advocacy Groups	Fall 2025 – Spring 2026
Determine the need and identify user for public/civic use parcel	Determination of Site Potential	GSA, CE	SI, NCPC	Fall 2025 – Spring 2026
Transfer public/civic use parcel	Transaction and Redevelopment	GSA/CE	SI, NCPC	Spring 2026 – Fall 2027
Transfer remaining parcel to private partner(s) for redevelopment	Transaction and Redevelopment	GSA/CE	MD	Spring 2026 – Fall 2027
Raise capital using both market and Public-Private Partnership tools	Financing	MD	CE, OCFO, DOT	Spring 2026 - 2028
Redevelop Forrestal Complex	Transaction and Redevelopment	MD	CE, CI, District Agencies, NCPC	2027 - 2037
Facilitate additional disposition and redevelopment in the SW area and beyond	Catalytic Impact	CE	GSA, District Agencies, Prospective MD Partners, NCPC	2027 - 2040

APPENDIX B: Panelist Biographies

Panel Chair



Norman Dong
Partner
FD Stonewater
Arlington, VA

As a Partner at FD Stonewater, Norman Dong plays a leading role in FD Stonewater's

Advisory Practice, focusing on highly complex Federal Government real estate transactions in the National Capital Region and across the country.

As the former Commissioner for the U.S. General Services Administration, Public Buildings Service, Norman was responsible for portfolio management, design, construction, leasing, building management, and disposal of nearly 374 million square feet of Government-owned and leased space across all the country. During his tenure at GSA, Mr. Dong led the Federal effort to dispose of underutilized Federal property. Specific transactions include:

- The 115-year lease of the Dyer Courthouse in Miami, Florida to Miami Dade College that enabled the College to renovate and modernize an underutilized Federal property for educational and administrative purposes.
- The Federal sale of the Cotton Annex in Washington DC, which has transformed a vacant historic building into a vibrant, mixed-use development with 564 residential units and 1,300 square feet of retail space.
- The \$750 million exchange agreement with the Massachusetts Institute of Technology that paved the way for the redevelopment of 14 acres of land in Cambridge, Massachusetts.

Mr. Dong has held other senior leadership positions in the Federal government. As Acting Controller at the Office of Management and Budget, Norman was responsible for the Government-wide Federal real estate policy, which included issuing the Federal Government-wide policy to freeze/reduce the Federal footprint. As Chief Financial Officer at the Federal Emergency Management Agency, Norman initiated the program to re-examine the Agency's leased real-estate portfolio in the National Capital Region, which resulted in a dramatic improvement in space utilization and tens of millions of dollars in annual cost savings for the Agency.

In addition to his Federal experience, Mr. Dong also has worked at the state and local levels of government. In the District of Columbia, he held several positions, including Deputy Mayor for Operations and City Administrator. In the State of Connecticut, he served as special assistant for finance and accounting in the Office of the State Comptroller.

Mr. Dong received a Bachelor of Arts degree in History from Yale University and a Master's degree in Public Policy from the John F. Kennedy School of Government at Harvard. He also serves as an Adjunct Lecturer at Georgetown University where he teaches a course on Federal real estate.

Panel Members



Yolanda Cole
Senior Principal
Hickok Cole
Washington, DC

Yolanda Cole, FAIA, is Senior Principal and Owner of Hickok Cole, an award-winning,

100-person commercial architecture, interior design and branding firm located in Washington, DC. Ms. Cole has over 35 years of base building and interior design experience in projects ranging from large-scale, mixed-use developments to commercial and lifestyle interiors. She is widely recognized for spearheading innovation in the profession through the cultivation of a research-based practice. She is a frequent speaker on topics ranging from transforming the practice of architecture to ground-breaking sustainable urban applications of Mass Timber and Net Zero Energy. Her personal passion is to influence housing policy and create new design and construction methodologies for market rate, attainable and affordable housing.

Ms. Cole is past Chair of ULI Washington, and a member of the Advisory Board and Governance Committee. She is a past President of AIA|DC and is a recipient of the Centennial Medal, the highest award for an individual who has demonstrated significant impact on the profession. Yolanda was honored as a Women of Influence in Commercial Real Estate and is one of the Washington Business Journal's Women Who Mean Business and Power 100. Yolanda is a founding board member of the DC Concert Orchestra Society and serves as the organization's Chair and former Principal Flutist.



Katie Cristol
Chief Executive
Officer
Tysons Community
Alliance
Tysons, VA

Katie Cristol is the Chief Executive Officer of the

Tysons Community Alliance, a place management organization catalyzing the transformation of Tysons, Virginia into an inclusive, walkable downtown. The TCA fosters collaboration and partnerships among the private sector, residents, government, and civic organizations, and leads projects in placemaking, transportation and mobility, branding and community engagement, and research and data.

Prior to joining the TCA in 2023, Katie served in elected office on the Arlington County Board for seven and a half years, including two years as Chair. During her tenure, she served on numerous boards including the Northern Virginia Transportation Authority and the Northern Virginia Transportation Commission, which she chaired in 2020 and 2021, and the Virginia Railway Express Operations Board, which she chaired in 2019. Katie also held leadership roles in the Virginia Municipal League and the Metropolitan Washington Council of Governments.

Named one of the “100 People to Meet in Business” by Virginia Business Magazine, Katie’s contributions have also been recognized with awards from the Virginia Transit Association, the Alliance for Housing Solutions, the Greater Washington Region Clean Cities Coalition, and Equality NoVA.



Vicki Davis
Managing Partner
Urban Atlantic
Bethesda, MD

Vicki Davis is a Managing Partner, and co-founder of Urban Atlantic. While

overseeing development and asset management for Urban Atlantic, Ms. Davis has managed the development of more than \$3 billion in real estate projects and overseen a portfolio in excess of \$5 billion in real estate investments. Her 30-year real estate career includes serving as Deputy Director of the Maryland Housing Fund and its Housing and Community Development’s Division of Credit Assurance, as well as portfolio management for MNC Financial’s South Charles Realty Corp. and multifamily development for Trammell Crow Residential. She has developed more than 10,000 multifamily residential units and nearly 3 million commercial square feet for Urban Atlantic, including 11 large-scale public-private redevelopments for local jurisdictions, transit authorities, and public housing authorities in DC, Virginia, Maryland, Florida, North Carolina, New Jersey, and Tennessee.

Ms. Davis holds an MBA in Finance from American University, an MS in Engineering & Construction Management from the University of Texas, and a BS in Civil Engineering from the University of Maryland. She serves on the Boards of the DC Building Industry Association, Capitol Riverfront Business Improvement District, ULI Terwilliger Center, and CulturalDC.



Ellen McCarthy
Principal
The Urban
Partnership
Washington, DC

Ms. McCarthy has over forty-five years of experience in the city

planning field. She currently teaches in the graduate Urban Planning Program at Georgetown University. As a Principal with The Urban Partnership, LLC, she consults with a variety of private development companies and non-profit organizations on land use, zoning, affordable housing and economic development issues.

Previously, she worked for several DC law firms, consulting with developers, large institutions, homeowners and nonprofits regarding planning and land use issues. Prior to her work with legal clients, she served as Director of the DC Office of Planning (OP), overseeing the completion of the first new Comprehensive Plan for the District of Columbia in more than 20 years. She also revamped the zoning and historic preservation operations of the office, and represented the Mayor on the National Capital Planning Commission.

Ms. McCarthy holds a Master’s Degree in City Planning from Harvard University. She graduated Phi Beta Kappa with High Honors from the University of Maryland.

She has been recognized with awards from a variety of organizations, including the National Capital Area Chapter of the American Planning Association, Partners for Livable Communities, Fannie Mae and Georgetown University.



Kirk Mettam
Senior Vice President
TYLin
Washington, DC

Kirk Mettam is Senior Vice President and Director of the Washington DC office of

TYLin/ Silman Structural Solutions. He has been involved in the practice of structural engineering and architecture throughout his professional career of over 40 years. Through his firm, Mr. Mettam represents a larger collaborative consisting of engineers specializing in advanced methods of planning for infrastructure (mobility, power, water, data) as well as building technology.

Mr. Mettam's building experience extends to a wide variety of structure types, including government buildings, residential/ mixed-use, higher education facilities, cultural and developments. Mr. Mettam has particular expertise with adaptive re-use of existing buildings ranging from early vintage structural systems up to those used in the 'mid-century modern' era. Mr. Mettam's clients include notable cultural and educational institutions along the National Mall such as the General Services Administration, Smithsonian Institution, Architect of the Capitol, National Park Service, National Gallery of Art, Kennedy Center, Georgetown University, amongst many others.

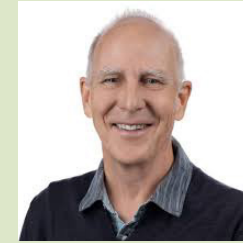
Mr. Mettam has maintained active participation in the industry through his involvement with boards, committees and technical publications, and in academia, teaching courses in structural engineering and architectural technology.



Joshua Olsen
Senior Vice President
for Acquisitions
Monument Realty
Washington, DC

Josh Olsen is the Executive Vice President in charge of acquisitions

at Monument Realty, a Washington, D.C.-based owner and developer of office, multifamily, hotels and retail. Monument has owned or developed approximately 8 million square feet of commercial space and 8,000 residential units and hotel rooms. Mr. Olsen has worked at Monument Realty since 2003 in project management and acquisitions. Prior to joining Monument, Mr. Olsen wrote a biography of real estate developer and urban visionary James Rouse entitled *Better Places, Better Lives*, which was published by the Urban Land Institute (ULI). He is also the co-author of *Foggy Bottom and the West End in Vintage Images*, a compilation of historic images of two D.C. neighborhoods. Mr. Olsen is very involved with ULI. Locally, he is currently a co-chair of the Washington District Council's Technical Assistance Panel (TAP) Committee. Mr. Olsen has also co-edited and authored articles for Urban Land magazine. Mr. Olsen's deals and development projects have received several awards, such as "Best Land Deal" and "Best Adaptive Reuse Condominium Project." Mr. Olsen has personally been recognized multiple times as one of the top young people in the D.C. business community, including the *Washington Business Journal's* "40 under 40." Mr. Olsen has an undergraduate degree in architecture from Yale and earned a master's degree from the University of Bristol while a Fulbright Scholar to the United Kingdom.



Gerry Widdicombe
Chief Financial
Officer
DowntownDC BID
Washington, DC

Gerry Widdicombe began work as the Chief

Financial Officer of the DowntownDC Business Improvement District (BID) in June 2023. Gerry served as the BID's Director of Economic Development from 2000 to 2017, and returned to the BID in 2018 to assume that role once again. From December 2012 to May 2014, Gerry served as Executive Director of the D.C. Tax Revision Commission. Previously, Gerry worked for the D.C. government in both the Office of the Deputy Mayor for Planning and Economic Development (1999–2000) and the Office of the Chief Financial Officer (1998–1999). Prior to that, Gerry worked as a financial consultant including at the FDIC and RTC during the savings and loan crisis of the early 1990s. He spent 10 years working at Goldman Sachs in the 1980s. Gerry is a graduate of Dartmouth College and Harvard Business School.

Report Author



William Rich, CRE

Managing Director of
Advisory Services
Cavalry Real Estate
Advisors
Falls Church, VA

Will has more than two
decades of experience

providing real estate consulting and advisory services, covering all aspects of commercial real estate across the country. His clients have included real estate developers and investors, financial institutions, nonprofits, and government agencies.

Will began his real estate career at Delta Associates, starting as an associate and ultimately becoming president of the firm. Delta offered consulting, research and advisory services for all property types throughout the United States, including market feasibility, highest and best use, market entry strategies, asset performance enhancement, market due diligence, white papers on special topics, RFP negotiation, valuation analysis, and litigation support.

Will is active in his community, serving on the Board of Directors of the Southwest DC Community Center. He has also previously served on a variety of boards including the Washington DC Economic Partnership, the Golden Triangle Business Improvement District, and the Near SE/SW Community Benefits Coordinating Council. He is a Counselor of Real Estate (CRE), a member of the National Association of Realtors, and a member of the Urban Land Institute (ULI).

Will received his Bachelor of Science in Business Administration with a concentration in Finance and a minor in Spanish from American University.



APPENDIX C: Renderings

The conceptual renderings in this appendix were created by Perkins&Will of a reimagined area south of the National Mall. The renderings build on past planning efforts and the *Independence Avenue Design Study* prepared in partnership between NCPD, the District Department of Transportation, and the Smithsonian Institution to transform Independence Avenue into a new front door to the National Mall. They will be updated as additional planning for the area takes place.



Rendering looking west from 9th Street, SW showcasing the potential transformation of Independence Avenue, SW into a grand boulevard.



Rendering looking east from 12th Street, SW showcasing the potential transformation of Independence Avenue, SW into a grand boulevard.



Rendering showcasing the potential transformation of public space along Independence Avenue, SW on the north side of the Orville Wright Building, a possible location for a new DOE headquarters recommended by the Panel.



Rendering looking east on Maryland Avenue, SW from Hancock Park showcasing the potential transformation of public space on the south side of the Wilbur Wright Building, a possible location for a new DOE headquarters recommended by the Panel.



Rendering showcasing the potential extension of the Virginia Avenue right-of-way from where the U.S. Department of Energy East Building sits today. While the panel recommended that Virginia Avenue not be restored because of its impact on development potential, several previous studies have called for this gateway. This planning issue needs to be resolved with further discussion.



Rendering showcasing the potential transformation of 10th Street, SW from above, looking north toward the National Mall.



Rendering showcasing the potential transformation of 10th Street, SW from eye-level, looking north toward the Smithsonian Castle.



Rendering showcasing public space along the potential extension of the C Street, SW right-of-way from 10th Street, SW looking west from where the U.S. Department of Energy West Building sits today.



Rendering showcasing the potential transformation of 10th Street, SW looking south from the Haupt Garden towards the Southwest Waterfront. Rendering assumes the Virginia Avenue right-of-way is reintroduced, resulting in a smaller development parcel on the southwest corner of Independence Avenue and 10th Street.



Rendering showcasing the potential transformation of 10th Street, SW looking south from the Haupt Garden towards the Southwest Waterfront.