EXHIBIT NO. 1

21
4-12-11

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 6, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: 2010 STATUS OF IMPLEMENTATION REPORT RELATED TO IMPLEMENTATION OF THE 2003 ARLANDRIA ACTION PLAN

ISSUE: The status of implementation of the Arlandria Action Plan and discussion of ongoing initiatives.

RECOMMENDATION: That City Council: 1) receive the attached Arlandria Action Plan 2010 Status of Implementation Report; and 2) request the Arlandria Action Plan Advisory Group to continue its work.

DISCUSSION: During its first year, the Arlandria Action Plan Advisory Group provided a successful forum for Arlandrians to work together on quality of life and community development initiatives. Organized around the goal of implementing the Arlandria Action Plan, the group was created by the City Council to give guidance on public investments and to explore actions to facilitate planned development. In its first year, the Advisory Group has begun to productively address the main issues governing Plan implementation and the group has brought together the diverse elements of the community to work toward common objectives.

Over the past year, the Alexandria Economic Development Partnership (AEDP) committed resources to support retail enhancement and small business development in Arlandria. These initiatives include: 1) surveying business owners to obtain information related to business operations and recommendations for improvements in the area; and 2) providing technical assistance to small businesses to increase the appeal of their stores and to improve their general business operations. Going forward, AEDP will host business development seminars in Spanish, will actively recruit businesses and retailers to Arlandria, and will help business owners establish an Arlandria business association.

The Advisory Group reviewed the planned improvements to the intersections at Mt. Vernon Ave/ West Glebe Road and Mt. Vernon Ave/West Reed Ave. The Group recommends that the City complete the Mt. Vernon Ave/West Reed Ave intersection improvement and reallocate the remaining funds to the Four Mile Run Park Expansion project. Preliminary engineering and a cost-benefits review of the Mt. Vernon Ave/West Glebe Road intersection suggests that improvements should be deferred pending private redevelopment of adjacent parcels. The

Advisory Group recommended that any unused funds from this project be used to support expansion of Four Mile Run Park into the parcels the City purchased on the 4100 block of Mt. Vernon Avenue with Open Space funds. This is consistent with feedback from local expert developers during the May 2010 developer forum which highlighted the need for improvements to that area of Four Mile Run Park (which is a "gateway" location) in order to support redevelopment. Council action approving this reallocation will be considered as part of a future monthly capital allocation docket item later this spring.

While 2010 was a strong start, there are other recommendations in the Arlandria Action Plan that have yet to be implemented. Also, a number of issues have not yet been fully explored. One key item still under discussion is the issue of barriers to redevelopment. While it has received considerable staff analysis, the Advisory Group needs additional time to review the analyses and to discuss next steps. Therefore, staff recommends that the City continue to convene the Advisory Group to enable it to continue its work supporting the implementation of the Arlandria Action Plan.

Redevelopment finally has begun in the Arlandria neighborhood. The Triangle site at Mt. Vernon and Commonwealth has been developed into a multi-family rental project (now called Del Ray Central). The owners of the Calvert are planning to renovate and expand their existing high rise rental building on Mt. Vernon Avenue. Also during the last year, the Alexandria Redevelopment and Housing Authority completed construction of new public housing, renovation of a number of garden apartment buildings, and the construction of for-sale workforce housing. Finally, the Mt. Vernon Village Center has submitted a concept plan (retail and multi-family rental) for preliminary staff review. Coupled with the proposed park improvements along the 4100 block of Mt. Vernon Avenue, this redevelopment trend should accelerate further redevelopment and help improve Arlandria.

BACKGROUND: In May 2003, City Council approved *A Long-Term Vision and Action Plan for the Arlandria Neighborhood* (Arlandria Action Plan). While the City has completed many of the Action Plan initiatives, little of the planned private redevelopment has taken place. Therefore, in December 2009, City Council directed Planning and Zoning staff to convene a citizen-stakeholder advisory group and partner with that group to continue implementation of recommendations in the Arlandria Action Plan as well as additional work tasks identified in the 2009 docket item. These additional tasks included:

- Consider leveraging City-owned properties to incentivize development through the issuance of a REOI (Request for Expressions Of Interest);
- Explore incentives for economic development, including a review of existing zoning;
- Continue retail enhancement efforts;
- Consider creation of an arts district;
- Monitor on-going development projects;

- Liaise with the City's Code Compliance group;
- Host a "Status of Implementation" open house; and
- Submit a "Status of Implementation Report" to City Council

Three meetings of the Advisory Group were held in 2010 and two meetings were held in 2011. Supplemental meetings were held with targeted stakeholder groups. In addition, City staff convened an interdepartmental/interagency staff team which met bi-weekly to discuss implementation activities in the Arlandria community. Through these efforts, the community and staff endeavored to implement the recommendations of the Arlandria Action Plan and City Council's additional directives. A summary of implementation activities, key findings, and recommendations for ongoing implementation efforts can be found in the attached "Status of Implementation Report" (Attachment 1).

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ATTACHMENT:
Attachment 1: "Status of Implementation Report"
Attachment 2: AEDP Report on the Survey of the Arlandria Business Community
Attachment 3: Compilation of Stakeholder Feedback
Attachment 4: December 23, 2008 Report on Feasibility of Redevelopment of the Old Safeway Site in Arlandria

ARLANDRIA ACTION PLAN
2010 STATUS OF IMPLEMENTATION REPORT

The year 2010 has been a very positive one for Arlandria, with a number of community development milestones, including the establishment of a regular farmer's market and broad support for the conversion of the Duron Paint building into a community building. Along with these activities, 2010 also saw renewed energy directed toward implementing the *Long-Term Vision and Action Plan for the Arlandria Neighborhood* (Arlandria Action Plan).

This document reviews the activities during 2010 (more specifically, from February 2010 to February 2011) in support of implementing the Arlandria Action Plan. These activities included the creation of a citizen-member advisory group, a review of planned public expenditures on infrastructure, park planning, outreach to local businesses, and a review of potential barriers to redevelopment. The document begins with a summary of recommendations for further action. The *Background*, *Key Implementation Issues and Findings*, *Community Engagement,* and *Other Activities* sections of this report provide context for the recommendations.

RECOMMENDATIONS

A year of Arlandria Action Plan implementation activities has produced recommendations for continued implementation efforts in 2011, which are summarized below.

- Prioritize public investment:
  - Continue implementing the vision of the Four Mile Run Park Expansion Concept Plan.
  - Complete one of the two planned intersection improvements (Mt. Vernon Avenue/W. Reed Avenue)
  - Reallocate the remaining Intersection CIP funds to the Four Mile Run Park expansion project.
- Complete analysis of potential initiatives to support planned redevelopment:
  - Review and possibly amend CDD #12's design guidelines as soon as a development application is submitted.
  - Determine the best use of the City-owned former Datatel site as a spur to redevelopment.
- Encourage community-led quality-of-life projects:
  - Support completing the conversion of the City-owned former Duron Paint building into a community building.
  - Support the continued operations of the farmer's market.
- Support community engagement in the implementation of the Action Plan:
  - Continue convening the Arlandria Action Plan Advisory Group.
  - Continue implementing recommendations of the 2003 Arlandria Action Plan.

- Consult with the Advisory Group's Executive Committee to determine interest in exploring an Arts and Cultural District.
- Sustain and grow the local business community with technical assistance and organization development, as well as recruitment of new businesses.

BACKGROUND

In May 2003, City Council approved *A Long-Term Vision and Action Plan for the Arlandria Neighborhood* (Arlandria Action Plan). Since that time, a great deal of work has been done within the community, including:

- Meetings with local businesses to determine capacity for an organized business group
- Ongoing facade grant improvement program
- New lighting installed at Four Mile Run Bridge as gateway feature
- Four commercial properties adjacent to Four Mile Run Park acquired by the City
- Interim planting and improvements completed in Four Mile Run Park
- Conducted traffic study/analysis of feasibility of intersection improvements
- Interim improvements at Mt. Vernon Avenue and Russell Road intersection
- New traffic signal at Old Dominion Road and W. Glebe Road
- New crosswalks and accessible curb ramps at Four Mile Road and Old Dominion Road
- Countdown timers at W. Glebe Avenue and Mt. Vernon Avenue
- New trash cans installed
- Street trees installed in 3800 block of Mt. Vernon Avenue
- Crosswalks at W. Glebe Road, Russell Road, and Four Mile Road restriped
- Handicapped ramp installed at Mt. Vernon Avenue and Four Mile Road
- Pavers installed at Bangkok54 and at Lillian's restaurants
- Benches installed at Elbert Triangle
- New public parking lot provided at former Datatel building site (3700 Mt Vernon Ave)
- Police satellite office established
- Unused newspaper boxes removed
- Regular street cleaning
- Code compliance meetings held
- "Report on Feasibility of Redevelopment of the Old Safeway Site in Arlandria"
- City Council approved a Special Use Permit for community use at the former Duron Paint store
- Park planning efforts for the four acquired parcels adjacent to Four Mile Run Park (4109/4115/4121/4125 Mt. Vernon Ave)
- Installation of bike racks along Mt. Vernon Avenue
- Citizens established the Four Mile Run Farmers and Artisans Market at the Four Mile Run Park expansion

However, tasks remained outstanding. Therefore, in December 2009, City Council directed Planning and Zoning staff to allocate resources to establish and convene a citizen-stakeholder advisory group and partner with that group to continue implementation of recommendations in the 2003 Arlandria Action Plan as well as additional work tasks identified in the 2009 docket item. These additional tasks include:

- Consider leveraging of city-owned properties to incentivize development through the issuance of a REOI (Request for Expressions Of Interest)
- Explore incentives for economic development, including a review of existing zoning
- Continue retail enhancement efforts
- Consider an Arts District
- Monitor on-going development projects
- Liaise with the Code Compliance group
- Host a "Status of Implementation" open house
- Submit a "Status of Implementation Report" to City Council

All recommendations of the Arlandria Action Plan and additional work tasks are organized in an "Implementation Matrix" (Attachment 1: Implementation Matrix).

KEY IMPLEMENTATION ISSUES AND FINDINGS

Zoning and Land Use

During the implementation process over the last year, Planning staff heard three primary concerns from the development community:

1. Current *densities* do not encourage redevelopment
2. Provisions of CDD #6 (Mt. Vernon Village Center/Birchmere) and CDD #12 (Safeway-Datatel) require *land assemblage* by multiple property owners
3. Provisions in CDD #12 (Safeway/Datatel) Design Guidelines require the location of a "*retail anchor* such as a food/grocery store"

Planning staff has considered the three concerns and offers the following response:

1) Density
The base zoning for CDD #6 (Mt. Vernon Village Center/Birchmere) and CDD #12 (Safeway/Datatel) is Neighborhood Retail (NR). The NR zoning district allows a maximum FAR of 0.5 or 1.5, with a special use permit if the development is mixed-use with ground floor retail. The maximum permitted height is 35 ft along Mt. Vernon Avenue and elsewhere, is 50 ft with a 15 ft setback. Through the application of a DSUP, CDD standards can be activated allowing for an increase in FAR to 3.0 and increases in building heights 35 ft-65 ft based on conditions.

CDD development standards allow for substantially more development than currently exists, or that could be achieved under the NR zoning district. To illustrate this point, Planning staff conducted yield studies for CDD #6 (Mt. Vernon Village Center/Birchmere) and CDD #12 (Safeway/Datatel) and calculated the maximum allowable development densities on each CDD. Neither CDD is currently built-out at the maximum allowable density of 3.0 FAR. The existing average density of CDD #6 (Mt. Vernon Village Center/Birchmere) is 0.38 (excluding properties under the ownership of Arlandria Center LLC as they are in Concept Plan Phase of redevelopment). There is 81,126sf of existing development however 632,940 sf is allowed under CDD #6 (Mt. Vernon Village Center/Birchmere) provisions. This indicates CDD #6 (Mt. Vernon Village Center/Birchmere) could realize an increase of approximately 551,814sf in additional floor area if the parcels are developed to the maximum allowable 3.0 FAR. The existing average density of CDD #12 (Safeway/Datatel) is 0.18 (excluding 231 W. Glebe which is St. Rita's playground and not slated for redevelopment). There is 33,164 sf of existing development however 554,904 sf is allowable under CDD #12 (Safeway/Datatel) provisions. This indicates CDD #12 (Safeway/Datatel) could realize an increase of approximately 521,740 sf in additional floor area if the parcels are developed to the maximum allowable 3.0 FAR.

These are substantial increases in development potential for the CDD properties. Planning staff believes that any further increases in either FAR/height limitations would facilitate development that would not be consistent with the character of the neighborhood.

2) Land Assemblage

Property owners have expressed concerns about consolidation requirements. To encourage development as described by the vision of the Arlandria Action Plan, land assemblage is encouraged. However, timing is a challenge and not all private property owners have agreed to land assemblage. When combined with market complexities, redevelopment has been stymied. Although the purpose of a CDD is to encourage a mix of land uses through coordinated land assemblage and joint planning, staff does not wish to hinder appropriate and sound development. There is a provision in the Zoning Ordinance that grants approval for "sections of the district" to proceed with development with City Council approval. This provision would therefore allow an applicant to proceed with a sectional CDD application to develop per the CDD guidelines without assemblage of all parcels within the subject CDD. The illustrative drawings in the Arlandria Action Plan show a comprehensive redevelopment over several parcels, implying that assemblage is required. Staff has clarified for the landowners that sections of Coordinated Development Districts are allowed to proceed with redevelopment without land assemblage will permit property owners to redevelop without relying on neighboring property owners who are not interested in participating.

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3) Retail Requirement in CDD #12 (Safeway/Datatel) Design Guidelines
The requirement in the CDD #12 (Safeway/Datatel) Design Guidelines to locate a "retail anchor, such as a food/grocery store" is currently incompatible with existing market conditions. There are now two grocery store options for residents - Foodway and MOM's Organic Market – along with several convenience stores that sell fresh produce and other staples. In addition, the major property owner of CDD #12 (Safeway/Datatel) is not interested in locating a grocery store on the site for the aforementioned reasons. The property owner would like more flexibility in fulfilling the mixed-use requirement of CDD #12. A retail establishment could be located there but it is unlikely that the site could be successfully marketed for a grocery store. To allow flexibility, modifications to CDD #12 (Safeway/Datatel) Design Guidelines are necessary but would only be done as part of a DSUP application submission. Active retail uses would still be required to front Mt. Vernon Avenue.

Future Long-Range Land Use Planning

City Council requested that Planning staff consider whether a major revision to the Arlandria Plan is needed. At this time, staff believes relatively minor amendments to the existing plan and zoning are necessary as opposed to a major revision. The existing zoning (allowable land uses, heights, and FAR) can facilitate the type of infill development and redevelopment that is consistent with the vibrant small-scale, pedestrian-oriented neighborhood. To illustrate this point , a Concept Plan for the redevelopment of Mt. Vernon Village Center has been submitted to the City that incorporates the allowable CDD #6 (Mt. Vernon Village Center/Birchmere) densities.

However, should City Council endorse a future long-range land use planning effort, staff has identified several items that should be considered in any potential future long-range planning effort. First, any future long-range planning effort should consider extending the southern boundary of the Arlandria Action Plan to the northern boundary of the Mount Vernon Business Overlay District. This will include commercial uses along Mt. Vernon Avenue that were not part of any recent long-range land use planning effort. Secondly, the planning effort should consider the recommendations of the forthcoming city-wide Housing Master Plan that will impact the preservation of existing and provision of any new of affordable housing in the community.

Parking & Leveraging of City-owned Property

City Council requested that Planning staff consider opportunities to incentivize redevelopment. The one city-owned parcel in Arlandria that is not parkland is 3700 Mt. Vernon Avenue: the former Datatel site. The City purchased this lot for $1.6 million in 2002, demolished the abandoned office structure, and created a surface parking lot (leasing a previously altered parcel to create one large parking lot as an interim use pending redevelopment). The 2003 Arlandria Action Plan calls for a municipal parking structure on this lot with ground level retail and second level office uses fronting Mt. Vernon Avenue and several levels of parking behind. There is currently no need for a parking structure to support existing land uses. However, there are several potential redevelopment options that could benefit from a parking garage. Staff recommends that additional study and coordination continue to determine if and when this use would be feasible.

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Retail and Small Business Enhancement

Through this implementation work, Alexandria Economic Development Partnership (AEDP) has created and staffed a new position that expressly assists small businesses in Arlandria, particularly those that serve the Spanish-speaking community. That position was filled in 2010 and the staff person has conducted interviews with local businesses to obtain a better understanding of their challenges, needs, demographics, and economics. The next step is to create a package of technical services that can support and improve profitability of existing businesses. AEDP's full report of activities can be found in Attachment 2: Alexandria Economic Development Partnership Report. AEDP has committed to continue its work and recommends that it will do the following:

- Provide technical assistance to small businesses to improve window displays, frontage, and signage, as well as assistance with overall business operations
- Host seminars targeted to Spanish-speaking business owners and operators focused on topics of interest (such as "securing your business from theft and crime")
- Actively recruit businesses and retailers to fill gaps in the market identified through surveys and research
- With support from local business owners, create a business association that provides support for small business
- Link eligible businesses to available local funding sources to improve operations
    - Grant programs available through the State of Virginia's Enterprise Zone programs (for job creation and real property improvements)
    - Marketing Fund grants to promote the Arlandria area to shoppers and diners
    - Facade Improvement Program
    - Resources to complete renovations and/or improvements (ex. referrals to architects, contractors, etc.)

Arts and Cultural District

City Council requested that Planning staff consider the feasibility of an Arts and Cultural District in Arlandria. Planning staff conducted an initial review of existing Arts and Cultural Districts in Virginia, Maryland, and Washington, DC. Each of these districts provides a menu of economic incentives to targeted arts sectors to encourage revitalization of an economically-challenged neighborhood. Such incentives included: bonus densities, subsidies for artist lofts or housing, building or renovating structures, admission and amusement tax exemptions, property rehabilitation grants, artist income tax benefits, property tax credits, coordinated marketing campaigns, and flexible zoning (allowing artists to live and work in same unit).

Staff also learned that in most successful Arts and Cultural Districts, the artists came first and the designation came second, thus the economic incentives supported an existing arts community. While the Birchmere is a renowned performance space, no visible arts community resides or works in Arlandria. Secondly, providing work/performance space as well as housing for visual and performing artists is potentially expensive, both in terms of upfront costs as well as operating subsidies.

Staff will work with the Arlandria Action Plan Advisory Group's Executive Committee to determine if there is interest in further exploration of the potential for an Arts and Cultural District in Arlandria.

Intersection, Streetscape, Pedestrian, and Parking Improvements

Transportation and Environmental Service staff coordinated with the community on concepts for improvements at Mt. Vernon Ave/W. Glebe Rd and Mt. Vernon Ave/W. Reed Ave. The community supported the 30% design concepts for both intersections.

As the project consultants developed more refined designs, however, it was found that the Mt. Vernon Ave/W. Glebe Rd intersection improvements require approximately 400 sf of private property for additional right-of-way. Estimates for acquisition based on the location, amount of right-of-way needed, and impact due to the small size of the remainder lot is $40,000. TES and Planning staffs have agreed that the benefits of pursuing improvements at Mt. Vernon Ave/W. Glebe Rd do not outweigh the costs. The current estimate for improvements at Mt. Vernon Ave/W. Glebe Rd, based on 30% designs, is $260,000 (not including right-of-way acquisition cost).

TES and Planning staffs have agreed that improvements at Mt. Vernon Ave/W. Reed Ave should move forward. The current estimate to complete intersection improvements at Mt. Vernon Ave/W. Reed Ave is about $300,000. This is an estimate based on 90% designs.

The Advisory Group agreed with these recommendations.

Four Mile Run Park Expansion

Beginning in 2010, RPCA engaged in a Four Mile Run Park Expansion planning process and held several public meetings. The community process was completed in early 2011. RPCA staff has engaged the Arlandria Action Plan Advisory Group and will continue to do so through the implementation process. The expanded Four Mile Run Park will be an invaluable community asset and builds on the City's $4.8 million investment in acquiring the four parcels.

The estimate for the expansion of Four Mile Run Park is $426,708, based on review of the Final Concept Plan. The Advisory Group recommends allocating the remaining $200,000 funds in the Arlandria CIP that will no longer be used for intersection improvements (Mt. Vernon Ave/W. Glebe Rd) for completing Phase I of the Four Mile Run Park Expansion project. City Planning & Zoning and T&ES staff support this recommendation.

Affordable Housing

The Arlandria community provides a significant and valuable supply of market-rate affordable housing for an ethnically and economically diverse resident population. As development and/or redevelopment occur in this area, identifying financial and other resources to maximize the preservation and/or replacement of existing affordable housing should be a priority; including City collaborations with nonprofit and for profit partners to achieve mixed income developments. City staff is currently engaged in creating a city-wide Housing Master Plan that will provide guidance for preserving existing and producing new affordable housing. The Housing Master Plan will include a number of tools and incentives that will help meet the City's affordable housing goals.

Continuation of the Arlandria Action Plan Advisory Group

Staff supports convening the Arlandria Action Plan Advisory Group in continued implementation efforts. A great amount of momentum is underway. Implementation projects are being prioritized and initiated. Staff from all City departments and agencies are collaborating and sharing information. The Arlandria community and City staff are actively partnering with and engaging one another. Importantly, there are additional projects identified in the Arlandria Action Plan that need to be completed. Maintaining the Arlandria Implementation Advisory Group with a supporting interdepartmental staff team, can support these efforts.

COMMUNITY ENGAGEMENT

Arlandria Action Plan Advisory Group

On December 8, 2009, the City Council formally established the Arlandria Action Plan Advisory Group (AG). City Council directed staff to convene three Advisory Group meetings over the next year.

The first meeting was held on February 17, 2010. During the meeting, the AG endorsed the proposed designs for intersection improvements at Mt. Vernon Ave/W. Glebe Rd and Mt. Vernon Ave/W. Reed Ave. They also supported conceptual design improvements for the four City-owned parcels located at 4109/4115/4121/4125 Mt. Vernon Ave, as proposed by Architects Anonymous, as well as a Special Use Permit application for the former Duron Paint store, located at 4109 Mt Vernon Ave, to be used as a community building.

On May 17, 2010, Planning & Zoning staff and the Alexandria Economic Development Partnership (AEDP) sponsored a Developer Forum at the Birchmere to explore disincentives and opportunities for economic development in Arlandria. The moderator and panelists represented a cross-section of the DC-Metropolitan area's most successful developers and economic development advisors. The panel participants included: Steve Moore, President & CEO for the Washington DC Economic Partnership (moderator) and panelists Danny Abramson, Abramson Properties; Stewart Bartley, Y-12 Investments; Jair Lynch, Jair Lynch Development Partners; and Cameron Pratt, Foulger-Pratt.

The panelists spent the day in Arlandria which included a tour of the neighborhood and updates from community members, service providers, and City staff. At the evening forum, the panel discussed their perspective on Arlandria and provided recommendations to build on existing assets and address neighborhood challenges. Their assessment is that Arlandria is a vibrant, pedestrian-oriented, working-class community that serves the housing and retail needs of many Alexandrians. In addition, My Organic Market (MOM's) and the Birchmere are regional attractions. They likened Arlandria to other transitioning communities in the local metropolitan area such as Brookland (DC), Hyattsville (MD), and Mt. Rainer (MD). They also highlighted Four Mile Run Park as an important community asset that, if improved and with greater visibility, could help attract desired redevelopment. Their recommendations included:

- Improve transportation and transit access.
- Establish an Arlandria neighborhood brand for marketing and promotional efforts.
- Cluster retail.
- Continue to improve Four Mile Run Park (including more access points and visual connections).
- Create opportunities to capitalize on the success of the Birchmere; facilitate opportunities for "spin-off" business.
- If an Arts and Cultural District is created, use music as the central art form.
- Consider an east – west connection from Route 1 to Commonwealth Avenue.
- Fill-in gaps in the existing streetwall with new development.
- Consider community serving uses for redevelopment infill as opposed to traditional retail.

On November 2, 2010, the third Advisory Group meeting was held as a "Status of Implementation Open House" at St. Rita's Parish Center. Staff from Planning, RPCA, TES, and AEDP made presentations on implementation tasks completed in 2010 and projects going forward. While fewer than half of the AG membership attended the meeting, there was a diverse group of general public in attendance. The AG was asked to provide feedback on staff's recommendations for going forward.

- AG supported RPCA's plans for Four Mile Run Park Expansion but expressed concern that funds would not be available to implement the final concept plan.
- AG supported AEDP's plans for small business outreach and development efforts.
- AG did not fully understand or support Planning staff's finding that increasing allowable development densities were not necessary to incentivize redevelopment. Planning staff will meet with AG again to provide additional supportive data for finding.
- AG expressed concern with the staff's recommendation that intersection improvements at Mt. Vernon Ave/W. Glebe Rd be placed on hold until private redevelopment occurred. They requested that a more thorough explanation of staffs' recommendation be provided on the subject. TES and Planning staff agreed to meet with AG again to provide additional supportive data for finding.
- AG did not support staff's recommendation to locate a van pool lot on the former Datatel site (3700 Mt. Vernon Ave) as an interim use.

On January 19, 2011, the fourth Advisory Group meeting was held at St. Rita's Parish Center. Staff from TES, RPCA, and Planning made presentations on the Mt. Vernon Ave/W. Glebe intersection, Mt. Vernon Ave/W. Reed intersection, Four Mile Run Park Expansion, and the "Redevelopment of Arlandria" Fund. TES staff discussed in greater detail the rationale for not moving forward with the Mt. Vernon Ave/W. Glebe Rd intersection improvements (right-of-way challenges, existing development access, multiple driveways, ability to implement, and cost) and rationale for moving forward with the Mt. Vernon Ave/W. Reed Ave (high crash rate, right-of-way issues resolved, design creates traditional four approach intersection, provides crosswalk at a new bus stop, driveway consolidation, improved transit access, opportunity to add bus stop amenities, and fund availability). RPCA staff presented the concept plan for Four Mile Run Park Expansion and future outreach efforts. RPCA also re-stated that there are currently no funds in the Open Space Fund available to accomplish the improvements identified in the concept plan. PZ staff outlined available CIP funds in the Arlandria CIP ($200,000 remaining after intersection improvements are made to the Mt. Vernon Ave/W. Reed Ave intersection) and possible CIP projects: Four Mile Run Park Expansion and a bus shelter at the improved Mt. Vernon Ave/W. Reed Ave intersection.

- AG discussed the desire for the Mt. Vernon Ave/W. Glebe Rd intersection to be a gateway to the community and as such have a more prominent design.
- AG supports a prior option of a roundabout and requested that staff revisit that option.
- AG agreed to support the current design for the Mt. Vernon Ave/W. Glebe Rd intersection improvement as an alternative option to the roundabout.
- There was also a contrary position expressed recognizing that constructing a roundabout would be an expensive long-term solution because of phasing and negotiating with multiple private property owners.
- There was no clear consensus from the AG on how the remaining funds should be spent (a consensus was reached at the following meeting to reallocate the funds to the Four Mile Run Park expansion).

On February 16, 2011, the fifth Advisory Group meeting was held to address the Arlandria CIP and governance issues. At the prior meeting the AG did not reach consensus on which projects should be funded with the remaining $200,000 CIP funds. After the January 19, 2011 meeting, a group of AG members met and decided that the best use of the funds would be the expansion of Four Mile Run Park for the following reasons: 1) the City has invested more than $4.8 million in the acquisition and clearance of the four Mt. Vernon Avenue parcels, 2) the park expansion project is a current project in need of funding as the Open Space Fund is no longer available, 3) the Four Mile Run Farmers and Artisan Market was started as a community-based project to improve livability of the community; any improvements to the park will support and enhance the functions of the market, 4) the expanded Park will provide a unique gateway into Arlandria, and 5) an improved Park can enhance the quality of life for all Arlandria residents and visitors. The meeting resulted in the following decisions:

- The AG reached a consensus to use the remaining $200,000 CIP funds to fund the Four Mile Run Park Expansion project.
- The AG voted to elect an "executive committee" to work closely with City staff to create meeting agenda and provide feedback between AG meetings. Three members of the AG volunteered to serve in this leadership role.

Additional Community Outreach

In addition to the five Advisory Group meetings, Planning staff held a number of smaller meetings in 2010 with the following stakeholder groups:

- Major property owners
- Small group of Arlandria residents (Arlandria Civic Association, Hume Springs, Lenox Place)
- Tenants & Workers United
- Chirilagua Co-Op Board
- Small group of "hard-to-reach" residents
- Saint Rita School

Feedback varied from stakeholder group to stakeholder group. A complete list of stakeholder comments is attached (Attachment 3: Compilation of Stakeholder Feedback). Consistent themes among all groups concerned crime (loitering, public drunkenness, robberies, assaults), desire for more Spanish-speaking community police officers, improvements to Four Mile Run Park (request for improved access, picnic areas, trash pick-up and benches), additional retail businesses (those that cater to higher-income residents), need for immigration and legal services for new immigrants, a dedicated left turn signal at S. Glebe Rd/Mt. Vernon Ave, wider range of available housing, preservation of affordable housing, and the need for expanded primary care services for uninsured/underinsured residents.

Staff also met with Arlandria Neighborhood Health Services, Inc (ANHSI) and discussed the need to expand primary care services for residents in Arlandria and low-income/uninsured residents city-wide. Currently, ANHSI has 9,000sf of facility space in three locations: two sites in Arlandria and the Casey Health Center adjacent to Inova Alexandria Hospital. The City Strategic Plan Goal 2 supports an expansion of primary care medical and oral health services as well as integration of mental health and primary care services. Planning Staff worked with colleagues in Community and Human Services (former Department of Human Services) and Arlandria Neighborhood Health Services, Inc. to include some of ANHSI's operational needs in the FY12 budget request. The FY 2012 budget request includes funding for one part-time psychiatrist for persons being served at ANHSI. However, ANSHI is interested in pursuing:

- Expansion of dental care services (3 more days of service) and rental space for the additional dental services
- Expansion of Casey Clinic operation from 0.5 FTE to 1.0 FTE
- 15,000sf (minimal) – 30,000sf (optimal) of facility space to consolidate services

Staff in the City Manager's Office, General Services Department and Health Department are working closely with ANHSI on a long range plan to expand its provision of primary health care for low income/uninsured Alexandrians both in Arlandria and at the Casey Clinic.

In addition, staff met with Child & Family Network Centers (CFNC). The administrative offices and the Arlandria service location are currently located at the Birchmere site. The lease agreement expires in the near-term and CFNC requires a new facility. CFNC would like to relocate within the Arlandria community as many of their clients live in the neighborhood.

OTHER ACTIVITIES

Monitor On-Going Development Projects

In 2008, a study was conducted to consider the redevelopment potential of the former Safeway site located at 211 W. Glebe Rd and actions that can be taken to encourage redevelopment. The findings are in "Report on Feasibility of Redevelopment of the Old Safeway Site in Arlandria" (Attachment 4: Report on Feasibility of Redevelopment of the Old Safeway Site in Arlandria – 12/23/2008) and include:

- 2008 Capital markets not interested in funding condominiums
- Site not competitive for multi-tenant office space
- Near-term retail potential exists but market is "one-story, inexpensive space"
- Development further south along Mt. Vernon Ave is necessary before site is ripe for redevelopment; particularly the "triangle site" at Mt. Vernon Ave/Commonwealth Avenue

Since 2008, there has been progress in local development. The "Triangle site" is now Del Ray Central and was completed in 2010. A new restaurant building was approved for development in 2009 at Mt Vernon and Glebe, and is applying for building permits. The Calvert project was approved for redevelopment in 2010. Most recently, Mt. Vernon Village Center has submitted a concept plan for staff review. New development has begun to enter the Arlandria neighborhood.

Zoning Ordinance Changes

In October 2010, the State Legislature added title loan companies to the list of businesses that can be regulated similarly as payday loan and check cashing businesses. The current Neighborhood Retail Zone (NR) prohibits check cashing uses and the Mount Vernon Avenue Urban Overlay Zone prohibits check cashing and payday loan businesses. With the new state regulations, the City will prohibit title loan businesses in the Neighborhood Retail Zone (NR) and the Mount Vernon Avenue Urban Overlay Zone. The City approved a text amendment to the Zoning Ordinance in February 2011. This will be codified in March 2011.

Neighborhood-led Initiatives

Farmers Market

In the spring of 2010, a small number of residents organized, planned, and started a weekly Farmer's and Artisans Market at 4121 Mt. Vernon Ave. They solicited for vendors and supporters and now the market operates on Sundays from 8am – 1:00pm from April - October. In 2010 there were 15 rotating vendors, a community tent, a "market lounge", bike repair workshops, and a weekly musical act. To establish and maintain the outdoor market, they used personal funds and fees paid by vendors. The organizers are contemplating creating a non-profit

organization to financially administer and oversee market operations. The organizers have also identified the following additional items that they believe will improve existing conditions and increase the potential to expand the market:

- Electrical supply,
- SNAP machine (for electronic food stamp transactions),
- Phone line for an SNAP machine,
- Access to running water,
- Bathroom facilities and a clean-up sink,
- Shade trees,
- Trash facilities.

Some of the required items will be provided as the former Duron Paint store building is improved and converted to a community building (phone line for SNAP machine, water, bathroom facilities, electricity) and Four Mile Run Park is expanded (shade trees, trash facilities). The SNAP machine will be provided via a Virginia Department of Health grant.

Arlandria Non-Profit Service Providers

In the summer of 2010, Community Lodgings, Inc. began convening a regular meeting of Arlandria Non-Profit Service Providers to compare services and resources, discuss community needs, and collaborate. They intend to create a document that describes each service provider, services offered, and dates, times, and locations of such services. This effort is the first in organizing Arlandria Non-Profits. Participating organizations include: Child & Family Network Centers, Bienvenidos, Tenants & Workers United, Casa de Chirilagua, Arlandria Neighborhood Health Services, Inc, and Community Lodgings, Inc. Planning and Zoning staff have attended meetings and provided input to the group when appropriate.

Staff & Advisory Group Collaboration

Convening the Arlandria Action Plan Advisory Group and Arlandria Interdepartmental Staff Team has refocused staff resources on implementing necessary community development and infrastructure projects in Arlandria. Collaboration between citizens and City staff has increased. City departments are coordinating and sharing resources. Transparency has increased among City and community agencies. Working together, the city staff has prioritized projects that have been in the pipeline since the 2003 Plan was adopted. The Advisory Group has become a major resource for all City departments to learn about community needs and priorities and to receive feedback and input on various projects and initiatives. Both TES and RPCA are using the Advisory Group to provide input on infrastructure and park planning projects.

Attachments:
1. Implementation Matrix
2. Alexandria Economic Development Partnership Report
3. Compilation of Stakeholder Feedback
4. Report on Feasibility of Redevelopment of the Old Safeway Site in Arlandria – 12/23/2008

Attachment 1. Implementation Matrix

ARLANDRIA IMPLEMENTATION SCHEDULE

Number	Priority	Work Item	Departments	Time Frame		Funding Mechanism	Status	Cost Spent to-date	Comments	CURRENT FUNDING NEED
				Term	Est. Start					
RECOMMENDATIONS OF THE 2003 ARLANDRIA ACTION PLAN (Adopted by City Council)										
1.0		**MASTER PLAN/ZONING ORDINANCE**								
1.1		Create neighborhood retail district	*P&Z*		FY 2004	General Fund	**COMPLETE**	Staff Resources		
1.2		Create CDD for Safeway-Datatel Site	*P&Z*		FY 2004	General Fund	**COMPLETE**	Staff Resources		
1.3		Amend CDD #6 (with Arlandria recommendations)	*P&Z*		FY 2004	General Fund	**COMPLETE**	Staff Resources		
1.4		Amend Potomac West Small Area Plan	*P&Z*		FY 2004	General Fund	**COMPLETE**	Staff Resources		
2.0		**INFRASTRUCTURE IMPROVEMENTS**								
2.1		Incorporate Target-market concepts into Urban Design Plans								
2.1.1		Use of public art	*RPCA, P&Z*			No Funding Available	IN PROGRESS		Public art will be included with redevelopment projects and considered part of the Four Mile Run Park expansion process which began in 2010 and will continue through the first of 2011	
2.1.2		Use of street furniture	*T&ES, P&Z*		FY 2004	No Funding Available	ON HOLD		Analysis complete; 2 wooden benches need to be replaced; TES currently has no funding allocated for improvement	$6,000 to $12,000 (estimate)
2.1.3		Use of public plazas/public areas	*RPCA, P&Z*			Open Space Fund	IN PROGRESS		On hold pending Four Mile Run Park expansion process which began in 2010 and will continue through the first of 2011.	
2.2		Streetscape								
2.2.1		Install street trees, 3800 block Mt. Vernon Ave	*RPCA, T&ES, P&Z*		FY 2004		**COMPLETE**			
2.2.2		Restripe crosswalks - Glebe, Russell & Four Mi	*T&ES, P&Z*		FY 2004		**COMPLETE**			
2.2.3		Install handicap ramp, Mt. Vernon & Four Mile R	*T&ES, P&Z*		FY 2004		**COMPLETE**			
2.2.4		Install banners	*T&ES, P&Z*		FY 2005 - 2008	No Funding Available	NOT STARTED		Pending additional funding of City-wide Wayfinding Program	
2.2.5		Install pavers, Bangkok 54	*T&ES, P&Z*		FY 2005 - 2008		**COMPLETE**			
2.2.6		Install pavers, Lillian's Restaurant, Bruce Street	*T&ES, P&Z*		FY 2005 - 2008		**COMPLETE**			
2.2.7		Bus shelters along Mt. Vernon Avenue	*T&ES*			Grant Source	IN PROGRESS		TES has a transportation grent to replace a bus shelter at Mt. Vernon and Executive in 2011; A new bus shelter will be installed at Mt. Vernon/W. Reed as part of those intersection improvements; TES has a smaller state grant to install additional shelters and sites will be selected based on ridership.	
2.3		Bulb outs & Crosswalk Improvements								
2.3.1		Reconfigure north end of Mt. Vernon Ave	*T&ES, RPCA, P&Z*			No Funding Available	ON HOLD		Site Analysis underway	
2.3.2		Along W. Glebe Road	*T&ES, P&Z*		FY 2005 - 2008		**COMPLETE**			
2.3.3		Mid-block crosswalk Mt. Vernon	*T&ES, P&Z*		FY 2005 - 2008		**COMPLETE**			
2.3.5		Intersection, W. Reed Ave	*T&ES, P&Z*		FY 2005 - 2008	Arlandria CIP	IN PROGRESS		Design at 90% completion; construction Spring 2011	$300,000 (estimate)

Schedule subject to change due to community priorities, the number of capital projects and the competition among all City projects for limited public funds.

ARLANDRIA IMPLEMENTATION SCHEDULE

2.3.6		Intersection, Mt. Vernon & W. Glebe Road	*T&ES, P&Z*		FY 2005 - 2008	N/A	ON HOLD		Design at 30%; project on hold; pending redevelopment of adjacent parcels	
2.4		Gateways Enhancements at Mt. Vernon/W.Glebe & Mt. Vernon/Four Mile Run Park								
2.4.1		Misc. Gateway improvements	*P&Z, T&ES*			No Funding Available	IN PROGRESS		Analysis complete; On hold pending outcome of Four Mile Run Park expansion process which is in progress and will continue through the first of 2011; Gateway enhancements at Mt. Vernon/W. Glebe are on hold pending private redevelopment	
2.4.2		Improvements to existing median through lengthening median and tree planting	*T&ES, RPCS, P&Z*				**COMPLETE**		Analysis complete; found that existing median does not meet standards for tree planting and widening the median to facilitate standards is not feasible.	
2.4.3		Add entry features to create gateway	*P&Z, T&ES*			No Funding Available	ON HOLD		Installed new lighting at Four Mile Bridge as gateway feature; On hold pending outcome of Four Mile Run Park expansion process which is in progress and will continue through the first of 2011; Gateway enhancements at Mt. Vernon/W. Glebe are on hold pending private redevelopment	
2.4.4		Help to reconfigure shopping center parking lot	*P&Z, T&ES*			N/A	NOT STARTED		Property owners have submitted plans to the City for redevelopment of the Mt. Vernon Village Shopping Center.	
2.5		Four Mile Run Park & Enhancements								
2.5.1		Landscaping and signs at park entrance	*RPCA*			No Funding Available	IN PROGRESS		Phase 1 Complete; On hold pending outcome of Four Mile Run Park expansion process which is in progress and will continue through the first of 2011	
2.5.2		Enhance access & visibility	*RPCA*			No Funding Available	IN PROGRESS		On hold pending outcome of Four Mile Run Park expansion process which is in progress and will continue through	
2.6		Traffic control/Regulation								
2.6.1		Install speed tables, 700 block Four Mile Road	*T&ES*		FY 2005 - 2008		**COMPLETE**		Analysis complete; found that the location does not meet TES tresholds for installation of speed tables	
2.6.2		Conduct traffic study to address issues	*T&ES, P&Z*		FY 2005 - 2008	N/A	ON HOLD		Analysis complete; On hold pending outcome of Four Mile Run Park expansion process which is in progress and will continue through the first of 2011	
2.6.3		Left-turn signal, Mt. Vernon & S. Glebe Rd.	*T&ES*		FY 2005 - 2008	N/A	NOT STARTED		Pending prioritization in Arlington County	
2.6.4		Study option to improve access to park	*RPCA, TES*		FY 2005 - 2008	No Funding Available	IN PROGRESS		On hold pending outcome of Four Mile Run Park expansion process which is in progress and will continue through the first of 2011	

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ARLANDRIA IMPLEMENTATION SCHEDULE

3.0		**INTERSECTION IMPROVEMENTS**							
3.1		Redesign intersection of Mt. Vernon & Russell Road							1,000,000 (estimate)
3.1.1		Provide striped crosswalks	*T&ES, P&Z*		FY 2004		**COMPLETE**		
3.1.2		Eliminate free-flow right-turn onto Russell Road	*T&ES, P&Z*		FY 2005 - 2008	No Funding Available	ON HOLD	Interim improvements made; pedestrian refuge area constructed	
3.1.3		Provide raised crosswalks	*T&ES, P&Z*			No Funding Available	ON HOLD	Site Analysis underway	
3.1.4		Construct new "T" intersection	*T&ES, P&Z*			No Funding Available	ON HOLD	Site Analysis underway	
3.2		Redesign intersection of Mt. Vernon and Four Mile Road.							
3.2.1		Construct cul-de-sac from Four Mile Run Road into Park	*T&ES, RPCA, P&Z*		FY 2005 - 2008	No Funding Available	ON HOLD	Site Analysis underway	
3.3		Redesign intersection of Mt. Vernon and Bruce Street							
3.3.1		Construct cul-de-sac from Bruce Street into Park	*T&ES, RPCA, P&Z*			No Funding Available	ON HOLD	Site Analysis underway	
4.0		**PARKING**							
4.1		Construct surface parking lot on Datatel site; construct new parking garage on Datatel lot (3700 Mt. Vernon) & 3612 & 3610 Mt. Vernon	*P&Z, T&ES*		FY 2005 - 2008	No Funding Available	PART 1- COMPLETE, PART 2 - ON HOLD	Surface parking lot constructed; parking garage hasn't been constructed	
4.2		Relocate existing bus stop Mt. Vernon Ave	*T&ES, P&Z*		FY 2005 - 2008		**COMPLETE**	Bus stop relocated from Mt. Vernon/Four Mile Run to Mt. Vernon/Executive Ave	
4.3		Stripe new on-street spaces, Mt. Vernon Ave	*T&ES, P&Z*		FY 2005 - 2008		**COMPLETE**		
4.4		Add 28 spaces Executive Ave	*T&ES*		FY 2005 - 2008		**COMPLETE**		
5.0		**RETAIL ENHANCEMENT**							
5.1		Technical assistance - developing marketing/promotions organization							
5.1.1		Contact & work with business owners	*AEDP, P&Z*			General Fund	IN PROGRESS	AEDP engaged a contractor to work with Latino/a and other businesses in the area.	Funded through FY11
5.1.2		Facilitate focus group of business owners	*AEDP, P&Z*			General Fund	IN PROGRESS	AEDP created a survey that it is administering to business owners to collect feedback and statistics.	
5.2		Explore Business Improvement District				General Fund	**COMPLETE**	This was explored during earlier Plan implementation and found not feasible; staff is exploring other mechanisms	
5.2.1		Investigate other mechanisms	*AEDP, P&Z*			General Fund	IN PROGRESS		
5.3		Safeway-Datatel Site Redevelopment Work	*P&Z, AEDP*			N/A	ON HOLD	Report on Feasibility of Redevelopment of the Safeway Site was presented to City Council on February 21, 2009. Report found that 2009 market conditions hampered redevelopment of site.	
5.3.1		Work on joint venture marketing	*AEDP, P&Z*			General Fund	**COMPLETE**	AEDP and ACVA have created marketing materials and webpages advertising the Arlandria Submarket.	
5.4		Misc. Retail Enhancement						AEDP has hired 1 part-time staff person whose responsibilities including working with small businesses in Arlandria. The staff person is currently	
5.4.1		Merchandising audit with businesses	*SBDC, AEDP*		FY 2004	N/A	NOT STARTED		
5.4.2		Provide business plan assistance	*SBDC, AEDP*		FY 2004	General Fund	IN PROGRESS		
5.4.3		Provide SBA & other financing info	*SBDC, AEDP*		FY 2004	General Fund	IN PROGRESS		

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ARLANDRIA IMPLEMENTATION SCHEDULE

5.4.4		Provide info about business assistance programs	SBDC, AEDP		FY 2004	Staff Resources	IN PROGRESS		counseling and surveying business owners one-on-one. The results of the interviews and surveys will provide direction for which services AEDP and SBDC will provide.	
5.4.5		Coordinate weekly events and festivals	SBDC, AEDP		FY 2004	N/A	NOT STARTED			
5.4.6		Assist with façade improvements	P&Z, AEDP, SBDC		FY 2004	General Fund	IN PROGRESS			
5.4.7		Establish business plan monitoring system	SBDC, AEDP		FY 2004	N/A	NOT STARTED			
6.0		**FUTURE PLANNING**								
6.1		*Four Mile Run Enhancements*								
6.1.1		Prioritize ways to enhance access and expand the park to 4 parcels located on Mt. Vernon Ave	P&Z, RPCA			Open Space Fund	IN PROGRESS		Interim planting and imorovements have been made. Additional improvements on hold pending Four Mile Run Park planning process which began in 2010 and will continue through the first of 2011.	$426,708
6.1.2		Acquire property along Mt. Vernon Ave to enlarge park	RPCA, P&Z			Open Space Fund	COMPLETE		City purchased four commercial properties	
6.2		Tree planting with new improvements	T&ES, RPCA, P&Z		FY 2004	General Fund	ONGOING		Planting will be made as needed	
6.3		Encourage Preservation of historic buildings	P&Z, OHA		FY 2004	General Fund	ONGOING		As redevelopment of individual properties occur assessments of historic integrity will be made	
6.4		Adjust floodplain boundary (with FEMA)	T&ES			General Fund	IN PROGRESS		FEMA is slated to release new maps in late 2010.	
WORK TASKS IN THE 2009 CITY COUNCIL DOCKET ITEM (Establishment of the Implementation Advisory Group)										
7.0		Establish and convene an Arlandria Action Plan Advisory Group	PZ, AEDP, TES, RPCA, Housing			General Fund	COMPLETE		Staff convened a 24-member AG, held 4 AG meetings and 1 Developer Forum Panel; Staff also held meetings with other stakeholder groups	
7.0.1		Solicit feedback from AG on prioritization of public improvements				General Fund	COMPLETE		Staff received feedback from the AG on priorities related to the 2 proposed intersection improvements.	
7.0.2		Solicit comments from AG on streetscape design and park design and programming				General Fund	COMPLETE		Staff received feedback from the AG on priorities related to streetscape enhancements. As a result, bike racks were installed. Also, TES will continue project to install new bus shelters.	
7.0.3		Empower and assist AG in neighborhood-led projects				General Fund	COMPLETE		Members of the community began a farmers and artisans market at Four Mile Run Park.	
7.0.4		Advise staff related to preferred spending priorities and public improvement phasing				General Fund	COMPLETE		The AG provided feedback and support for the Final recommendations provided in the Final Report.	
7.1		Consider leveraging city-owned property to incentivize redevelopment	PZ			General Fund	IN PROGRESS		The City only owns 1 parcel and it is identified as a site for a Municipal Parking Garage. A REOI would have to include the consideration of a parking garage to conform with Arlandria Plan.	
7.2		Explore disincentives for economic development and opportunities to overcome those	PZ			General Fund	COMPLETE		Staff completed studies to examine potential changes to CDD #6 & CDD #12 to facilitate development.	

Schedule subject to change due to community priorities, the number of capital projects and the competition among all City projects for limited public funds

ARLANDRIA IMPLEMENTATION SCHEDULE

7.2.1		Issue a "Request for Expresions of Interest" for redevelopment of key parcels that permits respondents to propose projects that may require chances to current set of development constraints	*PZ*			N/A	NOT STARTED		The City only owns 1 parcel and it is identified as a site for a Municipel Parking Garage. A REOI would have to include the consideration of a parking garage to conform with Arlandria Plan.	
7.3		Retail enhancement efforts	*AEDP, PZ*			General Fund	IN PROGRESS		AEDP hired 1 part-time staff person to survey existing businesses. The results informed the small business enhancement strategy that is included in the recommendations of the Final Report.	
7.4		*Participate in the Four Mile Run Park Planning* process	*RPCA, P&Z*			General Fund	**COMPLETE**		RPCA facilitated a Four Mile Run Park expansion process that was complete in early 2011. Execution will begin when funds are allocated.	
7.6		Explore possibility of establishing an Arts District	*RPCA, PZ, AEDP*			N/A	IN PROGRESS		This requires a study conducted by Public Art staff. RPCA currently does not have staff or resources for this effort.	
7.7		Monitor on-going development projects				General Fund	IN PROGRESS		Staff is working with property owners and developers on an as-needed and on-going basis. There is currently 1 development project in Concept Phase.	
7.8		Liaise with existing Code Compliance Group (lead by Office of Building & Fire Code Admin & Alexandria Police Department)	*PZ*			N/A	IN PROGRESS		Arlandria Staff Team will participate on a Code Compliance walk organized by the Dept. of Code Administration on April 6, 2011	
7.9		Host a "Status of Implementation" public open house	*PZ, AEDP, TES, RPCA, Housing*			General Fund	**COMPLETE**		Staff held this event on November 2, 2010.	
7.10		Submit a "Status of Implementation Report to City Council	*PZ*			General Fund	**COMPLETE**		Staff submitted Final Report to City Council.	

Schedule subject to change due to community priorities, the number of capital projects and the competition among all City projects for limited public funds.

ALEXANDRIA
ECONOMIC
DEVELOPMENT
PARTNERSHIP

Report on the Survey of the Arlandria Business Community City of Alexandria, Virginia

Survey Period: October 2010 – March 2011
Report Date: March 29, 2011

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Report on the Survey of the Arlandria Business Community

I. Arlandria Outreach Methodology and Overview

Outreach efforts to Arlandria business owners took place between August 2010 and March 2011. A comprehensive survey was developed and implemented through in-depth one-on-one interviews in order to obtain both qualitative and quantitative data. The following were the major objectives of the research:

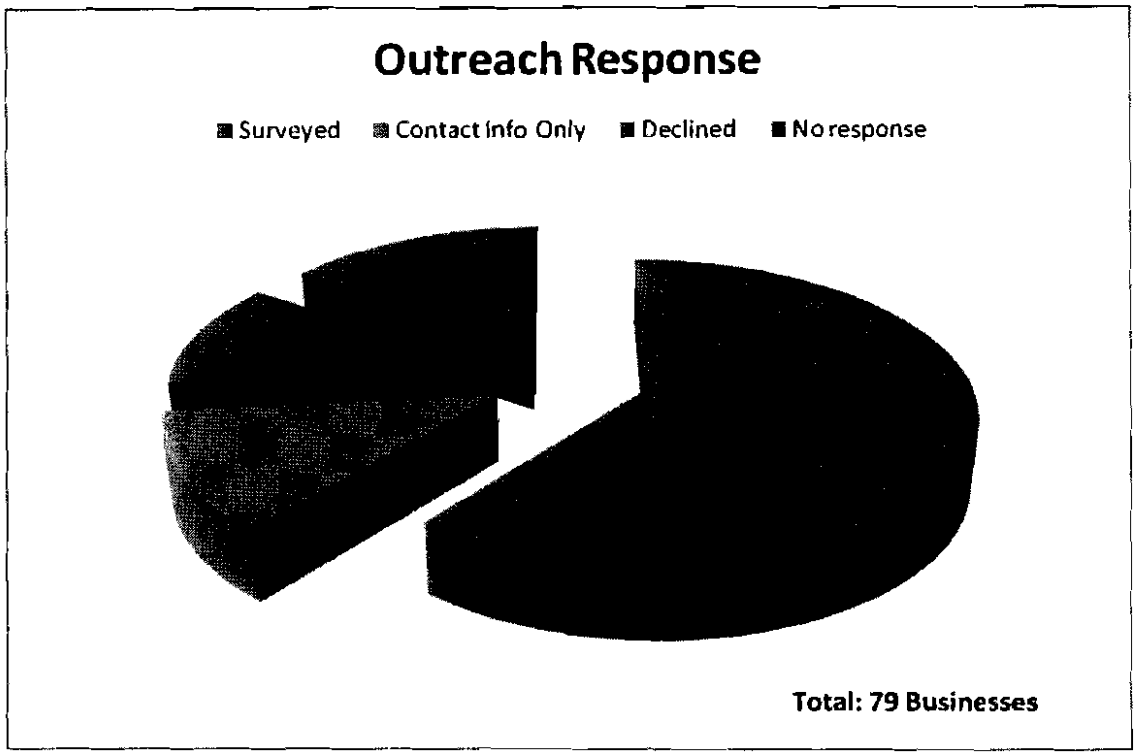
1. To create a rapport with business owners by introducing the Alexandria Economic Development Partnership (AEDP) as a City-funded organization that can assist business owners in finding resources and services to start-up, locate, develop, and grow, including navigating processes specific to the City of Alexandria.
2. To spread the word about new AEDP services and initiatives such as bilingual technical assistance, business educational seminars, networking events and the assistance in the creation of a local business association for Arlandria.
3. To inform business and property owners about City and state business incentives, including the façade improvement grant program and the Virginia enterprise zone grants.
4. To obtain business owners' general perceptions about Arlandria, their suggestions for improvements in the community, their likes and dislikes, and their major recommendations.
5. To create an inventory of all businesses in the area that includes general contact information, business demographics and vacant locations in Arlandria.

Overall, business owners were very open and willing to share their information, challenges, and recommendations with the AEDP staff. Many of them appreciated the fact that we were knocking on their doors and listening to their perspectives on the issues that affect them.

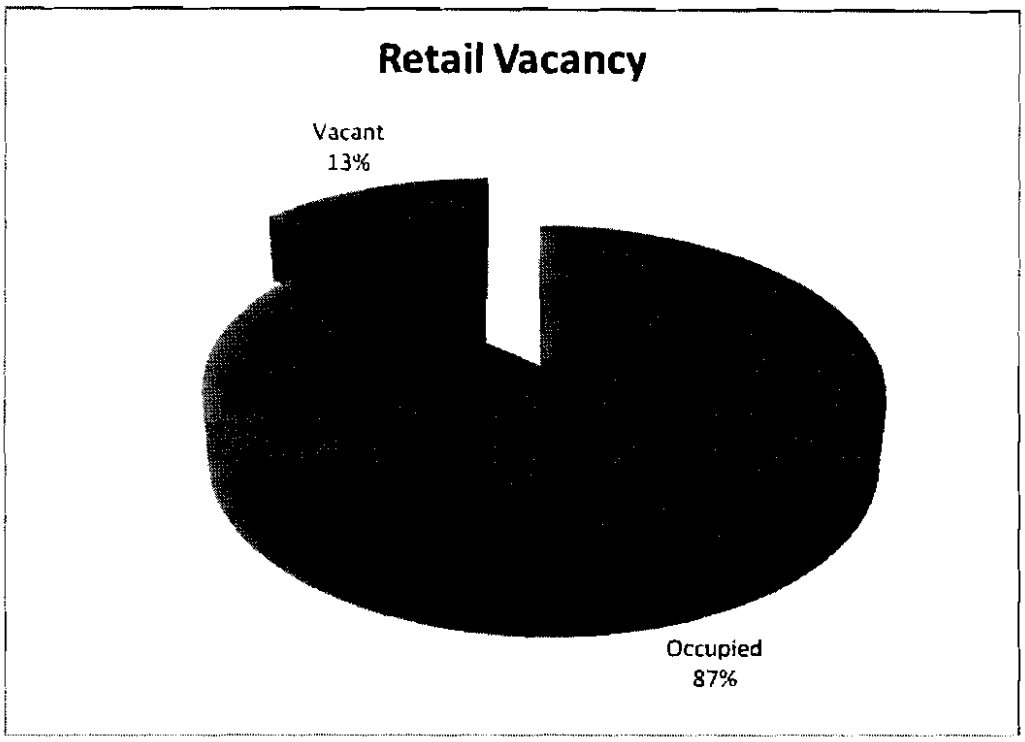
Nearly all of the business owners stated that the general economy has been affecting them for the last two years and that they are not receiving clients and customers as they used to. They have also been facing an increase in their expenses, including payroll, utilities, inventory, and rent.

One of the major concerns that they expressed is the possibility of the local residential community being displaced as new development and redevelopment projects come into the area. Since the majority of these businesses are suited to target the local community as customers, they worry that they will be negatively impacted by the changes.

II. Outreach Response



As shown in the graph above, the outreach response was very positive. Throughout the outreach period, we contacted a total of 79 businesses. Of these, we successfully surveyed 48 businesses (61%), and obtained exclusively the contact information from 10 businesses (13%). Furthermore, nine businesses (11%) declined to participate in the survey, and the 12 remaining businesses (15%) never responded to our various calls and site visits.



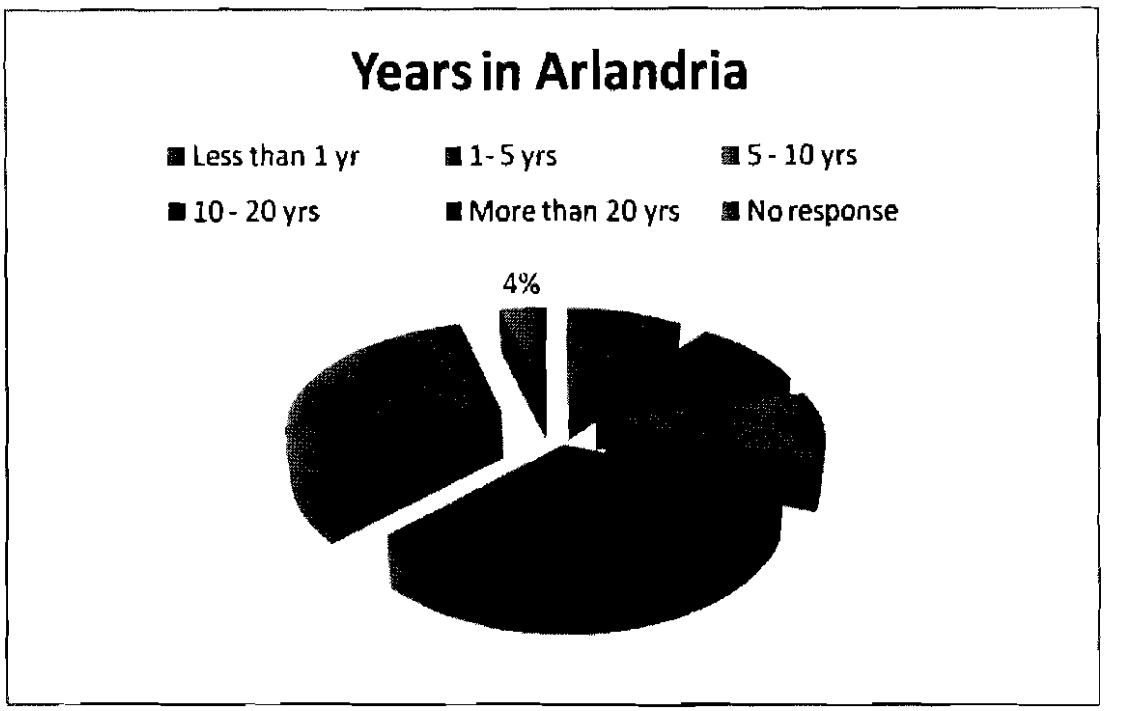
There are 89 retail spaces in Arlandria. When we began our outreach efforts in August, there were 10 vacancies and 79 businesses. Since the fall, however, two businesses have closed (McCormick Paints and JB Barber[1]). The current figures as of March 2011 are now 12 vacancies and 77 existing businesses; a 13% vacancy rate for retail.

[1] JB Barber will be relocating to the Foodway International shopping center.

III. Survey Results

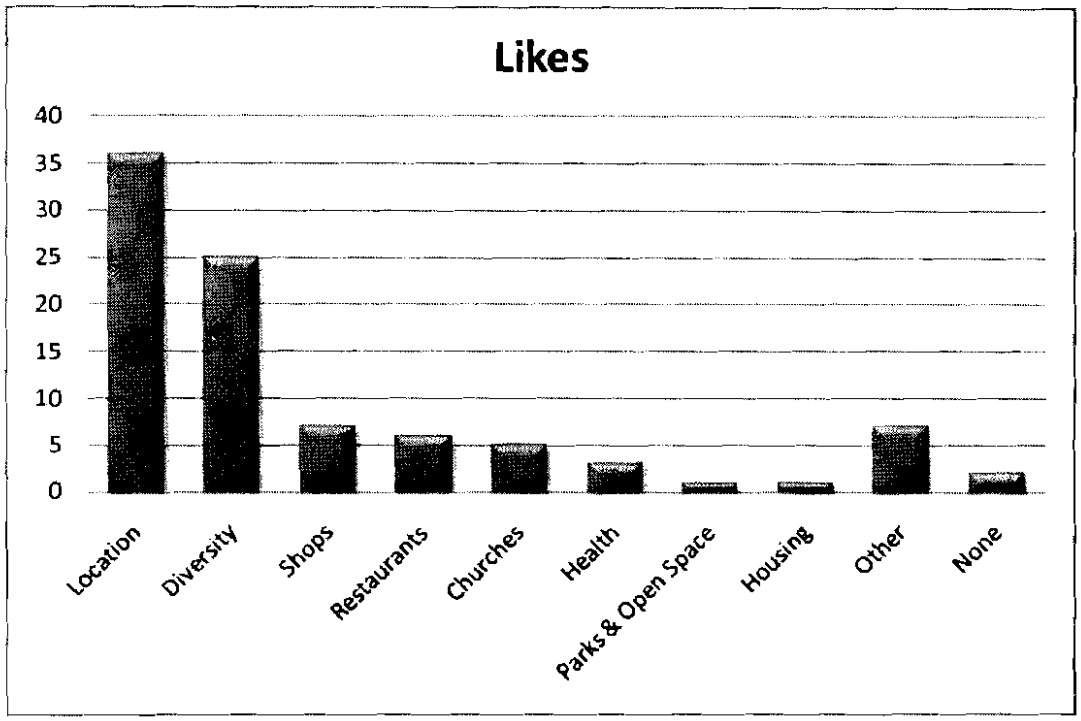
A. Arlandria Community in General

1. How long you have lived / worked in the neighborhood?



Nearly two-thirds of business owners responded that they have lived and/or worked in the area for over ten years; 33% have been in Arlandria for more than 20 years. Some of the business owners both work and live in the community, while others commute to Arlandria from other jurisdictions, such as Maryland, Arlington County, and Fairfax County. Those who both live and work in the area seemed to express a stronger sense of attachment and commitment to the local community, while the commuters seemed less involved.

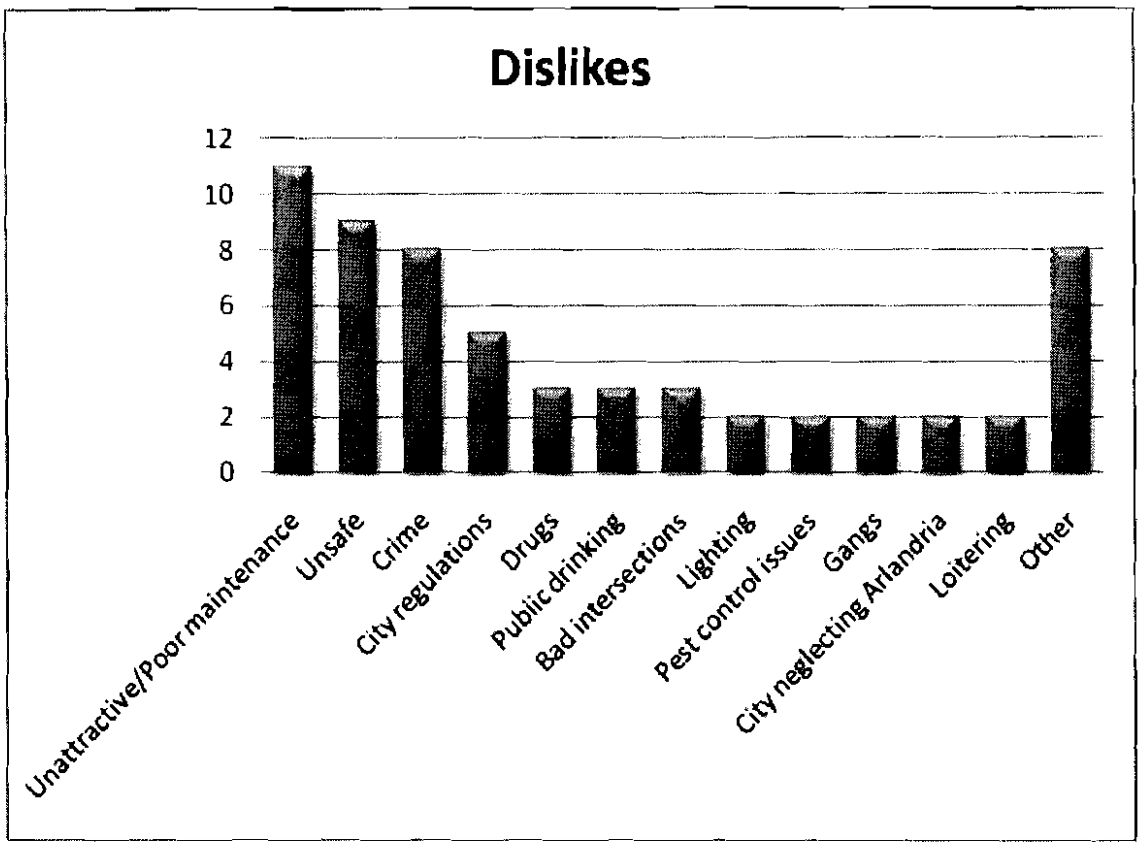
2. What do you like most about Arlandria?



The most common responses for the likable aspects of Arlandria were "location" and "diversity." In fact, diversity was not listed in the original set of options, but it was such a frequent open-ended response to the question that we chose to tabulate and display it on the above chart.. Many businesses explained that they value the mix of ethnicities and cultures because it gives Arlandria a unique character. Business owners also expressed that they find Arlandria to be convenient, and that they appreciate its close proximity to other jurisdictions.

Additionally, many businesses liked that most of the shops and restaurants in Arlandria are independent retailers or "mom-and-pop shops" because it creates vitality in the community and makes Arlandria an authentic place to visit and shop.

3. What do you like least about Arlandria?



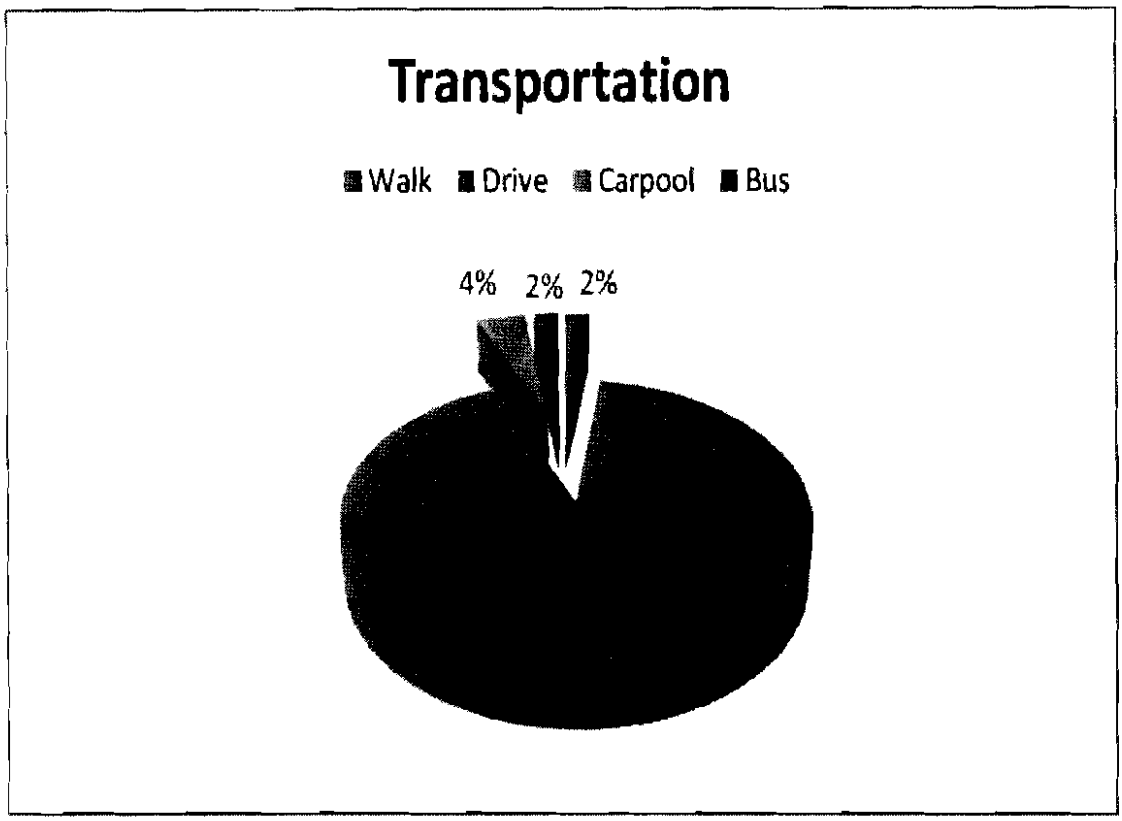
The dislikes listed above reflect the most common open-ended responses. Since the suggested dislikes that we provided in the survey (restaurants, shops, parks and open space, location, housing, health, clinic, and churches) were rarely mentioned, we chose to tabulate the open-ended responses in the above chart.

Business owners were most displeased with Arlandria's relative unattractiveness and poor maintenance. Many cited dirty streets and sidewalks, unkempt facades, and unattractive signage as some of the major problems. Many of the business owners who are located in close proximity to the Presidential Greens apartment complex (and especially those that live there) expressed concern about the poor living conditions and the lack of maintenance from management. They specifically mentioned pest control problems, mold in the apartments, and ineffective climate control.

Safety is the second most outstanding issue in Arlandria. Businesses often complained of frequent crime, attempted break-ins, and insufficient police presence. They also stated that drinking and driving, drug dealing, and gang activity are some of the major problems that need to be addressed. Even though some of the business owners perceive that these issues have decreased in recent years, they still feel a need for greater police presence and law enforcement.

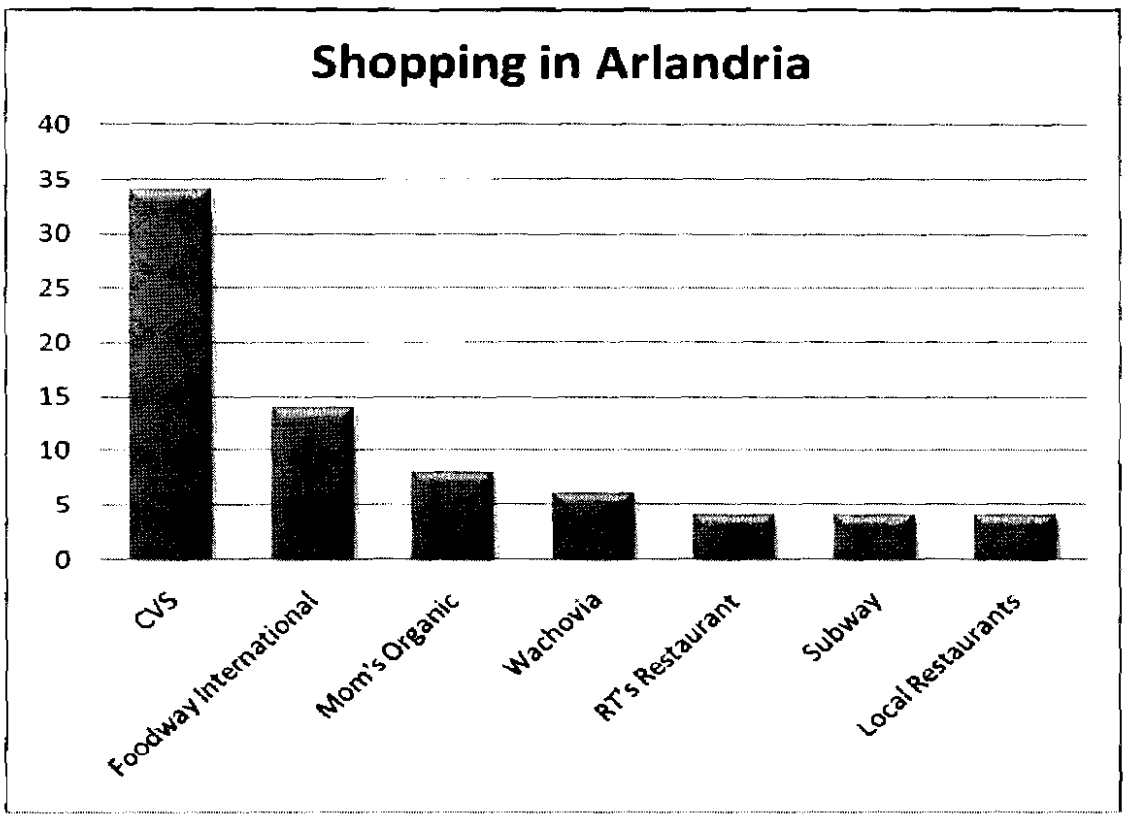
Several respondents also shared their struggles with what are perceived as the City's strict and unclear regulations and delayed proccesses, stating that the City is not business-friendly. They feel that many City regulations do not support the prosperity and growth of independent retailers. Moreover, several business owners even felt that Arlandria has been neglected by the City, while other neighborhoods have received more resources and attention.

4. How do you get to work?



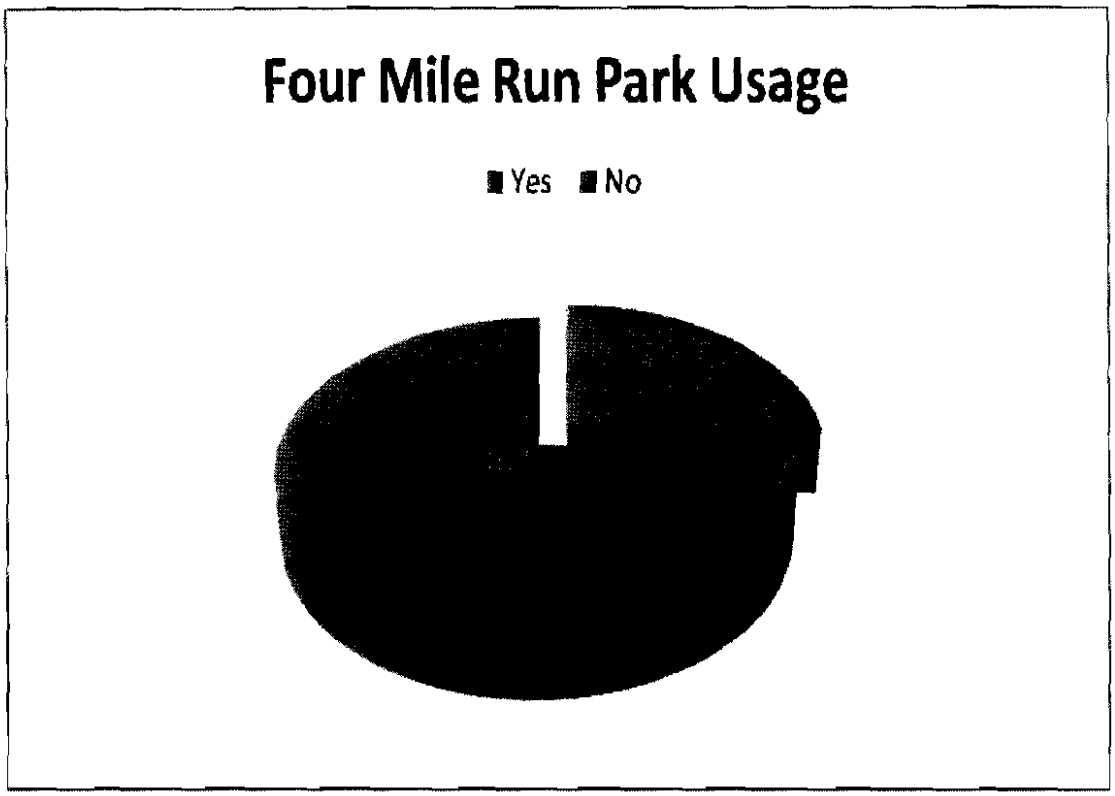
The above chart indicates that the overwhelming majority of business owners drive to work. This may suggest a need for improved bus routes and metro access.

5. Where do you shop in the neighborhood?



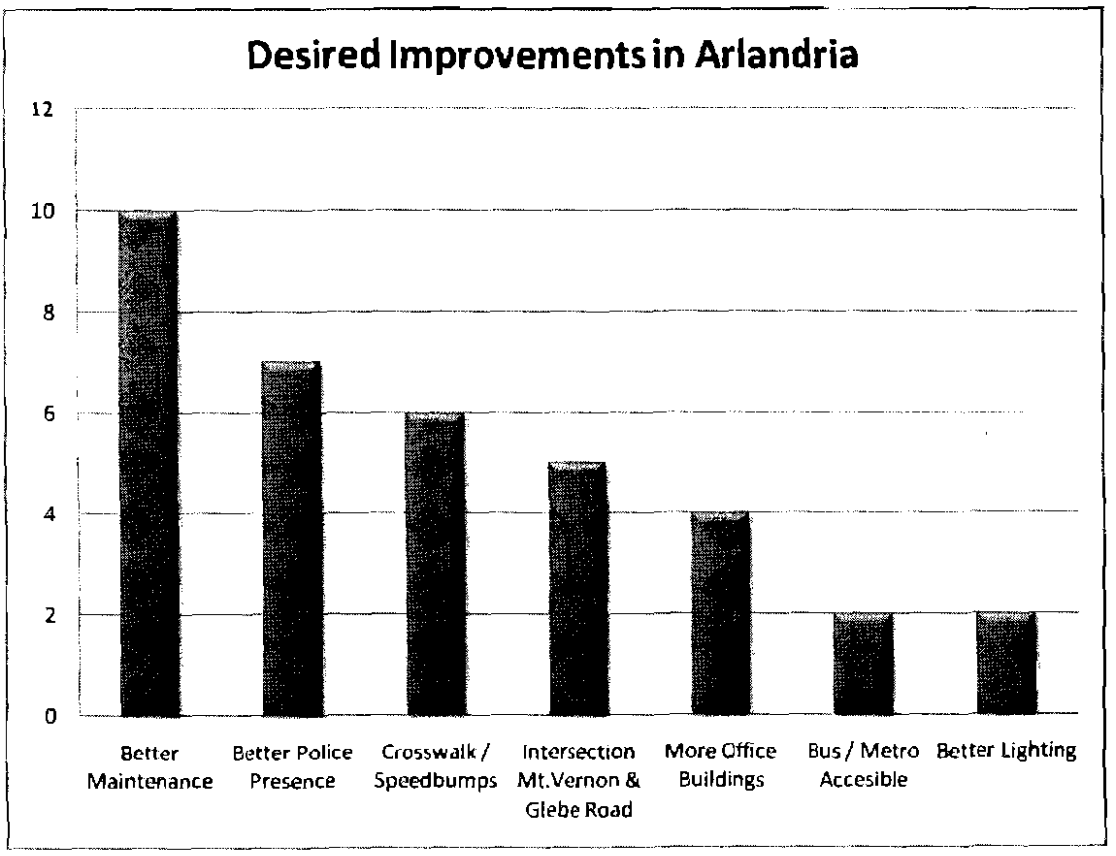
The most popular shop in Arlandria is CVS, followed by Foodway International, Mom's Organic Market, and Wachovia Bank.

6. Do you use Four Mile Run Park?



Only a quarter of business owners use Four Mile Run Park; the large majority never use it. The explanations for not using the park included not having enough spare time, not finding the park appealing, and not feeling safe in that area. Some business owners did not even know that the park existed.

7. What type of improvements would you like to see in Arlandria?



The most common answer among desired improvements was better maintenance; business owners believe that the City should do a better job cleaning the streets and sidewalks, collecting the trash, and investing more resources in the area.

The second most common response was a desire for more police presence and law enforcement in the area, as previously mentioned in question three.

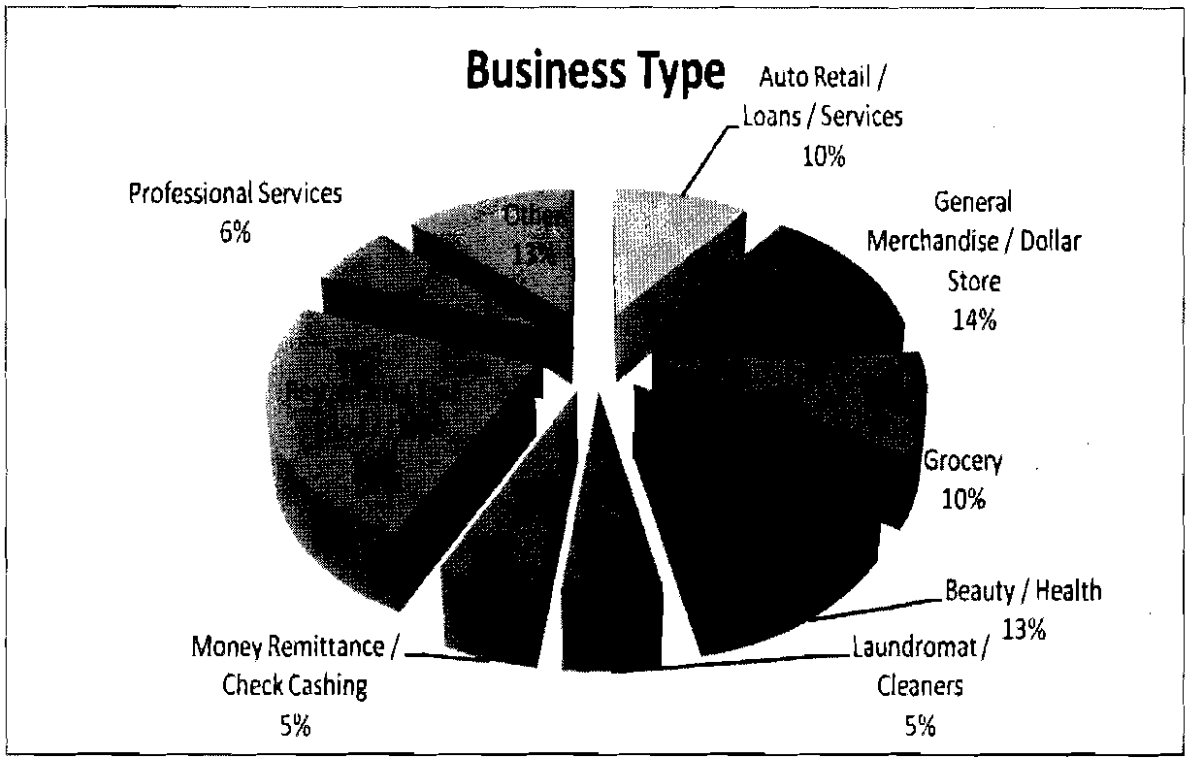
Another frequent response was a recommendation to construct crosswalks or speedbumbs along Mount Vernon Avenue, specifically in the area in front of Mount Vernon Village Center, in order to improve pedestrian safety.

In addition, many business owners complained about the traffic light located at Mt. Venon Avenue and Glebe Road. Without a dedicated lefthand turn light, a lot of traffic congestion and accidents occur at the intersection.

Some business owners would like to see more office buildings in the area so that local retailers can benefit from that additional market of customers. Furthermore, they would like to have better access to nearby metro stations, including more frequent bus service. Finally, some business owners would like to see better lighting along principal corridors; many of them feel unsafe in the poorly-lit areas.

B. Business Demographics

1. What is your business type?



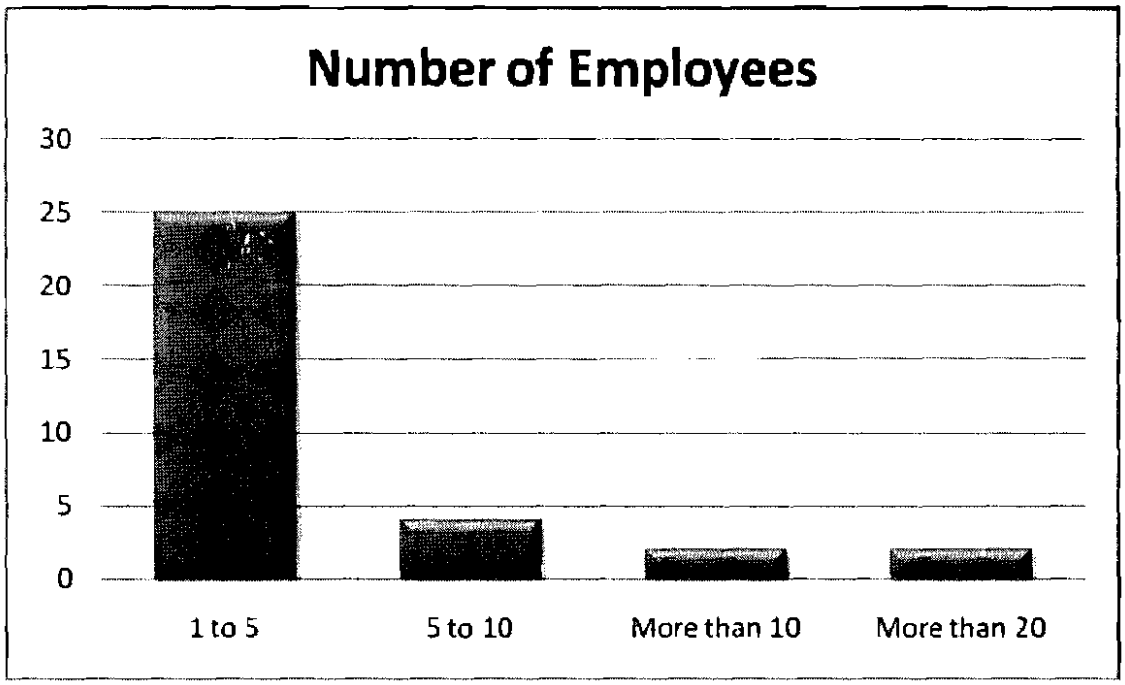
The chart above quantifies the number of businesses, by type. We heard concerns from many businesses owners who said that there are too many businesses with the same concept in the same small area.

The most predominant type of retail establishments relate to the food industry (24%). These include both full and limited service restaurants, fast food establishments, bakeries, and cafés.

The second most common business type is general merchandise stores and dollar stores (14%), followed closely by health and beauty establishments (13%), such as hair salons, barber shops, and nutritional-health clubs.

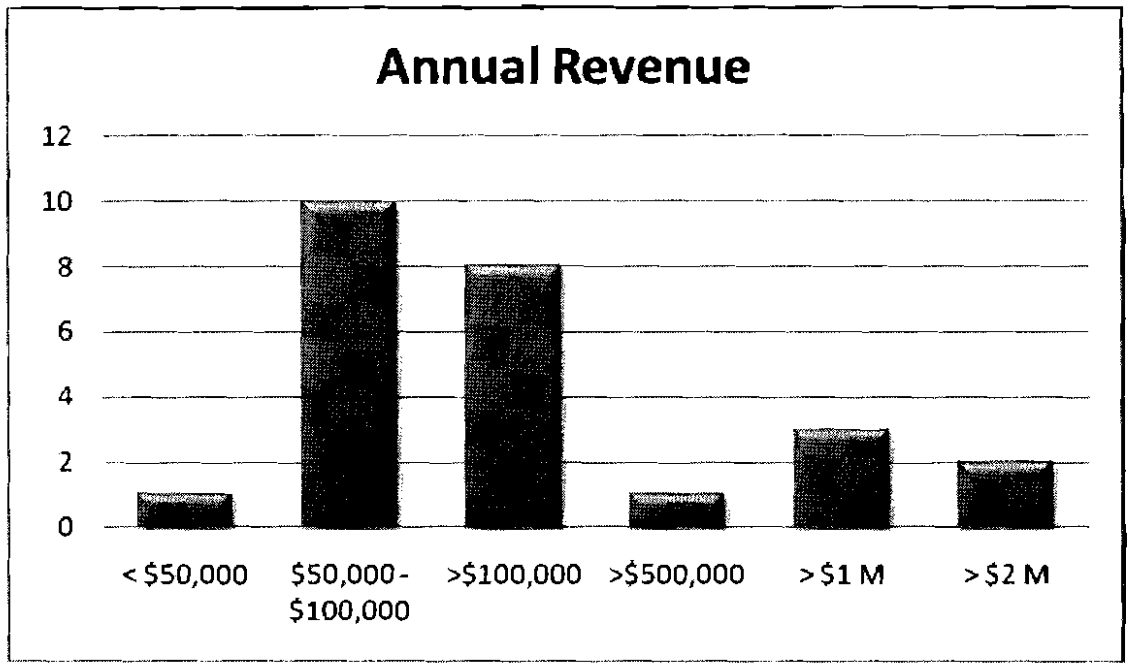
The subsequent retail types are grocery stores (10%), businesses related to auto loans and services (10%), professional services (6%) such as tax preparation, translation, real estate and public notary services, money remittance and check cashing services (5%), and laundromats and dry cleaners (5%). The "other" category includes two computer/cell phone retailers, two home improvement stores, two pawn shops, one gas station, one bank, one maid service, and one entertainment venue.

2. **How many employees does your business have?**



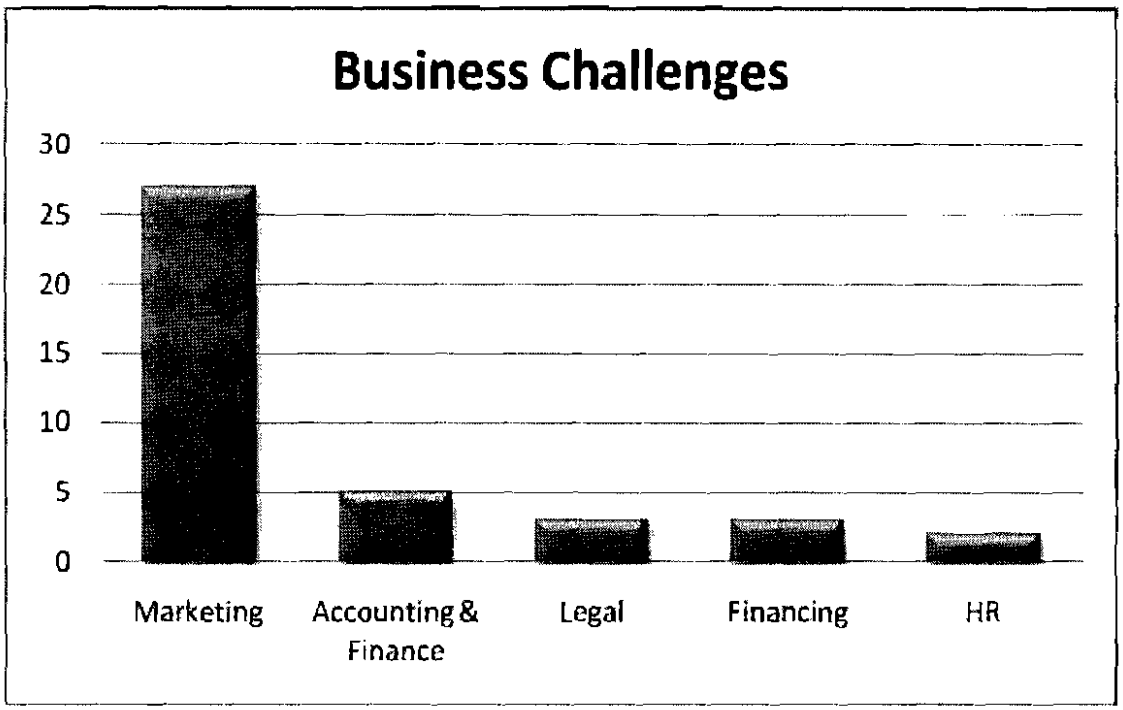
As shown above the large majority of businesses fall in the category of 1 to 5 employees, followed by the 5 to 10 category. This reflects the fact that nearly all of the businesses in the area are small, independent retailers.

3. What is your business' annual revenue?



As shown above the majority of the businesses are within the annual revenue range of $50,000 to $100,000, followed by those with revenues between $100,000 and $500,000.

4. What type of business challenges have you been facing?

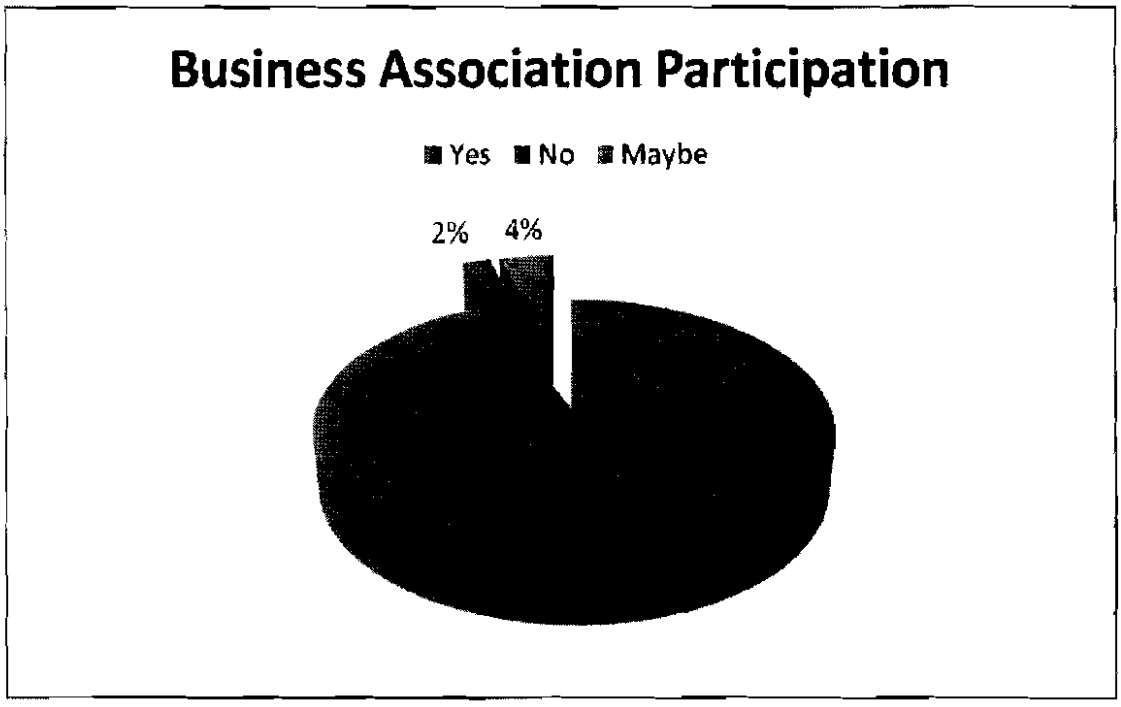


The most common business challenge faced by businesses is how to better market their business. Many business owners expressed that their clientele have reduced significantly due to the general economy and to the number of direct competitors in the area. Many of them would like to attract new clients to their businesses, and realize that they need creative and effective marketing strategies that will make them stand out among their competitors.

The second largest business challenge is accounting and finance; many of them expressed that they would like to improve their accounting processes and systems in order to control inventory and cash flow issues.

Some businesses have challenges with negotiating leases with their landlords, human resource issues with employees, and obtaining business loans.

5. **Would you be interested in participating in a local business association?**

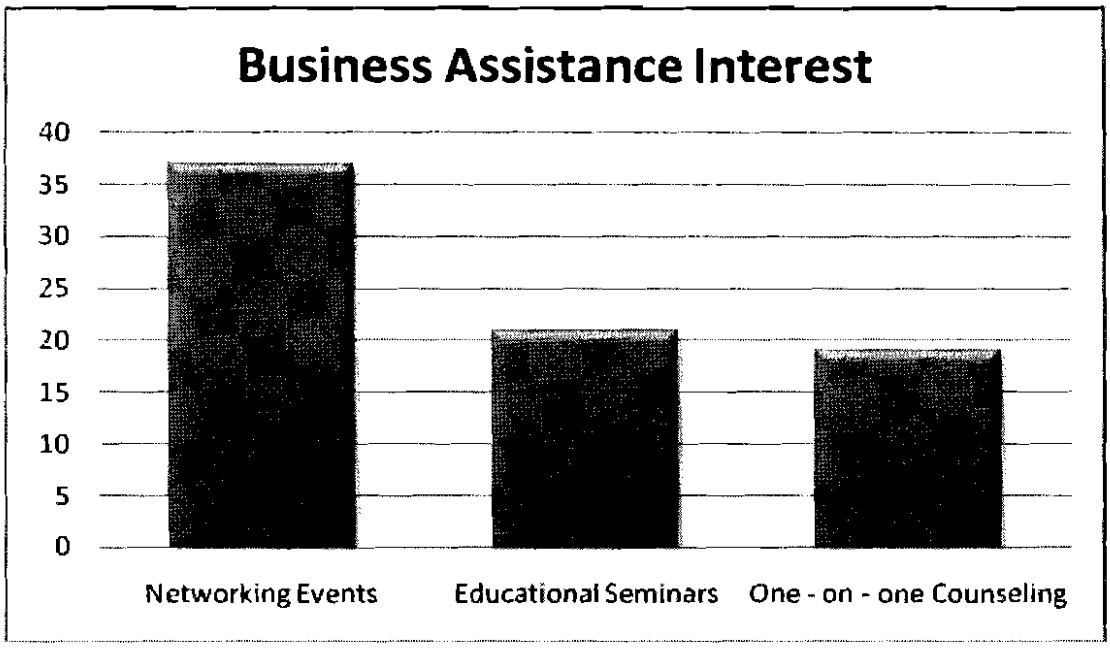


The chart above shows an overwhelmingly positive interest in participating in a local business association (94%). Many of the business owners see this intitiative as very positive and necessary for the local business community. However, some of them expressed concerns about the purpose of the proposed business association, since previous efforts in this area had a political focus that was not beneficial to the individual businesses.

Other businesses were undecided about participating (4%) since they are afraid that participation would require too much of their time and/or that it would not be valuable.

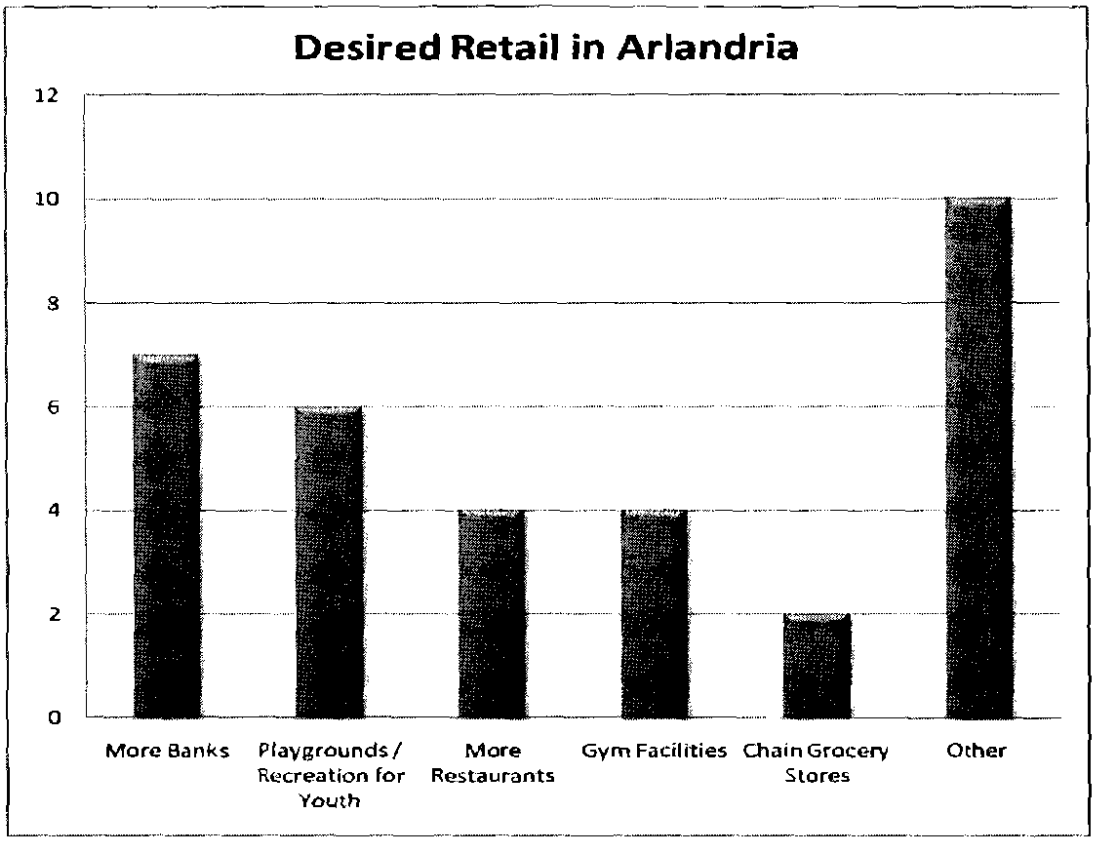
Only 2% of the business community expressed that they would not like to participate because they are too busy and/or they are not interested in being involved in the local community.

6. What type of business assistance would you be interested in?



The initiative to offer bilingual business assistance was well-received by the Arlandria business community. Networking events were the most popular type of assistance that business owners desired; they are aware that strengthening their networks will greatly benefit them by generating greater exposure for their businesses. Many business owners would also like to participate in educational seminars and receive one-on-one counseling. They recognize the need for guidance, knowledge, and fresh business strategies.

7. What other type of retail would you like to see in Arlandria?



Considering that Wachovia is the only bank in Arlandria, many business owners expressed that they would like to have more banking options. They also see a need for more playgrounds and recreational facilities for youth.

Additionally, business owners would like to see more full-service restaurants in the area. Even though the food service industry is the largest industry in Arlandria (see question B1), the majority of restaurants fall into the fast food/carry-out category. They specifically identified the need for more family-oriented restaurants.

Gym facilities and chain grocery stores were the other most frequent responses. The "other" category includes child care services, language schools, more nightlife options, as well as specific retail including Wal-Mart, Macy's, Radio Shack and Target.

IV. Conclusion

The high level of participation in this survey provides the basis to assert that this data accurately represents the sentiments of the Arlandria business community. Many of the concerns and suggestions presented by the group support the initiatives recommended by the Arlandria Action Plan Advisory Group (AG). Implementation of those initiatives will not only serve the residential and organizational stakeholders that comprise the AG but will also address the concerns and desires of the local business community.

Arlandria Business List

As of March 2011

No.	Street	Business	Type
210	W. Glebe Rd.	VACANT	
212	W. Glebe Rd.	VACANT	
214	W. Glebe Rd.	VACANT	
218	W. Glebe Rd.	VACANT	
3809	Mt. Vernon Ave.	VACANT (was McCormick Paints)	
3813	Mt. Vernon Ave.	VACANT	
3819	Mt. Vernon Ave.	VACANT (was Pho Saigon 8)	
3823	Mt. Vernon Ave.	VACANT (was Soigne Salon)	
3839	Mt. Vernon Ave.	VACANT	
3903	Mt. Vernon Ave.	PENDING (Remodeling: Super H Market)	
6	E. Glebe Road	Auburn Cleaners	Dry Cleaners
10	E. Glebe Road	Chez Andree	Restaurant
3301	Mt. Vernon Ave.	Area Safe & Lock Service	Home Improvement
3305	Mt. Vernon Ave.	Atlas Insurance/Progressive	Professional Services
3401	Mt. Vernon Ave.	Coming Soon: Rotisserie Chicken	Fast Food
3402	Mt. Vernon Ave.	Popeyes	Fast Food
3405	Mt. Vernon Ave.	Pennzoil	Auto Services
3407	Mt. Vernon Ave.	Mr. Wash	Auto Services
3408	Mt. Vernon Ave.	Lavanderia El Amigo	Laundromat
3412	Mt. Vernon Ave.	7-Eleven	Grocery
3414	Mt. Vernon Ave.	Senor Chicken	Fast Food
3414	Mt. Vernon Ave.	El Paisa Grocery	Grocery
3500	Mt. Vernon Ave.	Fast Auto Loans	Auto Loans
3501	Mt. Vernon Ave.	LoanMax, Title Loans	Auto Loans
3504	Mt. Vernon Ave.	A&A Pawnbrokers	Pawn Shop
3506	Mt. Vernon Ave.	Wachovia Bank	Bank
3507	Mt. Vernon Ave.	Greg's Automotive Services	Auto Services
3606	Mt. Vernon Ave.	Restaurant Huascaran	Restaurant
3608	Mt. Vernon Ave.	Chirilagua Unisex Hair Salon	Salon
3701	Mt. Vernon Ave.	The Birchmere	Venue
3705	Mt. Vernon Ave.	Autozone	Auto Services
3706	Mt. Vernon Ave.	Honduras Express Money Transfer	Money Remittance
3708	Mt. Vernon Ave.	Cricket Wireless	Technology
3800	Mt. Vernon Ave.	Star of the U.S.A. Beauty Academy	Salon
3801	Mt. Vernon Ave.	Bancomercio	Money Remittance

45

No.	Street	Business	Type
3802	Mt. Vernon Ave.	Fast Auto Loans/Payday Loans	Auto Loans
3803	Mt. Vernon Ave.	Super K Center	General Merchandise
3804	Mt. Vernon Ave.	RT's Restaurant	Restaurant
3805	Mt. Vernon Ave.	Variedades Dolores	General Merchandise
3805	Mt. Vernon Ave.	Herbalife -- Club de Nutrition	Health
3805	Mt. Vernon Ave.	Silvia M. Yacob, Public Notary	Professional Services
3805	Mt. Vernon Ave.	Atocha Realty	Professional Services
3805	Mt. Vernon Ave.	Arlandria Express	Professional Services
3807	Mt. Vernon Ave.	Po-Siam Thai	Restaurant
3811	Mt. Vernon Ave.	CVS	General Merchandise
3815	Mt. Vernon Ave.	Fashion K City	General Merchandise
3817	Mt. Vernon Ave.	Wing Zone	Fast Food
3821	Mt. Vernon Ave.	Gold Design	Pawn Shop
3824	Mt. Vernon Ave.	Mt Vernon Checks Cashed	Money Remittance
3825	Mt. Vernon Ave.	H&R Block	Professional Services
3826	Mt. Vernon Ave.	Shear Illusion Hair Salon	Salon
3827	Mt. Vernon Ave.	AA $ Plus	Dollar Store
3829	Mt. Vernon Ave.	Subway	Fast Food
3830	Mt. Vernon Ave.	Jerry Chan's Restaurant	Fast Food
3831	Mt. Vernon Ave.	Mom's Organic	Grocery
3832	Mt. Vernon Ave.	Beautiful Creations and Rental	General Merchandise
3834	Mt. Vernon Ave.	Gigante Multiservice	General Merchandise
3834	Mt. Vernon Ave.	Botanica San Antonio	General Merchandise
3834	Mt. Vernon Ave.	Mundo Latino Video	General Merchandise
3834	Mt. Vernon Ave.	Herbalife Nutrition Club	Health
3836	Mt. Vernon Ave.	La Tiendona Market	Grocery
3838	Mt. Vernon Ave.	El Pulgarcito Restaurant	Restaurant
3840	Mt. Vernon Ave.	Peluqueria Latina II	Salon
3842	Mt. Vernon Ave.	La Feria Latina	Grocery
3856	Mt. Vernon Ave.	Marcela's Bakery/Feria Bakery	Bakery
3864	Mt. Vernon Ave.	Waffle Shop	Fast Food
3901	Mt. Vernon Ave.	Lilian's Restaurant	Restaurant
4001	Mt. Vernon Ave.	Exxon	Gas Station
4007	Mt. Vernon Ave.	24 Express Food Store	Grocery
4102	Mt. Vernon Ave.	Mercadito Ramos III Latin Market	Grocery
4104	Mt. Vernon Ave.	Beatriz International Hair Salon	Salon
4106	Mt. Vernon Ave.	Papa John's Pizza	Fast Food
4108	Mt. Vernon Ave.	Coming soon: "Your Best Barber"	Salon

4h

No.	Street	Business	Type
4110	Mt. Vernon Ave.	China House	Fast Food
4112	Mt. Vernon Ave.	Restaurant Chirilagua Pollo-Steak	Restaurant
4114	Mt. Vernon Ave.	Dollar Plus	Dollar Store
4116	Mt. Vernon Ave.	Veronica's Bakery/Café	Bakery
4118	Mt. Vernon Ave.	Forest 24 Hour Laundromat	Laundromat
4118	Mt. Vernon Ave.	Pronto Cash Checking	Money Remittance
4118	Mt. Vernon Ave.	Easy Comm	Technology
3901B	Mt. Vernon Ave.	Super H Beauty Salon	Salon
3637	Russel Rd.	Maid to Clean	Cleaning Service
107	W. Glebe Rd.	Volkswagon	Auto Dealer
121	W. Glebe Rd.	McDonald's	Fast Food
206	W. Glebe Rd.	Foodway International	Grocery
208	W. Glebe Rd.	Kim's Cleaners	Laundromat
232	W. Glebe Rd.	Unisex 1: Barber Beauty Hair Salon	Salon
263	W. Glebe Rd.	Duron Painting	Home Improvement
265	W. Glebe Rd.	Dollar Store/S+ Imports	Dollar Store

Arlandria Action Plan Implementation
Community Outreach
January 2010 – June 2010

STAKEHOLDER FEEDBACK

During the first half of 2010, the Department of Planning and Zoning convened one Advisory Group community meeting, co-hosted with AEDP one Developer Forum (panel discussion), created a post-Developer Forum resident survey meant to identify neighborhood assets and challenges, and conducted targeted community outreach in the Arlandria Neighborhood to specific groups. The goals were to: 1) communicate the scope and recommendations of the Arlandria Action Plan, 2) hear resident community perspectives on priorities, needs, and opportunities, 3) learn about redevelopment potential and challenges, and 4) empower residents, business owners, and community leaders in identifying improvements and projects they can implement themselves, through community-based action and fundraising. The dates of the outreach follow:

- February 17, 2010: First Advisory Group meeting
- May 17, 2010: Developer Forum
- June 8, 2010: Targeted outreach to local residents (Representatives of Arlandria Civic Association, Hume Springs, and Lenox Place)
- June 9, 2010: Targeted outreach to Tenants and Workers United (also in attendance, Arlandria Neighborhood Health Services, Inc. (ANSHI) and Alexandria Department of Human Services)
- June 23, 2010: Targeted outreach to the Chirilagua Co-Op Board
- June 30, 2010: Targeted outreach to a focus group of representing low-income and immigrant residents (Included representatives of Tenants and Workers United (TWU), Community Lodgings, Inc.)

Community concerns were identified during the outreach activities and include:

- Health clinic
    - Some residents (and ANHSI) expressed a need for a new facility for ANSHI as the existing facility is dispersed in several locations and the current waitlist for appointments is longer than 6 months.

- Housing
    - Some residents expressed a desire for the preservation of existing affordable housing for low-income residents.
    - Chirilagua Co-op would like to remain in the neighborhood as it provides an affordable home ownership option.
    - Some residents expressed a desire for more market-rate housing and housing for higher-income households.
    - Some residents would like a range of housing options that could meet the needs of a range of households.

- There is a need for affordable housing because this community provides the labor force for Washington, DC and Crystal City.

- Traffic
  - There are concerns with speeding in Arlandria; particularly Mt. Vernon Ave, Bruce Street, Four Mile Run Rd, and Notabene.
  - Some residents expressed a desire for a dedicated LEFT turn signal at the Mt. Vernon/S. Glebe intersection.
  - Traffic congestion after events at the Birchmere.
  - The bus stops/shelters don't have proper benches for people waiting for the bus.

- Streetscape
  - Residents would like bike racks.

- Parking
  - Residents of the Chirilagua Co-Op would like residential permit parking in the Bruce Street cul-de-sac. Concerns are that non-residents park cars and repair vehicles in spaces that should be set-aside for Chirilagua Co-Op residents.

- Crime & Quality of Life
  - Many residents identified issues of public drunkenness, loitering, and vagrancy associated with the patrons of Lillian's Restaurant.
  - Residents indicated that this condition occurs weekly from Thursdays – Sundays.
  - Residents allege that there is evidence of the presence of the MS-13 gang in the area.
  - Residents expressed concern about incidents of robbery, assaults, and sexual assault.
  - Some residents discussed issues of loitering and public drunkenness at 24 Express.
  - Need for a satellite police station/police presence and/or security cameras
  - There should be more Spanish-speaking police officers assigned to the neighborhood.
  - Residents expressed safety concerns due to the existing levels of street lighting in Presidential Greens, along Notabene Street, and Bruce Street.

- Four Mile Run Park
  - Poor access to Four Mile Run Park, it lacks walkways or trails through the center and needs benches, picnic tables, grills, picnic shelters, etc.
  - Needs improvements, trash pickup, garbage cans, signs for curbing dogs, and the playground behind the Chirilagua Co-Op needs to be refurbished.

- Retail
  - This is a lack of outlet shops in Arlandria.
  - Need for more retail options that cater to higher-income groups.

- Empty space in the Foodway strip plaza could support more retail or a health clinic.

- Other
  - Need for immigration and legal services, education and outreach in the community. The creation of a local NGO was mentioned as a vehicle to facilitate this.
  - The Farmer's Market needs to include additional participation from the Latino/a community.
  - There is no bus service available to Cora Kelly for children with health problems (e.g. asthma, etc) or in bad weather/the winter.

Attachment 4 "Report on Feasibility of Redevelopment of the Old Safeway Site in Arlandria - 12/23/2008"

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 23, 2008

TO: CHAIRMAN AND MEMBERS OF PLANNING COMMISSION

FROM: RICH JOSEPHSON, DEPUTY DIRECTOR, PLANNING AND ZONING

SUBJECT: REPORT ON FEASIBILITY OF REDEVELOPMENT OF THE OLD SAFEWAY SITE IN ARLANDRIA

ISSUES

The primary issues addressed in this staff report are:

- Consideration of a report on the feasibility of redevelopment of the old Safeway site in Arlandria
- Actions taken to date in implementing the Arlandria Plan,
- Ongoing Community Concerns,
- Interim use(s) of the old Safeway site
- Actions that can be implemented to help spur redevelopment of Safeway site and have a positive impact on redevelopment elsewhere in Arlandria

DESCRIPTION OF SAFEWAY SITE

The site, located near the intersection of Mt. Vernon Avenue and West Glebe Road in Arlandria, is developed with a building of approximately 20,000 square feet previously used as a Safeway grocery store. The remainder of the site is a striped, asphalt parking lot. Access to the site is from both West Glebe Road and Mount Vernon Avenue.

In 2002, the building was divided into three retail units and significant work was performed on the site. A curb cut on West Glebe was closed, the parking lot was reconfigured and restriped, and landscaping and other site improvements were installed. Current tenants in the building are a Duron paint store at the northern end, a Dollar Plus store in the center, and a restaurant, known as Cerro Verde, at the southern end.

BACKGROUND

In 2002, City Council granted special use permits for two new restaurant uses in the old Safeway building near the intersection of Glebe Road and Mt. Vernon Avenue. As a condition of approval, Council asked that the special use permits be re-docketed for consideration five years from the date of approval "to assess the feasibility and timing of redevelopment based on the market evaluation of economic feasibility of redevelopment

undertaken by the City and the property owner pursuant to a separate agreement reached by those parties."

In 2007, the Weissberg Corporation, owner of the property, and the City began to initiate a study to explore the feasibility of redevelopment of the site. The study was completed in May 2008 and is titled Development Feasibility Analysis: Safeway Site: 221 West Glebe Road. It was prepared by Sarah Woodworth of W-ZHA, LLC, and is attached to this staff report.

The purpose of the study was to determine whether the redevelopment of the Safeway site, as envisioned in Arlandria's "Long-Term Vision Plan" is economically feasible given near term market realities.

To better understand the results of the study, it is important to understand the background of planning for Arlandria.

ARLANDRIA PLANNING BACKGROUND

In June 2000, a Task Force comprised of community representatives, residents, and business owners was created to assist in the planning for the redevelopment of key sites in the Potomac West area north of Glebe Road, in the neighborhood known as Arlandria. The Task Force identified a vision for the overall area and for two key redevelopment sites, the Safeway/Datatel site and the East Reed Avenue site. Following this work, it was recognized that there were other community concerns that had not been addressed and that there was a need and desire for a long-range plan for the remainder of the commercial property fronting on Mount Vernon Avenue in Arlandria.

At the direction of City Council, in January 2002, the City Manager convened the Upper Potomac West/Arlandria Work Group to identify and address the community concerns as well as to advise and assist Department of Planning and Zoning staff in the preparation of the action and vision plans. The Work Group developed an action plan to address neighborhood concerns and issues in the immediate, mid and long term, and a long-range vision plan to guide both redevelopment of the key "opportunity sites" in Arlandria and infill development activities on other commercial sites on Mount Vernon Avenue as set forth in "A Long-Term Vision and Action Plan for the Arlandria Neighborhood."

Known collectively as the "Arlandria Neighborhood Plans," these Plans were adopted by City Council in June 2003. Broadly stated, the goal of the Plans is to build on the strength of Arlandria as a pedestrian-oriented, mixed use place, encouraging the redevelopment of underutilized sites such as Safeway/Datatel. The Plans consist of two complementary redevelopment plans for the greater Arlandria neighborhood that provide a blueprint for present and future development activities in Arlandria; an interim marketing strategy to strengthen existing businesses and attract new businesses that will both improve the market and encourage redevelopment activities; retail guidelines to improve individual storefronts; and, an action plan to address community concerns with an implementation schedule for immediate, mid and long term improvements.

The Arlandria/Upper Potomac West Neighborhood Plan envisioned the redevelopment of the Safeway/Datatel site with a large, unified, mixed use building complex, to become a strong focal point for the revitalization of the neighborhood. This site has been designated as a CDD (Coordinated Development District) to incentivize redevelopment. CDDs allow for greater density and height than would normally be permitted. The Safeway/Datatel site allows up to a 3.0 gross floor area (GFA). Uses encouraged per the CDD guidelines include a mixed use, neighborhood center that provides a retail anchor and supporting retail, office and live/work or residential uses with public and private parking. A minimum of 10 percent of the total number of residential units shall be affordable units.

Marketing and Retail Strategy

As part of the Arlandria planning process, a marketing and retail strategy was developed in order to confirm that the proposed long-range vision is feasible from a market perspective, to identify an interim strategy to improve existing businesses and to attract new business, and to strengthen the market over the next five years (from Plan adoption) to encourage the redevelopment of the Safeway-Datatel site.

An important component of the Retail Strategy is building upon the entertainment and restaurant opportunities generated by the location of the Birchmere. Key to the success of the marketing strategy is bringing together the existing businesses to develop as a business organization that will create and implement a marketing and promotions program, plan events, develop consistent business hours and other business enhancement activities. This proactive retail strategy includes public improvements, guidelines/loans to assist business owners with the improvement of their storefront facades, zoning tools and incentives to leverage new private investment, and the marketing and promotions of the business district.

Propensity to Change

The Arlandria Plan also addressed the propensity of the Safeway/Datatel site to change over time. The Plan found that this site is expected to redevelop with a change in the market and potential parking structure support from the City. Since the Plan's adoption, the City has purchased and demolished the Datatel Building. That site has been utilized in the short-term as a parking lot to serve the needs of the neighborhood.

SPECIAL USE PERMITS

There have been a number of Special Use Permits approved for uses within the old Safeway building. On February 23, 2002, City Council granted two Special Use Permits for new uses in this building. Special Use Permit #2001-0120 was granted to Pamela Cheng for operation of the Empire Buffet restaurant located at 251 West Glebe Road. Special Use Permit #2001-0119 was also granted to Pamela Cheng, and was for a retail/restaurant Gourmet Market with 20 seats and carryout service. In 2004, City Council approved a new SUP for the Gourmet Market space, SUP#2004-0025, authorizing Paula Coleto to operate a Peruvian full service restaurant there.

In 2007, as required by the previous SUP, the owner of the site, the Weissberg Corporation, and the City began to initiate a study to explore the feasibility of redevelopment of the site. At the same time, after the City purchased four properties at the north end of Mount Vernon Avenue near the Four Mile Run Park, including a Duron paint store, the paint business moved to the subject property and replaced the Chinese Buffet restaurant as the new tenant for that space. The paint store is a use permitted by right and did not require approval of a SUP. In addition, there was a change to the Peruvian restaurant space. A new restauranteur, Latin Del Ray, LLC, filed an application for a change of ownership for that tenant space. In order to avoid a large vacant space while the economic study was considered amidst a rapidly declining economic and real estate market, staff approved SUP #2007-0092 for Latin Del Ray, for a change of ownership, retaining all of the prior conditions, including the requirement for a one year review and for the term of the SUP to be consistent with the outcome of the proposed economic study.

ECONOMIC FEASIBILITY STUDY

The City and the property owner, the Weissberg Corporation, commissioned a study to analyze the near term feasibility of redeveloping the property, known as 221 West Glebe Road. The findings of the Study were provided at an Arlandria community meeting in on October 16, 2008.

The study analyzed whether the redevelopment of the site, as envisioned in Arlandria's Long-Term Vision Plan, is economically feasible given near term market realities. The consultant focused on residential, office, and retail redevelopment opportunities.

The study concluded that condominium development on the subject site is not feasible in the near term based on the following factors:

- the capital markets are generally not interested in financing condominiums at this time;
- the site is in a location that is untested from a condominium standpoint – there are no direct comparables;
- from a financier's perspective, the neighborhood demographics are relatively weak, there are image issues, there is no Metro station, and the quality of the built environment surrounding the site is marginal; and, there are superior sites available in the marketplace with plans to develop condominiums (Potomac Yard)

The study also concluded that redevelopment further south on Mount Vernon Avenue is necessary before the subject site's potential can be fully realized. Specifically, if the "triangle site" is successful on Mount Vernon Avenue north of Commonwealth Avenue, the redevelopment potential of the Safeway site will be significantly enhanced. The study further concluded that the site is not a competitive location for multi-tenant office targeting corporate clients. While there is service-office demand, it is not sufficiently large to justify redevelopment. Finally, the consultant determined that there is retail

potential in Arlandria, but that "the near term opportunity is greatest for additional one-story, inexpensive space."

SUMMARY OF ACCOMPLISHMENTS SINCE PLAN ADOPTION

The City has been actively engaged in improving Arlandria and carrying out the recommendations of the Arlandria Plan. The following list summarizes the actions and improvements that have occurred in Arlandria since the Plan was adopted in 2003.

Property Acquisition and Improvement

- Datatel property purchased, building demolished, and interim parking lot installed
- City acquired four commercial properties adjacent to Four Mile Run Park, three buildings demolished, park planning in progress

Small Business and Retail Support

- Ongoing façade grant improvement program
- Held meetings with local businesses to build and determine capacity for organized business group
- Zoning adopted that provides more flexible regulatory process for some small businesses through administrative approvals instead of public hearing

Code Administration

- Staff patrol area at least twice each day, and additionally as needed and for on-going outreach and education initiatives
- Inspectors (many bilingual) attend monthly area community and civic association meetings
- Several area walks in 2008, including Code administration staff in March and multi-departmental walk in May

Park Improvements

- Interim planting and improvements
- Four Mile Run recreation field improvements
- Benches installed at Elbert Triangle

Traffic and Pedestrian Safety Improvements

- Conducted traffic study/analysis of feasibility of intersection improvements
- Interim improvements at Mt. Vernon Ave and Russell Rd intersection
- New traffic signal at Old Dominion and W. Glebe
- New crosswalks and accessible curb ramps at Four Mile Rd and Old Dominion
- Countdown timers at W. Glebe and Mt. Vernon
- Crosswalks at Glebe, Russell and Four Mile restriped
- Study being pursued for intersection and traffic safety improvements at Mt. Vernon and E. Glebe and Mt. Vernon and Reed.
- On-street parking spaces added on Mt. Vernon

Streetscape Improvements

- Street trees installed in 3800 block of Mt. Vernon
- Pavers installed at Bangkok54 and Lillians Restaurants
- New trash cans installed
- Unused newspaper boxes removed
- Regular street cleaning

Public Safety and Quality of Life

- Police satellite office established, and neighborhood policing officer assigned
- Regular Code compliance meetings
- Multiagency tours (walks)
- Letters sent to neighbors regarding neighborhood watch program, with suggestion to talk to ACPD and crime prevention specialists

COMMUNITY ISSUES/CONCERNS

While there has been a good deal of progress made toward implementation of the Arlandria Plan by the City, the community remains frustrated by the lack of private investment/interest in redevelopment of the key sites in Arlandria, not the least of which is the Safeway/Datatel site. The community sees this lack of interest as having a basis in an image of the area as a high crime and low maintenance area. The community also questions whether additional incentives can be pursued to ignite redevelopment in Arlandria in the short term, rather than wait another five or more years for something to happen, as has been concluded by the recent economic study.

Property maintenance and nuisance issues

In regard to City efforts to enforce requirements for proper maintenance of buildings in Arlandria, the Office of Code Administration has been providing staff to patrol the area at least twice a day. During these patrols, staff proactively address a number of issues which include Virginia Maintenance Code issues; trash and rodent activities; City nuisance activities; and Fire Prevention Code concerns. Staff also interact regularly with the area residents and business community by educating them on outstanding issues and working with them to gain code compliance prior to those issues rising to the level of a complaint. In addition to weekday activities, staff has adjusted their hours on specific occasions to address code issues in the community. For example, during an outbreak of rodent activity in the Presidential Greens community earlier this year, staff invested extra hours on Saturdays and Sundays speaking with the area residents and visitors in order to advise them on proper trash disposal practices. This resulted in a significant decline in trash generation in the public areas over the following weeks.

Code Administration staff attend community and civic association meetings in the area on a monthly basis. Many of the staff members who work in the Arlandria area are bilingual which results in improved communications with the community and faster results.

Several area sweeps were conducted in the Arlandria area in 2008. One in March by Code Administration staff and one in May which involved multiple City agencies.

Since January 2008, staff has cited 697 code related issues as compared to 343 citations during the same period in 2007. This is a 103% increase mainly in proactive code activity. This has limited the number of complaints filed to 220 for the time period between January and November 2008. The reduction in the number of complaints is the direct result of this increased enforcement activity in 2008.

Through continued involvement in the Arlandria area by Code Administration staff on a proactive and complaint basis and by engaging in continued education and outreach to the community, Code Administration staff have been able to maintain existing building stock and address a number of issues prior to them being reported to the City as a complaint.

Crime

The community is concerned that the amount of crime occurring in Arlandria acts as a deterrent to redevelopment efforts; that Arlandria experiences a disproportionate amount of crime as compared to other areas of the City. Recent statistics from the Alexandria Police Department indicate that, while the amount of crime in the Arlandria area is higher than in other parts of the City, the trend is moving downward in the number and severity of crimes occurring there.

OTHER CONCERNS

There is general concern about the lack of a community implementation and/or organizing group to assist in implementation of the Arlandria Plan. Currently, businesses, property owners, and residents are not organized to pursue community building or business improvement initiatives, or monitor plan implementation items. Staff resources are limited in providing assistance to local businesses and residents in this regard.

The Arlandria Plan addresses this concern and identifies that one of the keys to its success will be the formation of a new grass-roots business organization that will create and implement a marketing and promotions program, plan events, develop consistent business hours and other business enhancement activities.

A proactive retail strategy would include a combination of public improvements, guidelines/loans to assist business owners with the improvement of their storefront facades, zoning tools and incentives to leverage new private investment, and the marketing and promotions of the business district.

INTERIM USES OF THE OLD SAFEWAY SITE

The former Safeway building is currently occupied by a restaurant, a dollar store and a paint store. The paint store and the dollar store are permitted uses, whereas the restaurant required approval of a special use permit. Until the site is redeveloped, any permitted

uses in the NR zone would be allowed. New restaurants or expansion of existing restaurants are permitted as special uses. While it is generally good to have a building occupied with uses that serve the community, there are some uses that require approval of a special use permit that will need to be considered on a case by case basis.

SUMMARY OF ISSUES/CHALLENGES

In summary, the City has made progress in addressing some of the community's concerns.

Progress has been made in implementing recommendations called for in the Plan. The Datatel property was purchased, the building demolished, and an interim parking lot installed. The City recently acquired four commercial properties adjacent to Four Mile Run Park, where three buildings were demolished, and park planning is in progress. Numerous traffic, pedestrian and streetscape improvements have been done. Code enforcement inspections occur on a regular basis. While crime still remains an issue, the City has devoted additional resources to the community and the result has been a decrease in the amount of crime in the area.

With regard to private development projects, there are a number of nearby properties in the area south of the Safeway site that have submitted plans and/or have received plan approvals. These include the Shops at Del Ray (2312 Mt Vernon), Del Ray Lofts (2707-2711 Mt Vernon Avenue), 2903 Mt Vernon (Anthony's Auto) and Mt. Vernon Commons (see detail below). Development of these properties will have a positive impact in the general area and make the properties in Arlandria more attractive for redevelopment.

Mount Vernon Avenue Projects (from south to north)

Shops at Del Ray (2312 Mt Vernon): Development of a two story mixed-use office/retail building on Mount Vernon Avenue. The proposal consists of approximately 6,500 sq ft of ground floor retail and 5,900 sq ft of office on the second level.
Status: in final site plan review.

Del Ray Lofts (2707-2711 Mt Vernon Avenue): Development of a mixed-use project, with ground floor commercial and upper level residential. As approved, there will be an office unit on the corner and three additional dwelling units with ground floor commercial or residential use.
Status: in final site plan review.

2903 Mt Vernon (Anthony's Auto): Redevelopment of an automobile repair facility at the intersection of Mount Vernon Avenue and Commonwealth Avenue as a two-story office building with ground-level 2,056 sq ft retail and/or restaurant use and 3,571 sq ft of office space on the upper level.
Status: DSUP approved in December 2008.

Mt Vernon Commons (Triangle): Development of 141 residential apartment units with 3,000 sq ft of retail space and a publicly accessible open space at the Mount Vernon/Commonwealth intersection.
Status: final site plan approval pending.
Another asset of the Arlandria area is the excellent bus service that is provided along Mt. Vernon Avenue. Both DASH and Metro provide bus service along Mt. Vernon Avenue in Arlandria, with headways of between 15 to 30 minutes.

Since the economic study concludes that redevelopment of the Safeway site is still at least five years away, the question is what can be done now to change that and to help spur redevelopment, particularly on the key redevelopment sites in Arlandria.

POTENTIAL RESPONSES

The Arlandria Plan calls for redevelopment of a major site as one key to success. While the City has been quite active in implementing a significant number of smaller public improvement projects in the area, there are still major actions that need to be undertaken to realize the vision for Arlandria. Two of these actions include: 1) redevelopment of a major site, such as the Safeway site and 2) creation of an effective grass-roots business organization.

There is an opportunity to accomplish these and other actions to in the near, mid, and long term by engaging major property owners in Arlandria, the City and the community to take a proactive role toward implementation of the Arlandria Plan. Some of these possible actions are described below:

Possible Near-Term Actions

Community Walk: Work with civic and homeowners/tenants groups to organize a walk with City Council and staff from various departments to aide in resolving code issues in a timely and efficient manner and demonstrate the City's commitment to improving Arlandria.

Redevelopment Study: Undertake a study to determine ways in which redevelopment of a major site as called for in the Arlandria Plan can occur in a more timely fashion; look at possible incentives to spur redevelopment; determine if there are other ways to leverage City property and other property in the area.

Arts District: Study the feasibility of creating an arts district or an artists studio or gallery use or a temporary black box theater, perhaps as an interim use.

Business Organization: Study ways to develop an effective grass-roots business organization.

Possible Near and Mid Term Actions:

Continue to Implement programmed capital improvements from the Arlandria Plan: Implement short term recommendations from intersection and pedestrian safety improvements study. Short term improvements could include: new bus shelters, pedestrian and bike improvements, and public art

Create a Community Coordinator Position: The Community Coordinator would work closely with the businesses in Arlandria to build their capacity, assist with grassroots organizing, attract new businesses, encourage redevelopment, market businesses, and other related duties, and serve as a liaison with residents and city departments. This position could be funded through CDBG or property owner contribution. The Coordinator would not be a substitute for a business organization, but to set it up so it could eventually run on its own.

Long-Term Actions:

Evaluate unplanned areas along Mt. Vernon Avenue between Del Ray and Arlandria as part of area study or Small Area Plan amendment: An amendment to the work program would be required to conduct a study or SAP amendment. This would help tie together an unplanned area between the planned areas of Mt. Vernon Avenue and Arlandria and create a cohesive plan for the entire area.

STAFF RECOMMENDATION

In conclusion, there has been progress made toward implementation of the recommendations of the Arlandria Plan, but more could be done, as has been outlined above. This will require additional community effort as well as staff time and resources.

Staff recommends that Planning Commission receive this report and provide guidance on the above potential responses.

ATTACHMENT

Analysis of Feasibility of Redevelopment of Safeway Site

STAFF:

Faroll Hamer, Director, Planning and Zoning
Rich Josephson, Deputy Director, Planning and Zoning
Gwen Wright, Division Chief, Development, Planning and Zoning
Valerie Peterson, Principal Planner, Planning and Zoning

W-ZHA, LLC

Development Feasibility Analysis: Safeway Site: 221 West Glebe Road

Alexandria, Virginia

Submitted by:

W-ZHA, LLC

May, 2008

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W-ZHA, LLC

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W-ZHA, LLC

EXECUTIVE SUMMARY

INTRODUCTION

W-ZHA, LLC, a national real estate advisory firm located in Annapolis, MD, was retained by the Weissberg Corporation to analyze the near term feasibility of redeveloping its property at 221 West Glebe Road in Arlandria. This study determines whether the redevelopment of the Subject Site as envisioned in Arlandria's "Long-Term Vision Plan" is economically feasible given near term market realities. The following table highlights the threshold rents and values required to make a project on the Subject Site economically feasible.

Redevelopment Economics [1] Required Rent To Be Economically Feasible		
Residential Rent	$2.80	per square foot per month
For-Sale Residential Price	$360	per square foot
Office Rent	$29.65	NNN per square foot per year
Retail Rent		
With Tenant Improvements	$29.65	per square foot per year
Without Tenant Improvements	$26.50	per square foot per year

1. These thresholds were determined without land cost.

Source: W-ZHA

ARLANDRIA'S AND THE SUBJECT SITE'S MARKET STRENGTHS AND CHALLENGES

The Subject Site is located in a unique community that is incredibly diverse. Arlandria has been growing and accounts for more and more of the City's household growth. Arlandria is well located, but it is not directly accessible/visible from major transportation routes like South Glebe, I-395 and Route 1. Arlandria is very different (both economically and socially) from the neighborhoods further south on Mount Vernon Avenue.

From a conventional real estate investor's perspective the social and economic profile of the community suggest that it is a "fringe" location. To develop in Arlandria would entail more risk than a number of locations relatively close by.

RESIDENTIAL MARKET OBSERVATIONS AND CONCLUSIONS

W-ZHA concludes that condominium development on the Subject Site is not feasible at this time for the following reasons:

- The capital markets are generally not interested in financing condominiums at this time;

- The Subject Site is in a location that is untested from a condominium standpoint – there are no direct comparables;
- From a financier's perspective, the Site is in a "fringe" neighborhood– neighborhood demographics are relatively weak, there are perceived crime issues, there is no Metro Station, and the quality of the built environment surrounding the Site is marginal; and,
- There are superior sites available in the marketplace with plans to develop condominiums (Potomac Yard)

Over time, as the capital markets stabilize and recover from the sub-prime mortgage debacle, there may be condominium development potential on the Subject Site.

In considering the redevelopment of the Subject Site for apartments, there should be concern that with Potomac Yard and the "triangle site", there may be a lot of apartment units coming onto the market at the same time. If competitively priced Potomac Yard is well positioned to capture the broad market that is mostly looking for a convenient location in the Alexandria/Arlington area. The "triangle site" on Mount Vernon Avenue is better positioned than the Subject Site to attract those households looking for a more unique, walkable, urban environment.

We conclude that it is unrealistic to assume that an investor will be interested in redeveloping the Subject Site for apartments in the near term; the rent premium is well above any other comparable project in the vicinity. The investment threshold for rental residential is $2.80 per square foot per month. The highest rent in an apartment complex in the Arlandria neighborhood is approximately $2.00 per square foot. The premium for new construction would require that the market support rents 40 percent higher than they are today. The market fundamentals such as household and average income growth are simply not there yet in the Arlandria neighborhood.

If the "triangle site" is successful on Mount Vernon Avenue north of Commonwealth Avenue, the redevelopment potential of the Subject Site will be significantly enhanced. W-ZHA concludes that redevelopment further south on Mount Vernon Avenue is necessary before the Subject Site's potential can be fully realized.

OFFICE MARKET OBSERVATIONS AND CONCLUSIONS

W-ZHA concludes that the Subject Site is not a competitive location for multi-tenant office targeting corporate clients. While there is service-office demand, it is not sufficiently large to justify the redevelopment of the Subject Site.

As a build-to-suit location, Arlandria's distinct identity coupled with its location in Alexandria, eclectic commercial district and access to public transit could be attractive to the right business. It could be an attractive location for a business whose corporate image/identity is consistent with all that Arlandria has to offer. Consideration should be given to identifying target companies and marketing the Site to these prospects.

RETAIL MARKET OBSERVATIONS AND CONCLUSIONS

There is retail potential in Arlandria. From a market perspective, the near term opportunity is greatest for additional one-story, inexpensive space, however. Because this type of space is inexpensive it is attractive owner-operated, specialty retail; the type of retailers attracted to Arlandria's eclectic character.

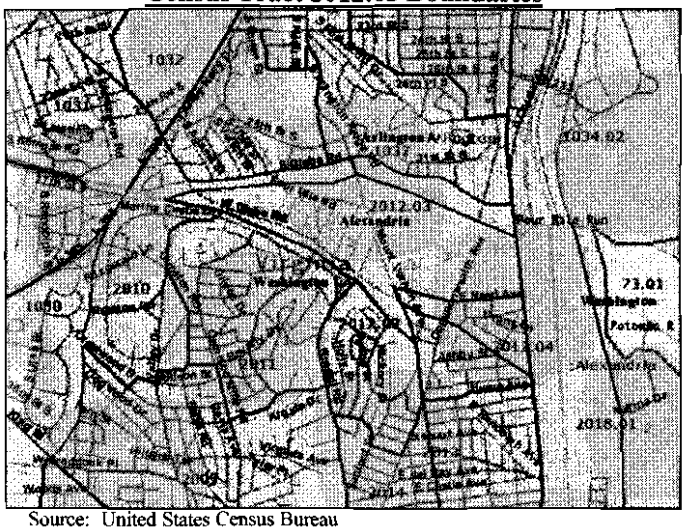
INTRODUCTION

The Arlandria Neighborhood

As its name reflects "Arlandria" is located on the border of Arlington County and the City of Alexandria. The 2002 "Long-Term Vision Plan and Action Plan for the Arlandria Neighborhood" defined the boundaries of the Arlandria neighborhood as bounded on the north by Four Mile Run, on the southwest by West Glebe Road, and on the east by Four Mile Run Park.

As depicted below, Census Tract 2012.03 contains Arlandria. For analytic purposes, data for this census tract has been applied to the Arlandria neighborhood in order to understand its demographic and economic characteristics.

Census Tract 2012.03 Boundaries



Source: United States Census Bureau

Arlandria is located within the "Potomac West" planning area, which contains the following census tracts: 2012.03, 2012.02, 2012.04, 2013, and 2014. The boundaries of Potomac West are illustrated below.

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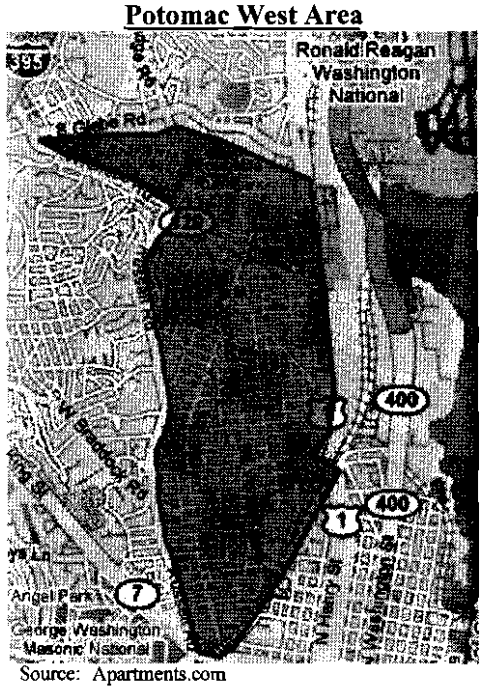
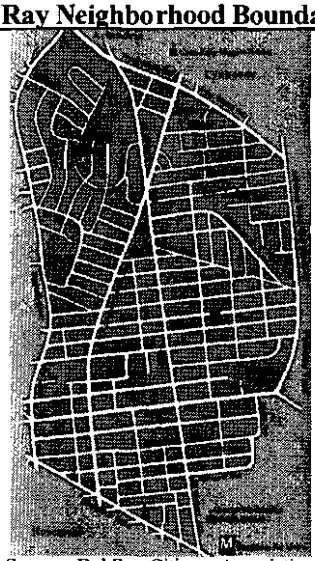
Potomac West Area



Source: Apartments.com

The Del Ray Community is located south of West Glebe Road. Del Ray's neighborhood boundaries as defined by its Citizens Association are illustrated below.

Del Ray Neighborhood Boundaries



Source: Del Ray Citizens Association

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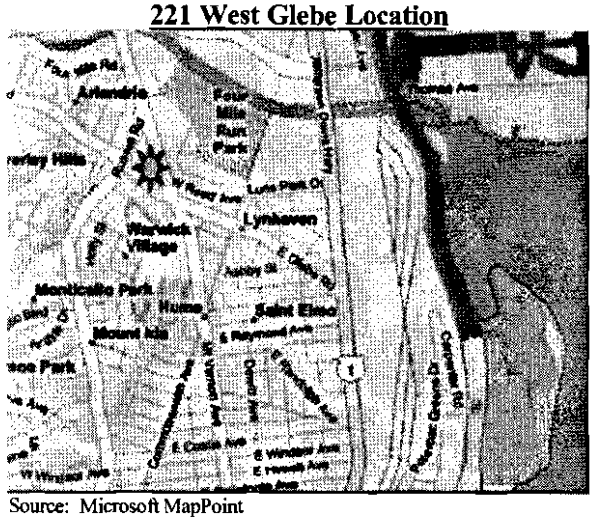
The Subject Site

221 West Glebe Location



Source: Microsoft MapPoint

The Subject Site, 221 West Glebe Road, is located in Arlandria. Almost 3 acres in size, the Subject Site is oddly shaped. It has approximately 445 feet of frontage on West Glebe Road, 72 feet of frontage on Mount Vernon Avenue and approximately 250 feet along its other two sides. The Site can be accessed via Mount Vernon Avenue and West Glebe Road.

221 West Glebe Road

The site contains a building of approximately 20,000 square feet and surface parking. The building once contained a Safeway grocery store (hence the community moniker, "the Safeway Site"). The building

now has three tenants: *Cerro Verde Restaurant*, a discount department store *($+Imports)*, and a *Duron Paint* store.

Planning Background

From 2000 to 2003, the City worked with a neighborhood task force to develop The "Long-Term Vision Plan and Action Plan for the Arlandria Neighborhood." This plan identifies the "Safeway/Datatel" site as a key redevelopment site. That site is roughly the triangle formed by West Glebe Road, Mount Vernon Avenue and the property boundary across the back of the grocery store building. The Subject Site accounts for approximately 56 percent of the "Safeway/Datatel" site; thus, the Subject Site is not the entire "Safeway/Datatel" site.

At the time the plan was written, both the Subject Site and the six story Datatel building were vacant. The Datatel building since has been demolished by the City and replaced by a surface parking lot.

The community envisioned a mixed-use development on the "Safeway/Datatel" site. Such development has the potential to bring activity to the area. As envisioned, the "Safeway/Datatel" site will be redeveloped with ground floor retail and upper-level office or residential land uses. Redevelopment of this pivotal site would help to create a "gateway" to Arlandria's commercial district on Mount Vernon Avenue.

A key principle of the Vision for the Arlandria neighborhood is economically viable development. For the "Safeway/Datatel" property the Vision contains the statement that "any new development should be economically viable."

Study Purpose

This study seeks to determine whether the redevelopment of the Subject Site as envisioned in the "Long-Term Vision Plan" is economically feasible given near-term market realities. This Study tests the marketability of the Subject Site, not the entire "Safeway/Datatel" property. The conclusions reached in this Study, however, are applicable to the entire "Safeway/Datatel" property.

The Study begins with a definition of economic viability from a private developer's perspective. Next, market strengths and challenges facing Arlandria and the Subject Site are summarized. Finally, trends and indicators as they relate to the residential, retail and office markets are presented. For each land use, W-ZHA concludes with an opinion as to whether now is the time to capitalize on this Site's (and Arlandria's) unique locational attributes.

DEFINITION OF ECONOMIC VIABILITY

Introduction and Methodology

Successful real estate projects must generate sufficiently large revenues (or sale prices) to justify the investor's time, money and risk. For revenue-generating projects (in other words, rental projects not for-sale projects) the simplest and most common method for obtaining a snapshot of the economics of a real estate deal is by using the "return-on-cost" ratio. That method divides the projected net operating income of a project into the total cost to develop the project.

If the project's net operating income achieves a certain percent of the project's development cost ("investment threshold"), the project is worth pursuing. If a rental project's economics cannot achieve the investment threshold the project is not economically feasible. In these cases, developers typically seek out subsidies.

This methodology does not deal with the time value of money, capitalization rates, financing, etc. It is a simple calculation that can be done on the back of an envelop but it goes to the heart of the matter: can a project generate sufficient income to justify its costs?

Net operating income is defined as revenue less operating costs – it does not include debt service. Most retail leases "pass through" a vast majority of operating expenses to the tenants. Office projects vary – some charge full service rents that cover all operating costs, while others charge triple net rent. Triple net rent means the tenant is charged an additional amount to cover property taxes, maintenance and operating expenses. Rental residential projects typically include in their rent such operating costs as maintenance and property taxes, but not utilities.

Price Waterhouse Cooper's "Korpacz Investment Survey" sheds light on current market conditions as they relate to investment thresholds. The Korpacz Investment Survey tracks the "overall capitalization rate (OAR)" or initial rate of return on an all cash transaction among various land uses. As of the fourth quarter of 2007, investors in the Northern Virginia Central Business District office market accepted OARs from 5.00 percent to 9.0 percent, with the average OAR at 6.8 percent. Investors in the rental apartment market accepted OARs from 3.50 percent to 8.0 percent, with the average OAR at 6.6 percent

In W-ZHA's joint development experience when initially scouting a project, a typical investment threshold for rental property is between 7.5 percent and 8.5 percent depending upon the land use. Rental residential tends to be at the low end of the scale with office at the high end. These thresholds are higher than the OAR average because these are *planning* thresholds, not actual returns. When planning a project higher investment thresholds are assumed to compensate for risk.

In terms of for-sale products, a typical investment threshold is a return of 20 percent. This means that sale proceeds must be at least 20 percent higher than the total development cost.

Return-On-Investment Thresholds

The development cost estimates provided below are based on recent joint development negotiations in the Washington, D.C. area. These costs represent quality, stick-built product. **The development cost estimates exclude land cost.** The value of land is a function of the land owner's aspirations and the market's value. Land cost will increase development costs and, in turn, required rents/prices.

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Development Costs By Land Use
Assuming No Land Costs

	Per Gross Square Foot of Building Area					
	Residential - Rental		Office		Retail	
		w/Pkg & Infrastructure		w/Pkg & Infrastructure		w/Pkg & Infrastructure
Building & Contingency		$145		$130		$130
Parking		$23 /1		$59 /2		$59 /2
Infrastructure & Site	8%	$12		$11		$11
Sub-Total: Hard Costs		$180		$200		$200
Soft Cost	16.0%	$29	12.0%	$24	12.0%	$24
Fees	9.5%	$17	9.5%	$19	9.5%	$19
Sub-Total: Development Cost		$226		$243		$243
Tenant Improvements				$40		$40
Financing	8%	$18	8%	$19	8%	$19
Total Cost Exc. Land		$244		$302		$302
Say		***$245***		***$300***		***$300***

1. Assumes 1.2 spaces per unit. Spaces estimated to cost $23,000 per space.
2. Assumes 1 parking space per 1,000 square feet.

Source: W-ZHA

The retail development costs assume a mixed-use building. Thus, retail entails the same cost as office.

Given these development cost assumptions, at a minimum, a residential project will have to be able to charge rents in excess of $2.80 per square foot per month to meet the return-on-investment threshold This amounts to approximately $1,970 per month for a one-bedroom apartment.

Rental Residential Economics
Required Rent To Be Economically Feasible

Development Cost /Gross Square Foot	$245
Development Cost /Rentable Square Foot	$288
8% Investment Threshold/Required Net Operating Income	$23.06
Less: Other Income/Fees @ 5%	-$1.15
Plus: Operating Expenses @ 35% of Income	$10.64
Total Rent /Year	$33.70
Required Rent /SF /Month	$2.81

Source: W-ZHA

Condominiums would have to sell for at least $360 per square foot. This amounts to approximately $254,000 for a 1-bedroom condominium.

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Condominium Residential Economics Required Prices To Be Economically Feasible	
Development Cost /Gross Square Foot	$245
Development Cost /Rentable Square Foot	$288
20% Investment Threshold	$346
Plus: Sales/Commissions	$17
Required Price	$363

Source: W-ZHA

A triple net rent in excess of $29.00 per square foot per year is required to justify office development on the Subject Site. This amounts to a full-service rent of approximately $38. to $40 per square foot.

Office Economics Required Rent To Be Economically Feasible	
Development Cost /Gross Square Foot	$300
Development Cost /Rentable Square Foot	$353
8% Investment Threshold/Required Net	$28.24
Plus: Vacancy Allowance	$1.41
Required Rent /SF /Year	$29.65

Source: W-ZHA

Retail can be marketed with or without tenant improvements included. With tenant improvements retail space must be able to obtain a rent of $29.65 per square foot per year. Without tenant improvements, the rent could be reduced to $26.50 per square foot per year.

Retail Economics Required Rent To Be Economically Feasible	
Development Cost /Gross Square Foot	$300
Development Cost /Rentable Square Foot	$353
8% Investment Threshold/Required Net	$28.24
Plus: Vacancy Allowance	$1.41
Required Rent /SF /Year	$29.65

Source: W-ZHA

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Conclusions

The following table highlights the threshold rents and values required to make a project on the Subject Site economically feasible.

Redevelopment Economics [1] Required Rent To Be Economically Feasible	
Residential Rent	$2.80 per square foot per month
For-Sale Residential Price	$360 per square foot
Office Rent	$29.65 NNN per square foot per year
Retail Rent	
With Tenant Improvements	$29.65 per square foot per year
Without Tenant Improvements	$26.50 per square foot per year

1. These thresholds were determined without land cost.

Source: W-ZHA

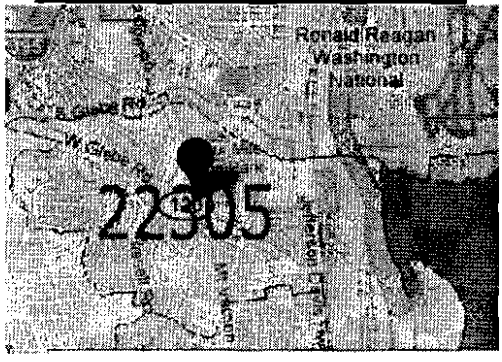
ARLANDRIA'S AND THE SUBJECT SITE'S MARKET STRENGTHS AND CHALLENGES

Market Strengths

An Attractive Location

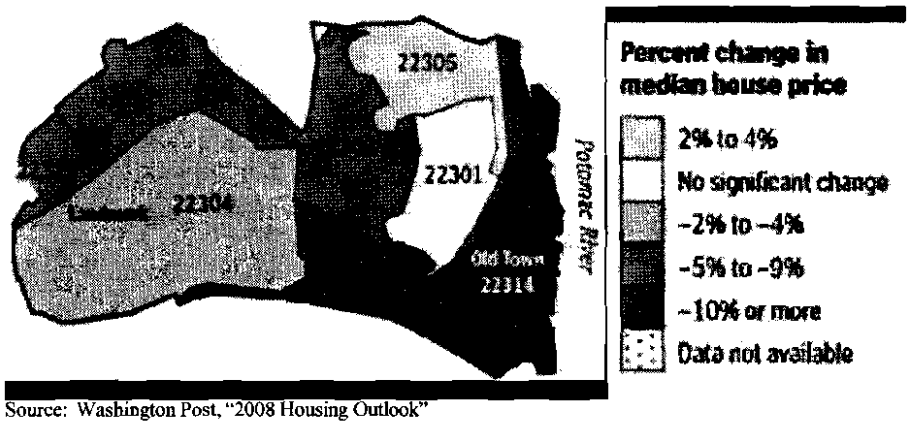
Arlandria and Potomac West are within minutes of Potomac Yard, Crystal City, Washington, D.C., and Downtown Alexandria. Route 1, Interstate 395 and South Glebe Road are major regional thoroughfares easily accessible from Arlandria. Metro is not within walking distance, but the Braddock Road and Crystal City stations are a short bus ride away. City bus service on Mount Vernon Avenue is reportedly very good.

22305 ZIP Code Boundaries



Arlandria is located in ZIP code area 22305. According to Washington Post, this ZIP code area was the only area in Alexandria where home values appreciated markedly in value from 2006 to 2007. Its locational assets make it an attractive residential location.

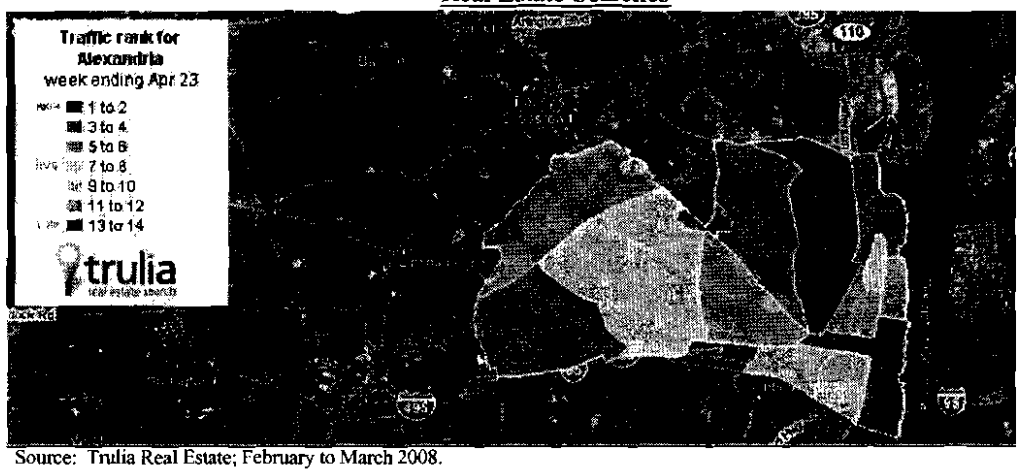
For-Sale Housing Appreciation (Excluding Condominiums)
Alexandria ZIP Codes
2007-2008



Source: Washington Post, "2008 Housing Outlook"

Trulia.com tracks home sales and location requests on its Website. The map below ranks Alexandria neighborhoods by the level of consumer interest over the last three months. Potomac West is among the most "trafficked" areas of Alexandria.

Real Estate Searches



Source: Trulia Real Estate; February to March 2008.

Household trends indicate that the Potomac West area, while largely built-out, continues to grow. Potomac West's household growth accounted for just less than 8 percent of the City's household growth between 1990 and 2000. According to Claritas, Inc., a nationally recognized consumer research

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company, between 2000 and 2007, Potomac West's share of the City's household growth increased significantly to 13 percent between 2000 and 2007.

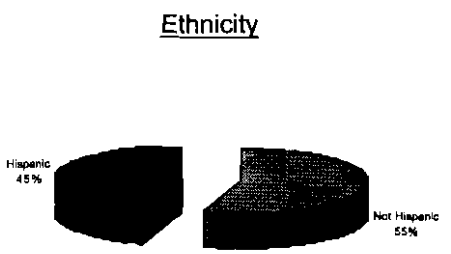
Household Trends
City of Alexandria and West Potomac
1990, 2000, 2007

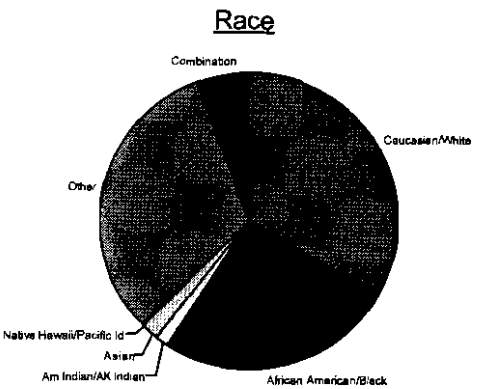
	1990	2000	2007	1990-2000		2000-2007	
				#	%	#	%
City of Alexandria	53,382	61,889	65,919	8,507	15.9%	4,030	6.5%
West Potomac	7,627	8,284	8,818	657	8.6%	534	6.4%
West Potomac Share				*7.7%*		*13.3%*	

Source: Claritas, Inc.

Arlandria Is Distinctively Diverse

As the data below demonstrate, Arlandria is ethnically and racially diverse. Approximately 45 percent of the neighborhood's households are Hispanic and two-thirds consider themselves non-White/Caucasian.





Arlandria is uniquely diverse when compared to the City and other areas of Potomac West and this uniqueness is recognized as a potential asset.

W-ZHA, LLC

Demographic and Economic Comparison Alexandria, Arlandria and Neighboring Zip Codes 2007		
Census Tract	% Hispanic	% White/ Caucasian
Alexandria		
City	9%	67%
Arlandria		
2012.03	45%	33%
Mount Vernon Avenue From West Glebe/East Reed to Hume Street		
2012.02	8%	75%
2012.04	11%	51%
Mount Vernon Avenue From Hume St. to East Braddock		
2013	2%	86%
2014	4%	90%

Source: Claritas, Inc.

The Area Around Arlandria Is Relatively Affordable

According to the Washington Post, the median sale price for a home in the Arlandria ZIP code (22305) was the lowest in the City in both 2006 and 2007. Housing has been appreciating in the area, however. In 2006 the median value of a home in ZIP code 22305 was 77 percent of the City average. In one year, 2007, the median value increased to 82 percent of the City's average.

Housing Sale Trends Alexandria Zip Codes 2006 and 2007						
	2006		2007		% Change	
Zip Code	Homes Sold	Median Purchase Price	Homes Sold	Median Purchase Price	Homes Sold	Median Purchase Price
22301	250	$564,500	242	$570,000	-3%	1%
22302	106	$752,500	97	$690,000	-8%	-8%
22304	426	$575,000	318	$552,500	-25%	-4%
22305	223	$464,000	157	$473,000	-30%	2%
22311	62	$581,250	53	$535,000	-15%	-8%
22312	27	$525,000	24	$482,500	-11%	-8%
22314	553	$695,000	408	$620,000	-26%	-11%
Total	**1,647**	**$599,000**	**1,087**	**$577,500**	**-34%**	**-4%**

Source: Washington Post, "Housing Outlook, 2008"; W-ZHA

Rents among Arlandria's rental properties are below the City's average rent as well. For example, a one-bedroom apartment in *Glebe House* rents for approximately $1,000 to $1,180, while the City average is approximately $1,350[1].

[1] *MyNewSpace* apartment database.

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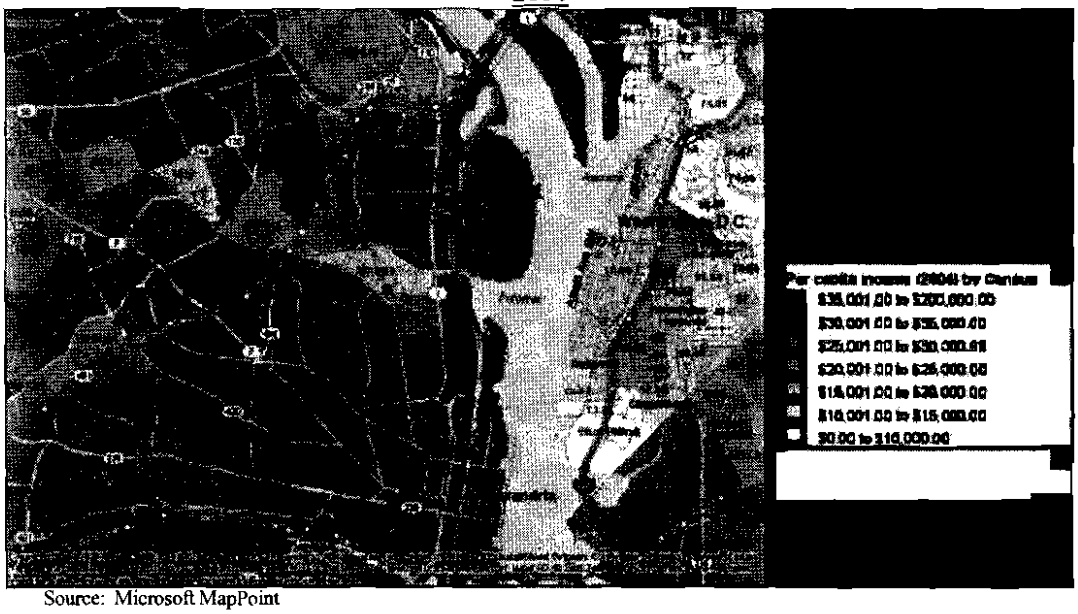
Arlandria Is Surrounded By High-Income Neighborhoods

The map below shows 2004 per capita income by census tract. Arlandria's per capita income is low (as illustrated on the map by the light color); in 2007 income in Arlandria was estimated to be approximately $21,000 per capita. The areas around Arlandria have high per capita incomes.

Per Capita Income By Census Tract
2004



Source: Microsoft MapPoint

Arlandria Has a Commercial District With Specialty Retail, a Nationally Recognized Entertainment Venue and Convenience Goods

One of the key attributes of urban living is being able to walk to goods and services. Arlandria as a whole and the Subject Site specifically, offer this amenity. According to a retail study conducted in 2002, Arlandria possesses as much retail space as a conventional community shopping center. Unlike a conventional center, however, Arlandria contains many ethnic shops and restaurants and an organic food store. A nationally recognized entertainment venue, the Birchmere, is also located in Arlandria's commercial district.

The Subject Site Is A Gateway to the Neighborhood

For those traveling to Arlandria, the Subject Site is prominent at the corner of Mount Vernon Avenue and West Glebe Road. If there were an ideal location for a landmark project in Arlandria, there is no question that this would be the site.

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Challenges

Arlandria Is an Enclave

While Arlandria's distinctiveness can be looked at as a market opportunity, it also may be looked at as a market challenge. While the neighborhood's location is good, a number of factors suggest that Arlandria is cut off from the Potomac West neighborhood. As the table below illustrates it is distinctively different from areas to the south in terms of demographics and economics. It appears from the data, that incomes decrease and diversity increases as one moves north on Mount Vernon from East Braddock to Four Mile Run.

Demographic and Economic Comparison
Arlandria and Neighboring Zip Codes
2007

Census Tract	Households	Household Growth 2000-07	Avg. Hshld Size	Per Capita Income	Median Income	% Hispanic	% White/ Caucasian
Arlandria							
2012.03	2,357	15.9%	3.07	$20,978	$50,678	45%	33%
Mount Vernon Avenue From West Glebe/East Raod to Hume Street							
2012.02	1,477	4.8%	2.28	$37,907	$70,164	8%	75%
2012.04	1,459	14.8%	2.25	$27,950	$52,301	11%	51%
Mount Vernon Avenue From Hume St. to East Braddock							
2013	1,338	-6.3%	2.08	$45,821	$73,538	2%	86%
2014	1,812	-0.4%	2.04	$55,583	$85,404	4%	90%

Source: Claritas, Inc.

Arlandria's demographics are in such stark contrast to the remainder of Potomac West, there is some question as to whether (or how quickly) the market will be attracted to this location. The "market" in this case refers to businesses, households and retailers willing to pay the prices required of new development. Householders and retailers looking for an affordable location might certainly consider Arlandria. However, would the same householder looking at new space in Del Ray consider Arlandria?

Arlandria's Income and Income Growth Are Below Those of the Surrounding Area

The median income in Arlandria has been growing at a faster rate than the City's. Yet, the neighborhood's median income is still well below the average for the City. Since 2000, the rate of income growth has been faster among the neighborhoods further south on Mount Vernon.

W-ZHA, LLC

Median Income Trends
Arlandria and Surrounding Areas
1990, 2000, 2007

Location	1990	2000	2007	1990-2000 #	1990-2000 %	2000-2007 #	2000-2007 %
City of Alexandria	$41,922	$56,889	$67,099	$15,184	36.5%	$10,910	19.2%
Arlandria							
2012.03	$28,440	$40,385	$50,678	$11,945	42.0%	$10,294	25.5%
Mount Vernon Avenue From West Glebe/East Reed to Hume Street							
2012.02	$44,159	$57,632	$70,164	13,472	30.5%	12,532	21.7%
2012.04	$31,599	$41,164	$52,301	9,565	30.3%	11,137	27.1%
Mount Vernon Avenue From Hume St. to East Braddock							
2013	$37,857	$58,242	$73,538	20,385	53.8%	15,296	26.3%
2014	$40,518	$65,199	$85,404	24,681	60.9%	20,205	31.0%

Source: Claritas, Inc.

Retailers and service-office establishments are interested in area's where there is strong household growth and/or strong income growth.

Limited Vehicular Access Also "Cuts Off" Arlandria

As the 2002 Market Potentials Analysis states: "From a vehicular access standpoint Interstate 395 is close enough to provide some regional access to Arlandria, but not close enough to afford the visibility or direct access that would enhance opportunities for large, region serving destination uses. Mt. Vernon Avenue has a relatively minor role as a commuter route. Furthermore, the commercial district does not have exposure to South Glebe Road...Most people driving through Arlandria are either going there for a specific purpose or are merely taking a short-cut in their regular commute."[2]

Arlandria's Image

While Arlandria is recognized as a unique place with its restaurants and the Birchmere, it also has an image of being unsafe. Crime has been significantly reduced in the neighborhood, but the perception that is unsafe still lingers.

As the map below illustrates, Arlandria also has one of the highest concentrations of low income housing in the City. This map does not include the Arlandria-Chirilagua Cooperative which is a low income homeownership project. With this project included, the share of total housing that is assisted increases to over 20 percent in Arlandria.

[2] Randall Gross/Development Economics, "
Arlandria. Our place to be: Draft Market Potentials Analysis For The Arlandria/Upper Potomac West Retail District", 2002.

W-ZHA, LLC

Percentage of Assisted Rental Housing
By Census Tract

Source: City of Alexandria

The Subject Site's Neighboring Land Uses Are Not Attractive

A real challenge to the marketability of the Subject Site for mixed-use development is the character of the land uses surrounding it. Across West Glebe Road is a strip center built in 1964 with a Foodway grocery store, cleaners, and a shoe store. Across Mount Vernon Avenue is a carwash operation, a loan establishment, an automobile service station and low income housing. Immediately to the north of the Site are St. Rita's Church and school.

The commercial uses on West Glebe Road and Mount Vernon Avenue surrounding the Site are automobile-oriented. The pedestrian environment and the quality of the buildings is poor. Neighboring land uses compromise the Site's redevelopment potential.

Urban Pioneers Rarely Pay Top Dollar To Locate in a Fringe Neighborhood

As will be demonstrated in the following section, the rents and prices needed to support new construction on the Subject Site will be well above Arlandria's rates now. In fact, the rents and prices required are comparable to those for newer projects on Interstate 395 and Potomac Yard. While the price of new construction may be warranted in lower Potomac West where market risk is becoming minimal, we question whether the developer or the buyer would invest in Arlandria's given where it is in the revitalization process.

Conclusion

The Subject Site is located in a unique community that is incredibly diverse. Arlandria has been growing and accounts for more and more of the City's household growth. Arlandria is well located, but it is not directly accessible or visible from major transportation routes like South Glebe, I-395 and Route 1. Arlandria is very different (both economieally and socially) from the neighborhoods further south on Mount Vernon Avenue.

From a conventional real estate investor's perspective the social and economic profile of the community suggest that it is a "fringe" location. To develop in Arlandria would entail more risk than a number of locations relatively close by.

RESIDENTIAL MARKET OBSERVATIONS AND CONCLUSIONS

Rent and Price Threshold

New construction on the Subject Site will require that a developer successfully market residential at a rent of at least $2.81 per square foot per month or a sales price of $360 per square foot. The benchmark rents and priees cover development costs only (hard and soft eosts); land value is not included as a cost.

The Condominium Housing Market

The condominium market was "hot" in Alexandria because low interest rates and liberal mortgage underwriting practices allowed households to own property in this highly valued location. Condominiums are most successful in locations where land values are very high (e.g. Old Town, near Metro) and where the land use mix is attractive to young singles and couples and empty nesters.

The condominium market has cooled down in Alexandria as it has in most places. Both the volume of condominium sales and the average purchase price for condominiums in Alexandria dropped from 2006 to 2007. The volume of condo sales dropped by over one-third in the City. Average sale prices dropped from $308,000 to $303,000 per unit or approximately 2 pereent.

W-ZHA, LLC

Condominium Sales
Washington Metro Area Jurisdictions
2006 and 2007

	2006		2007		% Change	
Area	Homes Sold	Median Purchase Price	Homes Sold	Median Purchase Price	Homes Sold	Median Purchase Price
D.C.	1,867	$355,000	1,630	$365,000	-13%	3%
Anne Arundel	913	$271,000	571	$270,000	-37%	0%
Calvert	43	$292,000	16	$291,328	-63%	0%
Charles	27	$360,500	58	$306,968	115%	-15%
Frederick	425	$219,900	320	$220,000	-25%	0%
Howard	876	$280,000	795	$285,000	-9%	2%
Montgomery	4,249	$295,000	3,334	$299,999	-22%	2%
Prince George's	3,012	$197,000	2,072	$204,000	-31%	4%
Arlington	941	$350,000	1,353	$385,000	44%	10%
Fairfax	4,786	$304,900	3,066	$292,263	-36%	-4%
Loudoun	873	$300,000	524	$280,000	-40%	-7%
Prince William	343	$270,000	278	$267,155	-19%	-1%
Alexandria	2,072	$308,000	1,266	$303,000	-39%	-2%
Total	**20,377**	**$287,900**	**15,282**	**$289,900**	**-25%**	**1%**

Source: Washington Post, "Housing Outlook, 2008"; W-ZHA

The condominium housing market is being hurt by three factors: 1) investors moving out of this investment product; 2) buyer trepidation; and, 3) tight credit markets for both potential buyers and developers. According to the Washington Post "2008 Housing Outlook," Alexandria and Arlington had the dubious distinction of having more condominium unit contracts canceled than sold in 2007. According to the Washington Post 30 percent of the cancellations were due to investors moving out of the condominium market. Investors are buyers who have no intention of living in the unit, but buy it for its investment value.

Prospective condominium buyers are hesitant to buy in a tumultuous market. Prospective buyers are interested in a fair price and strong potential for appreciation. They are also interested in the viability of the entire condominium complex because its maintenance is dependent on condominium fees. Only in prime downtown locations or locations next to a Metro station can such stability in the condominium market be offered at this time.

Like prospective buyers, lenders are hesitant to invest in condominiums at this time except in 100 percent locations. Many projects planned for condominium development have converted to rental units. The word on the street is that there is no capital available for financing condominiums except in extraordinary circumstances.

Another challenge facing condominium development at this time are the new rules being applied for mortgage underwriting. As a result of the sub-prime mortgage crisis, it is much more difficult for

households to obtain a mortgage than it was just five years ago. Both supply and demand factors are challenging the condominium market.

Evidence of the condominium market's troubles is reflected in the Potomac Yard project. Pulte Homes and Centex Homes have not commenced construction on the condominiums planned for that project as planned. Instead, they are marketing development parcels to other developers. The cash from parcel sales is needed to fund the infrastructure investment currently underway to support this project. Potomac Yard offers superior views, access, and locational cache as compared to the Subject Site.

The following factor's lead W-ZHA to the conclusion that condominium development on the Subject Site is not feasible at this time:

- The capital markets are generally not interested in financing condominiums at this time;
- The Subject Site is in a location that is untested from a condominium standpoint – there are no direct comparables;
- From a financier's perspective, the Site is in a "fringe" neighborhood– neighborhood demographics are relatively weak, there are perceived crime issues, there is no Metro Station, and the quality of the built environment surrounding the Site is marginal; and,
- There are superior sites available in the marketplace with plans to develop condominiums (Potomac Yard)

Over time, as the capital markets stabilize and recover from the sub-prime mortgage debacle, there may be condominium development potential on the Subject Site. This portion of Alexandria is in demand because of its central location, attractive housing stock, and relative affordability. As Del Ray/Potomac West continues to appreciate in value and condominiums are developed there as well as in Potomac Yard, Arlandria should become an increasingly attractive condominium location. The Subject Site is well positioned to capitalize on this value as it is the gateway to Arlandria.

The Rental Housing Market

Apartment buildings in the 22305 ZIP code area range from garden apartments to high rise communities. With the one exception of *The Reserve At Potomac Yard*, the apartment complexes in ZIP code 22305 are old – all were built over 40 years ago. Rents are relatively low in most of these older apartment complexes. As would be expected with relatively low rents, occupancy exceeds 90 percent in all of the communities where occupancy data could be obtained.

The newest project in the 22305 ZIP code is *The Reserve at Potomac Yard* built in 2001. *The Reserve at Potomac Yard* is located on Route 1 directly across from the Potomac Yard Shopping Center. This project contains 588 mid-rise apartment units. *The Reserve at Potomac Yard* offers garage and covered parking, a free shuttle to Metro as well as a pool. Rents at the *Reserve at Potomac Yard* are relatively high for Arlandria at $2.00 to $2.10 per square foot for a one bedroom apartment. Occupancy is above 95 percent according to property management.

We do not consider *The Reserve at Potomac Yard* a comparable for the Subject Site. The *Reserve at Potomac Yard* is marketing its location at Potomac Yard, not its location in a multi-cultural community. It is sited prominently on a highway across from a new regional shopping destination, the Potomac Yard Shopping Center. *The Reserve at Potomac Yard* has locational, access, visibility, and branding characteristics that are altogether different from the Subject Site.

W-ZHA, LLC

Apartment Complexes
Zip Code 22305

Name	Type	Year Built	Units	Efficiencies	1 Bedrm	2 Bedrm	3+ Bedrm
Aspen House	High Rise	1963	348	114	125	109	0
3201 Landover St.							
			Square Feet	650	800	974 983	
			Monthly Rent	$925 $1,000	$1,130 $1,225	$1,200 $1,600	
			Rent /SF	$1.42 $1.54	$1.41 $1.53	$1.23 $1.63	
Name	Type	Year Built	Units	Efficiencies	1 Bedrm	2 Bedrm	3+ Bedrm
Calvert Apts	High Rise	1962	178	62	69	47	0
3110 Mt. Vernon Avenue							
			Square Feet	500 535	627 828	1,140 1,160	
			Monthly Rent	$901 $1,105	$1,188 $1,978	$1,488 $2,263	
			Rent /S	$1.80 $2.07	$1.89 $2.39	$1.31 $1.95	
Name	Type	Year Built	Units	Efficiencies	1 Bedrm	2 Bedrm	3+ Bedrm
Glebe House	Garden	1954	211	159	52	0	0
25 W. Glebe Rd							
			Square Feet	500	700		
			Monthly Rent	$904 $1,079	$1,004 $1,179		
			Rent /SF	$1.81 $2.16	$1.43 $1.68		
Name	Type	Year Built	Units	Efficiencies	1 Bedrm	2 Bedrm	3+ Bedrm
Lloyd Apartments	Garden	1948	299	0	142	157	0
800 Tennessee Ave.							
			Square Feet		*700*	*1,000*	
			Monthly Rent		1,000	1,200	
			Rent /SF		$1.43	$1.20	
Name	Type	Year Built	Units	Efficiencies	1 Bedrm	2 Bedrm	3+ Bedrm
New Brookside	Mid-Rise	1963	175	19	136	15	5
601 Four Mile Rd							
			Square Feet	444	697	977	1,100
			Monthly Rent	$865	$950 $1,095	$1,355	$1,895
			Rent /SF (Utilities Inc.)	$1.95	$1.36 $1.57	$1.39	$1.72
Name	Type	Year Built	Units	Efficiencies	1 Bedrm	2 Bedrm	3+ Bedrm
Portals of Alexandria East	High-Rise	1965	196	56	112	28	0
511 Four Mile Rd							
			Square Feet	465	782	820	
			Monthly Rent	$894 $949	$1,035 $1,095	$1,234 $1,299	
			Rent /SF (Gas Inc.)	$1.92 $2.04	$1.32 $1.40	$1.50 $1.58	
Name	Type	Year Built	Units	Efficiencies	1 Bedrm	2 Bedrm	3+ Bedrm
Presidential Greens	Mid-Rise	1938	397	0	374	23	0
3904 Executive Ave.							
			Square Feet		575 669	776	
			Monthly Rent		$797 $1,287	$1,397	
			Rent /SF (Gas Inc.)		$1.39 $1.92	$1.80	
Name	Type	Year Built	Units	Efficiencies	1 Bedrm	2 Bedrm	3+ Bedrm
Reserve @ Potomac Yard	Mid-Rise	2001	588	0	352	236	0
3700 Jefferson Davis Highway							
			Square Feet		633 761	1,096 1,235	
			Monthly Rent		$1,345 $1,520	$1,680 $1,855	
			Rent /SF (Gas Inc.)		$2.12 $2.00	$1.53 $1.50	

Source: Property Management Interviews; City of Alexandria

The *Calvert* is located on Mount Vernon Avenue immediately south of Herbert Street. The *Calvert* is a high rise apartment community built in 1962. With 178 units, the *Calvert* commands relatively high rents (approximately $1.90 to $2.40 per square foot per month for a 1-bedroom) given its age and location. Unlike the Subject Site, the *Calvert* is in the Del Ray neighborhood.

Other newer projects in the area include the *Avalon @ Arlington Heights* at South Glebe Road and Interstate 395. This is a new, mixed-use project. Rent for a 1-bedroom ranges from $2.00 to $2.70 per square foot per month.

New Apartment Complexes
Near Arlandria

Name	Type	Year Built	Units	Efficiencies	1 Bedrm	
Avalon @ Arlington Square	Twnhs	2002	842			
2350 26th Court St. Arlington			Square Feet		650	980
			Monthly Rent		$1,320	$1,770
			Rent /SF		$2.03	$2.72
Name	**Type**	**Year Built**	**Units**	**Efficiencies**	**1 Bedrm**	
Camden @ Potomac Yards	High Rise	2005	379			
3535 South Ball St.			Square Feet		540	684
			Monthly Rent		$1,522	$1,977
			Rent /SF		$2.82	$2.89

Source: Property Management Interviews; Apartments.com
F:\80002 Weisburg\[apartment comps.xls]Sheet3

Camden at Potomac Yard contains almost 380 units and reportedly has a relatively high vacancy rate. Rents for a 1-bedroom in this 12-story community range from $2.80 to $2.90 per square foot per month.

Planned Projects

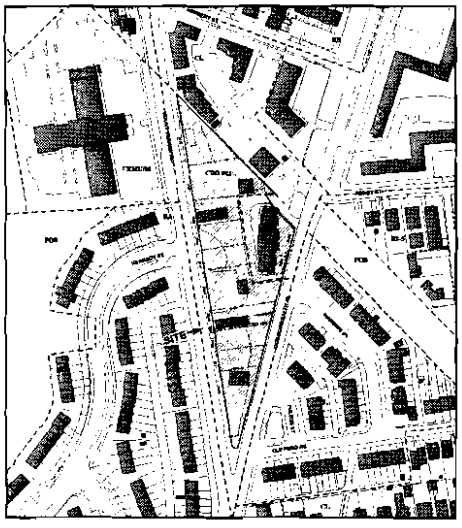
Potomac Yard in Alexandria is an approved mixed-use development consisting of 1.9 million square feet of office space, 135,000 square feet of retail (in addition to the existing 600,000 square foot Potomac Yard Shopping Center), and 1,700 residential units. In 2005, Pulte Homes and Centex Homes jointly purchased the 165-acre site on the south side of Potomac Yard. As part of the approval process, the developers agreed to make off-site transportation improvements such as the construction of a new Monroe Avenue Bridge as well as constructing connections to Howell Avenue, Custis Avenue, Swann Avenue and East Glebe Road. While the land uses have yet to develop on the Potomac Yard site, the developers have commenced the infrastructure improvements.

Potomac Yard offers the advantages of direct access to Route 1, proximity to regional shopping, and views. At some point in the near future, residential units will be developed at this location. To make the

project work, a critical mass of residential will need to be developed. If the residential product is multi-family, these units will likely be rental.

The City has approved a 141-unit apartment community at the intersection of Mount Vernon and Commonwealth Avenues. This project is across from the Nicholas A. Colsanto Park. This project will be immediately north of Commonwealth Avenue. This project demonstrates an investor's trust that the market will move north on Mount Vernon Avenue. Because it is an extension of the Mount Vernon commercial district, it is a less risky development endeavor than what would be required at the Subject Site.

Planned Apartment Building Site



How this project fares is very important to the Subject Site's redevelopment potential. If this new apartment complex commands high rents and achieves strong absorption, investors will likely look farther north on Mount Vernon Avenue for investment opportunities. This project will essentially fill in the land use gap on Mount Vernon Avenue between the Commonwealth Avenue intersection and the *Calvert* and the Mount Vernon Square office complex.

Conclusions

In considering the redevelopment of the Subject Site for apartments, there should be concern that with Potomac Yard and the "triangle site", there may be a lot of apartment units coming onto the market at the same time. If competitively priced Potomac Yard is well positioned to capture the broad market that is mostly looking for a convenient location in the Alexandria/Arlington area. The "triangle site" on Mount Vernon Avenue is better positioned than the Subject Site to attract those households looking for a more unique, walkable, urban environment.

We conclude that it is unrealistic to assume that an investor will be interested in redeveloping the Subject Site for apartments in the near term; the rent premium is well above any other comparable project in the vicinity. The investment threshold for rental residential is $2.80 per square foot per month. The highest rent in an apartment complex in the Arlandria neighborhood is approximately $2.00 per square foot. The premium for new construction would require that the market support rents 40 percent higher than they are today. The market fundamentals such as household and average income growth are simply not there yet in the Arlandria neighborhood.

If the "triangle site" is successful on Mount Vernon Avenue north of Commonwealth Avenue, the redevelopment potential of the Subject Site will be significantly enhanced. W-ZHA concludes that redevelopment further south on Mount Vernon Avenue is necessary before the Subject Site's potential can be fully realized.

OFFICE MARKET OBSERVATIONS AND CONCLUSIONS

Rent and Price Threshold

New construction on the Subject Site will require that a developer successfully market office at a triple net rent over $29.50 per square foot per year. This equates to a full-service rent of approximately $38.00 per square foot.

Alexandria Multi-Tenant Office Market Overview

Multi-tenant office data from various sources indicate that the Alexandria office market is healthy and will continue to grow in volume and rental rate. The Base Realignment and Closure Act of 2005 (BRAC) could indirectly impact the Alexandria office market, however. Crystal City stands to lose 17,000 jobs as a result of BRAC which will cause office vacancy in this nearby market. Surplus supply in Crystal City could reduce Alexandria's office absorption in the near term. The following paragraphs provide Citywide office market highlights.

Alexandria Benefits From Being Inside The Beltway

Rents are higher in sub-markets inside the Beltway. These areas are well accessed by public transit and are close to the economic hub, Washington, DC. The evolving value of transit is exemplified in MPRI's recent lease at Braddock Place, a project that had been struggling.

Alexandria's proximity to Washington, DC drives its multi-tenant office market. According to KAI/KLNB, a nationally recognized real estate brokerage firm, Alexandria possesses the fourth highest

concentration of professional association employment in the Country. The value of D.C. proximity is evidenced by the recent re-location of the U.S. Patent and Trademark Office (PTO) to Alexandria. An estimated 8,500 people work in this complex. This 2.5 million square foot tenant has acted as a catalyst and fueled additional office development in Alexandria's Eisenhower area.

Transwestern Commercial Services is the largest full service real estate firm serving the Baltimore/Washington region. Its 4th Quarter 2007 office report for Northern Virginia states that "Given current conditions, rents should rise by 1% to 2% in 2008 for Northern Virginia submarkets located inside the Beltway and edge down for submarkets located outside of the Beltway."[3] The "Outlook" is published quarterly by Delta Associates, the research affiliate of Transwestern Commercial Services.

Because of Its Location, Alexandria Commands Relatively High Office Rents

Alexandria's average rent ($36.40 per square foot per year) is above the Northern Virginia average ($34.04 per square foot per year). According to broker interviews, Alexandria office rents are highest in Old Town and lowest in the I-395 Corridor. Alexandria rents are similar to office rents in neighboring Crystal City/Pentagon City. This may change, however, as Crystal City will have to deal with job losses associated with the loss of the PTO and the Base Realignment and Closure Act of 2005 (BRAC). Crystal City stands to lose 17,000 jobs as a result of BRAC.

Average Rents Multi-Tenant Office
Northern Virginia Submarket
Mid-Year 2007

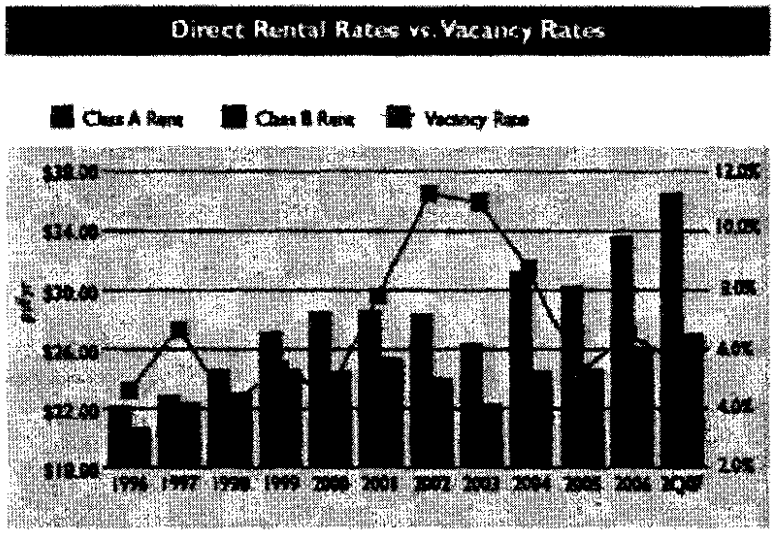
	Square Feet	Avg. Rent /Yr	
Arlington County	**30,677,292**		**$37.24**
Rossalyn	7,548,380	$43.17	
Arlington Metro Corridor	4,741,570	$34.73	
Ballston	5,608,540	$38.18	
Crystal City/Pentagon City	11,759,270	$36.06	
Arlington Non-Metro	1,019,540	N/A	
Alexandria	**12,909,040**		**$36.43**
Old Town	8,263,330	$37.42	
I-395 Corridor	2,594,400	$27.50	
Huntington/Eisenhower	2,051,310	N/A	
Fairfax County	**73,405,200**		**$32.36**
Loudoun County	**3,101,610**		**$28.19**
Northern VA Average	**120,093,140**		**$34.05**

Source: Cushman & Wakefield, "Northern Virginia Office, Marketbeat Mid-Year 2007"

As the chart below demonstrates, Alexandria office rents have consistently increased since 2003 and vacancy has been declining.

[3] Transwestern, "Transwestern Outlook NOVA at Q407", December, 2007.

Class A & B Rents and Vacancy
Alexandria, VA Office Market



Source: Cushman & Wakefield, Mid-Year 2007.

Even With Growth Prospects, High Construction Costs Are A Concern

Transwestern's 4th Quarter 2007 office report for Northern Virginia states: "With construction costs on the rise, developing new projects has become an expensive task. At year-end 2007, to construct a suburban office project, the approximate rent needed is $42.00 per square foot. Given easing market conditions, we expect development to ease over the next year, as inking leases at this high rate will become increasingly difficult."

In summary, all indicators suggest that there will be demand for new office space in Alexandria over the next five years. The question is whether the Subject Site can effectively compete as an office location and capture a portion of this demand.

Office Site Selection Criteria

Office space is typically occupied by companies within the business and personal service, other services (professional, religious, fraternal organizations), finance and real estate, information, and government industries. Given these tenant types, office developers typically evaluate a prospective site with these criteria in mind:

- Proven market competitiveness of the location
- Visibility to target market
- Identity and image of location
- Cost
- Ability to accommodate parking
- Proximity to transit
- Proximity to goods and services.

In the following paragraphs the Subject Site is evaluated in light of these criteria.

Proven Market Competitiveness of The Location

There is very little conventional office space in the vicinity of the Subject Site. Upper Potomac West is not recognized as a corporate office location. The offices that do exist in the commercial core of Arlandria appear to service the local population.

The office space at the Mount Vernon Square office complex is the highest quality space in the vicinity of the Subject Site. Located on the southeast corner of the Mount Vernon Avenue and Herbert Street intersection, this project contains approximately 30,000 square feet of condominium office space in a townhouse configuration. Each building is about 4,500 square feet. Tax records indicate that this project was developed in the late 1980's.

Occupancy appears to be high and recent sale transactions reflect relatively high prices at this location. The most recent sale in December 2000 commanded $283 per square foot. Sales in 2006 ranged from $234 to $312 per square foot. Tenants in this complex are mostly membership organizations or professional service establishments.

Mount Vernon Square Condo Office
Recent Sale Transactions

Address	Date of Sale	Sq Ft	Price	Price /SF
3135 Mount Vernon Avenue				
	7/27/2006	2,100	$655,000	$312
3131 Mount Vernon Avenue				
	12/21/2007	1,942	$550,000	$283
	8/2/2002	4,419	$800,000	$181
3133 Mount Vernon Avenue				
	5/10/2002	1,959	$680,000	$347
3137 Mount Vernon Avenue				
	2/13/2006	1,883	$440,000	$234
3139 Mount Vernon Avenue				
	12/17/2004	4,277	$916,000	$214

Source: Virginia Tax Records; W-ZHA

There is 3,000 square feet of space in Mount Vernon Square available for rent at $25 per square foot, full service. This is well below the office price threshold required by new construction -- $38 per square foot, full service

Further south on Mount Vernon Avenue in the heart of Del Ray second-story office space is being marketed at $28 per square foot.

There is no office space being marketed in the Arlandria neighborhood through conventional commercial leasing outlets. Arlandria has the Mount Vernon Professional Building with 10,000 square feet, but we were unable to obtain the average rent charged at this location.

In Del Ray, office rents and sale prices are fairly high for an older commercial area. While not as high as the City's average, there does appear to be demand for office space in Potomac West. The ability to market new space in Arlandria, however, is untested.

Visibility to Target Market

As compared to a Route 1 location or an I-395 location, visibility to the standard office tenant is weak at the Subject Site. The Site would be highly visible to a target market of ethnically oriented social and/or fraternal organizations, however.

Identity and Image of The Location

For a conventional office tenant seeking location cache, there are other locations far better positioned in the marketplace than Arlandria (like Potomac Yard or I-395). However, Arlandria would be an excellent location for a company whose corporate image and identity is linked to the Hispanic population and/or multi-culturalism.

Cost

The cost to construct an office building on the Subject Site will likely be as much or more than many of the competitive office locations. Potomac Yard and the Eisenhower possess greenfield characteristics; buildings can be built with conventional floorplates. The Subject Site is triangular which will force a less efficient, and potentially more costly, building design.

Safety

Safety is a very important factor in office siting. Prospective tenants are very concerned about the well-being of their employees. There is a perception that Arlandria is unsafe. This will greatly inhibit a developer's ability to command the prices necessary to support new construction at this location.

Ability To Accommodate Parking

To realize the density envisioned by the community will require structured parking on the Subject Site. The Site's ability to accommodate a functionally efficient parking garage is unknown.

Proximity to Transit

Metro is not within walking distance to the Subject Site. The Site is on Mount Vernon Avenue, however, which reportedly has excellent bus service.

Proximity to Goods and Services

The Subject Site is within easy walking distance of a CVS, Organic Food Market, specialty restaurants and other specialty stores and neighborhood services. Having these goods and services within walking distance is a convenience to office employees, visitors and customers.

The commercial district is a convenience, however, only if employees, visitors and customers are comfortable with its eclectic character. Many employers would not consider the commercial district an asset given it tenant mix and physical conditions. Once again, the Site satisfies these criteria only for the "right" tenant, not the average tenant.

Given these evaluation criteria, it appears that the Site is not well positioned for the conventional, corporate office tenant.

Service-Office Demand

Service-office space is different from corporate office space in that service-office space is directly tied to the demographics within the community. Banks, insurance brokers, accountants and membership organizations follow growth and generate demand for what W-ZHA terms "service-office space."

W-ZHA estimates that over the next five years household growth coupled with income growth will generate within "Upper Potomac West" (census tracts 2012.03, 2012.02 and 2012.04) a need for 20,000 square feet of additional office space to serve the population. Arlandria growth will drive most of this demand.

This magnitude of service-office demand would not justify the redevelopment of a site the size of the Subject Site. Furthermore, these tenants are typically price sensitive. They will likely occupy under-utilized existing commercial space.

Office Market Conclusion

W-ZHA concludes that the Subject Site is not a competitive location for multi-tenant office targeting corporate clients. While there is service-office demand, it is not sufficiently large to justify the redevelopment of the Subject Site.

As a build-to-suit location, Arlandria's distinct identity coupled with its location in Alexandria, eclectic commercial district and access to public transit could be attractive to the right business – one whose corporate image/identity is consistent with all that Arlandria has to offer. Consideration should be given to identifying target companies and marketing the Site to these prospects.

RETAIL MARKET OBSERVATIONS AND CONCLUSIONS

Rent and Price Threshold

New mixed-use construction on the Subject Site will require that a developer successfully market retail at a rent of $29.65 per square foot per year. At this rent level, retailers will need to achieve a sales volume of approximately $400 per square foot.

Existing Conditions

There Is A Lot Of Retail In And Around Arlandria

There are three shopping centers in Arlandria: The Foodway Shopping Center, the Mount Vernon Village Center and The Shops On The Avenue. The Foodway Shopping Center contains 30,000 square feet and contains a grocery store, cleaners and shoe store. The center is directly across the street from the Subject Site.

Mount Vernon Village Center is the largest center with 59,600 square feet. A My Organic Market and a CVS anchor this center. There is one vacant store in the center of 3,000 square feet. It is currently being advertised at a rent of $28.00 per square foot per year.

With approximately 19,000 square feet, the Shops On The Avenue is fully occupied.

There are an additional 157,500 square feet of retail and service space in the Arlandria commercial district. Many of these establishments offer ethnic/multi-cultural cuisine, food and/or goods.

To the south of Arlandria is the Del Ray community and its commercial district on Mount Vernon. In 2002, this district contained approximately 100,000 square feet of restaurant and specialty retail space.[4] The Mount Vernon Avenue commercial district is upscale and "yuppie". There is retail space advertised in a strip center for $28.00 per square foot in this area.

Outside of Arlandria, but immediately, is the Arlington Ridge shopping center on South Glebe Road. This 84,500 square foot center is anchored by a Giant Food.

To the east of Arlandria on Route 1 is the Potomac Yard Shopping Center. This 590,000 square foot power center contains Target, Barnes and Noble, Hoyts Cinemas. Built in 1997, the Potomac Yard Shopping Center has been very successful.

Arlandria's Commercial Space Is Well Occupied

A windshield survey revealed very little retail vacancy in Arlandria. It appeared essentially fully occupied.

Arlandria's Tenant Mix and Environment Are Distinct

Most of the retail in Arlandria can be categorized as "specialty retail." A majority of the establishments cater to the Latino community. The organic grocery caters to the "foodies" and the Birchmere caters to small venue, live music enthusiasts.

The physical environment is fairly poor. The buildings are old and have not been refreshed. The streetscape seems dated. Arlandria's environment is the polar opposite of the Mount Vernon Districts minutes down the street!

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[4] Robert Charles Lesser & Company, "Preliminary Retail Market Analysis For Mount Vernon Avenue Corridor", 2002.

W-ZHA, LLC

Commercial District's Capture of Arlandria's Retail Spending Potential
2002

		Square Feet
Occupied Square Feet [1]		156,665
Avg. Sales Per Square Foot [1]		$286
Total Sales		$44,806,190
Neighborhood Derived Sales [1]	72%	$32,260,460
Est. Neighborhood Spending Potential 2002		$47,229,020
Commercial District Capture of Neighborhood Spending Potential		68%

1. From Market Potentials Analysis.

Source: Randall Gross/Development Economics, "Arlandria.our place to be: Draft Market Potentials Analysis For The Arlandria/Upper Potomac West Retail District" (2002); W-ZHA

Given population and income projections from Claritas, Inc., the neighborhood's retail spending potential will increase by $14.8 million over the next five years. If the District can continue to capture 68 percent there is the potential for existing retail to increase sales and for the market to support 16,100 square feet of new retail space assuming a sales volume of $350 per square foot.

Neighborhood-Derived Retail Development Potential
Arlandria
2007-2012

Net New Neighborhood Spending Potential	$14,820,800
Capture	68%
Supportable New Sales	$10,123,560
Assume 10% Sales Increase To Existing Tenants	($4,480,619)
Net Sales	$5,642,941
Supportable Square Feet @ $350 Sales /SF	16,100

Source: W-ZHA

A sales volume of $350 per square foot assumes a mix of low cost, one-story retail buildings and higher cost mixed-use type space. Retail in a quality mixed-use building with the investment threshold rent of approximately $30.00 per square foot will require approximately $400 per square foot in sales.

W-ZHA, LLC

Retail Opportunities and Challenges

The Market Potentials Analysis for the Arlandria/Upper Potomac West Retail District ("Market Potentials Analysis") was conducted in 2002. This analysis included an inventory of retail and service space in Arlandria. A survey was conducted that revealed the proportion of Arlandria's retail sales coming from the Arlandria neighborhood (72 percent) as well as average retail sales per square foot ($248). Data from this report is used to estimate existing conditions regarding the retail economy in Arlandria.

To the best of our knowledge, the supply of retail space has not changed significantly since 2002. According to the Market Potentials Analysis there were 209,800 square feet of retail space in Arlandria, excluding the Birchmere.

Retail Inventory From Market Potentials Analysis
Arlandria
2002

	Square Feet
Convenience Goods	69,735
Shoppers Goods	47,239
Eating & Drinking	26,528
Other	13,159
Vacant	53,135
Total Space	209,800
Birchmere	56,000
Total Space	265,800

Source: Randall Gross/Development Economics, "Arlandria.our place to be: Draft Market Potentials Analysis For The Arlandria/Upper Potomac West Retail District" (2002); W-ZHA

Unlike today, there was considerable retail vacancy in Arlandria in 2002. The Safeway building on the Subject Site was empty (estimated then to be 22,000 square feet) and another 21,000 square feet of retail space was vacant. Today, W-ZHA estimates the vacancy rate at no more than 5 percent.

The survey conducted for the Market Potentials Analysis revealed that 72 percent of the commercial district's retail sales came from residents of Arlandria. The average sales-per-square-foot figure was estimated to be an impressive $286 per square foot.

Given census data from 2000, W-ZHA estimated the commercial district's capture of Arlandria's retail spending potential excluding car sales, gas sales and non-store retail spending. W-ZHA estimates that the Arlandria commercial district captured 68 percent of the neighborhood's spending potential.

Additional retail demand can be expected from visitors to Arlandria. In 2002, these shoppers accounted for only 28 percent of the District's sales. With My Organic Market well-established and Arlandria's increasing notoriety as a good place to eat, the share of non-local sales should be higher today than it was in 2002. Assuming 35 percent of Arlandria's retail sales are from non-neighborhood residents, by 2012, this market will create the demand for an additional 14,900 square feet of space.

Non-Neighborhood-Derived Retail Development Potential
Arlandria
2007-2012

	2007-2012
Projected Net New Neighborhood Related Sales	$10,123,560
Neighborhood's Share of Arlandria's Total New Sales [12]	66%
Total Net New Arlandria Retail Sales	$15,338,728
Sales Derived From Outside The Neighborhood	$5,215,170
Assume 5% Sales Increase To Existing Tenants	($2,240,310)
Net Sales	$2,974,861
Supportable Square Feet @ $350 Sales /SF	8,500

Source: W-ZHA

It is important to note that the visitor market is projected to continue to be the secondary market in Arlandria.

There is no question in our minds that Arlandria's improving demographics and popularity will generate sufficient demand to warrant additional retail space. In terms of the Subject Site, however, the issue is whether the tenant-types best positioned to capitalize on the neighborhood's retail potential are interested in locating in high cost, mixed use space. Both the neighborhood and visitors value the funky, independent operators, yet independent operators typically cannot afford to locate in newly constructed space. Credit tenants targeting the low to middle income household (Dollar Tree) may be willing to pay high rent for access, but such uses may not be suitable for a Gateway location.

Retail Conclusion

There is retail potential in Arlandria. From a market perspective, the near term opportunity is greatest for additional one-story, inexpensive space, however. Because this type of space is inexpensive it is attractive owner-operated, specialty retail; the type of retailers attracted to Arlandria's eclectic character.