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From SW Renewal Area to Foxhall

# Rockefellers Big Investors in D.C.

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A tailor by trade, Jimmie Muscatello is chairman of a small businessmen's group fighting planned development of high-rise, high-rent office buildings in the old downtown between the White House and Capitol Hill!

Muscatello fears the Rockefeller family because they have played a major behind-the-scenes role in the redevelopment of central Washington, a redevelopment which has virtually excluded small independent merchants.

The Rockefellers own a substantial portion of the Southwest urban renewal area—approximately 40 per cent of L'Enfant Plaza, the \$100 million office-hotel-shopping complex that is the highest valued District property and the largest completed commercial urban renewal project in the country.

The Rockefeller family's impact on the District of Columbia is small compared with its role in New York City, where Rockefellers owned the land on which the United Nations building rose, raised substantial money for construction of the Lincoln Center and built Rockefeller Center in midtown Manhattan.

The Rockefeller involvement here is less publicized and less personalized; it is tied more to money than moxie.

It includes the 25-acre estate of vice president designate Nelson A. Rockefeller, at 2500 Foxhall Rd. NW, which is valued by tax assessors at more than \$2 million and has been appreciating in recent years at an annual rate of about 25 per cent.

The property contains a pond and a house built in 1790 by a Revolutionary War colonel who led his troops in battle with the Continental Congress for their pay. The land eventually became part of the Glover Archbold estate. Rockefeller acquired it in stages, starting in 1948.

The property is not listed in Rockefeller's name. The owner of record is Paul H. Folwell, an attorney with the New York law firm of

Robert R. Douglass, legal counsel to Rockefeller when he was New York's governor and the man designated as his personal liaison with Congress during nomination proceedings.

Folwell, reached at his New York office, said the use of his name "doesn't mean anything. Everyone knows Mr. Rockefeller owns that property."

Godfrey A. Rockefeller, a distant cousin who maintains residences here and on Gibson Island, Md., said, "Members of the family use (the property) when they're down here."

The property is regularly listed as among the 10 highest assessed residents in Washington. The 1974 tax bill came to more than \$37,000.

In Washington, some Rockefeller interests are in the hands of retired Air Force Gen. Elwood R. R. ("Pete") Quesada, president and board chairman of L'Enfant Plaza. Quesada also is the presidentially appointed chairman of the Pennsylvania Avenue Development Corporation.

The corporation was created by Congress to redevelop 23 acres on Pennsylvania Avenue's north side, with power to condemn property and subsidize developers by selling them the land at a discount. No small businessmen serve as corporation directors.

"We fear big money, anybody's big money," Muscatello says.

"You got to remember," Muscatello said of Quesada and downtown development, "he fronts for the Rockefellers, and Rockefeller has been nominated to be vice president..."

Quesada bristles at such suggestions. "The Rockefellers have nothing to do with Pennsylvania Avenue."

He has had no discussions with the Rockefellers about investing on Pennsylvania Avenue, he said over lunch recently at the L'Enfant Plaza hotel, but he did not foreclose such discussions.

"Anybody would welcome them, and everybody should," he said.

Quesada, a native Washingtonian, brought banker David Rockefeller into L'En-

fant Plaza as a major investor nine years ago.

Rockefeller, in turn, brought in his son, David Rockefeller, Jr.; his sister, Abby Rockefeller Mauze; his brother, John D. Rockefeller III, who is generally known more for his concern with population control and the bicentennial, and his nephew, John D. Rockefeller IV, former West Virginia secretary of state and current president of West Virginia Wesleyan College.

David Rockefeller also brought in Chase Manhattan Bank, of which he is board chairman, and of which his brother Nelson is said to be a large shareholder.

While Nelson has no direct interest in L'Enfant Plaza, he recently considered—then rejected—the idea of moving a staff into one of its office suites for the nomination hearings. The Rockefeller staff is located instead at 1100 17th St. NW.

According to papers on file with the D.C. urban renewal authority, ownership of the \$30 million L'Enfant Plaza hotel-office building in May, 1971, gave the combined Rockefeller interests 39.1 per cent of the stock, divided this way—Chase Manhattan, D.R. Associates and nominees, 28.1 per cent; John D. Rockefeller III and John D. Rockefeller IV, 5.5 per cent, and Abby R. Mauze, 5.5 per cent.

According to Quesada and to additional information on file with the D.C. corporation records office, Rockefeller holdings in the rest of the L'Enfant project are similar, with David Rockefeller Jr., as an added shareholder.

Quesada said he asked the Rockefellers to invest in L'Enfant Plaza because "I knew they were civic-minded and interested in urban development."

It was 1965 and New York real estate magnate William Zeckendorf—the original redeveloper of Southwest Washington—was in financial trouble.

"I had sold my interest in the Senators," Quesada said. "I was foot loose and fancy free." He became interested in L'Enfant Plaza, and Zeckendorf suggested he take

over development of the entire project, then existing only in model form.

Quesada said he could finance one building, but not four. He contacted Laurance Rockefeller, "a longstanding friend" from aviation circles. "Laurance said, 'I don't do that sort of thing. David does. I'll put you in touch with him.' David sent a fellow down here, looked over the project and said yes.

"He put in one-half of the equity, and I put in one half," Quesada said, declining to state dollar amounts.

Work on L'Enfant Plaza began in late 1965 and was completed last year, when the hotel opened and the west office tower was sold for \$30 million to the U.S. Postal Service. The L'Enfant Plaza Corp. continues to control the rest, through a 99-year lease with the D.C. Redevelopment Land Agency, the urban renewal authority, which still owns the land underneath.

Recently, the L'Enfant Plaza Corporation has tried to control some development beyond its own borders in Southwest, opposing subsidized housing for poor and moderate-income families and battling commercial enterprises that could compete with its own.

The opposition has taken the form of court suits against the housing project across the Southwest Freeway, against a waterfront motel that wants to build 150 rooms instead of the 100 originally approved, against the nearby Nassif Building, which let ground floor space to a bank and drug store.

To date, L'Enfant Plaza has won the last suit, while the other are pending.

The legal battle over the subsidized housing has divided Southwest, with some adjacent townhouse owners siding with L'Enfant Plaza in opposition and other citizens and community groups favoring the project.

Seeking to separate the Rockefellers from this dispute, Quesada said last week, "I and I alone am responsible for that suit."

The L'Enfant Plaza Corp. is doing "all right" Quesada said, but he refused to provide details about the private corporation's finances.