



Martin Luther King, Jr. Memorial Library
Washington, DC



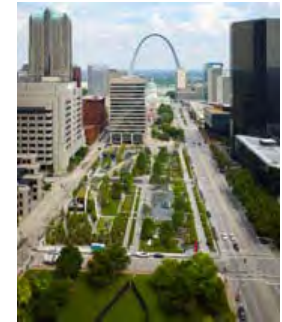
Urban Land
Institute

Advisory Services Program

An Urban Land Institute
Advisory Services Panel
November 13 – 18, 2011

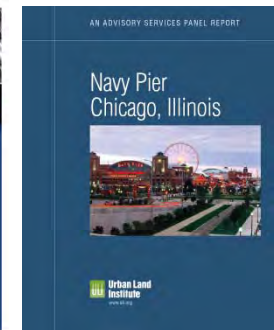
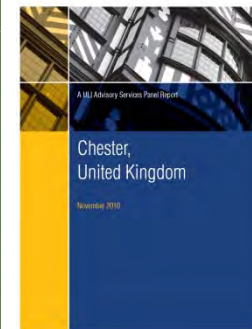
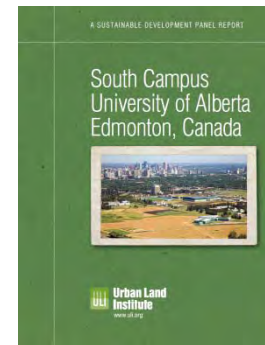
About the Urban Land Institute

- The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.
- ULI is a membership organization with nearly 30,000 members, worldwide representing the spectrum of real estate development, land use planning and financial disciplines, working in private enterprise and public service.
- What the Urban Land Institute does:
 - Conducts Research
 - Provides a forum for sharing of best practices
 - Writes, edits and publishes books and magazines
 - Organizes and conducts meetings
 - Directs outreach programs
 - Conduct Advisory Services Panels



The Advisory Services Program

- Since 1947
- 15 - 20 panels a year on a variety of land use subjects
- Provides independent, objective candid advice on important land use and real estate issues
- Process
 - Review background materials
 - Receive a sponsor presentation & tour
 - Conduct stakeholder interviews
 - Consider data, frame issues and write recommendations
 - Make presentation
 - Produce a final report



The Panel

**Wayne Ratkovich, Chair
President
The Ratkovich Company**

**Dan Brents
Daniel Brents Consulting**

**Ayahlushim Getachew
Senior Vice President
Thomas Properties Group,
Inc.**

**Marni Burns
President/Creative Director
SEED Branding &
Communication**

**Susan Kent
S.R. Kent LLC**

**Sandra Kulli
President
Kulli Marketing**

**Michael Reynolds
Principal
The Concord Group, LLC**

**Mimi Sadler
Historical Architect
Sadler & Whitehead Architects,
PLC**

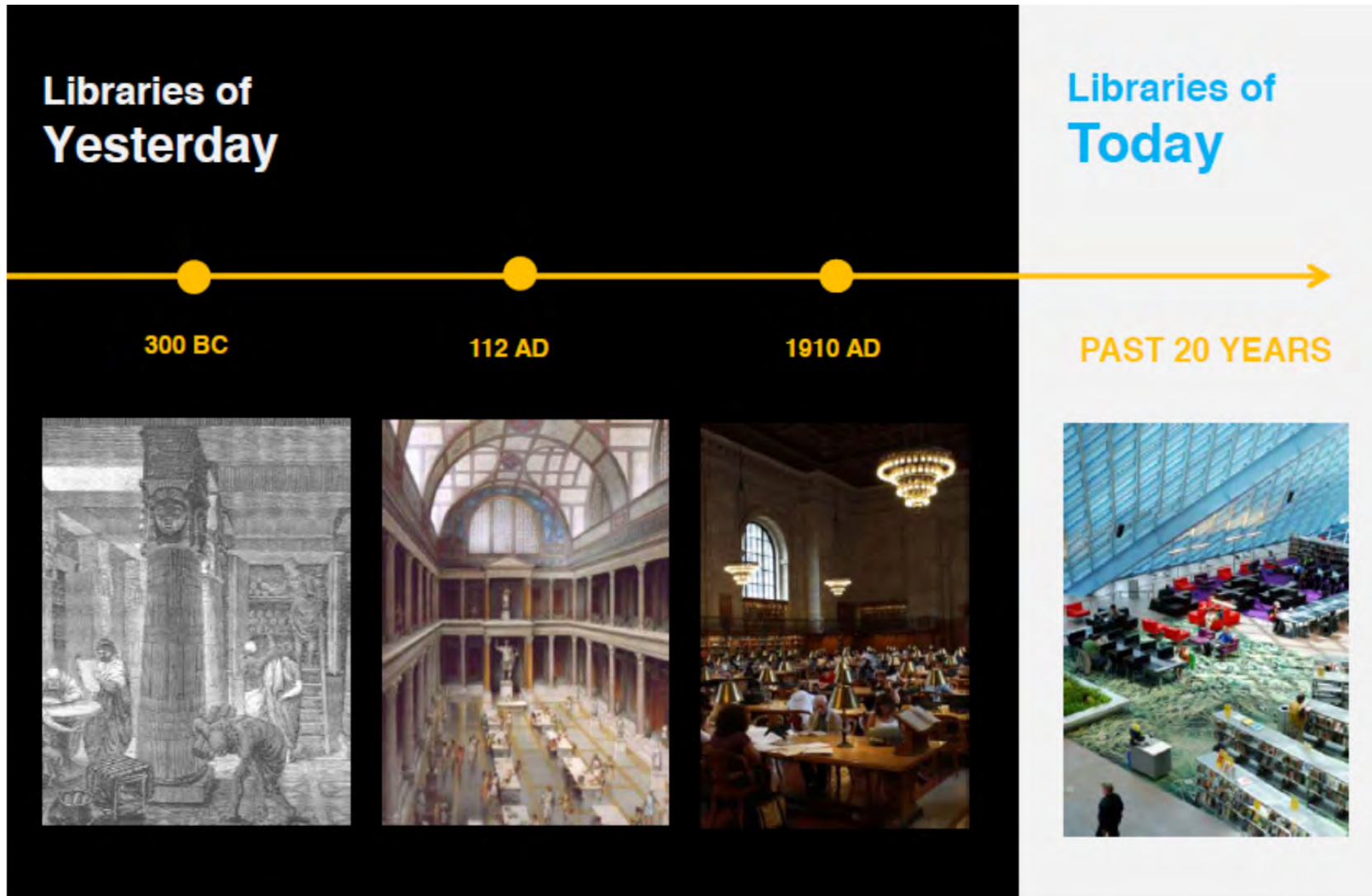
The Panel's Assignment

1. What is the best value for the District's redevelopment of the Martin Luther King, Jr. Memorial Library building? There are two scenarios:
 - A) A library sharing the building with another entity' or organization.
 - B) Another downtown location for the Martin Luther King, Jr. Memorial Library.
2. Who are likely developers, buyers, or partners for the two redevelopment scenarios?
3. Under the two development scenarios what presents the best value: office building, residential, retail, other?
4. What is the potential for net revenue if the existing Martin Luther King, Jr. Memorial Library building is leased or sold for each scenario? Ultimately: Is there value in the Martin Luther King, Jr. Memorial Library building that can improve the way library services are provided in the District.
5. Identify 225,000 gross square feet in downtown for a new Martin Luther King, Jr. Memorial Library.
6. Where is there 50,000 gross square feet for Library administration space OR 100,000 administration and a specialized children's library East of the River? (Must be Metro accessible)
7. What are the short term/immediate solutions for improving the library user's Martin Luther King, Jr. Memorial Library entrance experience, specifically, the area under the overhang?



Susan Kent

What is a Library





What is a Library?

History

- **The world has changed radically since the Martin Luther King Library planning was begun in 1960s**
- **1960/61 Booz, Allen and Hamilton Study – “Each community has the task – indeed the obligation....by providing an adequate free public library system for its citizens. No less should be expected of our nation’s capital.”**
- **1965 Program – “the new...building should be designed to carry out the objectives of the service as effectively and economically as possible.”**
- **1972 – Martin Luther King Library opens to the public.**



Library's Role in Community

LIBRARIES PLAY AN INTEGRAL ROLE IN THE COMMUNITY'S DAILY LIFE

- **Active community engagement**
- **Intellectual discourse**
- **Lifelong learning**
- **Creativity and innovation**
- **Economic development**



Library of the Future

- **The traditional notion of the public library is purely a place to find books and research material is OUTDATED**



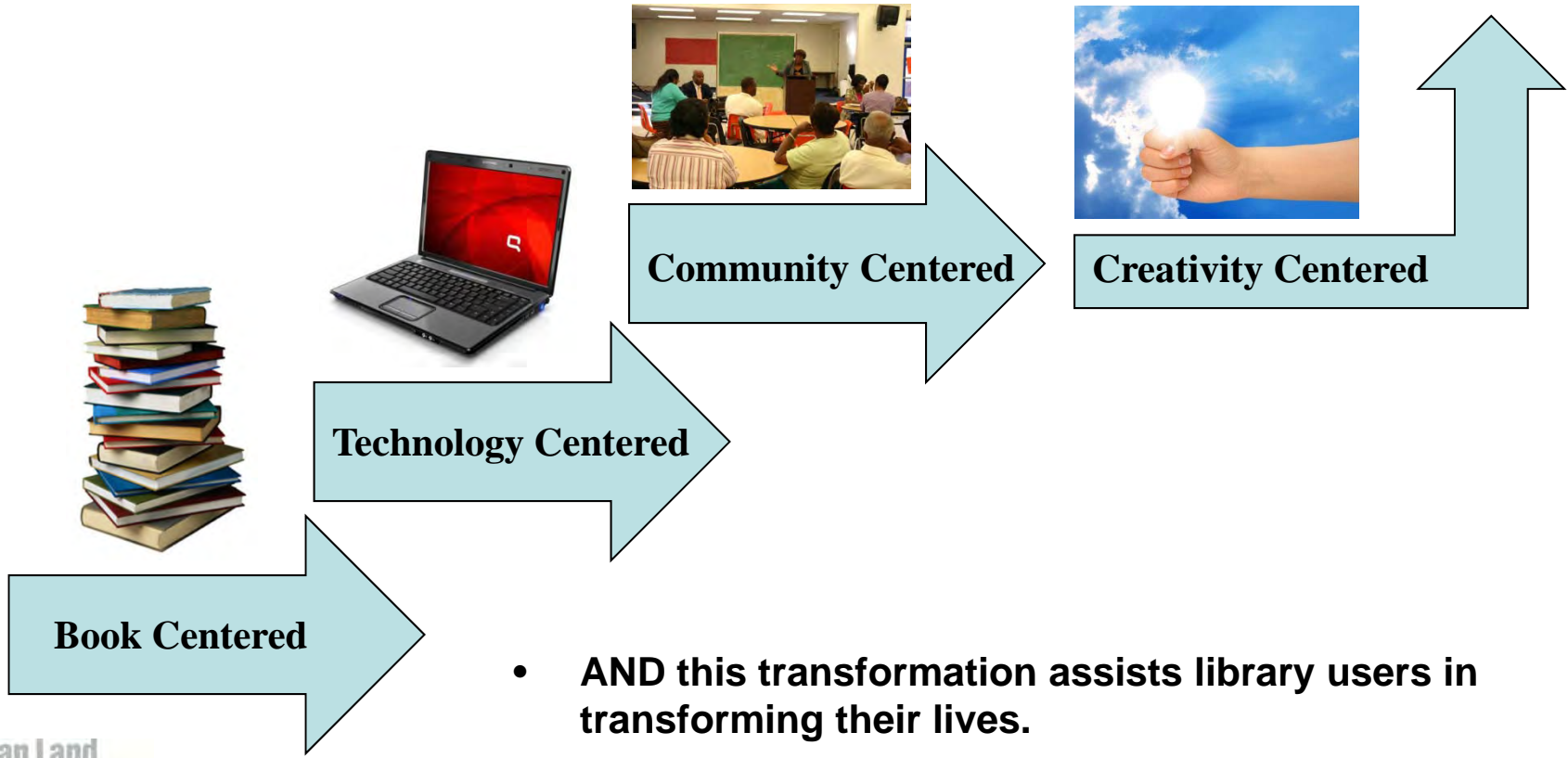
THE LIBRARY OF THE FUTURE

People will use the library to:

- **Navigate the complex network of information – analog and digital**
- **Convert information to knowledge for individual needs – education, lifelong learning, jobs, business development, health, finances and personal enjoyment.**



THE LIBRARY IS A TRANSFORMATIVE INSTITUTION



- **AND this transformation assists library users in transforming their lives.**

CHALLENGE THE PRECONCEPTIONS ABOUT WHAT A LIBRARY SHOULD BE

In the future library, the borders between consuming and creating content will disappear. This will involve:

- A significant investment in the business of information literacy and delivery
- Keeping pace with rapidly evolving business of publishing
- A clear redefinition of the library's collections



Evolution and Transformation

DCPL'S TRANSFORMATION SHOULD INCLUDE:

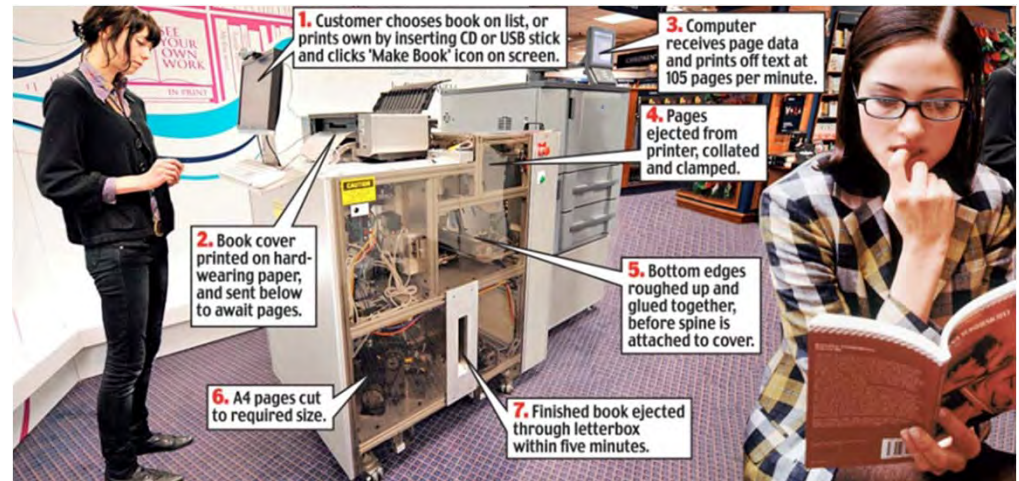
- **Focusing on people-driven/community-driven design and services**
- **Prototyping new services and technology**
- **Creating exciting spaces for children and teens to learn and create**
- **Partnering with cultural/educational institutions on programs, exhibitions and learning opportunities**
- **Working with literacy providers and schools to enhance the educational life of DC**



Evolution and Transformation

DCPL'S TRANSFORMATION SHOULD INCLUDE:

- **Creating an “innovations” laboratory or a “Fab Lab” to provide community access to digital fabrication technology.**
- **Exploring print on demand technology such as an Espresso Book Machine**
- **Establishing early literacy education services such as an interactive Storyville**
- **Developing a “hack lab” where people with interests in computers, digital information and electronic arts can meet, create and collaborate.**
- **Creating in-demand amenities such as a library café, retail shop, theatre, meeting room and study rooms and quiet spaces.**



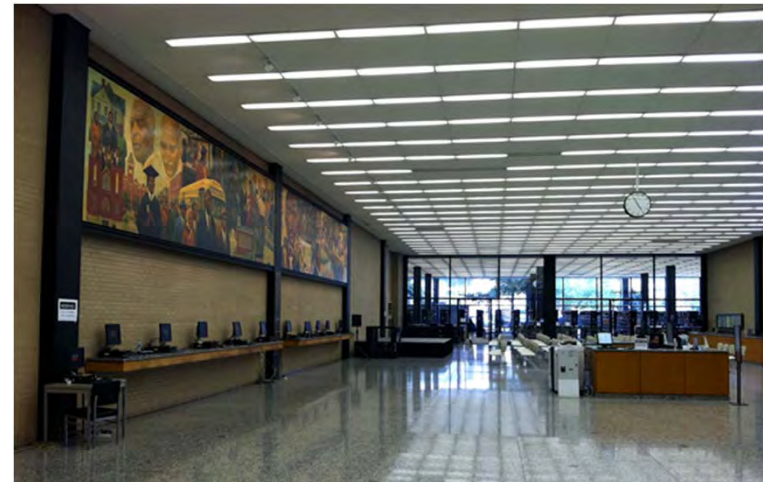
INVOLVE THE COMMUNITY TO CREATE AN INSPIRATIONAL VISION OF THE LIBRARY OF THE FUTURE THAT IS A BOLD, CREATIVE SYMBOL OF COMMUNITY LEARNING AND LITERACY



Mike Reynolds

Why Consider Alternative Uses?

- Current Library space, as programmed and funded, is not meeting the needs of The District that it serves
- Additional funding is needed to transform the Library, either on- or off-site
- Library does not need all of the space it currently possesses
- Excess space could be used as a revenue source to fund Library improvements
- Objective is to maximize funding for Library improvements by optimizing the value of excess space



What Are the Potential Alternatives?

- Uses common in adaptive re-use:
 - ✓ Residential
 - ✓ Office
 - ✓ Retail (ground level)
 - ✓ Show space (ground level)
- Understanding the market is the key to identifying and unlocking the revenue potential available to Library
- Market forces are both broad and narrow, focused both regionally in the Metro as well as locally in the Penn Quarter
- Identifying building uses that respond to market forces will maximize Library funding



DC Metro - Top National Performer

- DC Metro – The District, northern Virginia, parts of Maryland
- 4th largest economy measured by jobs, 7th largest relative to population
- Since 2000, largest growth economy in the U.S.
- Increasingly diverse economy – professional and business services outgained government job growth during the last decade
- Growth and diversity makes the DC Metro an attractive destination for investment nationally
- MLK Library can benefit from such investment

| Values in 000s | Jobs | | | % Change | |
|------------------------|----------------|----------------|----------------|------------|------------|
| | 2000 | 2007 | 3Q11 | 2000-3Q11 | 2007-3Q11 |
| Washington D.C. | 2,678 | 2,990 | 2,979 | 11% | 0% |
| Dallas | 2,761 | 2,938 | 2,913 | 5% | -1% |
| Boston | 2,539 | 2,485 | 2,452 | -3% | -1% |
| New York | 8,398 | 8,575 | 8,323 | -1% | -3% |
| Seattle | 1,647 | 1,740 | 1,656 | 1% | -5% |
| Chicago | 4,571 | 4,557 | 4,270 | -7% | -6% |
| San Francisco | 2,127 | 2,037 | 1,884 | -11% | -8% |
| Los Angeles | 5,461 | 5,638 | 5,142 | -6% | -9% |
| U.S. | 131,785 | 137,598 | 130,755 | -1% | -5% |

District of Columbia – Rapid Change

- 1990s characterized by underperformance and neglect
 - ✓ Loss of 35K people
 - ✓ Exodus of 36K jobs

- Since 2000 – vital growth market
 - ✓ 30K growth in population
 - ✓ 36K job gain
 - ✓ 48% growth in median income

| Values in 000s | Year | | |
|----------------|------|------|--------|
| | 1990 | 2000 | 2010 |
| Population | 607 | 572 | 602 |
| Growth (#) | | -35 | 30 |
| Growth (%) | | -6% | 5% |
| Jobs | 686 | 650 | 711 |
| Growth (#) | | -36 | 61 |
| Growth (%) | | -5% | 9% |
| Median Income | \$31 | \$40 | \$59 * |
| Growth (#) | | \$9 | \$19 |
| Growth (%) | | 31% | 48% |

Source: U.S. Bureau of Labor Statistics; * 2009 ACS

Note: * Median income sourced from 2009 ACS

D.C. Renaissance

- D.C. has been transformed into a true international city
- 24/7 activity gained from growth in housing and retail
 - ✓ 1990s – 2,000 residential permits
 - ✓ 2000s – 15,000 permits
- D.C. in 2011
 - ✓ 70 museums
 - ✓ 2nd largest rail system
 - ✓ 25 million visitors per year
 - ✓ Largest pipeline of LEED certified buildings



Cultural and Economic Activity Provides Competitive Edge

- D.C. is “the place to be” in the DC Metro for in-town housing, corporate relocations and entertainment
- Value provided by improved “Place” is evidenced in the office market
 - ✓ 60%+ higher rents than suburban counterparts
 - ✓ Higher occupancy
- MLK Library located in the heart of this activity

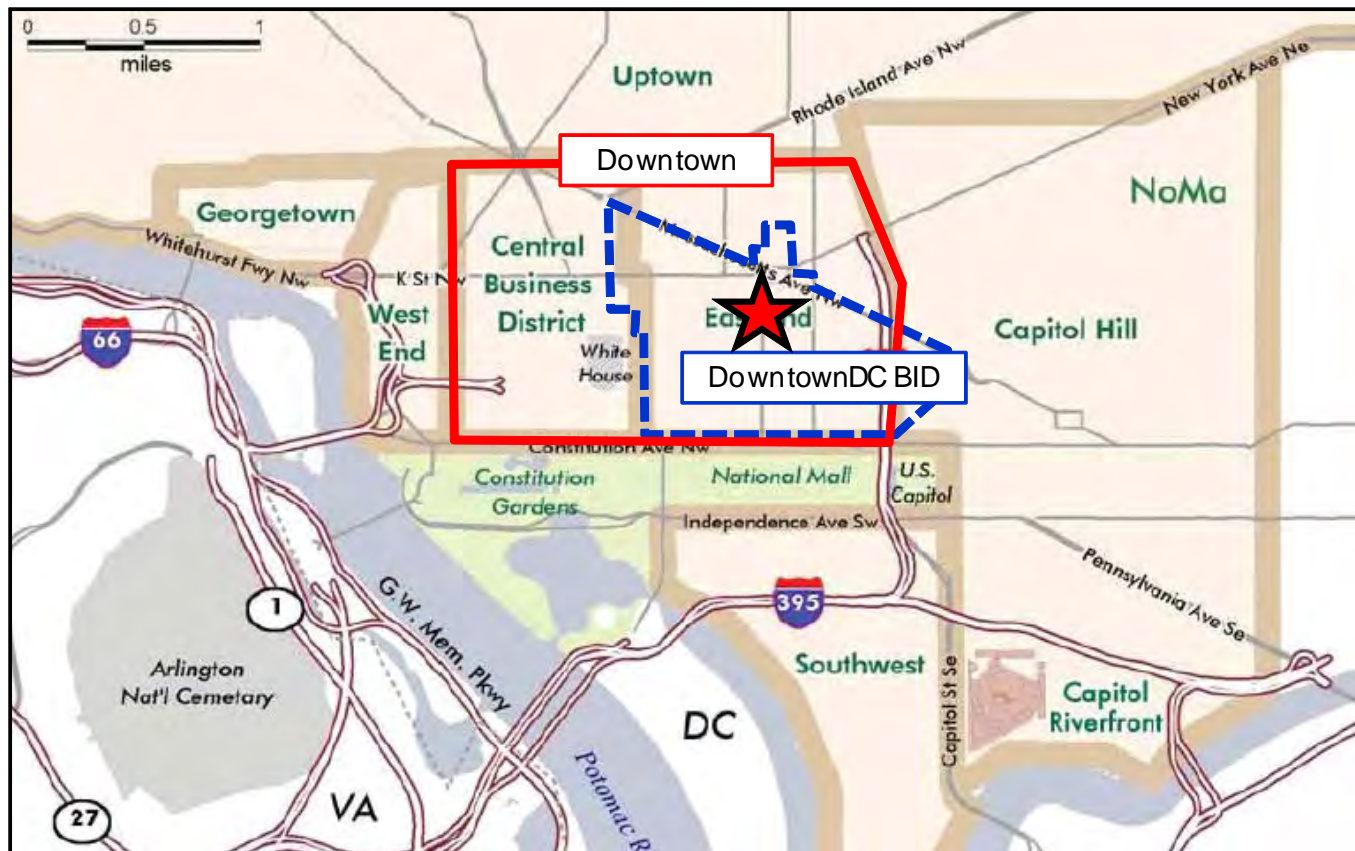
| 3Q11 | Office - Total | | Class A | |
|------------------------|----------------|--------------|-------------|--------------|
| | Lease Rate | Space Avail. | Lease Rate | Space Avail. |
| Washington D.C. | \$47 | 11% | \$51 | 10% |
| Northern Virginia | \$29 | 18% | \$31 | 19% |
| DC vs. Submarket | 60% | -38% | 63% | -44% |
| Suburban Maryland | \$27 | 16% | \$28 | 18% |
| DC vs. Submarket | 76% | -30% | 84% | -41% |

Source: Studley

Note: Lease rates measured in \$ per square foot per year

Downtown – Epicenter of D.C.’s Transformation

- The City’s economic and cultural vitality is centered around Downtown
 - ✓ “Downtown” defined by CBD and East End (Penn Quarter)
- Two thirds of citywide economic activity is located in the Downtown area



Source: CBRE

East End – Focus of Post 2000 Revitalization

- Formerly underutilized
- Spurred by Downtown BID and focused political will
- Amenities driving revitalization since 1997:
 - ✓ New Museums (5)
 - ✓ MCI Center (1997)
 - ✓ New Convention Center (2003)
 - ✓ Destination Dining – doubling of establishments
 - ✓ Visitor Volume – doubled from 4.5 to 9.0 million

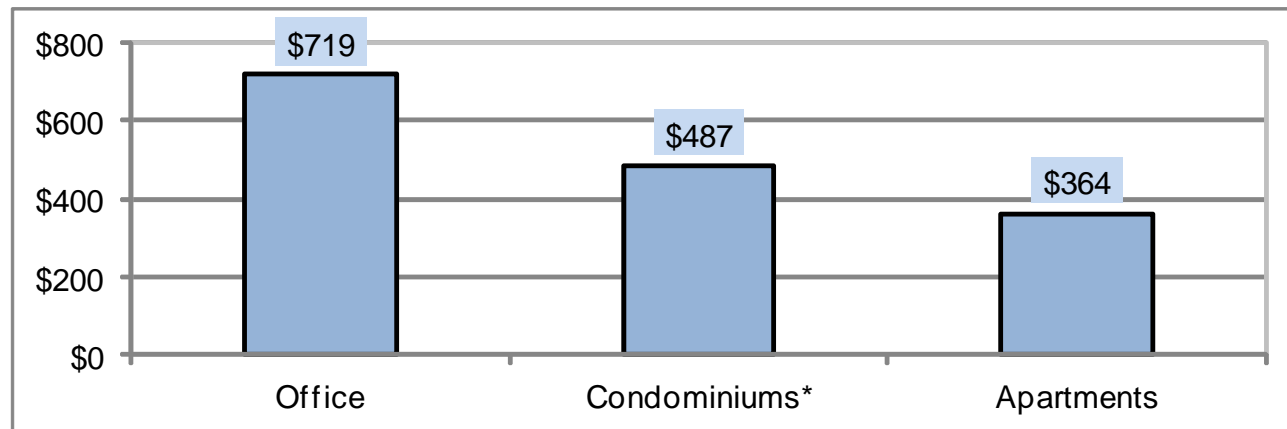


Source: Peter Fitzgerald

East End – Scarce Resources, Tremendous Demand

- Lease rates now higher in Penn Quarter than CBD
- East End possesses some of the most expensive real estate in the City & Country
- Building values for office/retail superior to residential alternatives

| Sold Since January 2010 | Class A Space | | |
|------------------------------|---------------|---------------|--------------|
| | Office | Condominiums* | Apartments |
| Sales Revenue (000s) | \$2,281,000 | \$128,000 | \$347,000 |
| Volume Sold (SF) | 3,171,000 | 263,000 | 953,000 |
| Price per Square Foot | \$719 | \$487 | \$364 |

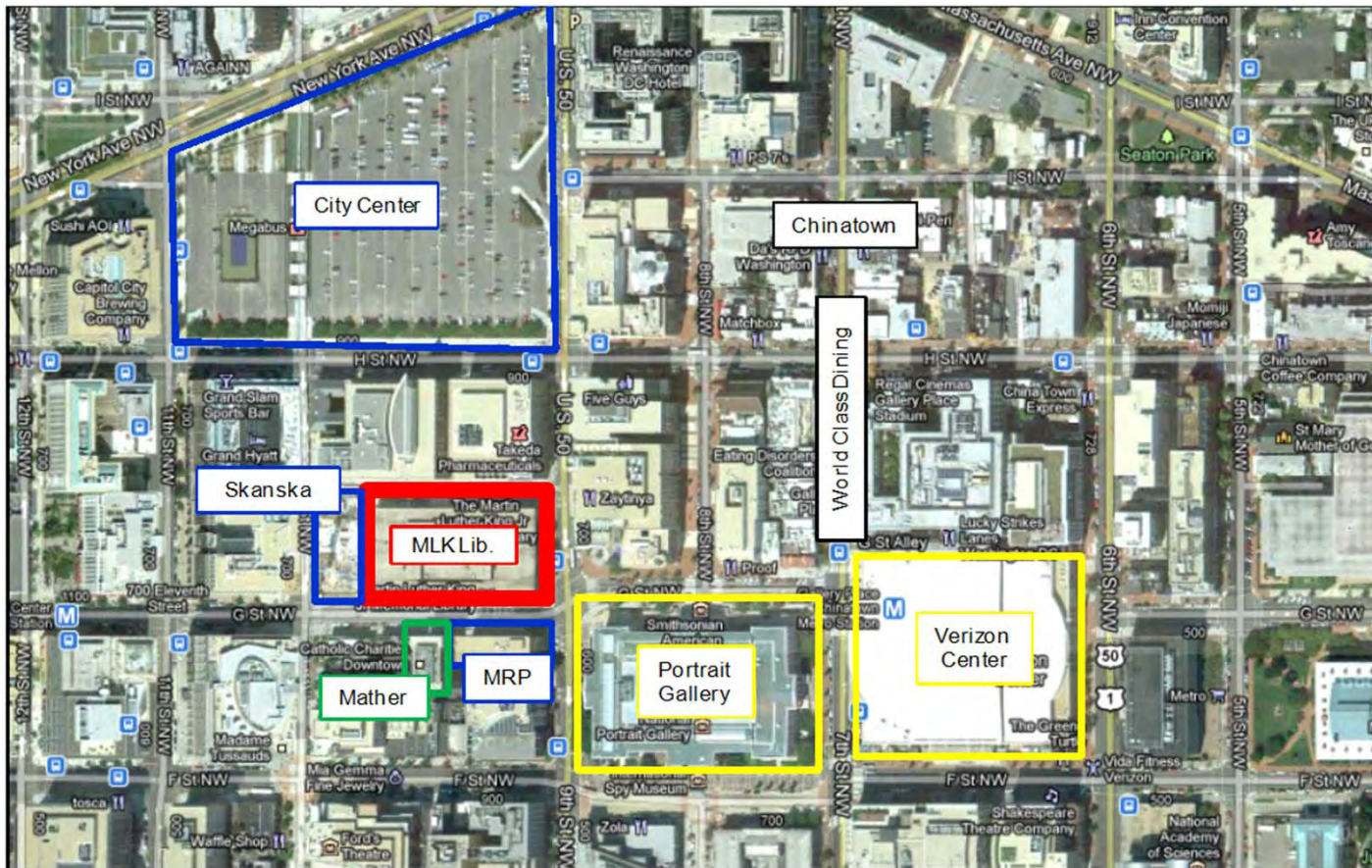


Source: CoStar; Redfin

Note: * Consists of 14 resale communities built post 2002 proximate to the MLK Library

MLK Central Library – Unrivaled Location

- Access to Transit – two of the District’s busiest Metro Stations within a short walk
- Proximity to Entertainment and Culture
- Quality, Revitalized Neighboring Land Uses



Source: GoogleMaps

MLK Library – Valuable Space for Alternative Uses

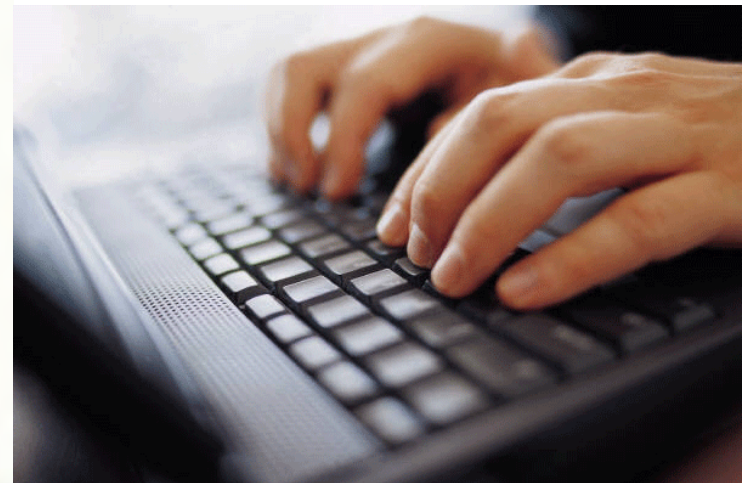
- Tremendous Value Generated by Alternative Tenanting/Programming
- Valued derived from:
 - ✓ Scarcity of Space (fewer than 15 sites remain for re-use or development)
 - ✓ Premium Location
 - ✓ Strong Regional Economy

Conclusion

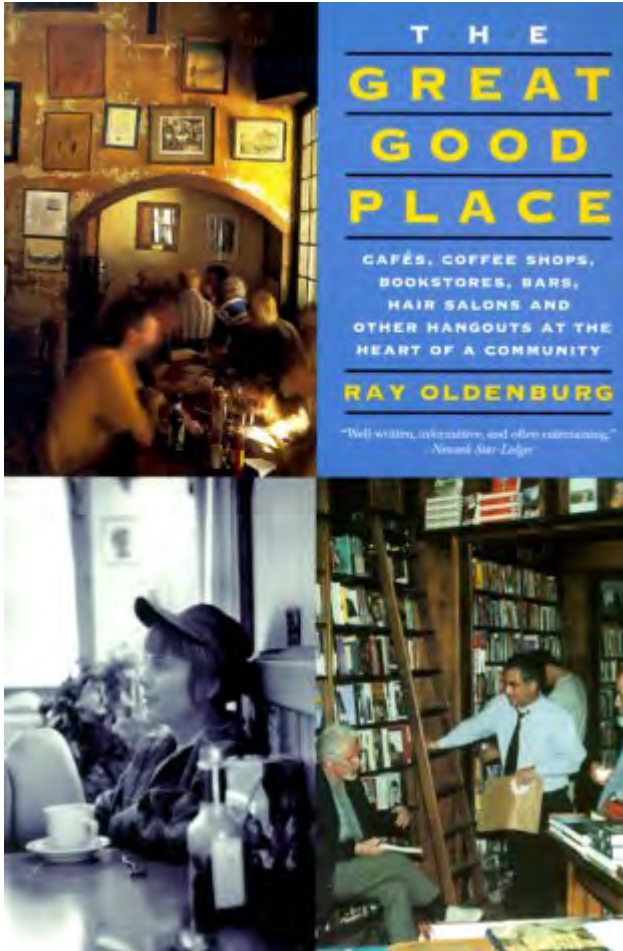
- The MLK Library is compatible and marketable for both residential and office/retail use
- Reprogramming of existing space to office represents the most beneficial financial outcome to the Library to support the optimal number of physical improvements

Sandra Kulli

What's Your Dream



Home is the First Place, Work is the Second Place



Heart of Community



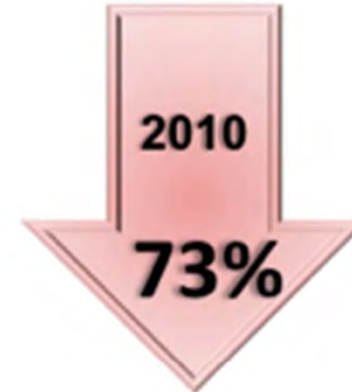
Yankelovich MONITOR

“Because the economy is so strong, people’s expectations about their lives and their future are higher than ever before.”



July 2000, MONITOR Omnibus

“The American Dream is more of a dream than a real possibility for most people.”



2010/11 U.S. MONITOR



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Herley Centre Headlight/Vision
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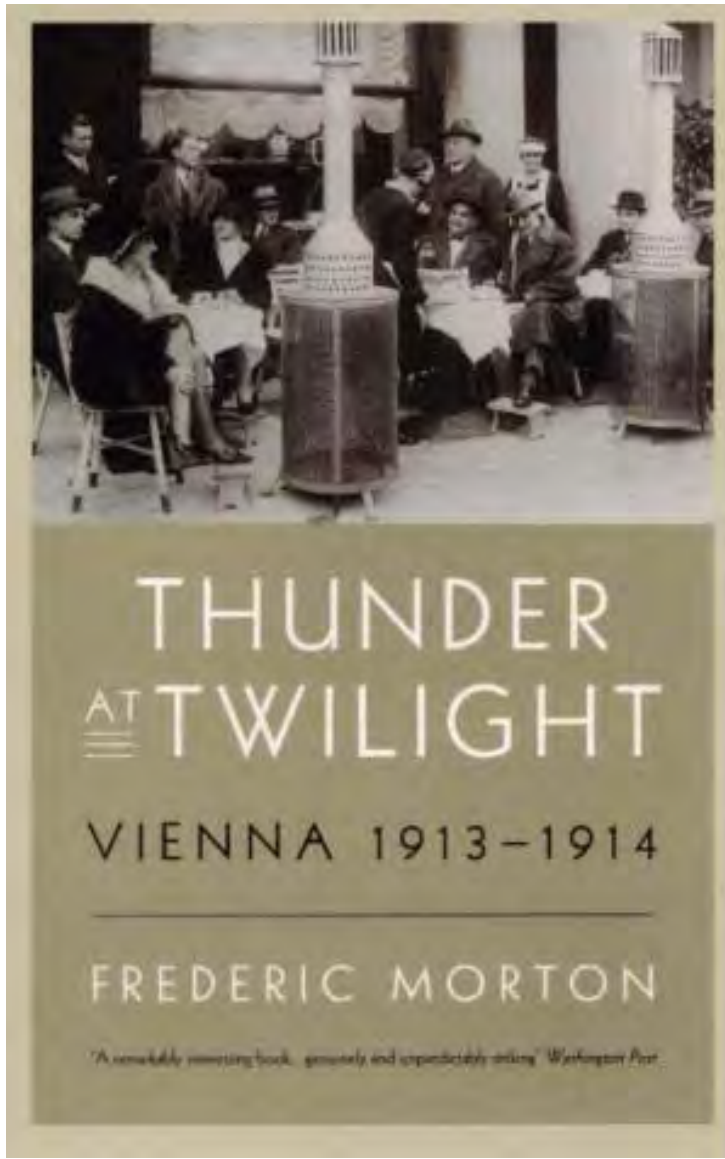
Google searches in U.S. for “get rich quick” (2004 to 2010)



Google searches in U.S. for “happiness” (2004 to 2010)



Using Google Insights for Search Beta, December 14, 2010



Memory + Prophecy



Shaw Neighborhood Library

Dan Brents and Mimi Sadler

Design

Sponsors Scenarios

- Shared Occupancy (Library Stays)
- Alternate Location (New Building Tenant)

Design

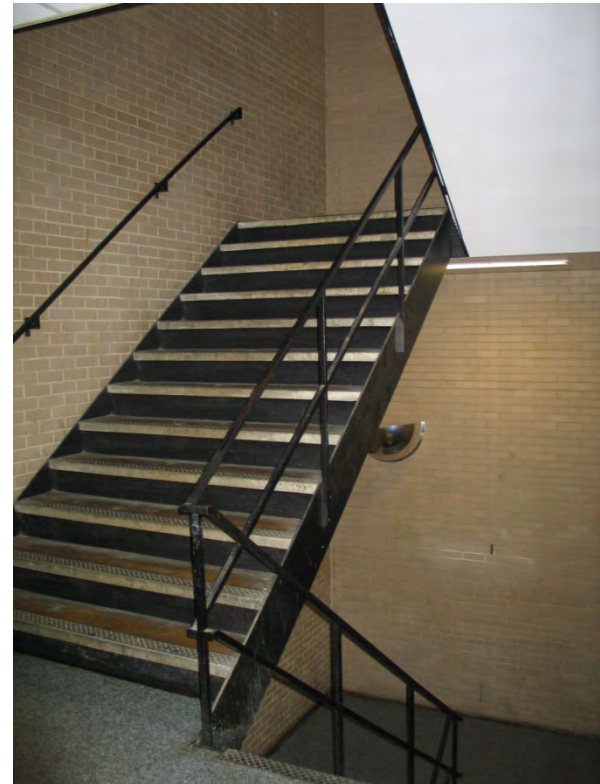
Assumptions

- **Library size 225,000 square feet**
- Systems must be renovated regardless of scenario
- Strive for Sustainable Design
- Must provide space for public uses
- Building designed to accommodate extra floors

Design

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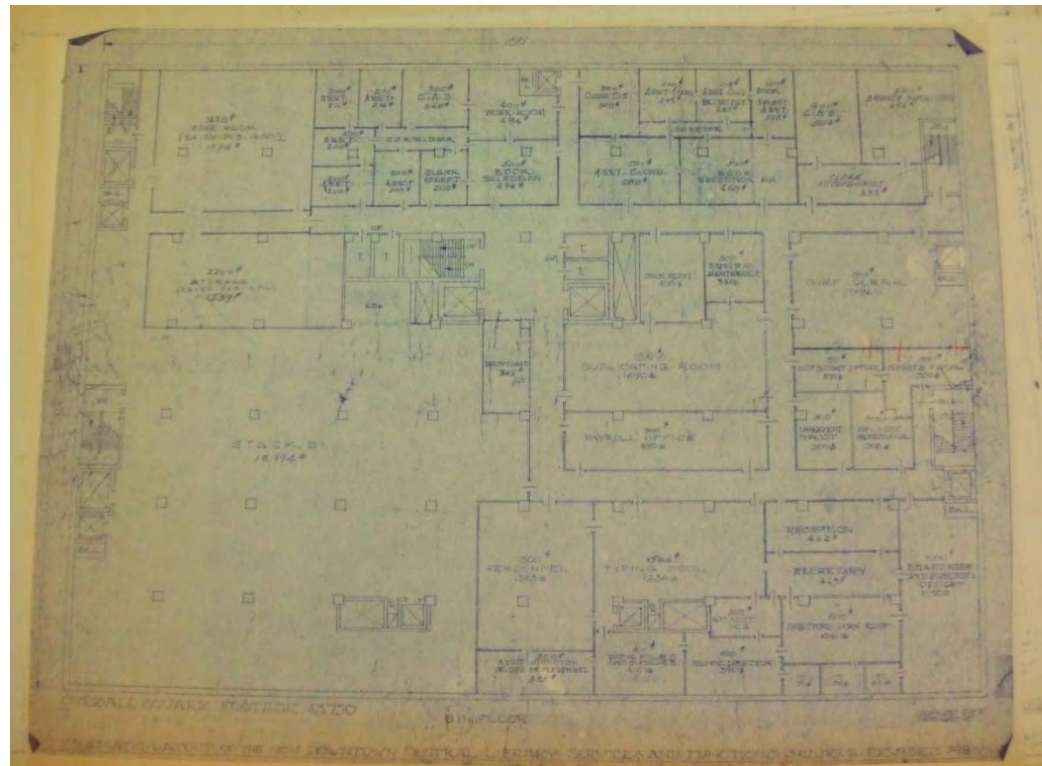
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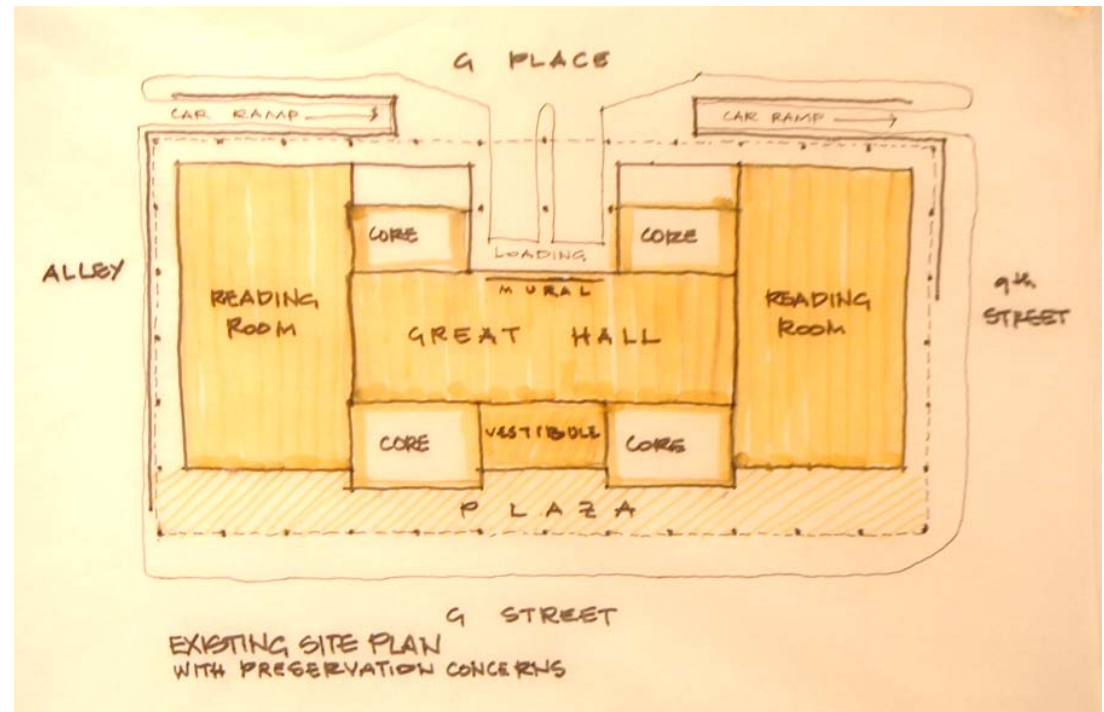
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Design

Constraints

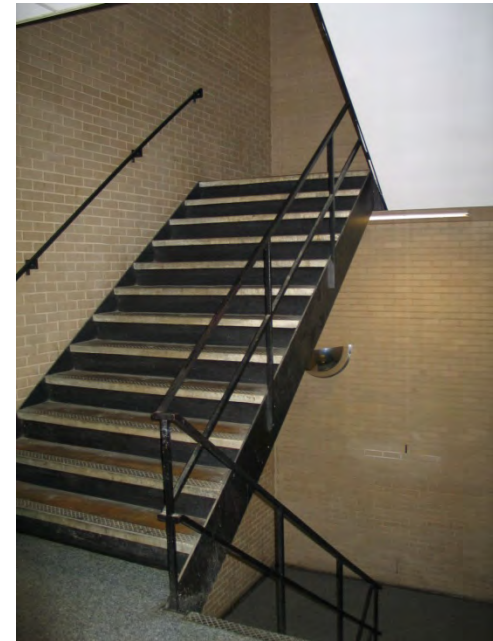
- **Landmark Designation/ Approval Process**
- Cost of renovation/Code compliance
- Building's public identity
- Size and configuration of floors
- Customized, expensive or obsolete building components (glass)
- Hazardous materials
- Need for Day lighting in spaces



Design

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- **Need for daylighting in spaces**



Design

Opportunities

- **Iconic Building**
- **Location/Improving neighborhood**
- Access
- Multitude of cultural/organizations to share space
- High Ceilings
- Street visibility
- Existing parking



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Design

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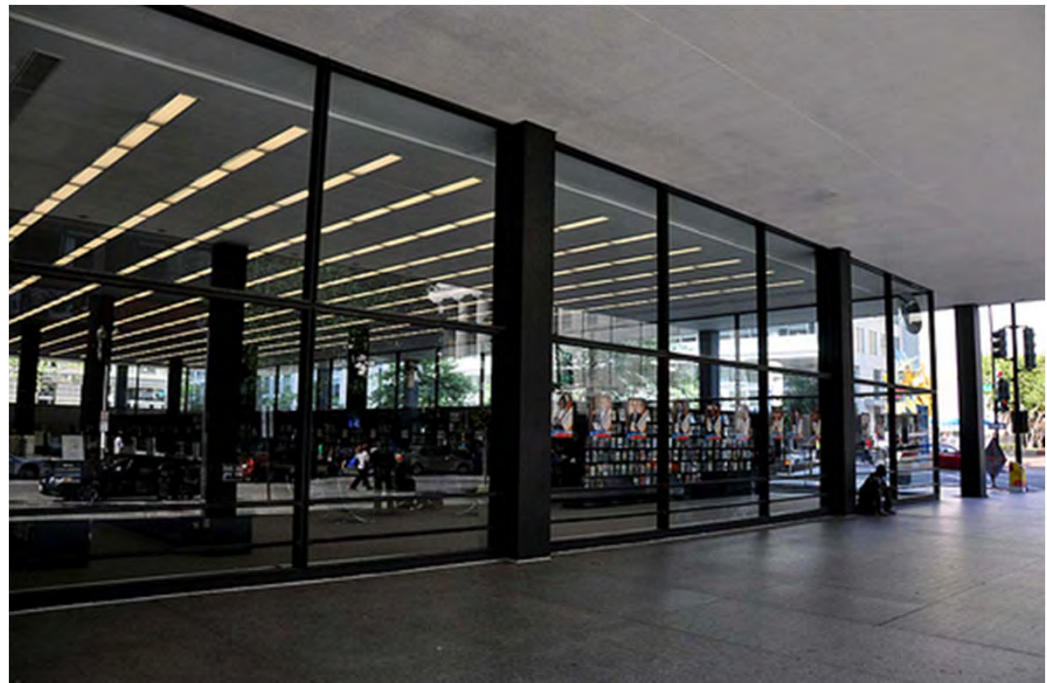
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Design

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- High Ceilings
- **Street visibility**
- **Existing parking**



Design

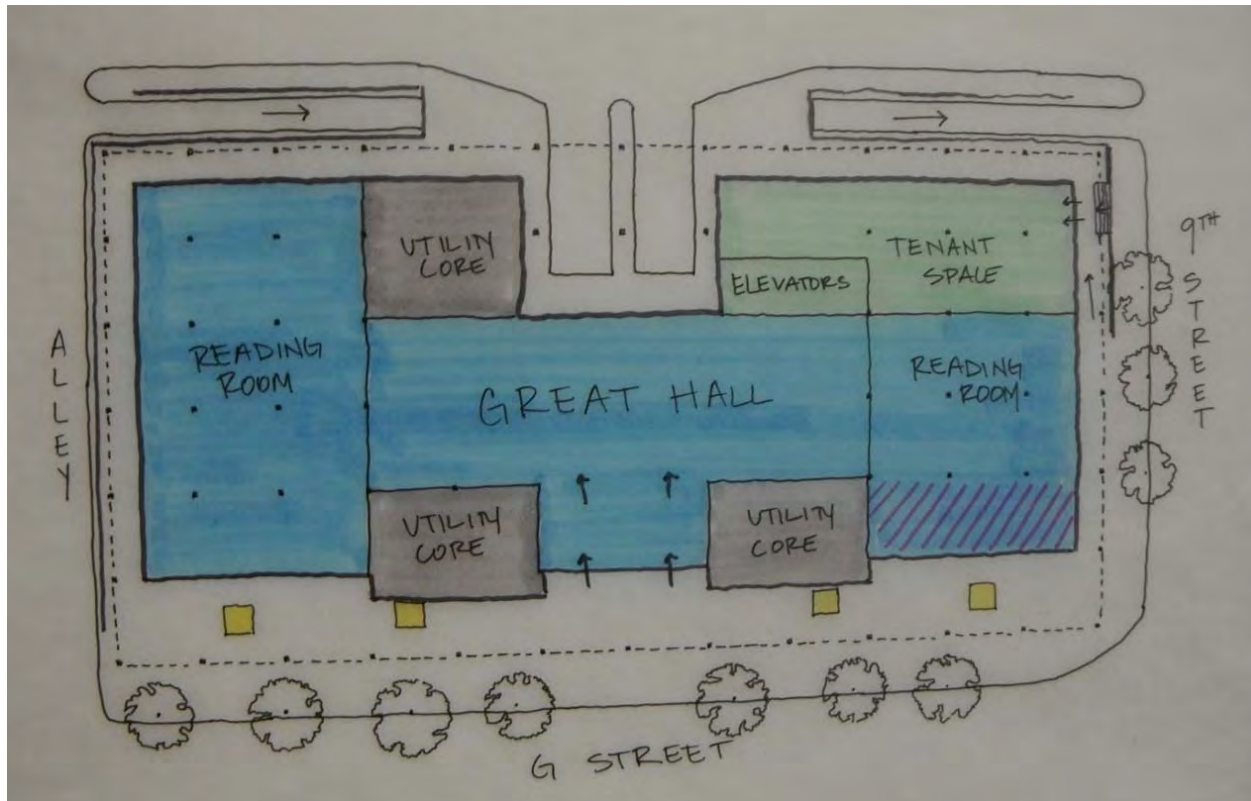
Alternative Scenarios – Shared Occupancy

- Ground Floor Entrances

Design

Alternative Scenarios – Shared Occupancy

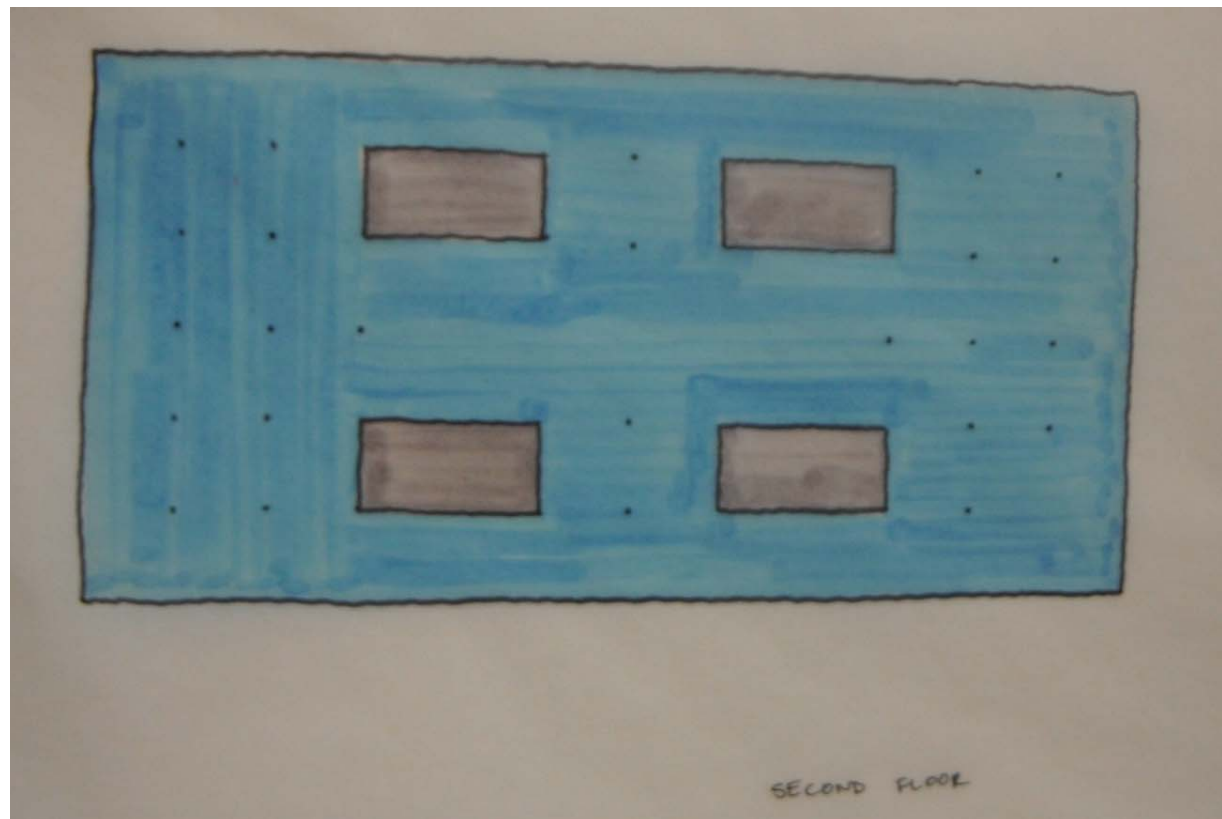
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Design

Alternative Scenarios – Shared Occupancy

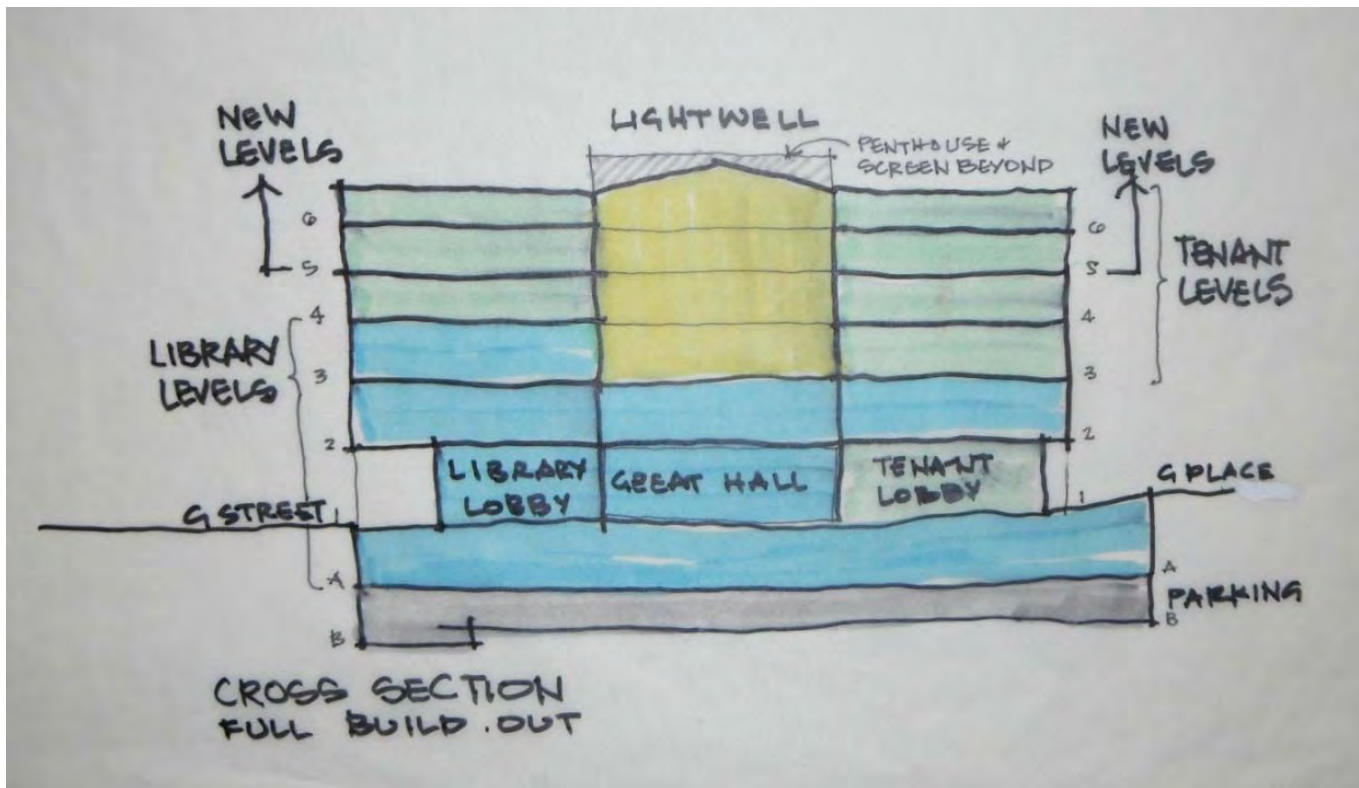
- Library Space



Design

Alternative Scenarios – Shared Occupancy

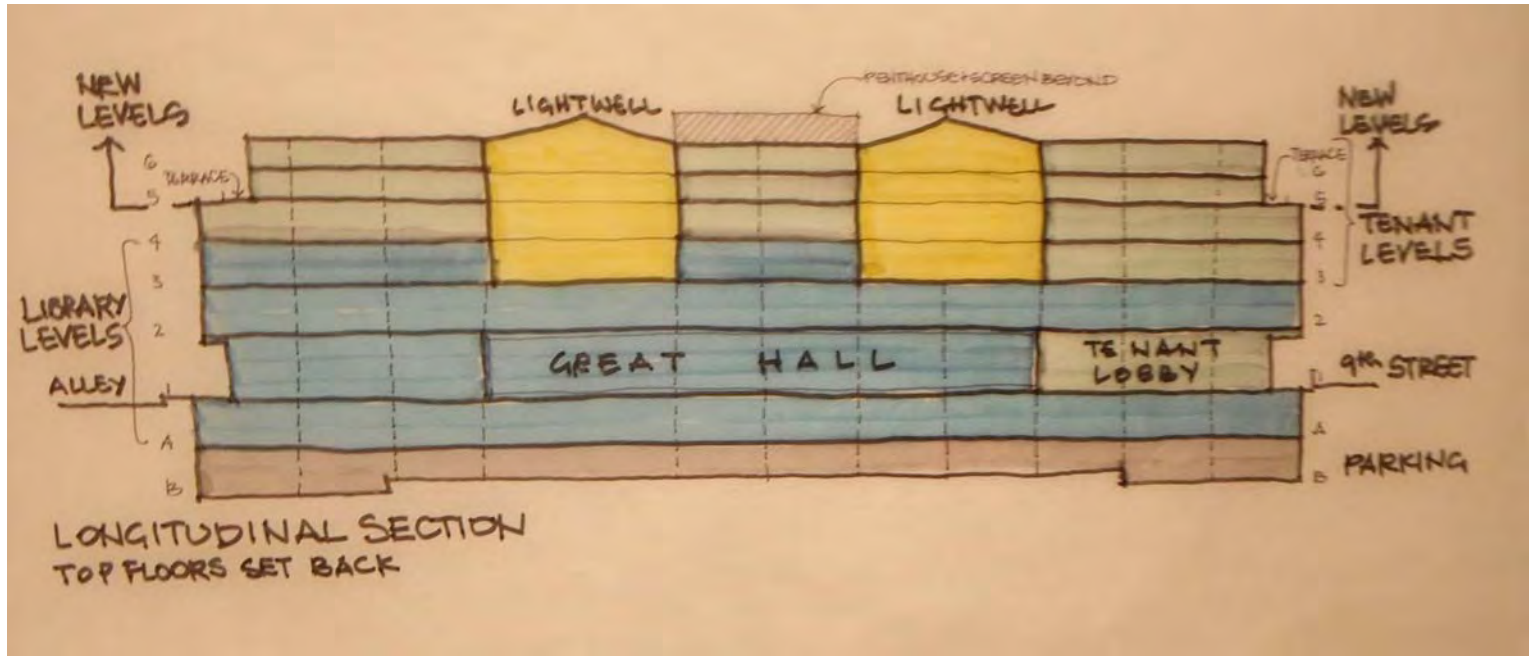
- Tenant Spaces

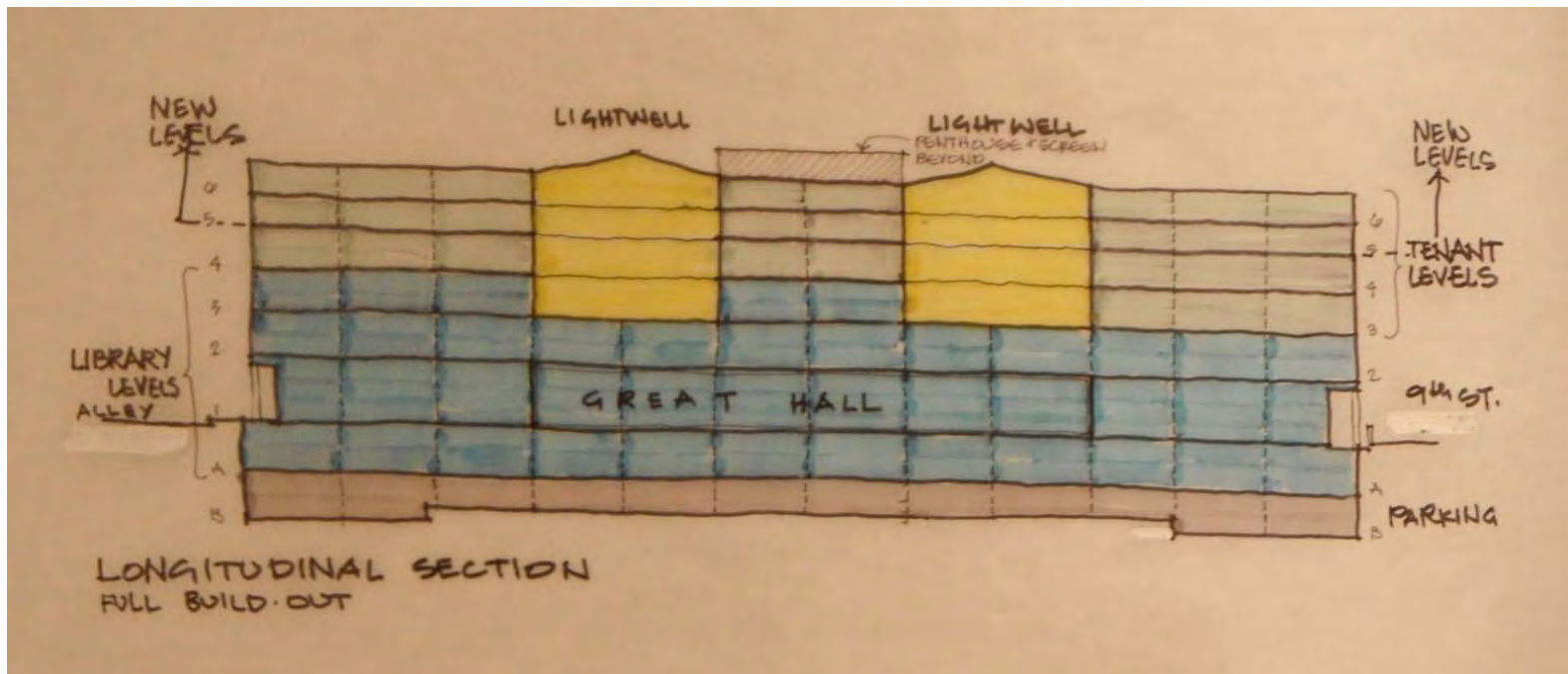


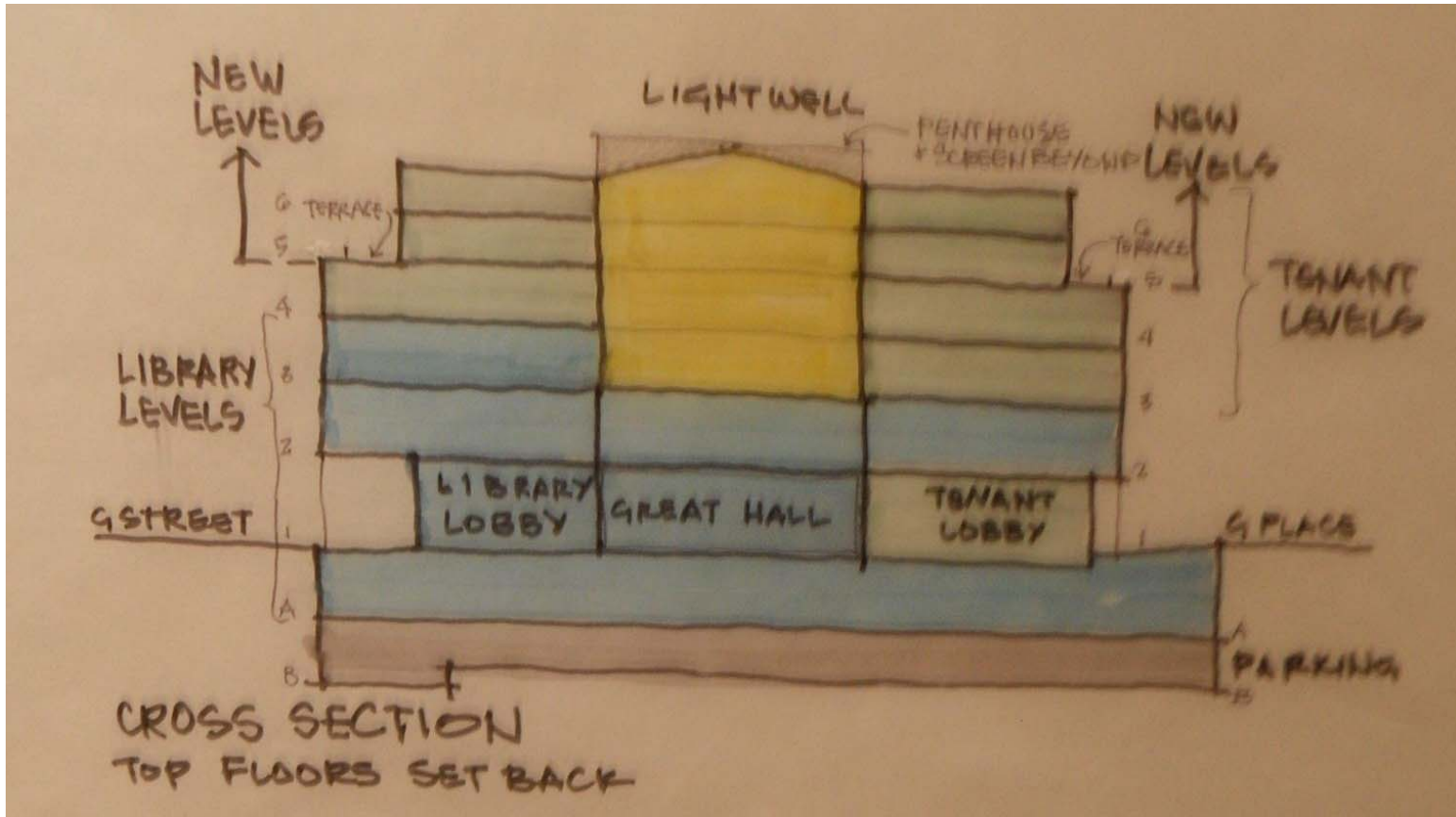
Design

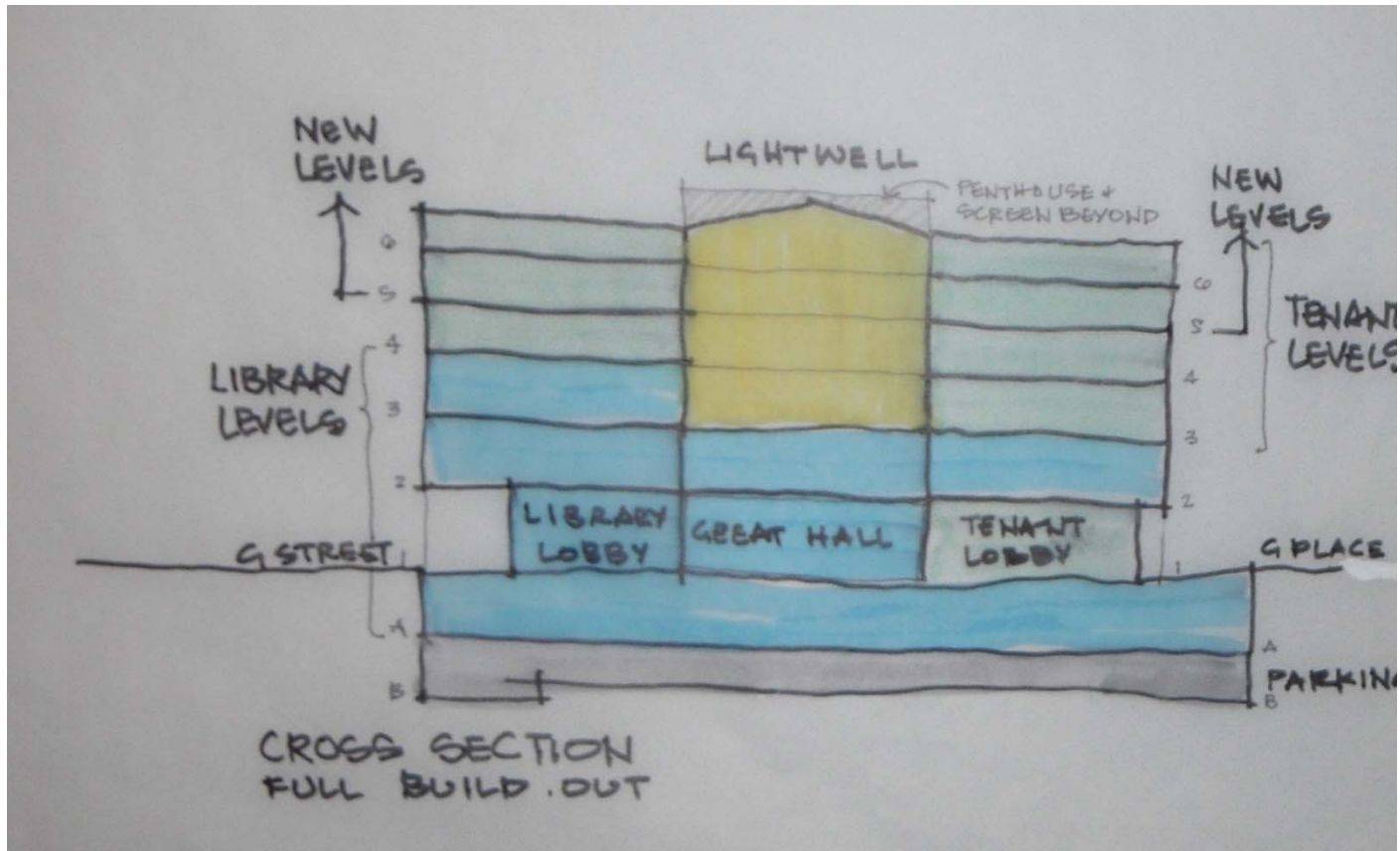
Alternative Scenarios – Shared Occupancy

- Building Configuration









Design

Alternative Scenarios – Shared Occupancy

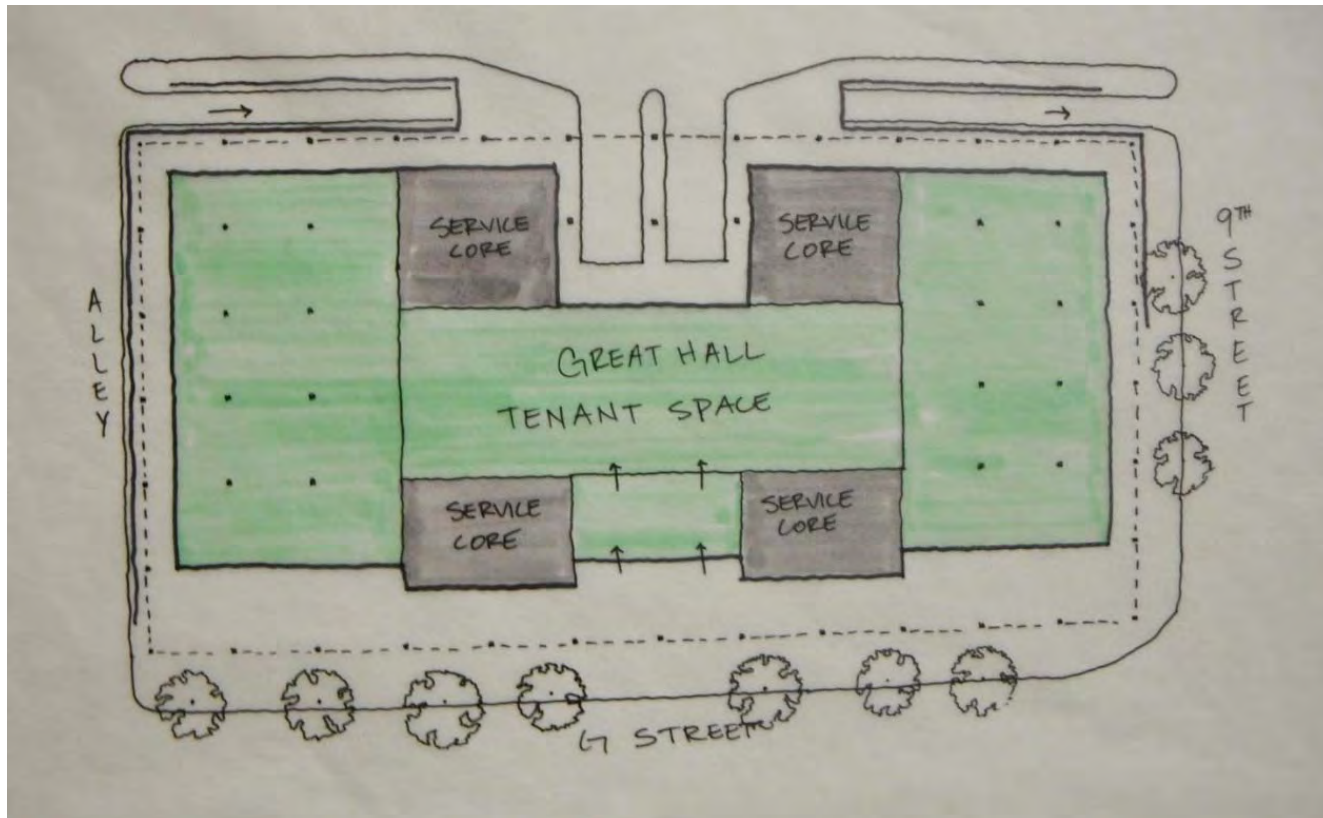
- Features
 - “Showcase” Space



Design

New Location (New Building Tenant)

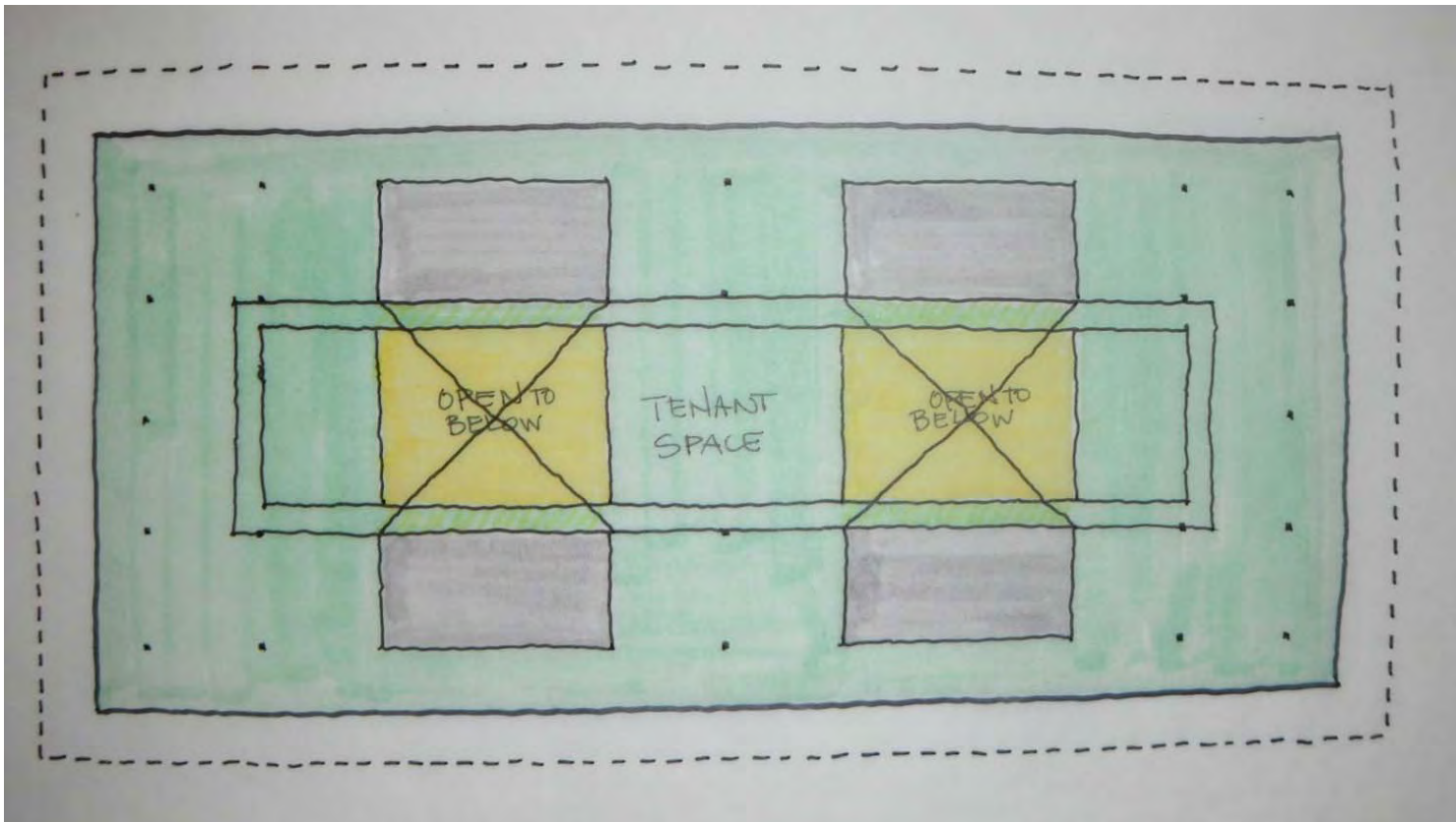
- Entrance and Ground Floor



Design

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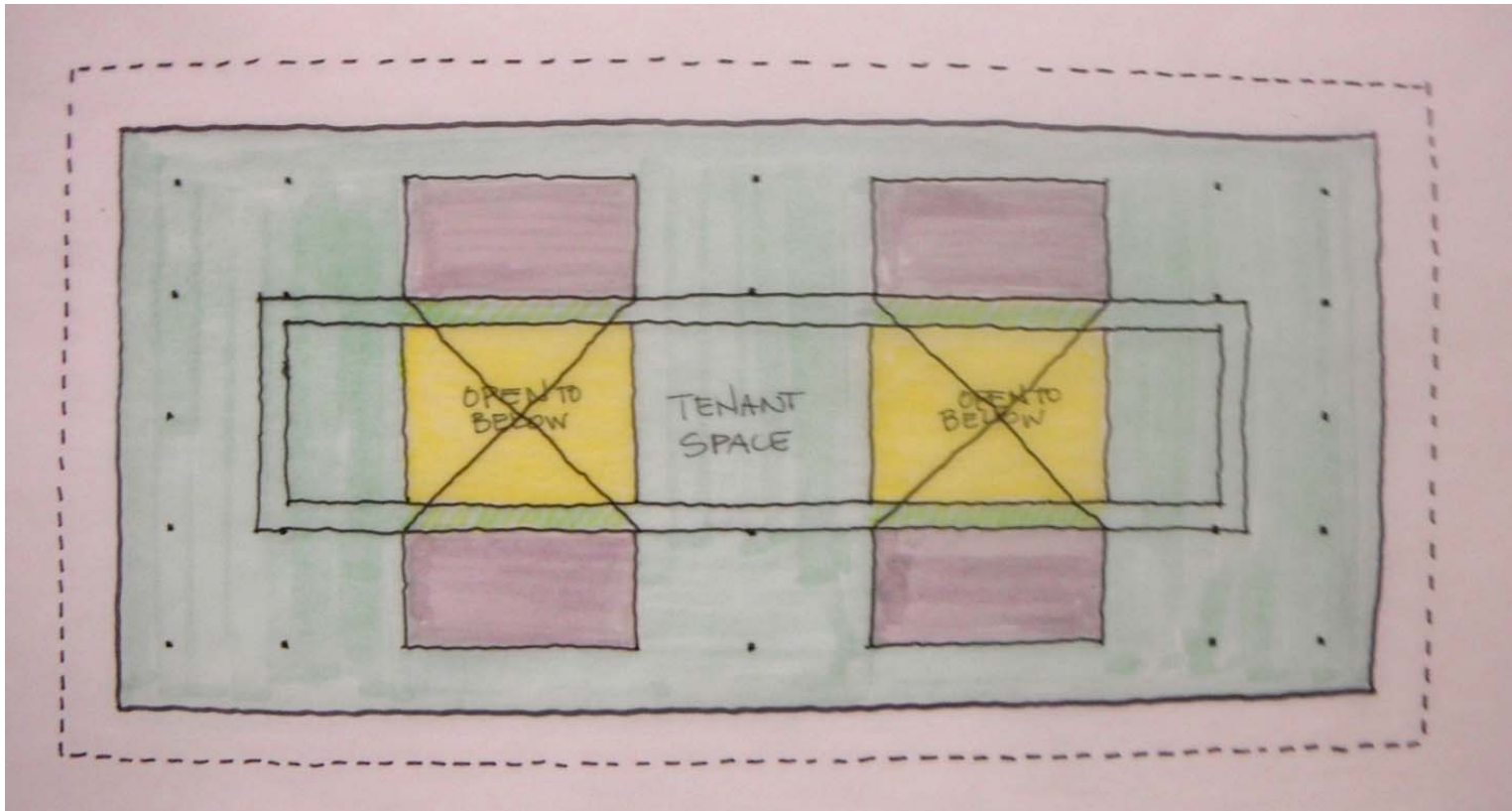
- Typical Floors



Design

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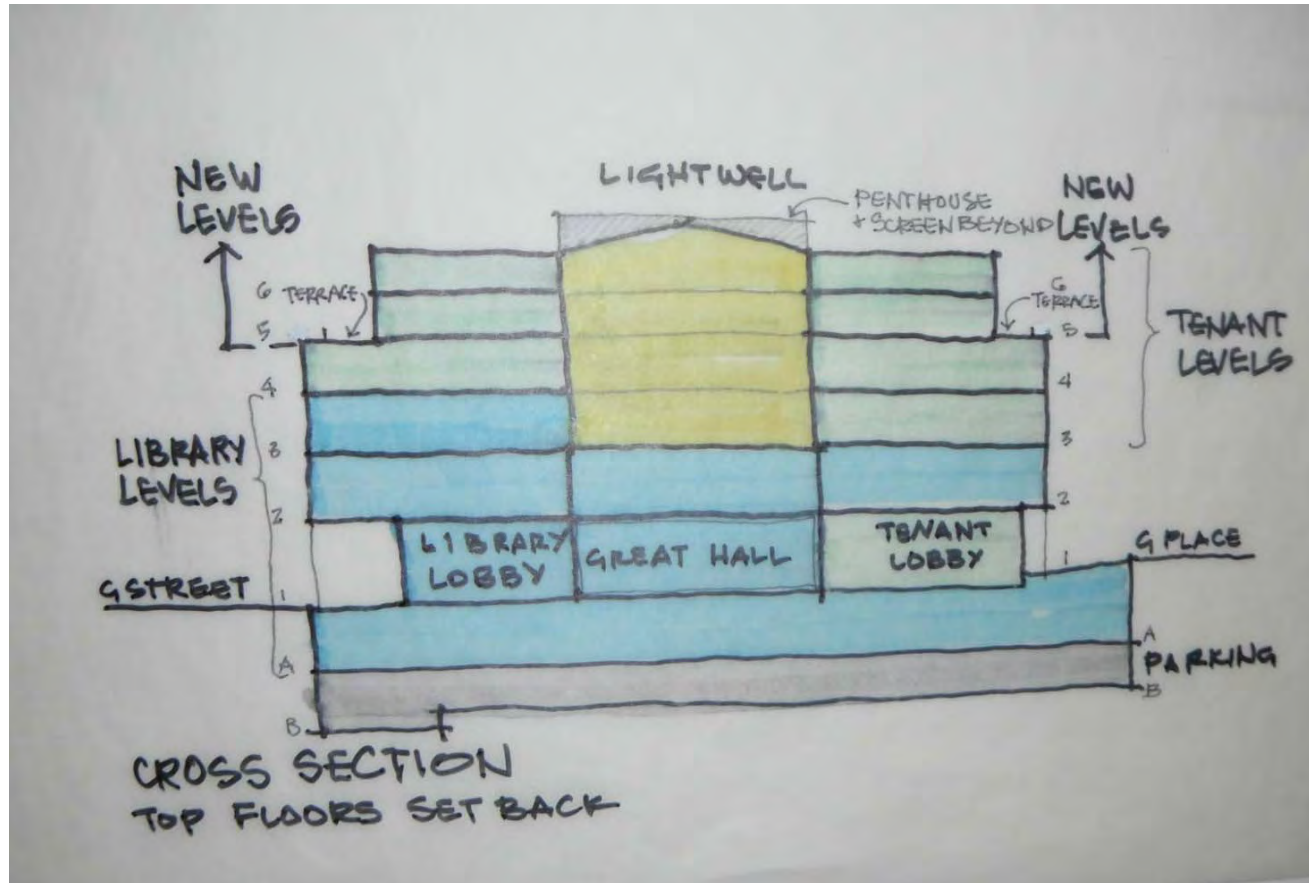
- Added Floors



Design

New Location (New Building Tenant)

- Building configuration



Design

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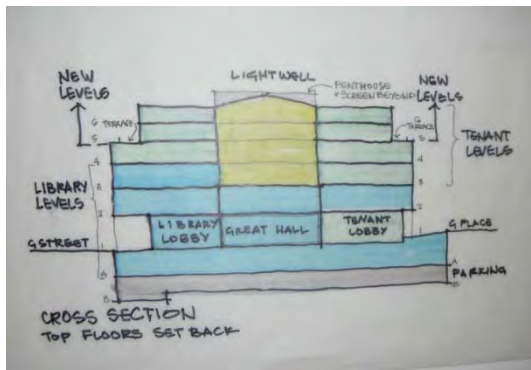
- Features
 - Institutional Showcases
 - Light wells
 - Rooftop terraces
 - Café
 - Parking



Design

Building Appearance Options

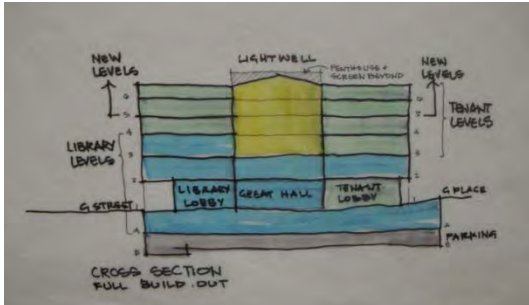
- Setback Scheme



Design

Building Appearance Options

- Maximizing Floor Space



Design

Short Term/Immediate entrance Improvements

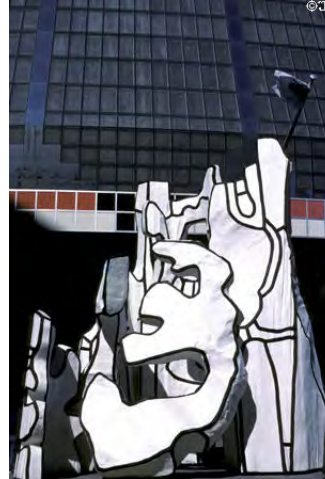
- **Moveable Planters**
- Exterior and interior Sculpture
- Children's Creative Play Area
- Cleanup of Street Accessories
- Paving Lights Display



Design

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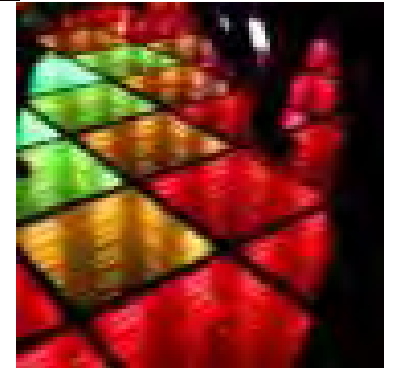
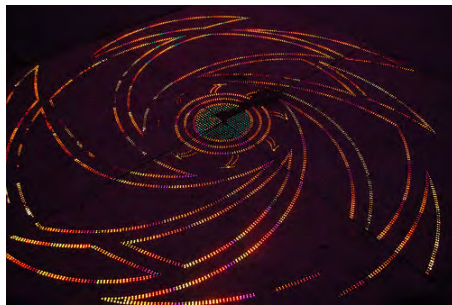
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Design

Short Term/Immediate entrance Improvements

- Moveable Planters
- Exterior and interior Sculpture
- Children's Creative Play Area
- **Cleanup of Street Accessories**
- Paving Lights Display



Design

Short Term/Immediate entrance Improvements

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Design

Implications and Conclusions

- Mies van der Rohe's "universal building philosophy"
- Flexibility of use throughout a building's lifetime
- In this philosophy, form does not follow function – instead, Mies designed for flexibility of use throughout a building's lifetime



Design

Implications and Conclusions

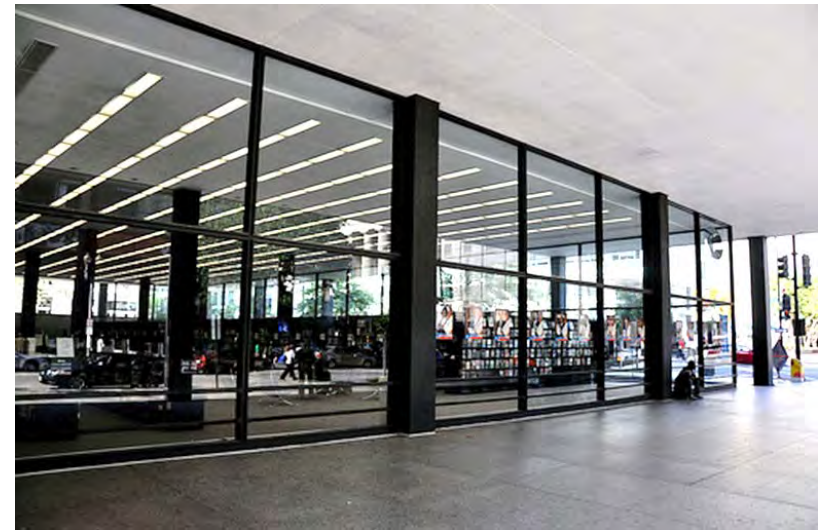
- What does this building want to be?
- Space for knowledge workers, not storage
- Space for productive labor



Ayahlushim Getachew

The Redevelopment/Development Scenarios

- Rehabilitate the existing building
- Co-tenancy in the existing building
- Move to a new facility (ground up or complete rehabilitation)
- **FUNDAMENTAL ASSUMPTIONS:**
 - There will always be a Martin Luther King, Jr. Memorial Central Library in Downtown DC
 - The library need is 225,000 square feet
 - Additional Public Resources will be required



The Redevelopment/Development Scenarios

Rehabilitate the existing building:

- Pros:
 - Keeps library in the existing space at existing location
 - Necessary upgrades to be made to existing building – “The Building is Broken”
 - DC Central Library in a historic landmark
 - 440,000 square feet including all below-grade space
- Cons:
 - 2006 study indicates rehabilitation needs are \$200-\$250 million for rehabilitation
 - Unable to completely replicate new systems, necessary efficiencies, modern information technology needs or adapt for future needs
 - Annual maintenance costs still prohibitive
 - Building is too big for Central Library needs



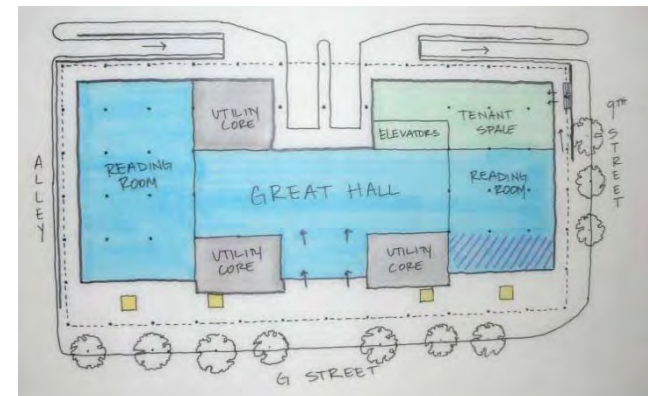
NOT AN ECONOMICALLY FEASIBLE OPTION!

The Redevelopment/Development Scenarios

Co-tenancy in the existing building

- Pros:
 - 225,000 square feet for the library enables correct sizing at existing location
 - Rental revenues of \$4.1 to \$5.5 million annually
 - Funds a portion of rehabilitation of the building / operating costs
 - Increased activation of the library site with new, permanent employee base

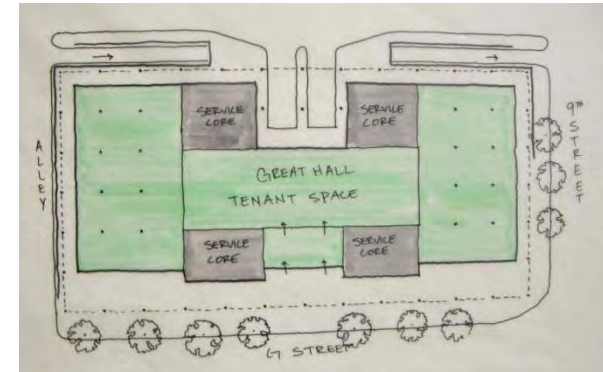
- Cons:
 - Dilution of focus from the library? Anti mixed use sentiment.
 - Redundancies in infrastructure and systems
 - Need two lobbies and two entrances
 - Increased rehabilitation costs due to “private/institution” finishes and systems



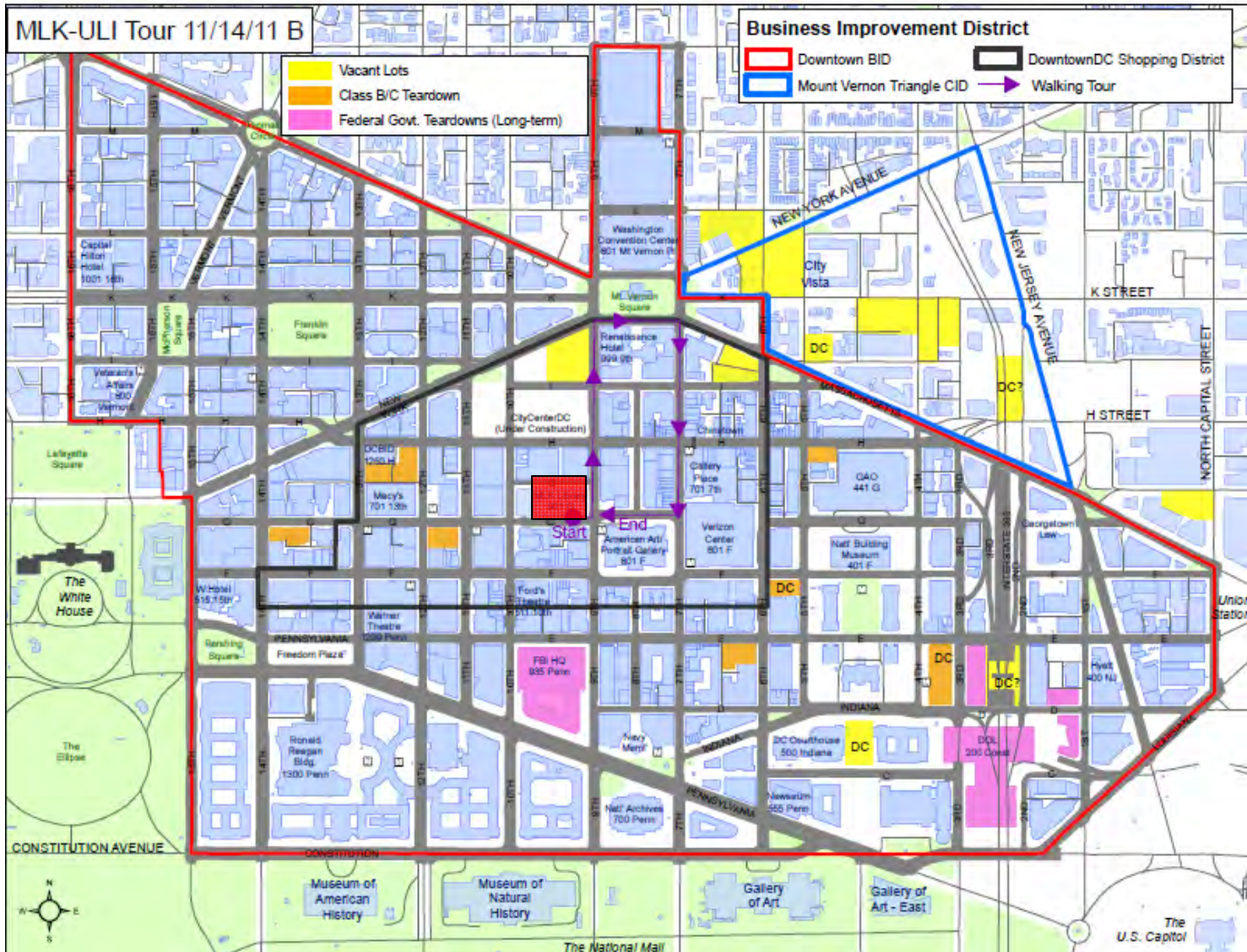
The Redevelopment/Development Scenarios

Move to a new facility (ground up or complete rehabilitation)

- Pros:
 - \$58.8 to \$70.5 million generated from sale (possibly more)
 - Historic tax credits for private buyer allows additional equity to project (increased value for site)
 - New, correctly sized library of the future; increased efficiencies and reduced operating costs
 - Remedy ADA, green issues. Flexible space.
 - Modern information technology capacity
- Cons:
 - Ground lease/sale of existing City asset
 - Leaving a historic building with a high degree of public identification
 - Challenges of finding a new site
 - Need to swap for land or move to an existing City asset to avoid new land costs
 - Relocation and moving costs need to be well quantified



Sites in Downtown















Development





Conclusion



Conclusion

“There’s not such a cradle of democracy upon the earth as the Free Public Library” – Andrew Carnegie

“Life is what happens to you while you’re busy making other plans” - John Lennon