

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 23, 2007  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: JAMES K. HARTMANN, CITY MANAGER *J*  
SUBJECT: RESOLUTION TO DESIGNATE POTOMAC YARD A REVITALIZATION AREA

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**ISSUE:** Resolution to Designate Potomac Yard a Revitalization Area

**RECOMMENDATION:** That Council approves the attached resolution designating Potomac Yard a revitalization area to allow AHDC and the City to pursue below market financing through VHDA to support the construction of the mixed use, mixed income affordable and workforce housing component, and possibly, the retail and fire station portions, of the Potomac Yard Fire Station project. A designation confirming Potomac Yard's status as a revitalization area will also facilitate the housing project's consideration for receiving additional points on its March 2007 tax credit application to VHDA.

**BACKGROUND:** The 2004 enabling legislation enacted by the General Assembly to permit the Virginia Housing and Development Authority (VHDA) to expand its housing finance activity to make loans to mixed-use projects that include affordable housing requires that the governing body of the area where such a development is planned adopt a resolution confirming that the area will benefit from industrial, commercial or other economic development but that, without assistance, such area will lack affordable housing resources to meet the needs of low and moderate income persons and families and ensure a desirable economic mix of residents in the area.

The Potomac Yard site and its proposed redevelopment have been discussed extensively with the community and City leadership for over two decades. The Potomac Yard Urban Design Guidelines, originally drafted and adopted in 1999, the same year that the site's master plan and Coordinated Development District (CDD) Concept Plan was approved by City Council, provides a clear and detailed urban planning and architectural framework for the intense mixed-use redevelopment (including office, hotel, residential and retail projects) Alexandria envisioned to transform the former rail yard site of approximately 165 acres into a vibrant urban center. On page 106 of the Guidelines, a prototypical development program for the site is provided which includes planned square footage build-out projections for various commercial and residential uses throughout the Potomac Yard's multiple landbays. With regard to housing, the total number of residential units permitted is capped at 1,927, with all of this development anticipated to be

varying market-rate housing types (i.e., multifamily condo and rental, single family homes and townhomes). It should be noted that the Development Special Use Permit Application considered by Council on February 24 included a request for density bonus to increase the number of units otherwise permitted in Potomac Yard (1,927) by the 64 affordable units of this request.

While no affordable units were specifically planned in Potomac Yard's redevelopment, Condition 21 of the CDD Concept Plan provides that "Every preliminary development plan shall meet the requirements of the city-wide affordable housing policy that is in effect as [sic] the time the plan is submitted." By the time the first preliminary plans were presented by the developer, Potomac Yard, LLC (PYD), in 2005, the City's affordable housing policy had evolved to include a voluntary affordable housing contribution formula, negotiated with the local development community, which is set forth in the "Developer Housing Contribution Work Group Report" dated May 2005 and accepted by the Alexandria City Council on June 14, 2005. Applying that formula to its planned build out of the site, PYD calculated its contribution to be more than \$10.4 million. See "Potomac Yard ADU Calculation, March 3, 2006."

**DISCUSSION:** Since PYD has indicated its willingness to fulfill the value of its voluntary affordable housing contribution through committed affordable units or through monetary payments, the City has worked with the developer to try to achieve as many affordable units as possible within Potomac Yard, given the site's extensive market rate residential development. In some land bays, the City is accepting affordable rental and sale units, and in Landbay G, the City is leveraging a donation of land and a cash donation of \$6 million, to construct 64 affordable and workforce housing units in a mixed-use project which will combine municipal (a fire station), residential and retail components. The Alexandria Housing Development Corporation (AHDC), the non profit entity designated by the City to develop and operate the housing project, proposes to additionally finance the affordable units with tax credits and conventional financing, including VHDA's REACH loan program.

Through its public-private partnership with PYD to maximize PYD's land donation and voluntary affordable housing contribution, the City will be able "to produce the construction... of decent, safe and sanitary housing and supporting facilities that will meet the needs of low and moderate income persons and families in such area and will induce other persons and families to live within such area and thereby create a desirable economic mix of residents in such area" described in the attached resolution designating Potomac Yard a revitalization area. Without such cooperation and assistance from the City and the developer, the production of significant affordable housing to serve low and moderate income persons and households and ensure that area's economic diversity is unlikely.

By adopting the resolution, the City will allow AHDC and the City to pursue potential below market financing for the proposed Fire Station and Affordable Housing Project through the Virginia Housing and Development Authority's REACH loan program and facilitate the project's certification for consideration for additional points pursuant to the Qualified Allocation Plan governing VHDA's Low Income Housing Tax Credit application ranking process.

**FISCAL IMPACT:** None.

**ATTACHMENTS:**

Attachment 1. Resolution

Attachment 2. Prototypical Development Program, Potomac Yard Urban Design Guidelines, March 1999, p. 106

Attachment 3. PYD's Potomac Yard ADU Calculations, March 3, 2006

**STAFF:**

Michele Evans, Deputy City Manager

Mildrilyn Stephens Davis, Director of Housing

Helen McIlvaine, Deputy Director of Housing

**RESOLUTION TO DESIGNATE POTOMAC YARD  
AS A REVITALIZATION AREA**

WHEREAS, pursuant to Section 36-55.30:2.A of the Code of Virginia of 1950, as amended, the City Council of the City of Alexandria, Virginia, desire to designate the area (the "Area") described on Exhibit A attached hereto as a revitalization area;

NOW, THEREFORE, BE IT HEREBY DETERMINED as follows:

(1) the industrial, commercial or other economic development of the Area will benefit the City but the Area lacks the housing needed to induce manufacturing, industrial, commercial, governmental, educational, entertainment, community development, healthcare or nonprofit enterprises or undertakings to locate or remain in the Area; and

(2) private enterprise and investment are not reasonably expected, without assistance, to produce the construction or rehabilitation of decent, safe and sanitary housing and supporting facilities that will meet the needs of low and moderate income persons and families in the Area and will induce other persons and families to live within the Area and thereby create a desirable economic mix of residents in the Area.

NOW, THEREFORE, BE IT HEREBY RESOLVED that pursuant to Section 36-55.30:2.A of the Code of Virginia of 1950, as amended, the Area is hereby designated as a revitalization area.

NOW, THEREFORE, BE IT HEREBY FURTHER DETERMINED that the following nonhousing building or buildings (or nonhousing portion or portions of the building or buildings) located or to be located in the Area are necessary or appropriate for the industrial, commercial or other economic development of the Area:

**FIRE STATION NO. 209** To be located on the ground floor level of the project, Station 209 will provide improved fire response and hazard protection services for the planned mixed use redevelopment at the Potomac Yard site, for neighboring commercial and retail properties and residential communities in the City, as well as for other Northern Virginia jurisdictions and key national security targets, pursuant to the City's mutual aid agreements with Arlington and Fairfax Counties and other localities.

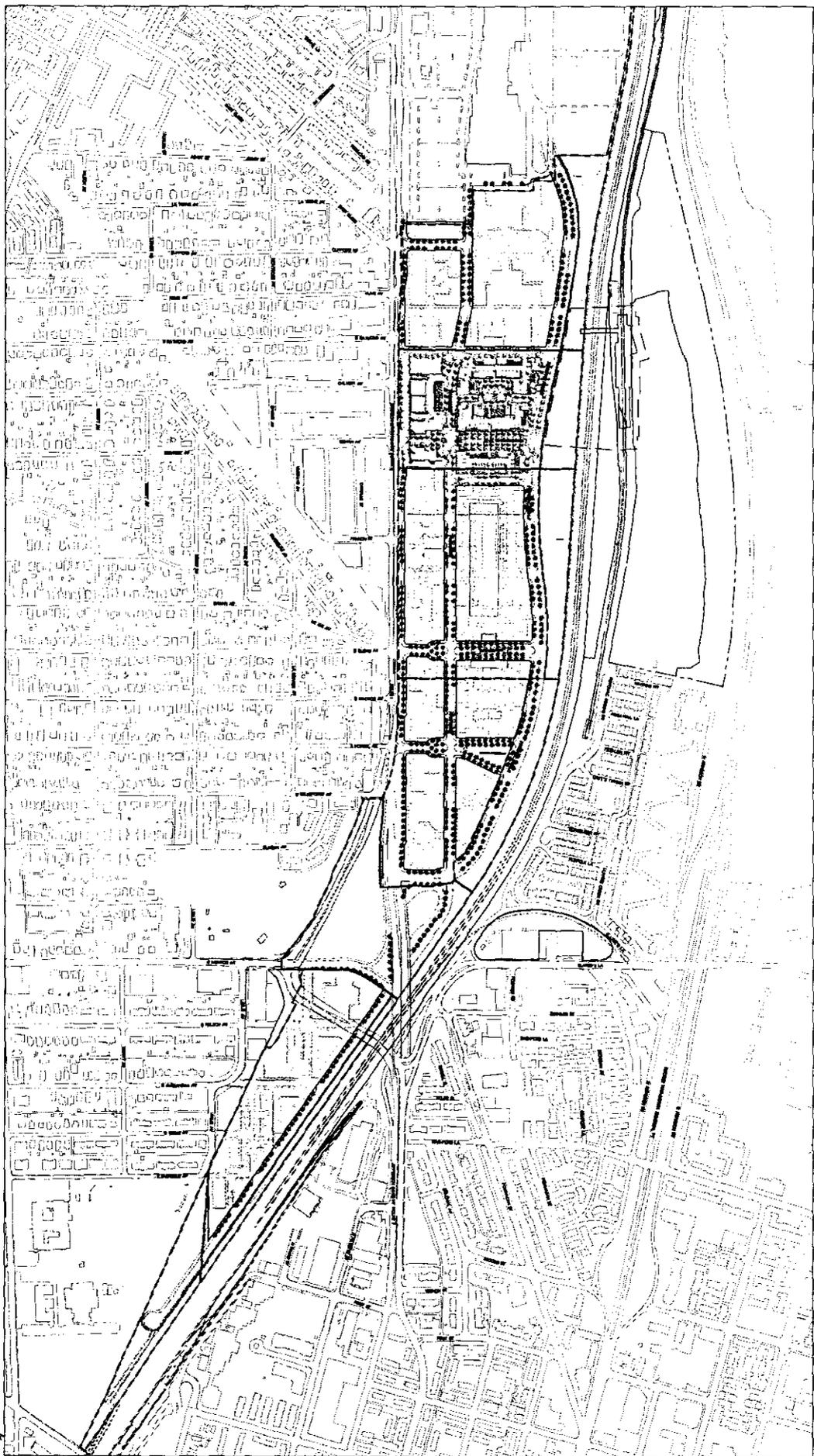
**RETAIL SPACE** To be located on the ground floor level of the project, the retail space of approximately 1,500 s.f. is intended to be pedestrian-oriented, and will complement other retail uses planned for the adjacent Town Center area. Accordingly, the retail space will offer goods and/or services targeted for consumption, use and enjoyment by the project's residents and immediate neighbors in the Potomac Yard development.

ADOPTED: \_\_\_\_\_  
Date

\_\_\_\_\_  
WILLIAM D. EUILLE, MAYOR

\_\_\_\_\_  
JACQUELINE M. HENDERSON, CITY CLERK

THIS GRAPHIC IS FOR PURPOSES OF VIEWING SITE CONTEXT.  
SITE PLAN IS SUBJECT TO CHANGE.



April 29, 2005 | LHM 2003155

Prototypical Development Program

As in any large and complex development, the unpredictable real estate market over time necessitate flexibility in the development program. The table below illustrates one of many ways the maximum floor area and residential units for the overall site can be developed.

	Parcel A	Parcel C	Parcel F	Parcel G	Parcel H	Parcel I	Parcel J	Parcel L	Total
Office				800,000 sf	60,000 sf	104,000 sf	463,000 sf	473,000 sf	1,900,000 sf
Hotel				625 rooms					625 rooms
Multi-Family				374 units			110 units	310 units	794 units
Stacked Townhouse	70 units			40 units	150 units	225 units	120 units		605 units
Townhouse	174 units				82 units	182 units	42 units	48 units	528 units
Retail		15,000 sf	600,000 sf	80,000 sf	5,000 sf	10,000 sf	15,000 sf	10,000 sf	735,000 sf
Total Residential Units	244 units			414 units	232 units	407 units	272 units	358 units	1,927 units

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DRAFT  
Updated March 3, 2006

POTOMAC YARD ADU CALCULATION

The underlying zoning for Potomac Yard consists of "RB" zone south of the Monroe Avenue Bridge, "CSL" zone from Route 1 east to Main Street and "I" zone from Main Street east to the rail yard. The permitted base FAR in the "RB" and "CSL" zone for residential is .75 FAR. The permitted base FAR in the "I" District is .85 FAR. For the purposes of this calculation, the base FAR for the "I" zone was calculated at .75 FAR.

DENSITY CALCULATIONS

Project Base FAR	
Total PY Site Area	5,655,395
Total PY Commercial & Hotel GFA (Attachment 1) <sup>1</sup>	2,212,500
Total PY Residential GFA (Attachment 2) <sup>1</sup>	3,001,560
Total PY GFA <sup>1</sup>	5,214,060
Total PY FAR	0.92

Overall PY Commercial and Hotel (See Attachment 1)					
	Total GFA	FAR Permitted	Site Area Allocated	Per SF Contribution	Total Contribution
All	2,212,500	0.92	2,399,773	\$1.50	\$3,318,750

Overall PY Residential Tier 1 (See Attachment 2)					
	FAR Permitted	Site Area	Total Permitted GFA	Contribution per SF	Total Contribution
All	0.75	3,255,622	2,441,716	\$2.00	\$4,883,433

Overall PY Residential Tier 2 (See Attachment 2)					
	Total Base GFA	Total Proposed GFA	Delta	Per SF Contribution	Total Contribution
All	2,441,716	3,001,560	559,844	\$4.00	\$2,239,375

Land Bay H and Partial I Commercial			
	Total GFA	Per SF Contribution	Total Contribution
Land Bay H & I	55,268	\$1.50	\$82,902

Land Bay H & Partial I Residential Tier 1 (See Attachment 2)			
	Total GFA	Contribution per SF	Total Contribution
Land Bay H & I	507,357	\$2.00	\$1,014,714

<sup>1</sup> Total are estimates based upon current projected development levels. Numbers will be revised, as necessary, as Land Bays are approved.

**CONTRIBUTION CALCULATIONS**

Total Contribution - Overall Potomac Yard	
Commercial	\$3,318,750
Tier 1	\$4,883,433
Tier 2	\$2,239,375
<b>Total</b>	<b>\$10,441,557</b>

Total Contribution - Land Bay H & Partial I	
Commercial	\$82,902
Residential	\$1,014,714
<b>Total</b>	<b>\$1,097,616</b>

TOTAL CONTRIBUTION			
Commercial		Residential	
Overall PY	\$3,318,750	Overall PY	\$7,122,807
Land Bay H/I	\$82,902	Land Bay H/I	\$1,014,714
Avis	\$14,140		
GSA	\$53,318		
Balance	<b>\$3,168,390</b>	Balance	<b>\$6,108,093</b>
<b>Total Contribution Balance</b>		<b>\$9,276,483</b>	

RESOLUTION 2219

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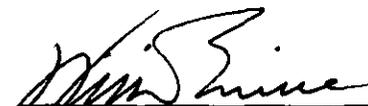
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ADOPTED: February 27, 2007

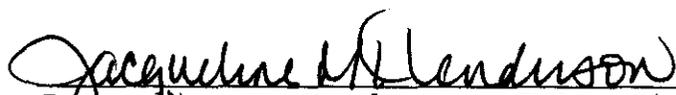


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WILLIAM D. EUILLE

MAYOR

ATTEST:



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Jacqueline M. Henderson, CMC City Clerk