

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 17, 2020

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

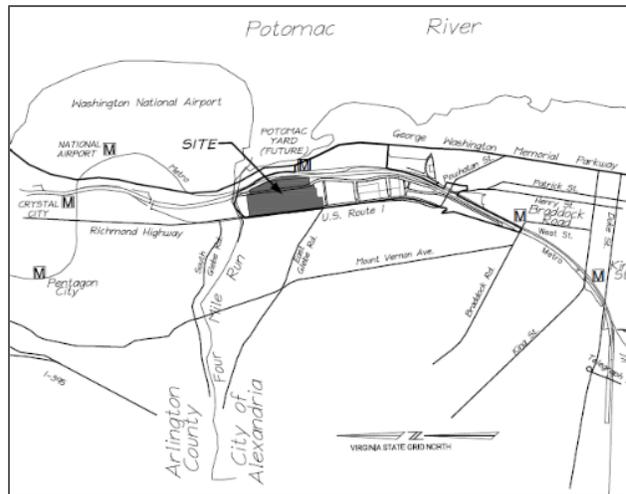
FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: THE NORTH POTOMAC YARD CONCEPT PLAN AMENDMENT AFFORDABLE HOUSING PLAN

ISSUE: Consideration of an Affordable Housing Plan for North Potomac Yard Concept Plan Amendment (CDD 2019-00008).

ACTION REQUESTED: That the Committee review and endorse the Affordable Housing Plan.

BACKGROUND: The Applicant, JBG SMITH, has proposed an amendment to CDD #19 to implement the 2017 North Potomac Yard Small Area Plan, as amended, to incorporate the Virginia Tech Innovation Campus.



On June 12, 2010, City Council approved the North Potomac Yard Small Area Plan and associated CDD conditions. In 2017, a predecessor to the current Applicant worked with the City to update the plan in response to the approved Potomac Yard Metrorail station location and in anticipation of approximately 1.3 million square feet of Phase I development on the 15 acre parcel east of Potomac Avenue, currently occupied by a movie theater and surface parking lot.

On November 13, 2018, the City and Virginia Tech announced that, as part of the nationwide competition to house a second headquarters for Amazon, a new Virginia Tech Innovation Campus would be located in the City of Alexandria. On June 10, 2019, Virginia Tech announced that it would partner with the Applicant to build its Innovation Campus in North Potomac Yard as part of its Phase I mixed-use development. The North Potomac Yard Virginia Tech campus will include academic classrooms, incubator space for new startups as well as for research and development, offices for industry collaboration, convening space for alumni events, and publicly

accessible open space. The Innovation Campus is envisioned to serve as a catalyst for future development west of Potomac Avenue, and to drive technology education and research that will transform the Virginia Commonwealth's innovation economy.

On March 14, 2020, City Council approved amendments to the North Potomac Yard Master Plan and corresponding Design Standards and Guidelines to allow the integration of Virginia Tech through creation of the North Potomac Yard Innovation District. The 2020 Amendments that were adopted by City Council include an introduction to the Plan which provides guidance specific to housing affordability:

The new vision for inclusive growth in North Potomac Yard requires intentionally developing a community which offers housing affordability and housing options for people with different incomes and abilities and at different stages of life. Expanding housing affordability is a key element in the future success of the Innovation District – both its social and economic vitality, as well as its competitiveness in attracting a stable local workforce as businesses decide whether to locate in the City. Planning for housing affordability in North Potomac Yard enables current residents to share in the benefits the new community will offer, as well as attract future workers who wish to live close to jobs, neighborhood amenities and the new Potomac Yard Metrorail Station and expanded transitway. As a priority, housing affordability here will be achieved through a variety of tools such as contributions to the Housing Trust Fund which may be converted to achieve onsite units with willing developers, partnerships between private and nonprofit developers who can leverage third party resources to help fund affordable units, as well as through collocation of uses.

Creating an Innovation Campus requires approval of a number of technical amendments to the CDD Concept Plan to reflect the Applicant's partnership with Virginia Tech. These amendments include: 1) an increase in maximum building height for Blocks 7, 10 and 14; 2) the elimination of ground floor retail from the future Virginia Tech campus on Block 7; 3) provision of flexibility for either office or residential uses on Blocks 15, 19 and 20; 4) the elimination of Tide Lock Avenue and relocation of the bicycle lane between Blocks 4 and 7 to facilitate a pedestrian plaza on the Virginia Tech campus; 5) the relocation of the ACPS school site from Block 4 to Block 23, located at northeast corner of East Glebe and Richmond Highway; and 6) the addition of 150,000 square feet of residential density to accommodate collocation of affordable housing with an ACPS use (probably a school) on Block 23. While the 600,000 square feet of academic space for Virginia Tech and 150,000 square feet of academic space for ACPS is excluded for density purposes pursuant to the 2017 Small Area Plan, the academic square footage has been included in the traffic analysis and considered for the purposes of determining infrastructure requirements. Based on current housing procedures, the square footage associated with these uses will be exempted from contributions for housing. The proposed Concept Plan land use program is on page 4.

DISCUSSION: As part of this application, staff propose to streamline and update previously approved housing conditions to be consistent with the housing contribution procedures in effect at the time of submission of individual Development Special Use Permits (DSUPs) and to address the Applicant's proposed exchange of Block 4 for Block 23. The conditions are also revised to address Council's guidance prioritizing housing affordability in North Potomac Yard, to the greatest extent possible.

As housekeeping measures, the updated conditions carry over a \$300,000 credit towards future housing contributions for a previously received contribution in NPY and treat the first 600,000 square feet of residential development as Tier 1 (by-right development) in setting overall contribution value. Consistent with Council’s March guidance, the draft conditions retain the City’s discretion to convert monetary contributions into onsite affordable units (i.e., “set-asides”), in addition to set-aside affordable housing to be yielded through bonus density. The revised conditions also envision that the City will pursue partnerships to expand housing affordability, especially on Block 23, to leverage all available federal, state and local non-City resources to construct at least 150 affordable rental units.

The updated conditions also memorialize the Applicant’s commitment to provide housing contributions totaling \$7 million (2010 dollars) in addition to monetary contributions associated with future development square footage. The new \$7 million (2010 dollars) of housing contribution – which will be paid on a pro rata basis as the first 2.5 million square footage of development occurs west of Potomac Avenue, reflect a reprogramming of prior public benefit contributions that were initially designated for other purposes now being earmarked for housing. These new monies may be used to potentially acquire more onsite housing in future North Potomac Yard residential buildings, for the Block 23 project, and/or for other future City affordable housing projects.

To accommodate the Virginia Tech Innovation Campus, the Applicant has proposed to relocate the ACPS and potential affordable housing site from Block 4 to Block 23. The City and Applicant have agreed that the exchange provides an additional \$7.5 million of potential development value to the City as part of the Applicant’s Phase 1 contribution. The dedication of Block 23 offers the opportunity for development of up to 150 affordable units, exclusive of potential bonus density if deemed feasible within North Potomac Yard’s infrastructure capacity. With regard to the future affordable housing on Block 23, the City will be launching a competitive selection process to identify qualified nonprofit housing development partners, with which it may partner on future collocation projects. Selection of the Block 23 partner would likely occur once the timing of the Block 23 dedication is determined.

FISCAL IMPACT: New monetary contributions exceed \$14.5 million, including the agreed additional development value of Block 23 (\$7.5 million), and the total reprogrammed public benefit contribution commitments now planned for housing (\$7 million in 2010 dollars) are pledged as part of the updated conditions. In addition to these, specific contributions for housing will be determined at the time DSUPs are submitted. For projects currently anticipated in Phase 1, these developer contributions total approximately \$2.6 million. These contributions may be applied to secure onsite affordable units at the City’s discretion, or to support other affordable housing projects through deposits to the Housing Trust Fund.

ATTACHMENTS: Affordable Housing Plan for CDD 2019-00008, dated May 14, 2020

STAFF:

Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing
Julia Santure, Housing Analyst, Office of Housing

Proposed North Potomac Yard Concept Plan Land Use Program



OFFICE
 RESIDENTIAL
 MIX OF OFFICE AND RESIDENTIAL
 HOTEL
 ACADEMIC
 SCHOOL / COMMUNITY FACILITY
 REQUIRED RETAIL
 OPTIONAL RETAIL

* DENSITY EXCLUDED PER APPROVED MASTER PLAN AND CDD

BLOCK	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	22	23	24	SUBTOTAL	TOTAL																			
OFFICE						110,000			55,000	230,300		55,000		266,900	1,100,000		60,000				1,877,200	7,675,000																			
RESIDENTIAL		500,000			600,000															150,000	1,250,000																				
OFFICE / RESIDENTIAL					250,000			643,300	260,000		643,400	295,000			1,009,400		250,000	370,000			3,721,100																				
RETAIL					35,000		154,800	40,000	32,600	171,900	50,000			17,600	126,900**		50,000	65,000			743,800																				
HOTEL			82,900																		82,900																				
ACADEMIC				150,000			450,000												150,000		750,000*																				

** BLOCKS 15,16,18-21 RETAIL

BLOCK	\$
15	18,100
16	28,100
18	11,700
19	22,300
20	18,000
21	28,100
	126,900



NOTE: Street names are subject to change through the DSUP process with a street name application to be submitted at a later date.

North Potomac Yard
Affordable Housing Plan
May 14, 2020

1.1 Project name and address

Project Name: North Potomac Yard
Project Address: 3601 Potomac Ave and 3601 Richmond Highway
Application number: CDD 2019-00008 (CDD #19)

1.2 Brief description of the application and the proposed development program

The proposed redevelopment is an urban, mixed-use development that will include office, residential, hotel, retail, academic, and restaurant uses to be located in a new network of streets and open spaces. The development will contain approximately 7.675 million square feet of office, retail, hotel, and residential development and 750,000 square feet of academic uses.

1.3 Requested zoning changes or waivers (if any)

N/A

1.4 A brief discussion on how the affordable housing goals and recommendations of its applicable small area plan are being addressed by the AHP.

The AHP is consistent with the affordable housing goals and recommendation in the North Potomac Yard Small Area Pla

2. The number, type (rental/for-sale), size (number of bedrooms), level of affordability (percent of area median income), location, and length and terms of affordability of existing CAUs being demolished as part of redevelopment.

N/A. The existing development includes a retail shopping center and movie theater.

3. The status of tenant engagement efforts.

N/A.

4. The status of tenant relocation planning efforts and outreach to the Landlord-Tenant Relations Board.

N/A.

5. The number, type (rental/for-sale), size (number of bedrooms), level of affordability (percent of area median income), location, and length and terms of affordability of proposed CAUs.

N/A

6. A description of existing and proposed affordable housing financing agreements with third parties (including the Department of Housing and Urban Development).

N/A

7. An equivalency analysis that compares the value and location of CAUs proposed to be provided off-site to that of CAUs constructed on-site.

N/A

8. A description of how proposed CAUs will be incorporated into the overall project to create a successful mixed-income community, including whether CAU residents will have access to amenities available to residents of market-rate rental units.

N/A

9. Information on proposed phasing and implications such phasing would have on the delivery of proposed CAUs.

Coordinating the timing of the donation of land with the City.

10. Information on contributions proposed to be made to the Housing Trust Fund.

The Applicant will be making the following contributions:

- A donation of the land on Block 23 valued at an additional \$7.5 million to be used for an affordable housing development or other community facility, at the City's discretion;
- An affordable housing contribution consistent with the City's voluntary affordable housing policy, as adjusted annually for CPI-U (Housing index), which is valued at approximately \$2.6 million for Phase I. The final contribution amounts will be calculated with each building DSUP and paid prior to the Certificate of Occupancy for each building. Virginia Tech, as a community facility, is not subject to this requirement.
- An affordable housing contribution of \$5,000,000, adjusted annually for CPI-U to be paid on a pro rata basis for the first 2.5 million square feet of development on the west side of Potomac Avenue within North Potomac Yard (with the exception of Block 23) prior to the first Certificate of Occupancy for each building.
- An affordable housing contribution of \$2,000,000, adjusted annually for CPI-U to be paid on a pro rata basis for future development in excess of the first 2.5 million square feet of development on the west side of Potomac Avenue within North Potomac Yard (with the exception of Block 23) prior to the first Certificate of Occupancy for each building.

11. An estimate of the types and number of jobs to be created by mixed-use projects (for informational purposes only).

Information not available.

12. Other information the applicant deems relevant to the AHP.

N/A.

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 12, 2020
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER
DOCKET TITLE:

Consideration of REVISED Proposed plans for use of federal CARES Act funding for Residential Rental Assistance, Food Security and Small Business Assistance and COVID-19 Related Expenses of the City Government

ISSUE: Allocation of \$13.9 Million in federal CARES assistance to the City of Alexandria

RECOMMENDATION: That Recommendation #4 in the May 7 docket memo on the use of the federal CARES monies be revised to read:

4. Approve the allocation of \$13.9 million in federal CARES funds as displayed in the last column of the REVISED Attachment 1

BACKGROUND: At the time the docket memorandum was written last week, it was not known what amount of federal CARES COVID-19 related funding assistance the City would receive. Today localities in Virginia received their funding allocations from the State. The State decided to allocate on a per capita basis \$645 million to all Virginia cities and counties (except for Fairfax County which due to their population size already received an allocation directly from the federal government). It also appears the State plans to make a second allocation of CARES monies at some point in the future, so the allocation to localities made today is possibly only half of what the State may eventually allocate.

In this first allocation of CARES monies from the State, the City received \$13.9 million. These funds and any further allocation of CARES monies are required to be expended by December 30, 2020. In the original allocation proposal, two scenarios were presented in the event that the CARES allocation was between \$20 million and \$27 million. Given the State's decision to initially allocate far less money at this time, it is necessary to revise the proposed allocation of the City's CARES monies that was displayed on Attachment 1 of the original and this memorandum.

Given the need to reduce the prior allocations, but also in recognition of the urgent need for residential rent assistance, food assistance and small business grants, it is proposed that each of these three categories of assistance receive 80% of the "higher estimate" funding amounts that were originally proposed in Attachment 1. It is proposed that the Reserve funding amount category be not funded, and that the Health Department staffing amount be reduced from \$1.0 million to \$0.5 million. This reduction in Health staff funding is enabled by the recent decision by the State to hire 1,000 contact tracers statewide, as well as the recent decision by the State to allow three vacant frozen positions in the Health Department to be filled.

The City's COVID-19 City Response Cost Category is now proposed to be allocated \$4.6 million which may be close to the amount needed to cover the City's COVID-19 related out of pocket costs which the City has incurred since March 1 through June in response to the COVID-19 pandemic. While the City will likely spend more than this through the end of the calendar year when the CARES monies expire, the City is also seeking other avenues of federal reimbursement (such as FEMA) for certain eligible costs, and would be able to recoup additional City spending from any second allocation of CARES monies from the State. There is some risk in non-reimbursement in this strategy, but this allows the bulk of the first allocation of federal CARES monies to be put to work providing assistance to those who need it most in our community.

When the second allocation of federal CARES funds likely occurs, then Council will be requested to make a second allocation decision, and will be able to do so after gauging the demand for assistance for each of the three proposed programs.

Attachment: Revised Attachment 1

PROPOSED UTILIZATION OF FEDERAL COVID-19 RELATED CARES ACT FUNDS⁴

	<u>Original Lower Estimate (\$ in million)</u>	<u>Original Higher Estimate (\$ in million)</u>	<u>Recommended (5-12-20) (\$ in millions)</u>
COVID-19 CITY RESPONSE COSTS⁵	\$10.0	\$10.0	\$4.6
HEALTH DEPARTMENT STAFFING⁶	1.0	1.0	0.5
FOOD SECURITY PLAN⁷	2.0	3.0	2.4
RESIDENTIAL RENTAL ASSISTANCE⁸	3.0	5.0	4.0
SMALL BUSINESS GRANTS⁹	2.0	3.0	2.4
RESERVE¹⁰	2.0	5.0	0
TOTAL	\$20.0	\$27.0	\$13.9

⁴ AMOUNT OF FEDERAL CARES ACT FUNDS ALLOCATED TO THE CITY IS \$13.9 MILLION

⁵ CITY DIRECT RESPONSE COSTS INCLUDE PPE, EMERGENCY RESPONSE PAY, TECHNOLOGY ACQUISITIONS, HOTEL EXPENSES, COMMUNICATIONS MATERIALS, MAILINGS, ETC.

⁶ REFLECTS FUNDING FOR PROPOSED EXPANSION OF HEALTH DEPARTMENT EPIDEMIOLOGICAL CAPABILITIES

⁷ SEE ATTACHMENT 3 FOR PLAN

⁸ SEE ATTACHMENT 2 FOR PLAN

⁹ SEE ATTACHMENT 4 FOR PLAN

¹⁰ FUNDING FOR NOT YET KNOWN EXPENSES BETWEEN NOW AND 12/30/20
