GLEBE PARK REDEVELOPMENT STAKEHOLDERS GROUP

June 19, 2007
Meeting Summary

Stakeholders present:
Jim Hoben, Housing Action
Santos Vega, Chiralagua/Arlandria Coop
Mike Caison, Alexandria Housing Advisory Committee
Jim Rorke, Lenox Place Homeowner Association
Paul Cox, Arlandria Civic Association
Barbara Hayes, North Ridge Civic Association
Andy Duncan, Warwick Village Citizen Association
Jon Liss, Tenants Workers United
Also present:
Ingrid Velasco, ACHC
Brian Allan Jackson, EYA
Jon Rak, McGuire Woods
Kathleen Henry, ACHC
Julio A. Magana, ACHC
Lynn Brautigan, Beverly Hills Manor
Rosento Bara, ACHC
Melissa Garcia, Lenox Place
Al, Smuzynski, Wesley Housing

Barbara Ross began the meeting by noting an ambitious agenda, but stated that staff is prepared to respond with regard to each of the options suggested at the last meeting, and some may need additional follow up. The options have been reordered for clarity of organization.

Option # 1: Purchase of ARHA Old Dominion site by Arlandria/Chiralagua Cooperative.

Mildrilyn Davis explained that she, Helen McIlvaine and Barbara Ross met with Kathleen Henry and members of the ACHC board on June 18 to learn more about ACHC's ideas for redevelopment. The Board is at a very preliminary stage, but is thinking about eventually redeveloping all of the ACHC land, including the buildings that are adjacent to ARHA's Old Dominion site. Development challenges would be reduced by having more land, and a deeper lot on which to program new development. The ARHA Glebe Park considerations will not stop now, but both ideas can proceed at least preliminarily on parallel tracks.

Barbara Ross expressed encouragement to ACHC, especially with regard to taking preliminary steps in order to determine the feasibility of the project.

Option # 2: Purchase individual condos and townhouses throughout the City as replacement units for the Glebe Park public housing units.

A.J. Jackson handed out listings produced by EYA which show all of the real estate listings in the City selling for $250,000 or less, which is the average cost to EYA of its current Glebe

Park/James Bland program proposal of 234 units. That number does not include a reduction of $115,000 per unit with tax credit financing, which is not available for the purchase of individual units. The majority of units on the list are efficiencies and one bedrooms, although there are some two bedrooms and a few that are larger. He also cautioned about the heading labelled "neighborhood," explaining that the names of "neighborhoods" are those given by the real estate industry for marketing purposes, and may not be what residents are familiar with.

Connie Lennox advised that ARHA does now have 38 units at Park Place and 5 at Saxony Square, which is ARHA's smallest scattered site in the City. There are several problems with scattering individual units widely throughout the City, even assuming you could find suitable units at appropriate prices. First, from a management standpoint, it is very inefficient, and potentially expensive, with for example a need for more staff to visit units,etc. In addition, there is the issue of ongoing condominium fees for which HUD maintenance fees, established in the 1970s, are inadequate to cover. In addition to monthly condo fees, there are special assessments that condo boards can levy, for example for a new condo building roof, which may not be adequately covered in the condo reserves. For example, at Saxony Square, there was an assessment of $10,000 per unit for new windows. The Saxony Square units are now included on ARHA's disposition list, which shows the units ARHA proposes to eliminate, because they are simply too expensive as an ongoing matter to maintain.

When ARHA goes into an existing condo building, it lacks any negotiating power with regard to assessments. At Chatham Square, on the other hand, it specifically included provisions with regard to assessments in its contract. It has specific veto power over HOA improvements if it cannot afford them.

There was extended discussion regarding EYA's $250,000 average price, and particularly with regard to the fact that it includes no land cost because ARHA owns the land

Jim Rorke questioned whether the real market value of the Glebe Park land had been considered, and whether a Council person's question about whether the property were just a dark hole into which we are putting money without regard to value had been considered. If we sold the property, would the market pay sufficiently to recoup our costs of developing similar units elsewhere?

Option # 3: Use the ARHA land for housing homeless veterans with federal grant money.

Connie Lennox responded to Ed Ablard's suggestion of building housing for homeless veterans with federal grant money. Based on her research, she determined that it would be difficult for this program to work with ARHA housing for several reasons. First, the grant money requires a commitment to providing a whole range of services, such as mental health, alcoholism, drug abuse and 24 hr staffing. ARHA cannot do that. Another problem with the program is that you cannot use federal monies from two different programs together, so if there were a federal grant for veteran's housing, no HUD housing money would be available, and vice versa. The program does allow up to 25% of the residents to be non veterans. There are veterans in ARHA housing now, although they do not receive a preference. Housing homeless veterans would also be adding to the current ARHA population, increasing the housing need.

Helen McIlvaine, Deputy Director, Housing, spoke about the City's interest in housing for veterans, and the fact that, given the heightened need for services, a regional approach with Arlington and Fairfax is being looked at. The City's homeless survey found approximately 30 homes veterans in the City this year.

Paul Cox asked that the City consider other federal programs for which housing is available, including those related to the environment, and suggested that Jim Moran may be able to help with appropriations. Others responded with the fact that such appropriations would have to be a special earmark, which is especially difficult, and that if there were a citywide ARHA strategic plan that would help with any request for special funding.

Connie Ring, ARHA, stated that ARHA had met with Jim Moran several times, and that Moran did speak about the earmark problem.

<u>Options ### 5, 6 and 7: Development alternatives for the Old Dominion (East) site,</u> including a mix of approximately 70% market rate units and 30% public housing units, a higher density option with a higher public housing mix, but less than 100%, and a look at taller buildings on site if that could increase the density and the mix.

A.J.Jackson, EYA, showed and discussed the following series of conceptual development sketches for the Old Dominion site. He and planning staff emphasized that the concepts were preliminary, had not been fully vetted, did not carry the endorsement of the planning department and had not been looked at closely enough yet to ensure that they met building requirements. They definitely had not been refined to include architecture, materials, landscaping and other requirements.

He explained that the 70/30 split at Chatham Square was solely market driven. There is no magic in that ratio.

He also explained that in coming up with alternatives, planning staff told him to go beyond the zoning limits for this exercise, if to do so achieved a greater number of units and better market mix for the development.

1. **EYA Plan.** The currently proposed EYA plan includes *34 total units, with 6 market rate and 28 public units.* It can be revised to include any other mix of units, but as you increase market rate units, the parking requirements increase too.

2. **Townhouse Plan.** This new plan includes *16 townhouse units, 11 to be sold at market rates and 5 units to be public housing.* The units are about 2100 sqft in size and represent the product with maximum market value. This is the only other concept that meets zoning, although it too requires some modifications. It does meet parking requirements. These units would sell in the range of $550,000-$600,000, similar to Lenox Place and Ellsworth Place sales.

3. **Two/Two Plan**. The concept of a two floor unit above a two floor unit is a popular product, and has been built in Potomac Greens. This particular plan *includes 26 total units with 18 to be*

sold at market rates and 8 public housing units. The buildings are four stories tall, and the market units would sell in the $350,000-$400,000 range. The plan does not meet zoning in terms of height, density and FAR.

Patti Hafeli, Principal Planner, P&Z, explained that there are serious planning issues with the proposal, principally that the plan is suburban in design, with buildings that are not oriented to the street and an asphalt corridor as the predominant feature of the plan. Parking is provided, but only by tandem spaces, which are problematic.

4. **Podium multifamily buildings**. This plan includes two buildings of four stories, and 24 condo units each. The first floor of each building is an open on grade parking surface with the piers of the building and garage doors facing the street. *It includes a total of 48 units, with 34 market and 14 public housing units.* From EYA's perspective the aesthetics are not good, as the building would look like one seen at the beach, with a building on stilts, and it would require a rezoning. It is 48 ft tall, and includes a mews design, with dead space in between the two buildings. Units in this building would sell in the $300,000-$325,000 and possibly $350,000 range. EYA looked at making the buildings taller, for greater density, but that would require underground parking, and they found that there was no benefit to the project in doing that, with questions about whether it was physically workable.

Patti Haelfeli explained that Planning could not support this plan's design, with its large garage doors facing the street, and the mews arrangement. While green, and an opportunity for landscaping, from a police perspective the mews design is dangerous and the police would object to it anywhere in the City. The buildings are not conducive to a pedestrian environment because walking by blank garage doors is unpleasant and the curb cuts interfere with smooth pedestrian travel and the opportunity for attractive streetscape.

Andy Duncan suggested that a one story structure, adding parking, could be built between the two buildings, with a tot lot above it. This would allow for more density, would solve the mews problem and allow for better circulation within the first floor parking structure.

Jim Hoben expressed the opinion that there should be even more dense buildings in order to get more units and more affordable units. There needs to be a balance of housing goals, neighborhood concerns and important planning and design considerations. There should be a way we can have it all.

Mike Caison reacted to the series of plans by stating that all have too few public housing units.

Jim Hoben concluded that with 72 existing units on Old Dominion (East), and 28 in the original EYA plan, these plans each represents a substantial reduction in affordable units.

Andy Duncan asked whether there was ratio of market to public units different from 70/30 that could be tried, even 50/50, in order to include more than 5 public units but less than 100%.

A.J. Jackson, EYA, noted that any one of the plans can be adjusted to address Andy's idea. His work showed him that increased density on this site did not particularly increase the benefits from a design or market standpoint. But the mix can be changed.

He also explained generally that each of the above proposals have costs associated with them. Each requires a subsidy, especially if the James Bland market units are not part of the plan. The total project to replace 40 ARHA 830 units will cost approximately $10,000,000. There should be a $2,000,000-$2,500,000 tax credit package. None generate sufficient money to repay the 5.7 million mortgage/loan/land value.

Jim Hoben spoke in support of increased density generally for the neighborhood, acknowledging that we have seen that it really doesnt add very much on this particular site. He spoke of the Four Mile Run corridor as already having some taller buildings, with the Portals, and the Calvert Apts, and along the fringes. While we need to protect lower density areas, he thought there was room for some height here. It would be good to have an economically diverse community. The addition of workforce housing would be excellent.

Barbara Ross pointed out, with confirmation from Mildrilyn Davis, that in this neighborhood, if units are kept in the $300,000 to $400,000 range, what we are talking about as "market" is actually "workforce" housing.

Option 4: Land assembly with potential rezoning.

Patrician Haefeli, P&Z, talked about the potential for rezoning in the neighborhood, explained how FAR works, and showed an aerial with the different zones overlaid, noting how close the single family neighborhood of North Ridge is to the Arlandria West neighborhood. She spoke of the need to consider mass and scale and compatibility when looking at potential rezoning, to consider the need for buffering and to analyze impacts on existing parking, traffic and infrastructure. Whether or not rezoning in this neighborhood would be appropriate is a complex analysis, and would take some time to undertake.

As a theoretical exercise, P&Z looked at the Kingsport area, now zoned RB with 416 units and 470 parking spaces. If rezoned to RC, it would be zoned for up to 724 apartment units and 728 parking spaces, and would generate 3000 vehicle trips per day. If built with townhouses, it could generate up to 4000 vehicle trips a day, and would need 824 parking spaces.

Another hypothetical P&Z looked at was the crescent shaped block bordered by Notabene and Old Dominion. Although it now includes some 5 different private owners plus ARHA, it contains, coincidentally, the same land area as one of the Chatham Square blocks. Its assessed value, without the ARHA properties, is $10,000,000; with the ARHA sites, it is approximately $12,000,000. If you overlay the Chatham Square development, you could fit one block (50 market; 26 public housing) of that two block development, with some redesign, on the crescent block. The Chatham Square development succeeded economically because the market townhouse units sold for $800,000, $900,000 and $1,000,0000, thus subsidizing the rest. Here, as we have just heard, the land values and market do not support those numbers. There is also the terrifically difficult hurdle of assembling the properties, some of which are about to undergo significant rehabilitation. And those hurdles, the land assembly and market deficit, are in addition to the need to rezone.

Bryan Page, Deputy Director, Real Estate Assessments, spoke to the group about the real estate market in the Arlandria West neighborhood. He introduced himself and gave his background as an appraiser and assessor. Although he recently began working for the City, most of his career has been as an independent appraiser.

He made the following points about the recent market activity in the city and area:

For all existing residential property types Citywide, the average days on the market has increased approximately 43% from 51 days to 73 days. Residential condominiums in the City have been most affected by the recent market slowdown. This is readily apparent by the number of new projects, originally designed and constructed to be marketed as condominiums, hat have reverted to rentals.

There has been some recent townhouse and duplex sales activity in the immediate market area south of West Glebe Road between Elbert Street and the Dominion Power property, both as to existing properties and new construction.

As far as existing development, there are currently four property listings (MRIS) ranging from $540,000 to $615,000, with an average of $573,750. Another four are under contract at list prices that range from $569,950 to $600,000, with an average of $591,188. It should be noted, however, that these had not settled as of 6-19-07.

In 2006, and to-date in 2007, there were 12 sales in the immediate neighborhood ranging from $525,000 to $618,000, with an average of $554,492. Seller concessions ranged from $0 to $22,400, with an average of $5,800.

New townhouse development in the neighborhood is limited to Ellsworth Place which is developed by Brookfield Homes. The finished lots are being purchased by NV Homes. This project contains 24 units, and is currently being marketed at base asking prices that range from $560,000 (interior units) to $660,000 (end units). Actual sales prices, however, have ranged from $530,000 to $630,000. The project was initially proposed to be marketed in the $750,000 to $850,000 range. This proved to be optimistic and aggressive for the neighborhood given the value trends indicated above. Given its physical constraints (narrow configuration), all of the units will front on West Glebe Road, which is limiting the pool of prospective purchasers. Site development and construction delays were attributed to building elevation design features and the existing water mains that did not provide adequate pressure for the proposed density. Marketing began in August 2006. There have been 13 sales to-date. Home construction is expected to start in August with the first production unit deliveries in December.

Condominium development was briefly discussed. There has been no new residential condominium development in the immediate area of the subject property. There have been several conversion projects over the years, but these developments do not meet current design and market standards relative to average unit size and functionality. Therefore, they do not technically represent an "apples to apples" comparison.

It is his opinion that the depth of the new condominium market will most likely be determined with the introduction of Mount Vernon Commons, a 141-unit flat project proposed by CarrHomes, located on the 3000 block of Mount Vernon Avenue between Herbert Street and Commonwealth Avenue. However, given the prices for new and existing townhouse and duplex development in the immediate area, the EYA projected prices ranging from $250,000 to $400,000 for condominiums, depending on the product type, did not appear to be unreasonable.

In response to discussion, both **Bryan Page and A.J. Jackson** acknowledged that the condo market was slow and not a product common in this neighborhood. A.J. stated that it would be a risk to produce condominiums in this market, and every developer strives to minimize risk.

Jim Hoben spoke regarding the desirable location of Alexandria within the beltway and the fact that, despite market changes over time, the area would always be attractive to buyers as a best alternative over the long term.

Barbara Ross spoke about economic tradeoffs and the subsidy required by the City to go forward with the Glebe Park redevelopment, especially when replacement units for James Bland are not considered as part of the proposal. The EYA proposal includes 100 total public housing units, which assumes some replacements for James Bland redevelopment. What the Stakeholder Group is currently discussing is 44-48 units on the West Glebe site, 24 rehabbed units on Old Dominion (West) and anywhere from 5-28 public housing units on the Old Dominion (East) site. The more public housing units planned for Old Dominion (East) the fewer ARHA and the City will have to find room for somewhere else. Of course, any development has to meet basic planning goals too, and the greater the market potential of the product, the more money sales of market rate units produces.

Each Stakeholder group is being asked to consider each of the alternatives discussed tonight and ultimately to weigh in about its individual recommendation. If there are various recommendations and no consensus, that is fine.

Andy Duncan asked for clarification on what they would be voting on. He also asked ARHA what it wanted to do.

Barbara Ross responded that staff would be looking at the development alternatives seen tonight to see which were feasible or desirable and to see if any could be modified to increase density, and/or to increase the mix of units, as Andy had suggested.

Connie Ring responded, stating that ARHA's policy is to replace units on a one to one basis, unit for unit and bedroom for bedroom. If the City wants to buy other land for replacement units, ARHA is open to that too.

There was general discussion and debate regarding the mix of units on the Old Dominion (East) site, and agreement to devote most, if not all of the next meeting, July 11, to allow the debate to continue.