DATE: June 27, 2005

SUBJECT: SP #105-5 Minor Site Plan Amendment to Delete Condition #50 which restricts at least one-half of retail Gross Leasable Area located on the lowest level of the Mall to convenience retail services; premises known as 1100 S. Hayes Street (RPC #35-005-025)

C. M. RECOMMENDATION: Approve removal of Condition #50 from Site Plan 105-5.

ISSUES: Should the County Board amend the policy for convenience retail at Pentagon Fashion Center to reflect current trends in retail merchandising and to recognize the development of additional convenience retail opportunities in the Pentagon City neighborhood.

SUMMARY: The Pentagon Fashion Center Site Plan adopted in 1985 contained conditions requiring the certain retail gross leasable area to be dedicated for convenience retail in one specific location. Since that time, strategic merchandising plans have tended to mix convenience retail tenants with specialty stores and upscale anchors in order to maximize traffic and sales. This minor site plan amendment will allow the Pentagon Fashion Center to adjust their retail strategy to create a better retail mix.

BACKGROUND: The Pentagon Fashion Center Site Plan adopted in 1985 contained conditions requiring the certain retail gross leasable area be dedicated for convenience retail in one specific location. Since that time, strategic merchandising plans have tended to mix convenience retail tenants with specialty stores and upscale anchors in order to maximize traffic and sales. This minor site plan amendment will allow the Pentagon Fashion Center to adjust their retail strategy to create a better retail mix.

DISCUSSION: Since the approval of Fashion Center Mall, the Pentagon City area and general retailing concepts have changed. Current retail marketing and design strategies mix convenience retail with other retail uses. The original intention of Condition #50 was to locate 60,000 square feet of convenience retail on the lowest level of the Mall. In October 2002, the 100% convenience retail requirement for the lowest level of the Mall was reduced to at least 50%.

The original approval of the site plan did not anticipate the development of competitive shopping facilities in the Pentagon City area. In addition to Pentagon Row, with 299,436 square feet of retail and Pentagon Center, 166,973 square feet of retail and restaurants in addition to the
169,452 square foot Price Club, other projects with significant retail spaces is anticipated. The Metropolitan Park project projects 100,000 square feet of retail, primarily on S. Fern Street and S. 12th Street, while development of the parcel north of S. 12th Street, could result in an additional 40,000 to 50,000 square feet of street-level retail.

The intent of the Pentagon Fashion Center is not to make wholesale changes to the lowest level of the Mall but, rather, to implement changes as leases expire and new opportunities arise to change to mix of retail tenants. Some tenants that fit the definition of convenience retail will be located to other floors within the Mall. The Pentagon Fashion Center is a very large economic engine for Arlington County. It is estimated that the Fashion Center attracts 14 million visitors per year. Arlington County’s Arlington Convention and Visitors Service does work with the Pentagon Fashion Center to promote tourism and visitors and will continue to do so in the future as new opportunities arise.

Approval of this modification to the site plan conditions for the Pentagon Fashion Center will allow the Mall to adjust their retail plans to better compete in the aggressive retail environment in Northern Virginia. This will allow the Pentagon Fashion Center better mix types of retail on each level of the Mall to better attract business and customers.

**FISCAL IMPACT:** There is no adverse fiscal impact associated with this minor site plan amendment.
The Fashion Centre at Pentagon City is a world-class shopping and tourist destination with 170 shops and restaurants totaling 345,940 square feet owned and managed by Simon Property Group. In its nearly 16 years of operation, the shopping center has ranked among the highest in the industry for occupancy and sales per square foot due to its great mix of retail tenants and volume of visitor traffic. The property has adapted to the retail climate and the needs of its customers, which is why it has remained so successful over the years. Some of the newest names among the retailers at The Fashion Centre at Pentagon City include Tourneau, Movado, Steve Madden, Guess?, Club Monaco, Lillie Rubin and Starbucks, all of which are highly sought after merchants. Opening this summer, are Sony and Apple who are undoubtedly two of the hottest names in retail today. While new names replace some of the old, The Fashion Centre continues to balance its retail offerings with retail shops, food court vendors, service/convenience retail and restaurants. The property maintains a mix of local, regional and national retail owners, which is important to the shoppers and the community.

When the property was developed, there was very little retail in the community. Simon Property Group understands the intent of the surrounding residents to require the mall ownership to provide a certain level of convenience/service retail on the Metro Level of the mall. Today that number is 50%. With neighboring properties such as the Costco-anchored Pentagon Centre and the adjacent Pentagon Row, there is now an abundance of service retail in the community. The 50% requirement for convenience/service retail at The Fashion Centre at Pentagon City no longer is necessary and, in fact, works against mixing convenience retail uses such as restaurants or small local retailers on other levels in better locations. The increased competition for this category of retailers is resulting in a limited number of uses for a property that already provides a high level of convenience/service retail on all levels of the mall.

The request to remove the leasing restriction on Metro Level is meant solely to allow ownership the ability to market available space to an appropriate retailer who will better serve the customer base. There are no plans per se but the lifting of this restriction will allow us to expand out search for the “right” retailers in the best locations when such spaces become available.

Suzette J. Timme
General Manager
Fashion Centre at Pentagon City
PREVIOUS COUNTY BOARD ACTIONS:

February 25, 1976  
(Z-2064-75-4) Rezoned Pentagon City Tract - properties bounded on north by Army Navy Drive; on west by South Joyce Street; on south by Arlington County property and 15th Street South; and on east by South Eads Street; excluding the Western Electric property - from "RA7-16", RA6-15", "C-O", and "M-1" to C-O-2.5."

(Z-2065-75-3) Rezoned 1601 South Hayes Street (future fire station) from "RA7-16" to "S-3A." Rezoned 1500 block of South Hayes Street through to South Joyce Street including adjoining County owned property on South Joyce Street from "R2-7" to "S-3A." Rezoned 1500 through to South Fern Street from "RA7-16" to "RA4.8."

(Z-2066-75-4) Rezoned 621 - 18th Street South from "S-3A" to "C-O-2.5."

Approved Pentagon City Phased Development Site Plan (PDSP).

January 8, 1977  
Approved a PDSP Amendment to 1) permit 20 additional low-rise family housing units in Parcel 5; 2) permit removal of 300 non-subsidized dwelling units for the elderly from Parcel 5 and relocated 280 such units in Parcel 3; 3) permit submittal of landscape maintenance agreement prior to issuance of building permit instead of with final site plan submission; and 4) provide that park dedication be held in escrow until rezoning and site plan approval held valid by final court decision.

January 8, 1977  
Approved Final Site Plan (SP-1) for Parcel 5 to include 300 subsidized housing units for the elderly, a 300 bed nursing home, and 200 low-rise units.

October 15, 1977  
Approved a PDSP Amendment (area bounded by Army Navy Drive, 15th Street South, South Joyce Street and South Hayes Street) to permit a temporary Metro-related parking lot until December 30, 1980.
Approved Final Site Plan for temporary Metro-related parking lot along the west side of South Hayes Street (between Army Navy Drive and 15th Street) and (along the north side of 15th Street) until December 30, 1980.

June 3, 1978
Approved an amendment to the Final Site Plan for Metro-related parking lot to eliminate the requirement for railroad ties of utility poles to separate parking aisles.

January 6, 1979
Approved Final Site Plan (SP-2) for a 12-story office building with approximately 253,534 square feet of gross floor area located at 701 12th Street South (northeast corner of 12th Street and South Hayes Street).

January 5, 1980
Approved an amendment to the Final Site Plan (SP-2) to extend approved plan for one year to January 6, 1981.

January 3, 1981
Approved an amendment to PDSP and the Final Site Plan to extend a Metro-related parking lot for one year to December 31, 1981.

April 1, 1981
Approved Final Site Plan (SP-3) for a 12-story office building with approximately 309,574 square feet of gross floor area located at 601 12th Street South.

November 14, 1981
Approved Amendment to PDSP and Final Site Plan to extend Metro-related parking lot for two years to December 31, 1983. Approved Final Site Plan to enlarge temporary Metro-related parking lot in the 1000-1300 block of South Hayes Street.

May 20, 1982
Approved amendment to PDSP to transfer 200,000 and 290,000 square feet of gross floor area from Parcels 2 and 3, respectively, to Parcel 1, and the transfer to 670 dwelling units from Parcel 1 to Parcel 3. (Conditioned on agreement being reached with MCI for use of the transferred space.)
Reduced office and commercial parking requirement unless otherwise approved in final site plans.

September 11, 1982
Approved Amendment to PDSP to permit temporary uses accessory to construction (eating facilities) on Pentagon City Tract.

July 10, 1982
Deferred Amendment to PDSP and Final Site

September 11, 1982
Plan to enlarge temporary Metro-related

November 6, 1982
parking lot westward along Army Navy Drive to South Joyce Street.

January 8, 1983
Accepted withdrawal of Amendment to PDSP and Final Site Plan to enlarge temporary Metro-related parking lot.

April 9, 1983
Approved Amendment to Final Site Plan (SP-4) to extend the approval for two years to April 5, 1985 for residential condominium at 801-15th Street South.

June 4, 1983
Deferred Amendment to Final Site Plans (SP-2 and SP-3) for signs at MCI office buildings to June 18, 1983.

June 18, 1983
Approved Amendment to Final Site Plans (SP-2 and SP-3) for signs at MCI office buildings.

August 13, 1983
Accepted withdrawal of Amendment to Final Site Plans (SP-2 and SP-3) for a freestanding sign/sculpture at MCI office buildings.

December 10, 1983
Approved Amendment to PDSP and Final Site Plan for a temporary Metro-related parking lot located in the 1000-1400 block of South Hayes Street to July 30, 1984.

July 11, 1984
Approved a Phased Development Site Plan Amendment to redefine parcel boundaries, increase retail density transfer 47,500 square feet or retail density from Parcel 3 to Parcel 1 and 2 and modify several conditions.
Approved a Final Site Plan for a shopping mall (1,019,300 square feet), a hotel (450 units), an office building (172,000 square feet) and 4,173 parking spaces.

Approved a Final Site Plan amendment to amend the boundaries of Parcel 2C.

August 18, 1984
Approved a Phased Development Site Plan amendment to reduce the number of hotel units on Parcels 1B and 2B from 600 to 450 and on Parcel 1D from 1,100 units to 882 units.

September 8, 1984
Approved a Phased Development Site Plan amendment to extend the approval of a temporary eating facility.

July 13, 1985
Approved a Final Site Plan for two 120 story office buildings containing 514,892 square feet on Parcel 1C.

September 7, 1985
Approved a site plan amendment to increase the site area of the shopping center by 18,853 square feet, to relocate and/or reconfigure the hotel, office tower, department stores, mall and parking structures with no change in gross floor area or height and to relocate the pedestrian access to Metro through the parking garage.

December 7, 1985
Approved a site plan amendment to delete condition #49, referring to the County Board’s approval of a 25,000 square foot performing arts center.

October 1, 1988
Deferred a site plan amendment request for a comprehensive sign plan to the December 3, 1988 County Board meeting.

December 3, 1988
Deferred a site plan amendment request for a comprehensive sign plan to the January 7, 1989 County Board meeting.

January 7, 1989
Deferred a site plan amendment request for a comprehensive sign plan to the February 11, 1989 County Board meeting.
Deferred to the March 4, 1989 County Board meeting a site plan amendment request to provide a day care center and an employee cafeteria, install a satellite dish antenna, and add an auditorium, at 600 and 700 Army Navy Drive.

<table>
<thead>
<tr>
<th>Date</th>
<th>Approval Details</th>
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<tbody>
<tr>
<td>February 11, 1989</td>
<td>Approved a site plan amendment request for a comprehensive sign plan.</td>
</tr>
<tr>
<td>March 4, 1989</td>
<td>Approved a site plan amendment request for a day care center at 600 Army Navy Drive. Applicant withdrew requests for employee cafeteria; satellite dish antenna and auditorium prior to legal advertisement.</td>
</tr>
<tr>
<td>May 13, 1989</td>
<td>Approved a final site plan for a 300 unit, 16-story hotel with two levels of underground parking (SP-7) at (1001) South Fern Street.</td>
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<tr>
<td>October 7, 1989</td>
<td>Approved site plan amendment to substitute planters and landscaping for louvers on parking garage (SP-5) at Pentagon City Mall.</td>
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<tr>
<td>September 8, 1990</td>
<td>Approved site plan amendment to allow 320 square feet of temporary leasing banners for the 2 Parc Vista (SP-4).</td>
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<td>Continued temporary eating facility for two (2) years.</td>
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<tr>
<td>October 6, 1990</td>
<td>Approved a site plan amendment (SP-4) to convert 550 square feet of storage space in the Parc Vista apartments to medical office use.</td>
</tr>
<tr>
<td>August 10, 1991</td>
<td>Approved a site plan amendment to permit the operation of a convenience store on the first floor.</td>
</tr>
<tr>
<td>November 16, 1991</td>
<td>Approved a site plan amendment for a special exception permitting off-site stockpiling of material excavated from 4201 North Wilson Boulevard; on premises known as 1001 South Fern Street.</td>
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<tr>
<td>May 16, 1992</td>
<td>Approved PDSP amendment to permit the uses allowed on “M-1” to continue until redevelopment occurs, for 10 years.</td>
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<tr>
<td>September 12, 1992</td>
<td>Approved site plan amendment (SP #105) to permit operation of temporary uses accessory to construction (i.e., eating facilities for construction workers, subject to original conditions and a review in three (3) years.</td>
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<tr>
<td>December 15, 1992</td>
<td>Approved the abandonment, conveyance and relocation of South Joyce Street at 15th Street South subject to conditions and authorize the Chairman to execute the deed conveying the abandoned right-of-way.</td>
</tr>
<tr>
<td>March 10, 1993</td>
<td>Approved use permit (U-2764-93-1) for a comprehensive sign plan for 17 signs at Rive House I, II and III.</td>
</tr>
<tr>
<td>June 5, 1993</td>
<td>Approved Phased Development Site Plan (SP #105) amendment to permit the 200 parking spaces required to be constructed in the former South Joyce Street right-of-way be converted to a landscaped open space and bus stop subject to conditions and a review in one (1) year.</td>
</tr>
<tr>
<td>January 8, 1994</td>
<td>Approved a site plan amendment (SP #7) to amend Condition #43 to allow a brick and EIFS facade treatment.</td>
</tr>
<tr>
<td>June 10, 1995</td>
<td>Continued PDSP (SP #105) to permit the 200 parking spaces required to be constructed in the former South Joyce Street right-of-way to be converted to a landscaped open space and bus stop subject to conditions and with a review in one (1) year.</td>
</tr>
<tr>
<td>June 4, 1996</td>
<td>Continued a PDSP (SP #105) to permit the 200 parking spaces required to be constructed in the former South Joyce Street right-of-way to be converted to a landscaped open space and bus stop subject to conditions and with no further review.</td>
</tr>
<tr>
<td>February 8, 1997</td>
<td>Approved a site plan amendment (SP #2) and (SP #3) to permit extension of the building entrance lobbies by 900 square feet each.</td>
</tr>
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</table>
September 6, 1997 Took no action on a General Land Use Plan Amendment to change the striping pattern in the Pentagon City PDSP.

October 4, 1997 Deferred a PDSP Amendment (SP #105) to amend Conditioned #2 of the PDSP and a Final Site Plan (SP #8) for mixed use residential and retail development and associated parking to the recessed meeting of December 18, 1997.

December 18, 1997 Approved a PDSP Amendment to amend Condition #2 of the PDSP to reduce the number of residential units in Parcel 1A/2A to 830 units, add 300,000 square feet of commercial GFA to the PDSP in Parcel 1A/2A, and add 332 residential units to Parcel 3.

Deferred a Final Site Plan request for a residential and commercial mixed-use development containing 300,000 square feet of retail and 830 residential units to February 7, 1998.

February 7, 1998 Approve a Final Site Plan (SP #105, FSP #8) for a mixed use residential and commercial development on Parcel 1A/2A of the PDSP, to include 830 residential units, 300,000 square feet of commercial GFA, and an approximately one-acre urban plaza and ice rink.

April 10, 1999 Approved a site plan amendment for a comprehensive sign plan for Pentagon Row.

June 9, 2001 Approved a site plan amendment to amend the comprehensive sign plan for Pentagon Row to add three (3) signs.

July 28, 2001 Approved a site plan amendment to install seasonal banners on light poles, seven (7) days a week, 24 hours a day.

January 26, 2002 Approved a site plan amendment for live entertainment in a new restaurant, Champps, on Wednesday, Thursday, and Saturday and holidays from 9:00 PM – 1:00 AM.
<table>
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<tr>
<th>Date</th>
<th>Decision Description</th>
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<tr>
<td>April 20, 2002</td>
<td>Approved a site plan amendment for Sine, for live entertainment 7 days per week, 9:00 PM to 1:00 AM.</td>
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<tr>
<td>September 14, 2002</td>
<td>Approved a site plan amendment to allow four (4) retail kiosks</td>
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<tr>
<td>January 17, 2003</td>
<td>Continued a site plan amendment for live entertainment for Champps Restaurant with a review in three (3) years (January 2005).</td>
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<tr>
<td>February 8, 2003</td>
<td>Approved a site plan amendment to expand the hours of the ice skating rink, subject to previous conditions and one amended condition with a review in one year (February 2004).</td>
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<tr>
<td>April 26, 2003</td>
<td>Renewed a site plan amendment for live entertainment for Sine Restaurant subject to all previous conditions with a review by the County Board in three (3) months.</td>
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<tr>
<td>July 19, 2003</td>
<td>Renewed a site plan amendment for Sine Restaurant subject to all previous conditions with a County Board review in three (3) years (July 2006).</td>
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