

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 20, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: RECEIPT OF JONES LANG LASALLE REAL PROPERTY INVENTORY STUDY AND RECOMMENDATIONS ON THE DISPOSITION OF CERTAIN CITY OWNED REAL ESTATE

ISSUE: Recommendation for disposition of certain City properties.

RECOMMENDATION: That City Council receive the Jones Lang LaSalle real property and inventory study and authorize the City Manager to pursue the following:

- (1) Perform a more detailed study of the Old Health Department facility located at 509 North St. Asaph Street and the adjacent 511-515 Oronoco Street parking lot, and to bring back to Council a recommendation to either sell the properties for a multifamily dwelling use or hold for long-term City office space use;
- (2) Solicit proposals to sell the property located at 200 North Royal Street (also known as 405 Cameron Street);
- (3) Solicit proposals to sell and/or enter into partnership to develop properties at 912, 916, and 920 King Street (current metered parking lot) for retail and office use consistent with the King Street Retail Plan, and in conjunction with this recommendation, solicit proposals to sell and/or enter into partnership at 116 South Henry Street to develop a parking structure to support King Street retail in conjunction with these King Street properties;
- (4) Begin discussions with the Alexandria Housing Development Corporation and the Northeast Civic Association in regard to the redevelopment of 1505 Powhatan Street; and
- (5) Prior to undertaking the proposed property sale processes in #1, #2 and #3 above, seek input of the details of the proposed sale redevelopment framework from the Old Town Civic Association.

BACKGROUND: The recommendations above relate to a select number of properties identified for immediate disposition in the recently completed study. In total 361 parcels owned by the City were studied.

The Economic Sustainability Work Group established by Council provided recommendations on economic issues affecting the City which City Council adopted in principal in late 2007. The Work Group recommended a City review of owned assets as part of a comprehensive set of recommendations regarding the City's economic future. As a result, a City property inventory study was initiated in June 2008 and was conducted by real estate consultants from the nationally recognized firm of Jones Lang LaSalle with input from the City Manager's Office, Department of General Services, Department of Planning and Zoning, and Department of Real Estate Assessments. The purpose of the study was to address several of the recommendations of the Sustainability Work Group regarding City assets as follows:

- “The City should develop and keep up to date and inventory of properties that it owns.
- The City should periodically evaluate those properties to determine their long term use which would be in the long term best interest of the City.
- The City should sell, lease or otherwise dispose of properties that it determines are not needed for a public purpose after determining what is the highest and best use of those properties. Parcels the City owns in commercial areas or high land value areas should receive special focus.
- The City should look to determine if the current uses planned for properties it owns represents the most efficient utilization of the property.”

These four recommendations acted upon through this real estate evaluation process resulted in the initial draft report completed April 2009. The initial report was reviewed by City staff and subsequently forwarded to the Economic Sustainability Implementation Monitoring Committee for further review and discussion. The recommendations contained herein are consistent with those resulting from this review and discussion process.

Based upon the Jones Lang LaSalle (JLL) analysis the following properties are recommended for further action:

1. **Old Health Department Building (509 N. St. Asaph Street and Adjacent parking lots at 511, 513 and 515 Oronoco Street):** The Old Health Department is a 32,000 square foot building which was built in the 1940's. The building also contains a finished basement and 15 surface parking spaces. The adjacent parking lot on Oronoco sits on 14,500 square feet of land and contains 45 parking spaces. The facility is currently being used predominately as temporary office space for some City departments. As indicated in the JLL report, a number of reuse strategies (all of which would require significant renovation) were examined including total demolition and reuse as office space, as well as reuse as a multi-family building. The analysis showed that the highest economic use was either to retain the building for City office use (in lieu of renting private office space), or to sell the building to be redeveloped into condominiums. Either of these two uses over a 20-year period produced about the same net present value benefit to the City. Given that such a decision on continuing to use the building for City purposes or selling it needs to be made after a more detailed study,

it is recommended that a further study be undertaken to hone the financial analysis at a greater level of detail. Then a specific disposition recommendation would be brought back to Council.

- 2. 200 North Royal Street (also known at 405 Cameron Street):** This is a building at the Corner of Royal and Cameron that currently houses an Elder Crafter Store on the first floor and City offices on the upper two floors. The building requires significant renovation for continued use as City office space. A review of potential uses determined that the sale of this building for residential purposes (although commercial use is permitted on this site) as a single family residence would probably produce the highest economic value for the City. Given the location of this building in the heart of the Old and Historic District, and its adjacency to historic structures such as Gadsby's Tavern, this structure would likely be highly desired as a private residence. Any future purchaser would need to undertake a substantial renovation to this building. If the building is sold the City would assist Elder Crafters in seeking an alternative location.
- 3. 912, 916 and 920 King Street (including the nearby parking lot at 116 South Henry Street):** These lots on King and nearby across Patrick Street) are used for surface parking. The King Street lot is a metered lot, and the Henry Street lot is a staffed pay lot. The three lots on King total 9,942 square feet in size and are zoned KR (King Street urban retail zone). Based on the zoning a 25,000 square foot building could be built including 7,500 square feet of ground floor retail. Office use for the balance of the 17,500 square feet of possible development would be a likely use for the upper floors. In order to meet the parking need of a new building on this site and to replace the lost meter parking, this site is recommended to be paired with the 116 South Henry Street surface parking lot for possible development with a small parking garage. The filling in of the King Street parking lot creates the opportunity to create a large new retail space on King Street, as well as to fill in a visual gap in the retail frontage of King Street.
- 4. 1505 Powhatan Street:** This parcel, which is bounded on the North by Slaters Lane and which once housed a City maintenance facility, is 0.87 acres in size and is zoned Commercial Low Zone which permits both commercial and residential uses. It is largely unused by the City. The development potential of this site is limited as the western quarter of the site has a Metrorail Tunnel below. At one point the City had the site under contract for a retail/office complex but that the contract buyer did not complete the transaction, and subsequently sold for redevelopment the eastern portion of this block, leaving this 0.87 acre parcel undeveloped. Given the current depressed multi-family market for the construction of a new building for rental units or condominiums, it is not recommended that this surplus site be put on the market for competitive sale. Rather it is proposed that the City explore the development of this property with the City created and supported Alexandria Housing Development Corporation (AHDC) for affordable housing. The AHDC has recently expressed interest (see attached) in acquiring the property, and using housing tax credits and Virginia Housing Development Corporation financing to develop a 42-unit project at this site. It is not known how much AHDC would be able to pay for this parcel. It is recommended that City staff enter into discussions with AHDC about their acquisition of this parcel.

The following properties were identified as currently being utilized at less than highest potential long-term use, but offer the potential for increased revenue:

5. **517 Cameron Street; 120 & 122 North Patrick Street** - Parking Lots. These City managed lots are recommended for continued operation as parking lots, but with improved revenue. These lots are included in the King Street Parking Study which when complete is expected to provide detailed recommendations for improvements.

The following properties were identified as currently being utilized at less than a potential highest long-term use, but are recommended to be assessed in the context of future redevelopment in each area:

6. **3224 Colvin Street** (current DASH employee parking) should be held as a City asset and utilized for future growth of City needs in the Business Center Drive/ Colvin Street area.
7. **3700 Mt. Vernon Avenue** (former Datatel) should be leveraged for improved development when the adjacent area redevelops. When Arlandria Plan implementation efforts are initiated how this City asset could leverage redevelopment will be discussed.
8. **401 East Braddock** (corner at 7-11) should be leveraged for improved redevelopment in the area when the adjacent parcels are ready for redevelopment. Such a redevelopment plan is currently in the early stages of discussion.
9. **110 Callahan Drive** (Amtrak Station parking lot) should be evaluated as a part of any future King Street Metrorail station area development discussions.

The following properties were reviewed and not recommended for change in use:

10. **2311 Mt. Vernon Avenue** (farmer's market lot) current and recommended continued use a parking lot and farmer's market.
11. **3600 Jefferson Davis Highway** (former Bijan Auto) is not recommended for development due to size constraints, but is further recommended to be considered for use in conjunction with transportation improvements to Jefferson Davis Highway, at the redevelopment of adjacent parcels.
12. **1500 Duke Street**, zoned OCM 100, is a Resource Protection Area (RPA).

FISCAL IMPACT: The report recommends the sale of six parcels with the estimated sale price of \$4.1 to \$6.2 million. The realization of these revenues will take time to occur. When these properties are sold, it is recommended that these revenues be used as a revenue source for one-time non-recurring projects such as capital projects or to maintain or increase the City's operating reserves.

ATTACHMENTS:

- Attachment 1. Letter dated May 18, 2009 from Daniel Abramson, President, AHDC, to Deputy City Manager Mark Jinks
Attachment 2: James Lang LaSalle Property Inventory Study

STAFF:

Mark Jinks, Deputy City Manager

Michele Evans, Deputy City Manager

Tom Gates, Assistant City Manager

Edward Mandley, Director, Department of General Services

Jeremy McPike, Division Chief, Department of General Services

Faroll Hamer, Director, Department of Planning and Zoning

Steven Chozick, Division Chief, Geographic Information Systems

Cynthia Smith-Page, Director, Real Estate Assessments



ALEXANDRIA
HOUSING
DEVELOPMENT
CORPORATION

May 18, 2009

Mark Jinks
Deputy City Manager
City of Alexandria, Virginia
City Hall- 301 King Street
Alexandria, Virginia 22314

Re: 1505 Powhatan Street, Alexandria, Virginia

Dear Mr. Jinks:

The Board of Directors of the Alexandria Housing Development Corporation (AHDC) has authorized me, as its President, to submit a letter of interest to acquire the above referenced property, which is currently owned by the City of Alexandria. As you know, AHDC is a non-profit affordable housing developer based in Alexandria and is currently developing the Station at Potomac Yard with the City.

Our objective would be to obtain land use approvals for a multi family project of approximately forty-two rental units. The units would be targeted to serve households at 50%-60% of area median income and there would be a mix of one, two and three bedroom units. The project would be financed with a combination of 9% low income tax credit equity and VHDA financing. We would expect to negotiate an acquisition price and terms with the City that would be acceptable to all parties.

This project offers an excellent opportunity to create new affordable workforce units in the City at a time when sites for affordable housing developments are becoming more difficult to uncover and obtain. AHDC is an experienced and capable developer whose board of Alexandria residents, representing a spectrum of expertise in affordable housing development, finance and law, among other things, is fully committed to continuing its efforts to expand the affordable housing stock in the City.

AHDC would like to begin discussions with the City as soon as possible to determine a framework for the acquisition of this property and enter into a Purchase Agreement. Please contact me at your earliest convenience so we may begin these discussions. You can reach me at 703-683-1110 or by email at dabramprop@aol.com.

With The Station project coming on line in late 2009, we think this is a perfect time to identify and secure a project that could be fully vetted and ready for VHDA's consideration for tax credit funding next spring.

Sincerely,

Daniel R. Abramson
President



JONES LANG
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City of Alexandria

Property inventory study



May 2009 – Final Version



Table of contents

Section I	Property inventory study report
Appendix I	Alexandria land for sale
Appendix II	Property details
Appendix III	Financial analysis
Appendix IV	King Street retail & office
Appendix V	Patrick Street office rental
Appendix VI	Powhatan market apartments
Appendix VII	Powhatan workforce apartments
Appendix VIII	Powhatan market townhouses

City of Alexandria Property Inventory Study

Executive Summary

Jones Lang LaSalle (JLL) reviewed the City of Alexandria’s real estate portfolio of more than 300 parcels and identified twenty-one properties to further analyze and discuss with City officials. After further analysis and discussions with City officials on these twenty-one properties, JLL identified eight properties as high-priority for potential sale/ redevelopment. JLL evaluated the eight properties to determine their highest reuse potential. In addition, JLL completed a valuation of the properties and provided recommendations for each of the properties. The eight properties are listed in the table below. The table provides the street address of the subject property, a description of the property in its current use and JLL’s determination of a proposed use based on JLL’s analysis of the property and market conditions:

	Address	Description	Proposed Use
1	509 N ST ASAPH ST (Old Health Department)	City Government Building – Old Health Department	Rehab for multi-family or City office
1	511 ORONOCO ST	City - Parking - Health Department	Parking to support OHD redevelopment
1	513 ORONOCO ST	City - Parking - Health Department	Parking to support OHD redevelopment
1	515 ORONOCO ST	City - Parking - Health Department	Parking to support OHD redevelopment
2	200 N ROYAL ST (Eldercraft)	City Government Building - A/K/A 405 CAMERON STREET	Residential
3	912 KING ST	City – Parking	Retail/office joint development w/ 116 S. Henry
3	916 KING ST	City – Parking	Retail/office joint development w/ 116 S. Henry
3	920 KING ST	City – Parking	Retail/office joint development w/ 116 S. Henry
4	116 S HENRY ST	City – Parking	Co-develop parking to support 912-920 King Street redevelopment
5	120 N PATRICK ST	City – Parking	Office
5	122 N PATRICK ST	City – Parking	Office
5	122 ½ N PATRICK ST	City – Parking	Office
6	517 CAMERON ST	City – Parking	Residential
7	1505 POWHATAN ST (Old Traffic Shop)	City Government Building – Traffic Operations Division Office	Residential
8	3224 COLVIN ST	City - Parking – Parking Lot for DASH Employees	Retain for City use

The following properties are candidates for immediate sale.

Properties Recommended for Immediate Disposition				
Site	Redevelopment Use	Current Sale Price	20-Year NPV of Tax Rev to City	Total 20-Year Present Value
Old Health Department & Oronoco Street Lots 509 N St. Asaph Street and 511-515 Oronoco Street	Re-zone to allow development rehab of building into 18 multifamily units or rehab for City office use	Multi-Family: \$2,500,000 to \$3,700,000 City Office: \$5,500,000	Multi-Family: \$1,700,000 to \$2,800,000 City Office: \$0	Multi-Family ^{1,2} : \$4,200,000 to \$6,500,000 City Office ³ : \$5,500,000
Eldercraft: 200 North Royal Street (A/K/A 405 Cameron Street)	Rehab into single residential unit	\$1,100,000	\$300,000	\$1,400,000
912, 916 and 920 King Street	Develop ground floor retail and two stories of office above	\$3,000,000	\$2,200,000 Include Real Estate Tax & Sales Tax	\$5,200,000
Total Value Projected to the City over 20 Years		\$10,800,000 to \$13,100,000		

¹City should conduct additional study to determine what portion (if any) of the Oronoco Street lots would have to be retained for condominium parking. If all or a portion of the Oronoco Street lots are not required, the City should maximize the property's value and sell the remaining land for townhouse redevelopment.

²Prior to disposing the Old Health Department for redevelopment, City should evaluate renovating it for other City uses, such as assisted living for seniors.

³The 20-year net present to the City of renovating the Old Health Department and retaining for City office use is larger than the 20-year net present value of selling the Old Health Department for multi-family reuse. However, renovating the Old Health Department for City office use requires the City to spend \$4.75 million (which is considered in the net present value calculation).

The following properties were not determined to be candidates for immediate sale. Therefore, JLL considered the best use for these properties is for the City to continue leasing them for parking. Currently, the markets for both office and residential property are soft with both rents and sale prices declining. As market conditions improve, JLL recommends that these properties be re-evaluated for sale potential. The table below provides the expected income to the City of continuing to lease these properties for parking and the estimated land values.

Properties To Hold and Revisit for Disposition in Future		
Site	Redevelopment Use	20-Year NPV of Parking Income
116 South Henry Street	Explore jointly developing with 912- 920 King Street; in the interim continue to operate as revenue generating parking lot	\$600,000
120-122 ½ Patrick Street	Continue to operate as revenue generating parking lot until the office rental market improves and a greater land value can be achieved	\$100,000
517 Cameron Street	Continue to operate as revenue generating parking lot, evaluate the trade-off of selling the property for development or continuing to offer a public benefit through parking	\$1,200,000

The remaining two properties, 1505 Powhatan Street and 3224 Colvin Street should be held at this time.

- 1505 Powhatan Street should be re-evaluated for sale and redevelopment into either market-rate townhouses or workforce apartments when the residential improves.
- 3224 Colvin Street is planned to support other City uses.

An in-depth analysis of the properties and appendices supporting the analysis follows this executive summary.

Background & Process

The City of Alexandria engaged JLL to (i) review its real estate portfolio of more than 300 parcels for completeness and accuracy of data, (ii) apply market value criteria (size, location, utilization, reuse/redevelopment potential, neighboring uses, etc.) to the portfolio to identify priority properties, (iii) develop a list of priority properties which have a high-value market value (iv) present and discuss the list with the Department of General Services and other City departments (as deemed appropriate) to identify properties which were either politically sensitive or committed for other City uses and did not require further analysis under this engagement.

Once these initial tasks were completed, JLL and the City concluded that 21 properties (31 unique parcels) required further analysis. For each of these, JLL (i) visited the property, (ii) reviewed property data, including tax records, zoning, utilization, operating costs, and forecasted future expenditures, (iii) applied market knowledge to determine potential public/ private reuse opportunities, and (iv) met with City Planning & Zoning to identify any impediments for reuse and/or disposition. These 21 properties included:

	Address	Description	Sq. Ft.	Zoning
1	3700 MT VERNON AV	City- Vacant Land - Building Demolished 9/10/02 (former Datatel Building)	15,000	CDD#12
2	5143 SEMINARY RD	City- Vacant Land – ROW at Northwest Corner of Beauregard & Seminary	24,784	R 12
3	3600 JEFFERSON DAVIS HY	City- Vacant Land, Bijan Auto	8,511	CDD#7
4	2200 IVOR LA	City Park/ Playground - Ivor Lane	203,748	R 8
5	3000 FULTON ST	City – Parking	1,600	RB
6	4609 SEMINARY RD	City Government Building, Fire Station #206	37,422	R 8
6	4575 SEMINARY RD	City- Vacant Land	36,200	R 8
6	4547 SEMINARY RD	Non-profit City Board or Commission - Sheltered Homes	41,103	R 8
7	2311 MT VERNON AV	City – Parking - Lot at Oxford Ave used for Farmers Market	7,105	CL
8	1505 POWHATAN ST	Old Traffic Shop City Government Building - Traffic Operations Division Office	38,000	CSL
9	1301 POWHATAN ST	Commonwealth of Virginia - Vacant	6,541	CSL
10	401 E BRADDOCK RD	City- Vacant Land - Property Demolished in 2002	4,671	CSL
11	3224 COLVIN ST	City – Parking - Parking Lot for DASH Employees	11,875	I
12	1607 SUTER ST	City- Vacant Land - Metro Linear Park	8,465	POS
13	509 N ST ASAPH ST	City Government Building - Old Health Department	28,261	RM
13	511 ORONOCO ST	City – Parking - Health Department	10,692	RM
13	513 ORONOCO ST	City – Parking - Health Department	1,642	RM

13	515 ORONOCO ST	City – Parking - Health Department	1,717	RM
14	122 1/2 N PATRICK ST	City – Parking	1,695	CD
14	122 N PATRICK ST	City – Parking	1,695	CD
14	120 N PATRICK ST	City – Parking	2,351	CD
15	517 CAMERON ST	City – Parking	18,595	RM
16	200 N ROYAL ST	Eldercraft - City Government Building - A/K/A 405 CAMERON STREET	1,677	CD
17	530 CAMERON STATION BV	City Park/ Playground - Armistead L Booth Park Entrance	42,819	CDD#9
18	1500 DUKE ST	City- Vacant Land	33,974	OCM(100)
19	116 S HENRY ST	City – Parking	15,332	CD
20	920 KING ST	City – Parking	2,400	KR
20	916 KING ST	City – Parking	5,042	KR
20	912 KING ST	City – Parking	2,500	KR
21	500 S PATRICK ST	City- Vacant Land	14,808	RB
21	850 WILKES ST	City- Vacant Land	16,415	RB

Based upon the JLL’s analysis and feedback from Planning & Zoning, JLL’s priority list of properties was reduced from 21 to 8. Of the 13 properties removed from the priority list, 7 were dismissed because the City has designated them as open space or for community use. The remaining 6 properties were taken off the priority list in the near term, but could be redevelopment candidates as market dynamics change in the future. The dismissed properties include:

	Address	Reason for Dismissal
1	3700 MT VERNON AV	Revisit in the future. Property likely to become more valuable with denser development. Market studies show that this area has not yet developed to the point where it could support a denser development.
2	5143 SEMINARY RD	Revisit in the future. Planning is looking at the site as part of study associated with BRAC move to Mark Center. Potential for zoning change that will increase density and make this more valuable in the future.
3	3600 JEFFERSON DAVIS HY	Revisit in the future. Part of Potomac Yards study to be completed in Dec 2009. May be candidate for up-zoning or BRT stop. Also, need to understand if environmental remediation is necessary.
4	2200 IVOR LA	Designated for open space.
5	3000 FULTON ST	Used for townhouse parking, as petitioned by the community.
6	4609 SEMINARY RD	Revisit after the completion of the Beauregard Small Area Plan.
6	4575 SEMINARY RD	Revisit after the completion of the Beauregard Small Area Plan.
6	4547 SEMINARY RD	Revisit after the completion of the Beauregard Small Area Plan.
7	1301 POWHATAN ST	Designated for open space
8	2311 MT VERNON AV	Lot used for Farmer’s Market, community would oppose developing this lot
9	401 E BRADDOCK RD	Revisit in the future. Part of Potomac Yards study to be completed in Dec 2009, will need to be coordinated with adjacent 7-11 retail property.
10	1607 SUTER ST	Designated for open space.

11	530 CAMERON STATION BV	Designated for open space.
12	1500 DUKE ST	Revisit in the future. FAR on the site could be sold or transferred when redevelopment occurs.
13	500 S PATRICK ST	Designated for open space.
13	850 WILKES ST	Designated for open space.

The eight properties identified for further analysis include:

	Address	Description	Proposed Use
1	509 N ST ASAPH ST	City Government Building - Old Health Department	Rehab for multi-family or City office
1	511 ORONOCO ST	City - Parking - Health Department	Parking to support OHD redevelopment
1	513 ORONOCO ST	City - Parking - Health Department	Parking to support OHD redevelopment
1	515 ORONOCO ST	City - Parking - Health Department	Parking to support OHD redevelopment
2	200 N ROYAL ST	Eldercraft City Government Building - A/K/A 405 CAMERON STREET	Residential
3	920 KING ST	City – Parking	Retail/office joint development w/ 116 S. Henry
3	916 KING ST	City - Parking	Retail/office joint development w/ 116 S. Henry
3	912 KING ST	City - Parking	Retail/office joint development w/ 116 S. Henry
4	116 S HENRY ST	City – Parking	Co-develop parking to support 912-920 King Street redevelopment
5	122 1/2 N PATRICK ST	City – Parking	Office
5	122 N PATRICK ST	City – Parking	Office
5	120 N PATRICK ST	City – Parking	Office
6	517 CAMERON ST	City – Parking	Residential
7	1505 POWHATAN ST	Old Traffic Shop City Government Building - Traffic Operations Division Office	Residential
8	3224 COLVIN ST	City - Parking - Parking Lot for DASH Employees	Retain for City use

For these properties, JLL (i) surveyed the market to identify current rents/ sale prices achieved by comparable properties with the proposed uses, (ii) consulted with internal and external construction professionals to determine the current market costs to redevelop the City properties into the proposed uses, (iii) estimated the incremental tax revenue to the City of returning these properties to the tax rolls, (iv) developed financial models to determine the expected disposition value to the City of selling or leasing the property to a third party for the proposed reuse.

Overview of Market Conditions

The following paragraphs provide an overview of the current market climate for the residential, office and retail markets in the Alexandria area. Although there were several land sale comparables (included in Appendix I), it was determined that in the value determination of the City-owned properties, the reuse potential should be evaluated. Understanding the current market conditions assisted in the evaluation of the City properties and the determination of the highest reuse potential and value for the sites.

Currently, market rents for apartments within the City of Alexandria are approximately \$1.72 per square foot per month, with the average apartment size at 724 sq. ft. The market vacancy rate is 6.1% and has been declining over the past year. Rents have continued a gradual upward trend over the past several quarters and appear to be leveling off.¹

Residential Market

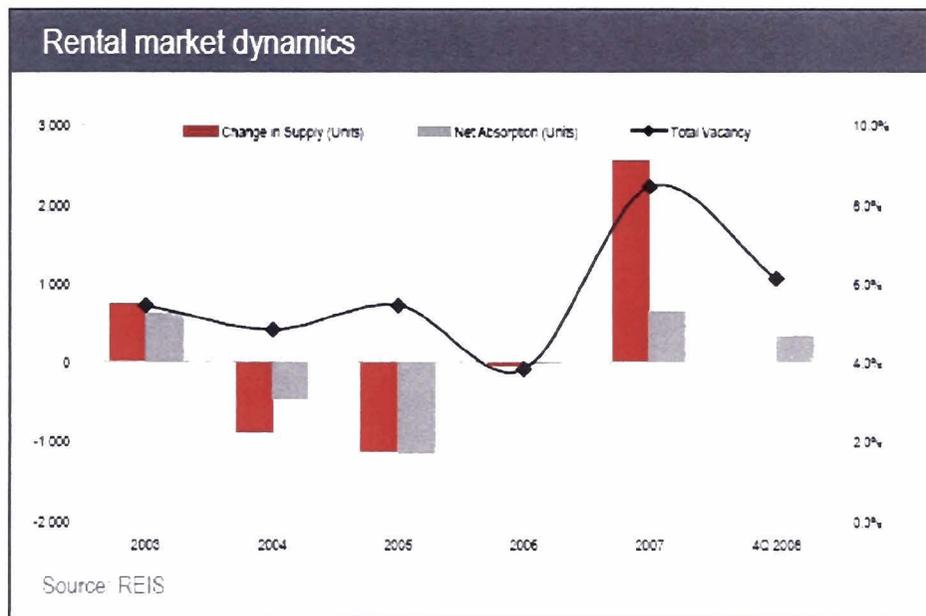


Figure 1: Alexandria Rental Market Dynamics

¹ Metro DC Residential Report 4Q08 – Jones Lang LaSalle

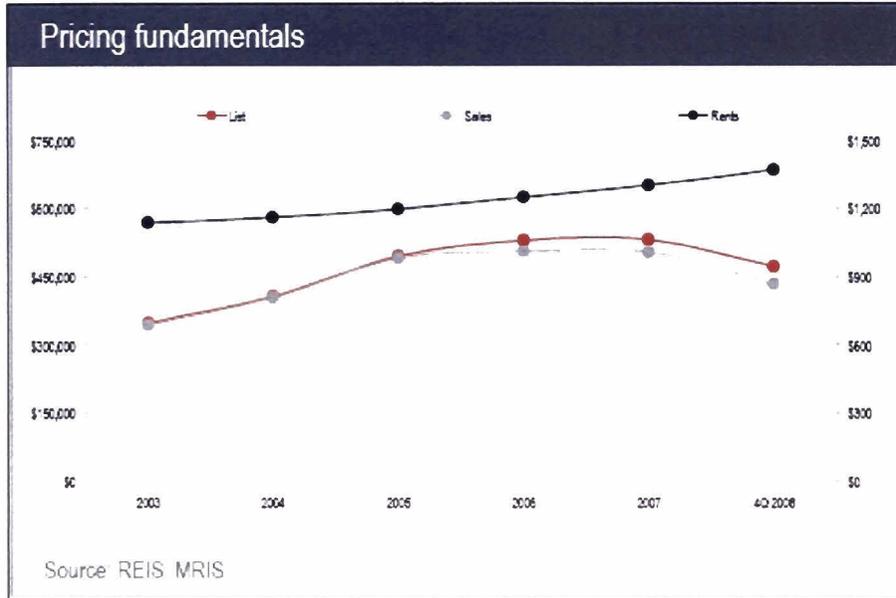


Figure 2: Alexandria Rental Market Pricing Fundamentals

Retail Market

Currently, market rent growth for retail (neighborhood and community shopping centers) has steadily declined in 2008 and rent growth is forecasted to slightly decline throughout 2009. However, in 2010 after hitting a low, the asking rent growth will begin to steadily increase. The effective rent increased slightly between Q1 2008 and Q2 2008 from \$29.41 per square foot to \$30.25 per square foot. In 2009, the effective rent is forecasted to be \$30.68 per square foot. Vacancy levels have recently increased above 3% and are expected to remain in this range (3%–4%) throughout 2012. Although vacancies are slightly increasing in the Alexandria/Arlington submarket they are considerably lower than other surrounding Virginia suburbs and other parts of the country.²

Retail – rent growth

Section 9 - Nonanchor Rent Growth Comparisons and Forecast							
	Asking Rent Growth						
	Quarterly			Annualized			
	2008	1Q08	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Arlington/Alexandria	2.7%	-0.8%	1.0%	3.1%	4.5%	4.2%	2.3%
Suburban Virginia	1.4%	0.3%	0.6%	3.3%	5.0%	4.7%	2.4%
South Atlantic	0.3%	0.6%	0.5%	2.5%	3.6%	3.3%	2.3%
United States	0.4%	0.5%	0.4%	2.9%	3.3%	3.1%	2.2%
Average over period ending	06/30/08	03/31/08	06/30/08	12/31/07	12/31/07	12/31/07	12/31/12

Figure 3: Alexandria/Arlington Submarket – Rent Growth Rate Trends and Forecast

² Reis, Inc. Retail Report, 2nd Quarter 2008

Retail – asking rent growth

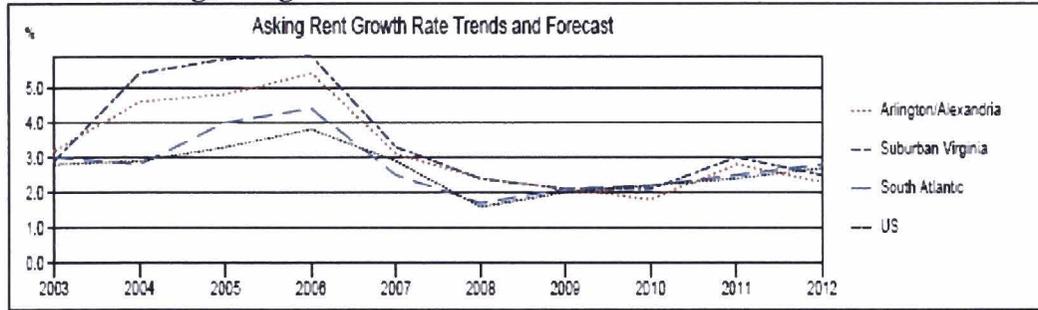


Figure 4: Alexandria/Arlington Submarket – Asking Rent Growth Rate Trends and Forecast

Retail – vacancy rate

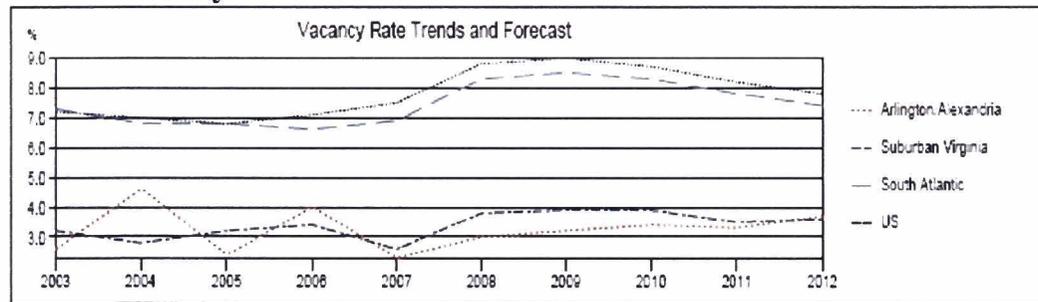


Figure 5: Alexandria/Arlington Submarket – Vacancy Rate Trends and Forecast

Office Market

Currently, office rents for both Class A and Class B declined in the first quarter of 2009. The average asking rent in Alexandria in 2009 1Q was \$32.03 per square foot. In some select Class A space, rents reached in the mid-\$40's per square foot. Direct vacancies increased to 11.1% in first quarter of 2009.³

Office – average rental rates

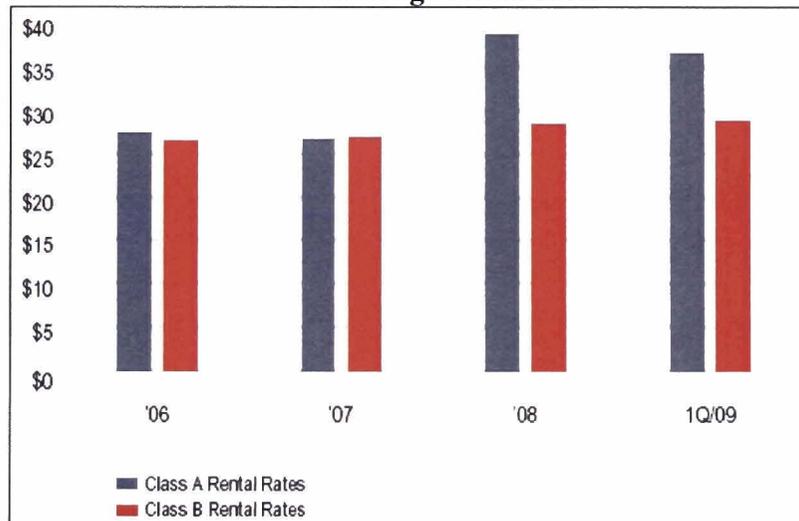


Figure 6: Alexandria – Average Rental Rates (Class A vs. Class B)

³ Jones Lang LaSalle, On-Point Office Report, 1st Quarter 2009

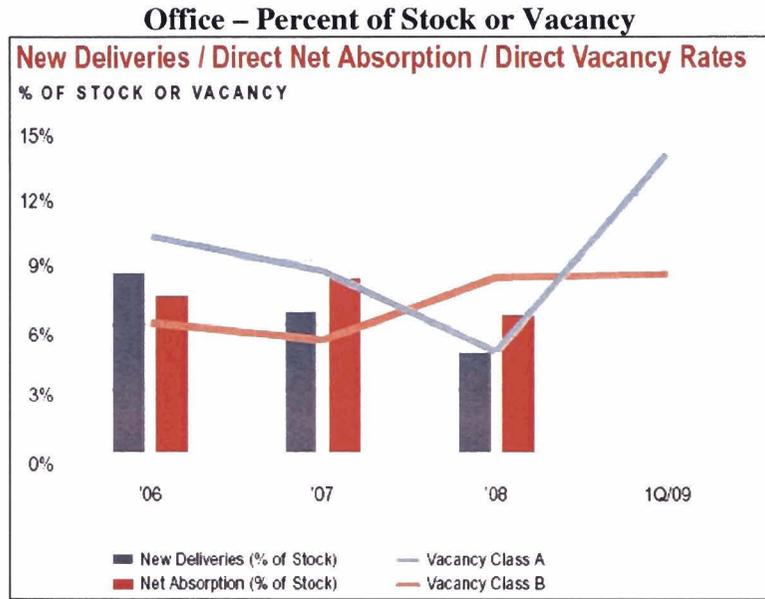


Figure 7: Alexandria – Percent of Stock or Vacancy

Property Analysis

For the eight remaining properties, JLL performed an analysis to identify the highest and best use for each property. As part of the analysis, JLL computed the most likely market value of each parcel which the City could achieve via disposition under the highest and best use. For most of the parcels, this value was reached by performing a residual land value analysis which considers: (1) the cost to construct and finance the proposed improvements, (2) the projected revenue stream generated by the proposed improvements, and (3) the returns/ covenants which investors would require in order to invest in the redevelopment project. JLL assumed that developers would require an 18-20% return for projects constructed for immediate sale and a 15%-20% rate of return for rental projects. Using these inputs, JLL computed the maximum price which a developer could pay the City for the land while still meeting the minimum return thresholds for its lenders and investors. Additionally, for some properties, JLL considered the lease avoidance savings the City would achieve by renovating the property and relocating City departments from leased space into the City-owned property.

***Property 1 – Old Health Department: 509 N. St. Asaph St & Adjacent Parking
Lots: 511, 513, 515 Oronoco St.***

The Old Health Department is a 32,000 square foot building located at 509 North St. Asaph Street and was built in the 1940s. (See Appendix II for Property Details) While the facility is no longer in use as a Health Department, a portion of it is being utilized as temporary office space for some City Departments, including Transportation & Environmental Services (T&ES) and the Fire Department. Any redevelopment or re-use of the property should include a plan to relocate these personnel. However, for the purposes of this analysis, JLL assumed that the City would relocate these personnel into other City-owned space. Therefore, the cost for replacement space or the lease avoidance savings (if they remain the building) for these personnel was not included in the calculations. The adjacent parking lots located at 511-515 Oronoco Street consist of approximately 45 spaces on 14,500 square feet of land, which are used by City employees and/or residents accessing City services. The current zoning for both parcels is *RM – Townhouse Zone*, which allows for single-family and townhouse dwellings, with a maximum of 30 units per acre and maximum FAR of 1.5.

Several re-use strategies were examined for these properties. *Strategy 1* involved re-zoning the Old Health Department Building for an adaptive re-use into condominium housing units. Under this redevelopment scenario, the top two floors of the 32,000 square foot building would be developed into 18 units, with an average unit size of 1,000 square feet per unit. This allows for a common area factor of 18% for lobbies, elevators and other shared spaces. The basement of the building would be developed into common area amenities for the residents such as a fitness center and additional storage units. The lots on Oronoco Street were retained to serve as surface parking for the condominium units. Using those spaces and the existing 15 spaces behind the building provided parking at a ratio of more than 3.3 spaces per unit. As this number of spaces provides an excess of parking, the City could retain a portion of the Oronoco Street lot for City parking or could look to develop a portion of Oronoco Street into townhouses (See Strategy 4). These spaces were included in the condominium purchase price. Assumptions used for construction costs were the following:

Construction Costs per square foot- Condominiums	
Soft Costs	\$40.00
Hard Costs—Base Building & Site Work	\$150.00
Hard Costs—Demo	\$10.00
Total	\$200.00

Construction Costs per square foot – Basement	
Soft Costs	\$10.00
Hard Costs—Base Building & Site Work	\$40.00
Hard Costs—Demo	\$10.00
Total	\$60.00

Other assumptions were as follows:

- The total project cost including construction, parking, financing, marketing, sales, and carry was approximately \$8.9MM or \$275 PSF
- Units were sold at an average price of \$600 PSF and this averaged to \$600,000 per unit
- Sales occurred over a two-year period
- Total revenue for unit sales was approximately \$10.8MM
- Developer required a 18-20% return to invest in the project

Strategy 2 involved re-zoning and renovating the Old Health Department building for private office space use and retaining the Oronoco Street lots for parking. The interior of the Old Health Department building has deteriorated, does not meet current ADA/life safety codes, and will require renovation in order to provide long term office space for any tenant. In 2004, the City commissioned a study to quantify the cost of renovating the building to develop functional office space. This study concluded the cost would be approximately \$4 million (\$160 per square foot) and generate approximately 29,000 rentable square feet (approximately 25,400 usable square feet) of office space. For the purposes of this analysis, JLL escalated the City’s \$4 million rehabilitation cost estimate at 3.5% per year to reflect a 2009 cost of \$4.75 million.

Other assumptions were the following:

- Office rents were estimated at \$28.50 per square foot, fully serviced. This is comparable to the City’s current rent at Tavern Square.
- Operating expenses and real estate taxes were estimated at \$10.00 per square foot were subtracted from the rental income to compute the building’s net operating income.
- Property sale value reflected a capitalization rate of 7.5%

Valuation for Sale Price of Old Health Dept as a Private Office Building	
\$540,385	Net operating income per square foot
\$7,205,133	Total value at 7.5% capitalization rate
(\$4,750,745)	Less Building Rehabilitation cost
\$2,454,388	Net Value of Property

Strategy 3 utilized the same renovation cost assumptions as assumed in *Strategy 2*. However, in *Strategy 3*, the City performed the renovations and retained the Old Health Department building for City office use. The value to the City was measured based upon the 20-year net present value of the City’s lease avoidance savings resulting from owning versus leasing. These assumptions included:

- Renovation cost estimated at \$4.75 million. The renovation cost was incurred over a 2-year period.
- After renovation, City would retain 29,000 rentable square feet of office space.
- The majority of the space was filled by City Departments which currently reside in leased space, with the remainder filled by Departments in need of

expansion space and/or Departments which currently operate in the building or in other City-owned facilities. The City Departments which would be best suited for the renovated Old Health Department and should be evaluated include:

Department	Square Feet
General Services	6,696
Housing	3,272
Housing	4,037
Risk Management	990
Finance/ Procurement	5,959
T/ES Surveys	1,500
T/ES Air Quality	1,000
General Services: Carpentry	1,000
General Services: Maintenance	1,500
General Services Supply	1,000
Total	26,954

Other Departments which currently reside in leased space that also may be considered include: Housing, Office of Women, Accounting, Fire Marshall, Parking Adjudication, ASAP, and Voter Registration.

To compute the City's lease avoidance cost, the following assumptions were used:

- Since the majority of the leases which are planned to be consolidated expire at the end of 2015, the renovation would occur in 2014 and 2015. Initial occupancy would begin in 2016.
- Lease avoidance savings were estimated using a \$28.64 per square foot rent in 2009 dollars, fully serviced, with rents increasing annually at 2.5% and an additional \$2 per square foot increase every fifth year. These rents are comparable to what the City is currently paying in its leases at Tavern Square.
- The following annual costs to the City to operate the building were deducted from the gross lease avoidance savings to compute the City's net lease avoidance savings. These costs are presented in 2009 dollars and were assumed to escalate annually at 3%.
 - Maintenance: \$2.50 per square foot
 - Utilities: \$3.00 per square foot
 - Common area maintenance (CAM): \$1.00 per square foot
 - Capital reserve of \$0.50 per square foot
- The 20-year net present value of City's net lease avoidance savings was measured in 2009 dollars using the cash flows commencing with the renovation in 2014 and ending in 2033. A discount rate of 3.75% was applied to the cash flows. This rate was provided to JLL by the City and represents the City's opportunity cost of funds.

Strategy 4 involved retaining the existing townhouse zoning and constructing new townhouses on the Oronoco Street lots only. This use is consistent with the adjacent properties. Although a formal site plan layout was not completed, JLL reviewed the

site's dimensions and concluded that it could support approximately seven townhouse units along Oronoco Street. Although additional units could be added under the RM zoning, the lot configuration required for townhouses and associated parking space requirements posed layout challenges, which resulted in additional land in the back of each townhouse lot remaining unutilized. Also, since the Oronoco Street lots provided parking for the Old Health Department, developing the lots created additional parking challenges for any proposed re-use of the Old Health Department Building. Assumptions used for construction costs were the following:

Construction Costs per square foot - Townhouses	
Soft Costs	\$30.00
Hard Costs—Base Building & Site Work	\$160.00
Hard Costs—Demo	\$2.20
Total	\$192.20

Other assumptions were as follows:

- The total project cost including construction, financing, marketing, sales, and carry was approximately \$5.6MM or \$320 per square foot
- Units were sold at an average price of \$400 PSF or \$1,000,000 per unit
- Sales occurred over a two-year period
- Total revenue for sales was approximately \$7 MM
- Developer required a 18-20% return to invest in the project

Strategy 5 involved demolishing the Old Health Department Building and redeveloping that parcel and the Oronoco Street lots as one site for multi-family use. Based upon discussions with the City, JLL assumed that the while the Old Health Department Building is not designated as “historic”, two-thirds of the building is located in a historic district. The neighbors indicated that the building has been a recognizable part of the community for decades want the building's façade preserved in any redevelopment effort. Therefore, JLL assumed that redevelopment strategies which involve demolishing the Old Health Department Building are not likely to be pursued at this time. However, for the purposes of this analysis, JLL computed a value for this redevelopment scenario for the City to revisit at a future time.

Construction Costs per square foot - Multifamily	
Soft Costs	\$50.00
Hard Costs—Base Building & Site Work	\$200.00
Hard Costs—Demo	\$7.00
Total	\$257.00

Other assumptions were as follows:

- The total project cost including construction, parking, financing, marketing, sales, and carry was approximately \$22.5MM or \$353 per square foot
- Units were sold at an average price of \$525 per square foot and this averaged to \$530,000 per unit
- Sales occurred over a two-year period
- Total revenue for unit sales was approximately \$27.5 MM

- Developer required a 18-20% return to invest in the project

The City could also decide to retain a portion of the Oronoco Street lots for either City parking or condominium user parking and develop a lesser number of townhouses on the site. If this is decided, this analysis can be pro-rated to determine the cost of that portion of the land.

Strategy 6 involved the City retaining the Oronoco Street lots and continuing to operate them as revenue generating parking lots. The City is currently charging \$25 per space per month. Therefore, over a twenty year period, the City would realize the following:

- 20-year net present value parking income of \$250,000
- Estimated land value of \$2,500,000

The table below outlines the land values under the various strategies.

Summary for Old Health Department & Oronoco Street Lots				
Strategy	Sale Price*	20-Year NPV of Tax Rev to City	Total 20-Year Present Value	Notes
Strategy 1:** Redevelop Old Health Department into 18 condominium units	\$2,500,000	\$1,700,000	\$4,200,000	Assumes Oronoco Street lots used for parking to support renovated building
Strategy 2: Rehab the Old Health Department into market rate office space	\$2,500,000	\$1,100,000	\$3,600,000	Assumes Oronoco lots used as parking for office
Strategy 3: Rehab the Old Health Department into City office space	\$5,500,000 (Lease cost avoidance)	\$0	\$5,500,000	Assumes Oronoco lots used as parking for office, meets zoning requirements but additional parking may be required
Strategy 4:** Redevelop Oronoco lots into seven townhouses	\$1,200,000	\$1,100,000	\$2,300,000	If developed, any re-use of Old Health Department likely to have parking shortage

Strategy 5: Demolish Old Health Department & redevelop both parcels into multi-family	\$1,200,000	\$4,300,000	\$5,400,000	Unlikely to be pursued at this time
Strategy	20- Year NPV of Parking Income			Notes
Strategy 6: Hold Oronoco lots continue to operate as revenue generating parking lots	\$250,000			

**Note: Environmental remediation cost is not included. Should the City decide to redevelop the land or building, an environmental assessment should be completed.*

***Note: If the parking requirements for Strategy 1 can be fulfilled with using either none or a portion of the Oronoco Street lots, the City could combine Strategy 1 and Strategy 4. This would involve selling the Old Health Department for condominium redevelopment and selling all or a portion of the Oronoco Street lots for townhouse redevelopment. If this can be achieved, the City would receive a maximum of \$3,700,000 for the site dispositions, and \$2,800,000 for the 20-year net present value of tax revenue for a total of \$6,500,000.*

Conclusions/ Next Steps for Old Health Department and Oronoco Street Lots:

Strategy 1 – Rehab for Multi-family, Strategy 3 – Rehab for City Office, Strategy 4 – Redevelop Oronoco Street for Townhouses, and Strategy 5 – Demolish and Redevelop for Multi-family should be further analyzed. JLL recommends that the City conduct an environmental and asbestos/ hazardous material study on the Old Health Department Building and Oronoco Street Lots. Based upon the outcome of this study, the City can determine if the cost of remediation would negate the value it could receive from disposing of the building or retaining it for City office use. In addition, the City should begin dialogue with the community to determine whether it would support a rehabilitation or demolition of the Old Health Department into market-rate multifamily housing or rehabilitation into City office. Finally, prior to any disposition, the City should evaluate the renovation of the Old Health Department for other City uses, including an assisted living facility for seniors.

In conjunction with any redevelopment strategy, a parking study should be completed. For *Strategy 1 – Rehab for Multi-family*, the City should determine if the parking spaces behind the Old Health Department could be reconfigured or additional spaces could be added to satisfy the building’s parking requirements on-site (23 spaces) without utilizing the Oronoco Street lots. If the Oronoco Street lots were not needed to provide parking for the Old Health Department (either all or a portion of the site), the City could seek to maximize the property’s value by both renovating the Old Health Department for condominiums (*Strategy 1*) and developing townhouses on the Oronoco Street lots (*Strategy 4*). For *Strategy 3 – Rehab for City Office*, the City should study how the Oronoco lots and the spaces behind the Old Health Department could be reconfigured to yield more spaces. While the current parking capacity meets

zoning requirements for office use, additional spaces may be needed by the City from a functional perspective. Finally, for all redevelopment strategies, the City should identify solutions to locate alternative parking options and office space for the City personnel who currently work in the Old Health Department and/or park on the Oronoco Street lots and would be displaced by redevelopment.

Property 2 – Eldercraft - 200 North Royal Street (A/K/A 405 Cameron Street)

The Eldercraft property at 200 North Royal Street (A/K/A 405 Cameron Street) is located at the corner of North Royal Street and Cameron Street (*See Appendix II for Property Details*). The property is located within one block of City Hall, Gadsby's Tavern, and the City offices at Tavern Square. The two-story townhouse-style building is currently being used by the City as office space for the Department of General Services. In addition, there is a ground level retail store which occupies the side with frontage along North Royal Street. The property is zoned for *CD-Commercial Downtown*, which allows for residential, commercial, or mixed uses.

Strategy 1 for this property was to redevelop the upper floors into two residential condominiums and maintain the retail use on the ground level. Due to small and narrow floor plate (approximately 1,500 square feet), the building does not offer an efficient layout for office space. However, the building's location in Old Town, close proximity to King Street retail, and close proximity to other Old Town office complexes make it desirable for residential redevelopment. The following assumptions were used:

Construction Costs per square foot – Condos	
Soft Costs	\$35.00
Hard Costs—Base Building & Site Work	\$140.00
Hard Costs—Interior Demo	\$10.00
Total	\$185.00

Other assumptions were the following:

- The units were 1,500 gross square feet, with a common area factor of 18%, resulting in a net square footage per unit of approximately 1350 square feet.
- Total project cost including construction, legal, financing, marketing, sales, and carry costs was approximately \$1.2 MM or \$360 per square foot
- Units were sold at an average price of \$525 per square foot or \$717,000 per unit
- Sales occurred over two quarters
- Total revenue for both unit sales was approximately \$1.4 MM
- Developer required a 20% return to invest in the project
- The retail area was approximately 500 square feet and leased to one tenant
- Retail rent was \$35 per square foot on a triple net basis
- The sale value of the retail space assumed an 8.0% capitalization rate.

Strategy 2 for this property is to redevelop the entire structure into a single residential unit. This residential unit could be marketed directly to an end user and potentially receive a premium price from a niche buyer who would value owning an entire building in this unique Old Town location.

Construction Costs For Single Residence per square foot	
Soft Costs	\$35.00
Hard Costs—Base Building & Site Work	\$140.00
Hard Costs—Interior Demo	\$10.00
Total	\$185.00

Other assumptions were the following:

- The building was approximately 3,500 square feet
- Total project cost including construction, legal, financing, marketing, sales, and carry costs was approximately \$650,000 or \$185 per square foot.
- If fully renovated, the building could sell at \$500 per square foot for a total price of \$1.75 MM
- The City would realize the fully renovated building sale price of \$1.75 MM less the \$650,000 renovation cost.

As a result, the City could sell the building for approximately \$1.1 MM

Summary for 200 North Royal Street (A/K/A 405 Cameron Street)				
Use	Sale Price*	20-Year NPV of Tax Revenue to City	Total 20 Year Value	Notes
Strategy 1: Residential Condominiums	\$375,000	See below	See below	Assumes one unit on second and one unit on third floor
Strategy 1: Retail	\$225,000	See below	See below	Assumes one 500- square foot tenant
Strategy 1 - Total	\$600,000	\$275,000 Includes real estate tax of \$225,000 and sales tax of \$50,000	\$875,000	
Strategy 2: Single Residential Unit	\$1,100,000	\$300,000	\$1,400,000	

* Note: Environmental remediation cost is not included. Should the City decide to redevelop this site, an environmental and/or asbestos/ hazardous material assessment should be completed.

Conclusions/ Next Steps for 200 North Royal (A/K/A 405 Cameron Street): JLL recommends that the City conduct a building assessment study to determine the scope of the structural, mechanical, and asbestos/ hazardous material remediation which will be required to redevelop it into single residential unit.

Property 3- 912, 916, 920 King Street

The properties at 912, 916, & 920 King Street are zoned for *KR – King Street urban retail zone*, which promote active retail uses. *Strategy 1* involved assembling them into one parcel and redeveloping a mixed use building with ground floor retail below two levels of office.



Based on the zoning, the likely square footage of the building was 25,000 square feet, including 7,500 square feet for ground floor retail and 17,500 square feet of office. Assumptions used for construction costs were the following:

Construction Costs per square foot	
Soft Costs	\$32.49
Hard Costs—Base Building and Interior	\$151.38
Hard Costs—Site Work	\$11.09
Total	\$194.96

Other assumptions were the following:

- Retail rents were estimated at \$35 per square foot with annual increases based upon the Consumer Price Index (CPI).
- Office rents were estimated at \$35 per square foot with annual increases based upon CPI.
- Reimbursements for operating expenses on the retail space were anticipated to be triple net.
- Reimbursements for operating expenses on the office space were anticipated to be above a 2010 base year
- Tenant improvement allowances provided by the landlord were projected at \$45 per square foot; leasing commissions were estimated at 3%.

- A four-month downtime was estimated between retail tenants, leases were projected for ten year terms and there was a projected 50% probability that tenants would renew.
- The amount of debt was projected to be 65% of total development costs.
- Repair and replacement costs were budgeted at \$1.00 per square foot per year with 3% annual increases.
- The analysis was run for twelve years, including a two year construction and permitting period and the disposition value assumed a 6.5% capitalization rate.
- Retail sales would generate additional sales tax revenues to the City of \$5 per square foot.

Given the density and retail & office rents, the project would support a land value of \$3,000,000.

Strategy 2 involved the City retaining the King Street lots and operating them as revenue generating parking lots. The City is currently operating these lots as metered parking, with a rate of \$0.25 per twenty minutes. Based upon asking rates for monthly parking spaces at comparable Old Town parking lots, JLL concluded that that rents for spaces in this lot would be closest to \$125/space/month. At these rates, the City would generate revenue of approximately \$22,500 per year. Therefore, over a twenty year period, the City would realize the following:

- 20-year net present value parking income of \$450,000
- Estimated land value of \$3,000,000

Summary for 912-920 King Street				
Strategy	Sale Price for Land*	20-Year NPV of Tax Rev to City	Total 20 Year Value	Notes
Strategy 1: Construct 25,00 SF, including 7,500 SF of retail & 17,500 SF of office*	\$3,000,000	\$2,200,000 includes \$1.5MM for property tax & \$0.7M for sales tax	\$5,200,000	No zoning change required; Tax revenue estimate based upon sale of retail property at 7% capitalization rate
Strategy	20-year NPV of Parking Income		Notes	
Strategy 2: Hold and operate as revenue generating parking lots	\$450,000			

* Note: Environmental remediation cost is not included.

Conclusions/ Next Steps for 912, 916 & 920 King Street: JLL recommends that the City conduct an environmental assessment and then consider assembling these lots into a single parcel to sell for redevelopment into mixed-use facility with ground floor retail and two floors of office. Additional study is required to determine whether the parking for the facility should be constructed underground and on-site, or across Patrick Street on the City-owned property at 116 South Henry Street. As an additional consideration, the City may investigate acquiring the two buildings located on the corner of King and Patrick Streets which lie between the City-owned properties at 912-920 King Street and 116 South Henry Street. This would enhance the ability to jointly develop the properties.

Property 4 – 116 South Henry Street

The property at 116 South Henry Street is a 50-space surface parking lot located on 15,000 square feet of land between South Henry and Patrick Streets, with King Street to the north and Prince Street to the South. The surface lot is in front of Virginia Tech’s Northern Virginia campus building. The parcel is zoned for *CD–Commercial Downtown*, which allows for residential, commercial, or mixed uses.

Strategy 1 involved continuing using the site for parking, but redeveloping it into a structured parking deck. The parking deck could serve both the nearby Northern Virginia Campus of Virginia Tech at 1021 N. Prince Street, the surrounding King Street retail area, and the future uses developed on the adjacent City-owned property at 912-920 King Street. Based upon the size of the lot, the City could construct a 4-level deck to provide approximately 160 parking spaces. The cost and revenue projections for this type of parking structure are as follows.

- 160 spaces at cost of \$35,000 per space = \$5,600,000
- 160 spaces generate \$150 per month per space = \$288,000 per year

Based upon these projections, the City would recover its investment to build the parking deck in approximately 19 years. Therefore, in order to minimize its cash outlay, the City could pursue jointly developing this property with 912-920 King Street. Any redevelopment of 912-920 King Street will require parking, and based upon the redevelopment use, it may be more cost effective to develop the parking structure on 116 South Henry instead of developing multiple levels of underground parking on the 912-920 King Street location.

Another alternative method to offset the development cost would be for the City to partner with Virginia Tech to share in the construction cost, in return for the University’s ability to utilize a portion of the spaces to support its building. For example, Virginia Tech could maintain use of the garage for its students and faculty on weekdays from 8am to 5pm, while the garage would be open for general public parking after hours and on weekends. Although the City and Virginia Tech have discussed this potential in the past, Virginia Tech has not expressed an interest in pursuing this further at this time.

Strategy 2 involved the City retaining the South Henry Street lot and continuing to operate it as a revenue generating parking lot. The City is currently generating net revenue of approximately \$30,612 per year. Therefore, over a twenty year period, the City would realize the following:

- 20-year net present value parking income of \$600,000
- Estimated land value of \$525,000 (assumes sale of site as parking lot at a 6% capitalization rate)

Summary for 116 South Henry Street		
Strategy	Sale Price for Land/NPV for Income Stream	Notes
Strategy 1: Develop parking deck structure	No sale Construction cost: \$5.6 million Expected annual revenue: \$300,000	Would take City 19 years to recover \$5.6M cost to build; Pursue jointly developing with 912-920 King Street
Strategy 2: Hold and operate as revenue generating parking lots	<ul style="list-style-type: none"> ▪ 20-year NPV of income: \$600,000 ▪ Estimated land value: \$525,000 	Land value computed by applying a 6% capitalization rate to the City's current annual parking income

* Note: Environmental remediation cost is not included.

Conclusions/ Next Steps for 116 South Henry: JLL recommends that the City examine jointly developing 116 South Henry with 912-920 King Street. 116 South Henry Street would be developed into structured parking to support the retail and office uses proposed on 912-920 King Street, as well as other surrounding uses.

Property 5 – 120, 122, 122 ½ North Patrick Street

The Patrick street lots total 5,741 square feet and are located just north of King Street (See Appendix II for Property Details). Currently, these lots are used for parking to support the King Street retail and office users. The lots are zoned for *CD – Commercial Downtown*, which allows for residential, commercial, or mixed uses. A recent City retail study showed that this section of King Street has adequate parking, thus these lots could be redeveloped into other uses. The most likely re-use for these lots would be to construct offices, which would not require re-zoning. However, for office use the lot area would not offer adequate parking. Per discussions with Planning and Zoning, this parking deficit could be addressed through tandem-valet and/or shared parking. Therefore, if offices are determined to be the preferred re-use, a more detailed parking analysis should be conducted.

Strategy 1 assumed the lots were redeveloped into office. Based upon zoning requirements, the size of the office property was estimated to be three stories and 12,480 square feet. Construction costs were estimated as follows:

Construction Costs per square foot - Office	
Soft Costs	\$46.21
Hard Costs—Base Building and Interior Work	\$219.97
Hard Costs—Site Work	\$11.09
Total	\$277.27

Other assumptions were the following:

- Rents were estimated at \$32.50 per square foot full service with annual increases based upon CPI.
- Reimbursements for operating expenses were anticipated to be base stop i.e., tenants would reimburse for annual increases in operating expenses.
- Tenant improvement allowances provided by the landlord were projected at \$35 per square foot; leasing commissions were estimated at 3%.
- A four-month downtime was projected between tenants, leases were projected for five year terms and there was a projected 50% probability that tenants would renew.
- Repair and replacement costs were budgeted at \$1.00 per square foot with 3% annual increases.
- Operating costs were projected at \$10.00 per square foot with 3% annual increases.
- A twelve year analysis, including two years for construction and permitting, was used.
- The sale value of the office space assumed a 7.0% capitalization rate.

Given the low density, the project would not support a land value of greater than \$500,000. Sensitivities were run on development costs and rental rates, but a higher land value could not be justified.

Strategy 2 involved the City retaining the Patrick Street lots and continuing to operate them as revenue generating parking lots. The City is currently generating net revenue of approximately \$19,500 per year. Therefore, over a twenty year period, the City would realize the following:

- 20-year net present value parking income of \$100,000
- Estimated land value of \$325,000, assumes sale as a parking lot using a 6% capitalization rate

Summary for Patrick Street Lots				
Strategy	Sale Price*	20-Year NPV of Tax Rev to City	Total 20-Year Present Value	Notes
Strategy 1: Construct Office Rental	Minimal	\$650,000	Minimal	No zoning change required
Strategy	20-Year NPV of Parking Income	Estimated Land Value as Parking Lot		Notes
Strategy 2: Hold and operate as revenue generating parking lots	\$100,000	\$325,000		Land value computed applying a 6% capitalization rate to the City’s current annual parking income

**Note: Environmental remediation cost is not included.*

Conclusions/ Next Steps for 120, 122 & 122 1/2 Patrick Street: JLL recommends that the City continue to operate Patrick Street for parking until higher land values can be achieved.

Property 6 – 517 Cameron Street

The lot at 517 Cameron Street is 55-space surface parking lot (18,500 square feet) located on the corner of Cameron Street and North St. Asaph Street. The lot is run by a parking operator and is a short walk from City Hall and the City's offices at the Tavern Square complex (*See Appendix II for Property Details*). The lot is zoned *RM – Townhouse Zone*, which allows for single-family and townhouse dwellings, with a maximum of 30 units per acre and maximum FAR of 1.5.



Several re-use strategies were examined for this property. Given the parcel's valuable location in Old Town, close proximity to City Hall and to the King Street retail area, the most probable re-use of the site would be some type of residential use. *Strategy 1* involved re-zoning the site to construct 25 condominium housing units. Under this redevelopment scenario, the condominium building would be elevated and utilize surface parking underneath it. This design would allow for three floors of condominiums above the parking. While the lot currently has 55-spaces, the required construction supports, elevators, and required site reconfiguration would likely eliminate 25 of these spaces, leaving approximately 30 spaces (1.2 per unit). Although additional density may be achieved under the multifamily zoning, the physical limitations of the site would not allow for enough parking to meet market parking requirements. Assumptions used for construction costs were the following:

Construction Costs per square foot - Condominiums	
Soft Costs	\$50.00
Hard Costs—Base Building & Site Work	\$200.00
Hard Costs—Demo	\$1.60
Total	\$254.20

Other assumptions were as follows:

- The total project cost including construction, parking, legal/ re-zoning, financing, marketing, sales, and carry was approximately \$10.8 MM or \$430 per square foot
- Units were sold at an average price of \$525 per square foot; this averaged to \$525,000 per unit
- Sales occurred over a two-year period
- Total revenue for unit sales was approximately \$13.1 MM
- Developer required a 18-20% return to invest in the project

Strategy 2 involved maintaining the existing zoning and constructing townhouses on the site. Residential townhouse construction would not require a zoning change and would offer a use which is consistent with the immediately surrounding buildings. Although a formal site plan layout was not completed, JLL reviewed the site's dimensions and concluded that it could support approximately twelve townhouse units. Although additional units could be added under the *RM* zoning, the lot configuration required for townhouses and associated parking space requirement of 2 per unit posed layout challenges, which resulted in additional land in the back of each townhouse lot remaining unutilized. Assumptions used for construction costs were the following:

Construction Costs per square foot – Townhouses	
Soft Costs	\$40.00
Hard Costs—Base Building & Site Work	\$160.00
Hard Costs—Demo	\$2.20
Hard Costs—Interior FFE	\$2.60
Total	\$204.80

Other assumptions were the following:

- Total project cost including construction, financing, marketing, sales, and carry costs was approximately \$9.6MM or \$320 square foot
- Units were sold at an average price of \$400 square foot or \$1,000,000 per unit
- Sales occurred over a two-year period
- Total revenue for sales was approximately \$12 MM
- Developer required a 18-20% return to invest in the project

Strategy 3 involved the City retaining the Cameron Street lot and continuing to operate it as a revenue generating parking lot. The City is currently generating net revenue of approximately \$60,624 per year. Therefore, over a twenty year period, the City would realize the following:

- 20-year net present value parking income of \$1,100,000
- Estimated land value of \$1,500,000

Summary for 517 Cameron Street Lot				
Strategy	Sale Price*	20-Year NPV of Tax Rev to City	Total 20-Year Present Value	Notes
Strategy 1: Construct 25 multifamily units	\$700,000	\$2,000,000	\$2,700,000	Parking likely to be a challenge; Rezoning may be opposed by community
Strategy 2: Construct 12 townhouse units	\$1,500,000	\$1,900,000	\$3,400,000	No zoning change required, community may oppose redevelopment
Strategy	20- Year NPV of Parking Income		Notes	
Strategy 3: Hold and operate as revenue generating parking lot	\$1,200,000			

* Note: Environmental remediation cost is not included.

Conclusions/ Next Steps for 517 Cameron Street: JLL recommends that the City pursue *Strategy 3* and continue operating the site as a parking lot. The site should be revisited in the future for residential development when higher land values could be achieved. Under any redevelopment strategy, the City should weigh the currently available public benefit of providing parking at this location versus the revenue it would gain from disposing of the site for redevelopment.

Property 7 – Old Traffic Shop - 1505 Powhatan Street

The property at 1505 Powhatan Street is a 0.87-acre parcel, located at the intersection of Powhatan Street and Slaters Lane, approximately 0.5 miles north of the Braddock Road Metro station (*See Appendix II for Property Details*). The property is currently zoned for CSL (Commercial Low Zone), which allows for either commercial or residential development. However, per the City Planning and Zoning Department, the redevelopment potential of this site is limited, as an underground Metro tunnel runs underneath approximately one-quarter of the western portion of the site. Based upon the parcel's close proximity to Metro and surrounding residential uses, the most likely re-use for this site is market-rate, multi-family apartments or townhouses. Also, the City's Department of Housing has expressed an interest in exploring the potential of developing workforce apartments on the site. Current zoning allows for 27 multifamily units per acre and a maximum building height of 50 feet. Parking is required to be provided at a ratio of 1.3 spaces per unit for each one-bedroom, 1.75 spaces per unit for each two-bedroom unit, and 2.2 spaces per unit for each 3-bedroom unit. Based upon this zoning, a maximum of 23 units could be constructed on the site and would require between 30 and 40 parking spaces.

Strategy 1 involved construction of market-rate multi-family apartments. Apartments were assumed to average 750 square feet per unit. With 23 units planned for construction, the total project size was estimated at 20,294 square feet. Assumptions used for construction costs were the following:

Construction Costs per square foot – Market Rate Apartments	
Soft Costs	\$44.07
Hard Costs—Base Building	\$111.15
Hard Costs—Site Work	\$11.09
Hard Costs—Interior Buildout	\$98.10
Total	\$264.41

Other assumptions were the following:

- Rents were estimated at \$1,339 per unit per month with 3% annual increases.
- Tenant leases were assumed to be 12 months with a 50% probability that tenants would renew their leases at the end of the lease period.
- A one-month downtime was estimated between tenants with a \$250 preparation cost to get units ready for the next tenant.
- Repair and replacement costs were budgeted at \$0.75 per square foot with 3% annual increases.
- The amount of debt was projected at 60% of total development costs.
- Operating costs were projected at \$7.00 per square foot with 3% annual increases.
- The period of analysis was 12 years, including two years for construction and permitting.
- The sale value as market-rate apartments assumed a 6.5% capitalization rate.

Given the low density, the project would only support a minimal land value. Sensitivities were run on development costs and rental rates, but a higher land value could not be justified.

Strategy 2 involved construction of workforce apartments. The City’s Department of Housing completed a study in 2008 to determine the feasibility of constructing workforce apartments on the site (*See Appendix VII*). From a purely financial perspective, this strategy provided the City with a negative return on the land and its additional investments in the project. Also, the City did not receive any cash flows after debt service payments until Year 29. Therefore, Strategy 2 was only viable if the City determined that it would fulfill a social need for the community and was willing to subsidize it. In order to make this redevelopment scenario viable, the project relied upon the City to subsidize the construction costs via a deferred note, on which the developer was only required to make below market (i.e. 2%) interest payments. Also, the project also required additional subsidies from workforce/ affordable housing funds. Finally, the City’s analysis did not take into account the land area lost due to the underground Metro tunnel. Therefore, the density of 38 units is unlikely to be achievable on the site. Should the City decide to pursue this strategy, an additional massing study should be conducted to determine the number of units that could be constructed.

Strategy 3 involved the construction of ten market-rate townhouse units. This includes building seven units behind the existing townhouses along Portner Road and constructing an additional three units along Bernard Street. Although additional units could be added under the *CSL* zoning, the Metro runs underneath the western portion of the site, which would likely restrict additional development. . Assumptions used for construction costs were the following:

Construction Costs – Townhouses	
Hard Costs, Soft Costs, Interior FF&E	\$180.00 PSF
Hard Costs—Demo	\$10.00 PSF
Total	\$190.00 PSF

Other assumptions were the following:

- Total project cost including construction, financing, marketing, sales, and carry costs was approximately \$4.0MM or \$200 per square foot
 - Units were sold at an average price of \$225 per square foot or \$450,000 per unit
 - Sales occurred over a two-year period
 - Total revenue for sales was approximately \$4.75 MM
- Developer required an 18-20% return to invest in the project

Strategy	Sale Price for Land*	20-Year NPV of Tax Rev to City	Total 20-Year Net Present Value	Notes
Strategy 1: Construct Market-Rate Rental Apartments	Minimal	Minimal	Minimal	No zoning change required
Strategy 2: Construct Workforce Apartments	\$1,900,000	\$1,200,000	\$3,100,000*	*Value does not reflect \$7MM subsidy required from the City to make project work
Strategy 3: Construct Market-Rate Townhouses	\$275,000	\$700,000	\$975,000	No zoning change required

* Note: Environmental remediation cost is not included. Should the City decide to redevelop the land, an environmental assessment should be completed.

Conclusions/ Next Steps for 1505 Powhatan Street: JLL recommends that the City either continue to consider the property for work force housing or sell for townhouse redevelopment.

Property 8 – 3224 Colvin Street

The property at 3224 Colvin Street is a 0.27-acre parcel, located off Duke Street (*See Appendix II for Property Details*). The property is being utilized as a parking lot for DASH employees and contains approximately 25 spaces. A new DASH facility is currently under construction. The site is zoned for Industrial use and is surrounded by other industrial and warehouse uses on Colvin Street. The City has indicated that it plans to retain this property to meet future DASH or other City needs.



To determine the market value of leasing this parcel to a parking operator, a market survey was conducted. Monthly parking rates (asking) in King/ Patrick/ Henry Street area range between \$80 and \$170 per space per month. However, after surveying the immediate area, there were no other private parking lots to which this lot could be compared. Therefore, for the purposes of this analysis JLL assumed that rents for spaces in this lot would be approximately to \$50 per space per month. Under this arrangement, the City realized a 20-year present value of approximately \$75,000. Based upon this income stream and a 6% capitalization rate, the value of this land was approximately \$250,000. If sold at this price, the 20-year net present value of additional tax revenue to the City was approximately \$40,000.

Conclusions/ Next Steps for 3224 Colvin Street: The City plans to hold this property for future DASH or City needs. No further action is recommended for this property.

1 6309 Grovedale Dr

Alexandria, VA 22310 - Springfield/Burke Submarket
Land of 1.18 AC is for sale at \$1,600,000 (\$1,351,351.35/AC)

Investment Information

Sale Price: **\$1,600,000**
Price/AC: **\$1,351,351.35**

Sale Status: **Active**
Sale Conditions: -

Days On Market: **1,167**

Sales Contacts

Metropolitan Asset Management, Inc.
6207 Old Keene Mill Ct
Springfield, VA 22152
(703) 451-9100

Kenneth T. Sachs
Executive Vice President
(703) 451-9100 ext. 303 (phone)
(703) 451-2700 (fax)

Investment Notes

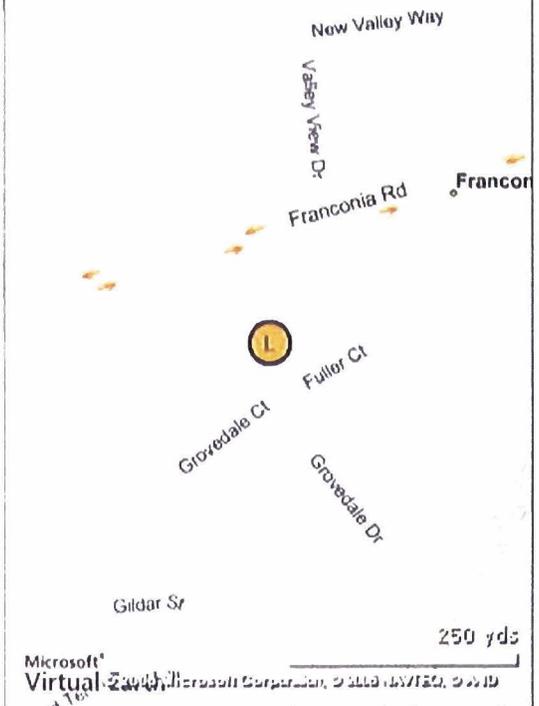
- \$2,000,000.00 with Approvals
 - \$1,600,000.00 for Quick Close
 - Site Area 51,558 square feet
 - Zoning: C-5
 - Site Plan Approved for 12,600 sf retail building
 - Across from Department of Motor Vehicles
 - Fairfax County
 - Convenient to Kingstowne and Springfield Market Areas
 - Neighboring Retailers: CVS, 7-11
 - Traffic Count on Franconia Road 31,000 VPD
- Sales price is for a quick close scenario---subject to approvals deal will cost \$2M.

Land Information

Zoning: C-5	Proposed Use: Commercial, Retail	Lot Dimensions: -
Density: -	Parcel Size: 1.18 AC	
Number Of Lots: -	On-Site Improv: Raw land	
Improvements: -		

Parcel Number: **081-3-05-0013**

Topography: **Level**
Off-Site Improv: **Curb/Gutter/Sidewalk, Electricity, Gas, Sewer, Streets, Water**
Street Frontage: **202 feet on Grovedale**



2 6303 Richmond Hwy - Theme/Festival Center Site

Alexandria, VA 22306 - Huntington/Mt Vernon Submarket
Land of 8.32 AC is for sale

Investment Information

Sale Price: **For Sale**
Price/AC: -
Sale Status: **Active**
Sale Conditions: **None**
Days On Market: **2,069**

Sales Contacts

Marfair Joint Venture
499 S Capitol St SW
Suite 505
Washington, DC 20003
(202) 484-5305

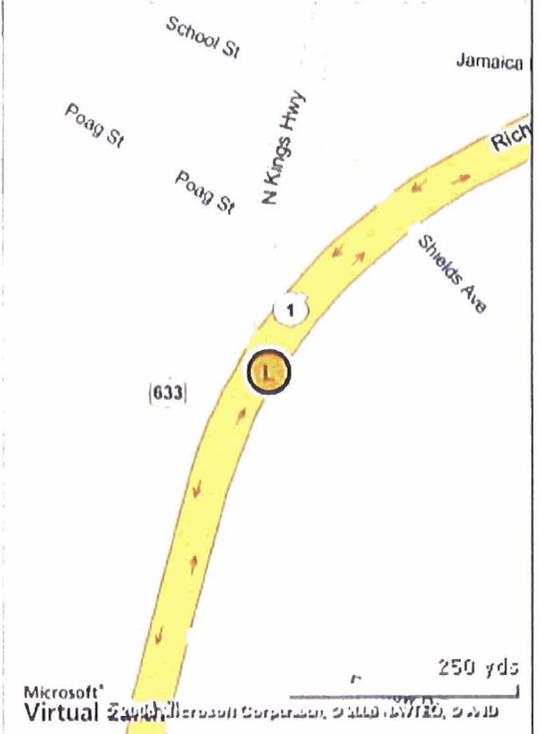
Elizabeth Fairchild
(202) 484-5305 (phone)
(202) 484-5307 (fax)

Investment Notes

Route 1 property situated behind the old K-Mart at the Kings Highway intersection. The approximate land area of 8.3167 parcel is zoned C-8. The C-8 zoning is recognized as one of the broadest types of commercial zoning. Seller desires an all-cash deal with no financing contingencies. Should you have any questions regarding the information presented or seller terms, or desire a walk-thru of the parcel perimeters, please contact a representative at 202-484-5305.

Land Information

Zoning: C-8, County	Proposed Use: Commercial	Lot Dimensions: -
Density: -	Parcel Size: 8.32 AC	
Number Of Lots: -	On-Site Improv: -	
Improvements: -		
Name: Vacant Land		
Topography: Level		



3 6925 Richmond Hwy - Land

Alexandria, VA 22306 - Huntington/Mt Vernon Submarket
Land of 1.23 AC is for sale

Investment Information

Sale Price: **For Sale**
Price/AC: -
Sale Status: **Active**
Sale Conditions: -
Days On Market: **38**

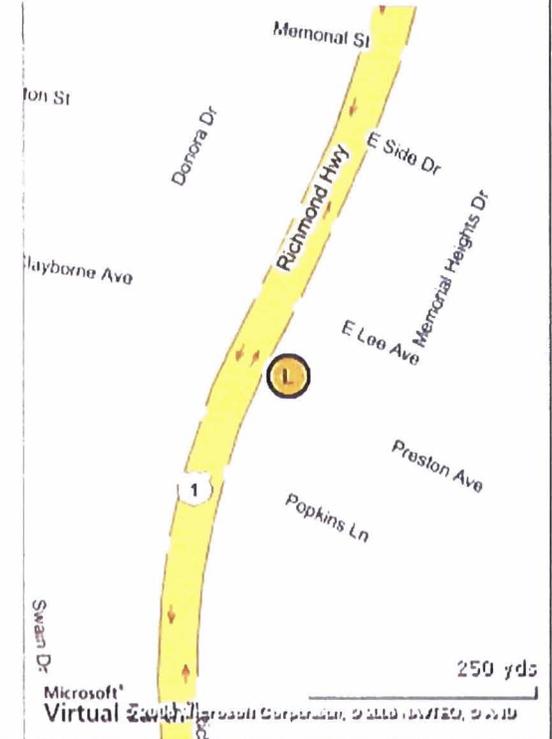
Sales Contacts

CB Richard Ellis
750 9th St NW
Suite 900
Washington, DC 20001
(202) 783-8200

Bruce E. Strasburg
Senior Vice President, Investment Sales
(202) 585-5610 (phone)
(202) 783-1723 (fax)

Land Information

Zoning: **PRM**
Density: -
Number Of Lots: -
Improvements: -
Proposed Use: **Commercial, Retail, Mixed Use, MultiFamily**
Parcel Size: **1.23 AC** Lot Dimensions: -
On-Site Improv: -
Name: **Land**
Parcel Number: **093-1-18-D0-0117**
Topography: **Level**
Off-Site Improv: **Curb/Gutter/Sidewalk, Electricity, Gas, Sewer, Streets, Water**



4 8145 Richmond Hwy

Alexandria, VA 22309 - Huntington/Mt Vernon Submarket
Land of 1.12 AC is for sale at \$1,100,000 (\$982,142.86/AC)

Investment Information

Sale Price: **\$1,100,000**
Price/AC: **\$982,142.86**

Sale Status: **Active**
Sale Conditions: -

Days On Market: **87**

Sales Contacts

Long & Foster Real Estate, Inc. (Commercial Div.)
8227 Old Courthouse Rd
Suite 200
Vienna, VA 22182
(703) 506-2850

Ron Glass
Associate Broker
(703) 926-5778 (phone)
(703) 506-2195 (fax)

Investment Notes

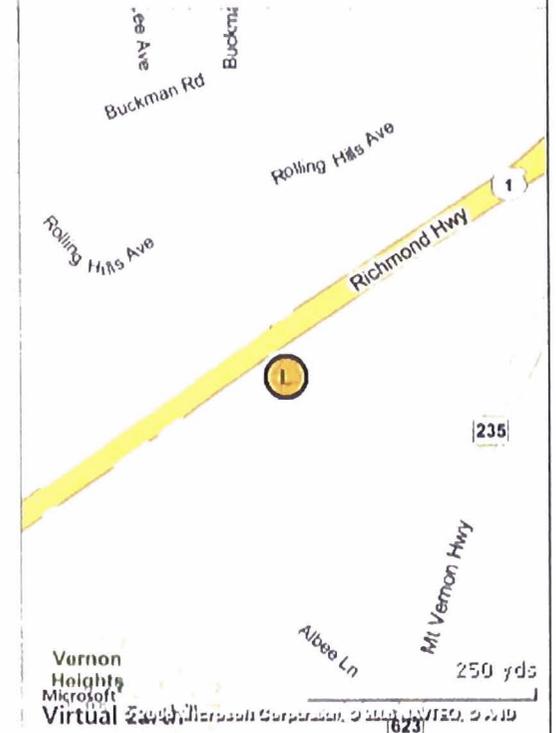
There is an existing building (1,100 SF) on the parcel with a couple of retail tenants, but the value of the building is largely de minimus.

Land Information

Zoning: C-8	Proposed Use: Commercial, Retail, Hold for Development
Density: -	Parcel Size: 1.12 AC Lot Dimensions: -
Number Of Lots: -	On-Site Improv: Asphalt paved lot
Improvements: -	

Parcel Number: **101-2-01-0025**

Topography: **Level**
Off-Site Improv: **Curb/Gutter/Sidewalk, Electricity, Gas, Sewer, Streets, Water**



5 8457 Richmond Hwy

Alexandria, VA 22309 - Huntington/Mt Vernon Submarket
Land of 8.14 AC is for sale at \$9,750,000 (\$1,197,597.44/AC)

Investment Information

Sale Price: **\$9,750,000**
Price/AC: **\$1,197,597.44**

Sale Status: **Active**
Sale Conditions: -

Days On Market: **144**

Sales Contacts

NAI KLN
5225 Wisconsin Ave NW
Washington, DC 20015
(202) 375-7500

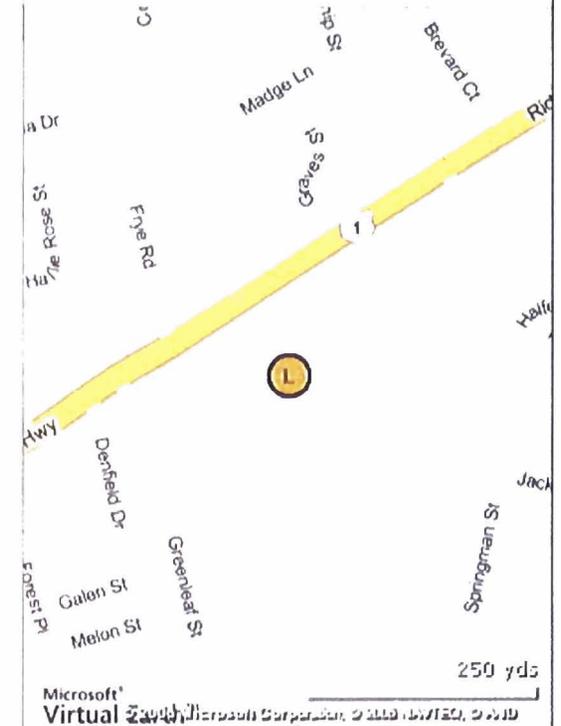
Andy Georgelakos
Principal/Managing Partner
(202) 420-7760 (phone)

Investment Notes

- *Potential redevelopment site
- *Includes 36,865 SF office/warehouse/showroom
- *Water and sewer at site
- *Approximate Route 1 frontage - 792'
- *Traffic Counts: Richmond Highway - 62,000 AADT

Land Information

Zoning: C-8	Proposed Use: -	Lot Dimensions: -
Density: -	Parcel Size: 8.14 AC	On-Site Improv: -
Number Of Lots: -		
Improvements: Warehouse		
Parcel Number: 101-3-01-0029-C, 101-3-01-0030, 101-3-01-0030-B, 101-3-01-0031-B		



6 8753 Richmond Hwy - 2.7 Acres Built-to-suit

Alexandria, VA 22309 - Huntington/Mt Vernon Submarket
Land of 2.70 AC is for sale at \$3,800,000 (\$1,407,407.41/AC)

Investment Information

Sale Price: **\$3,800,000**
Price/AC: **\$1,407,407.41**

Sale Status: **Active**
Sale Conditions: -

Days On Market: **455**

Sales Contacts

Cut River Investments
5203 Leesburg Pike
Suite 400
Falls Church, VA 22041
(703) 790-8450

Lisa Schneiderman
(703) 790-8450 (phone)

Investment Notes

This 2.70-acre property is available for the purchase or lease of a 4-story 50,000 square foot office building. The site and building plans are fully approved and ready for permitting and construction. Seller is prepared to sell the property "as-is" with all plans conveying and will also consider the following options: build-to-suit-to-lease the building; build-to-suit-to-sell the building; or sell the property and build the building for a fee.

Price: \$3.8M, "as-is"

Terms: All cash

Settlement: 60-day study followed by a 30-day Close.

Status: zoned, site plan approval

Utilities: Public water and sewer

Topography: Open and gently rolling with some floodplain.

Land Information

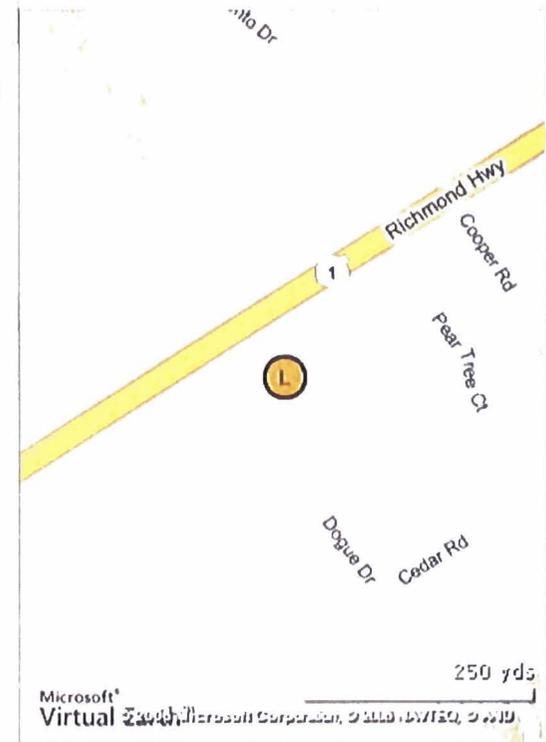
Zoning: C-6, C-8	Proposed Use: Commercial, Office	Lot Dimensions: -
Density: -	Parcel Size: 2.70 AC	
Number Of Lots: -	On-Site Improv: Raw land	
Improvements: N/A		

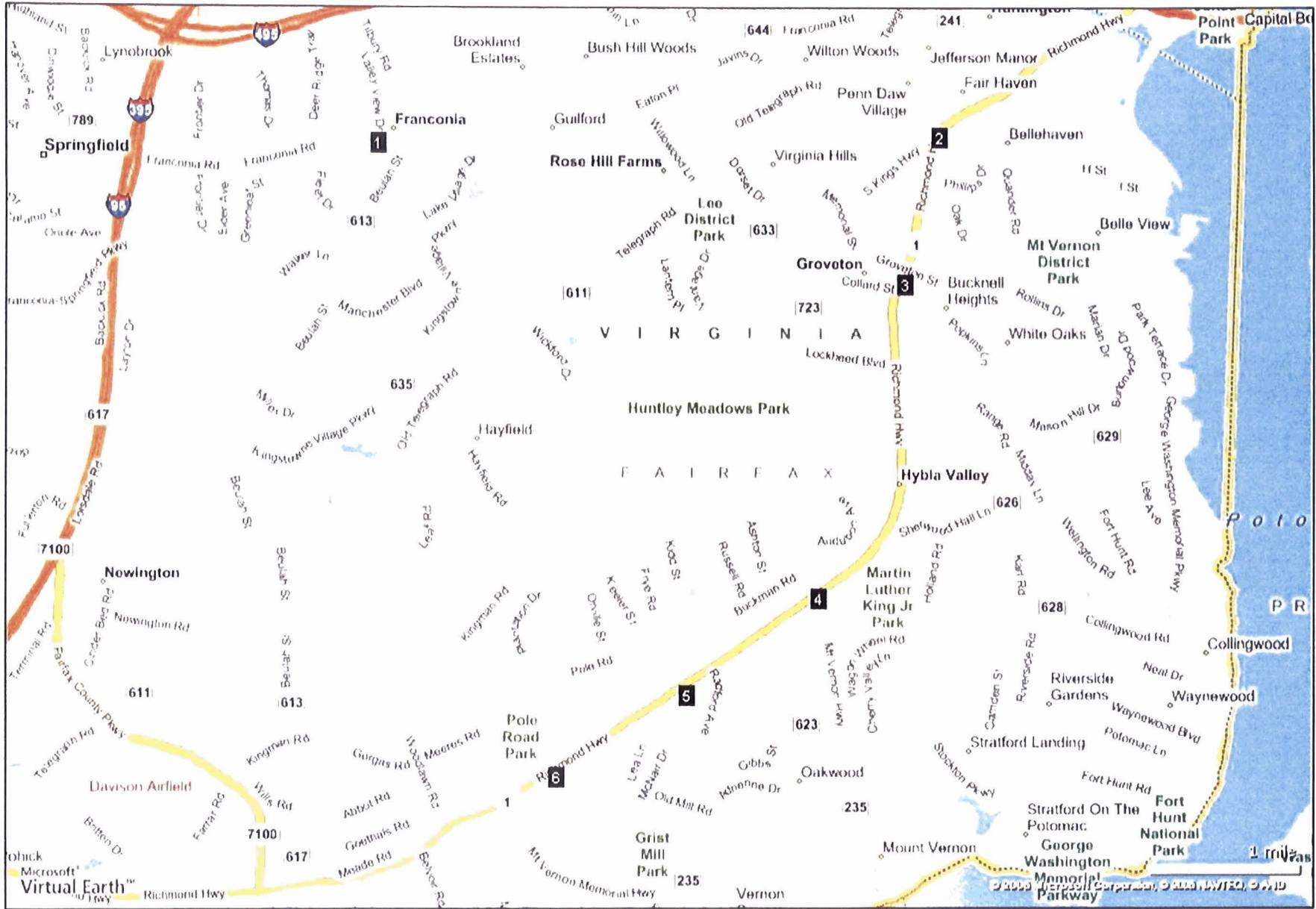
Parcel Number: **109-2-02-0007-A**

Topography: **Rolling**

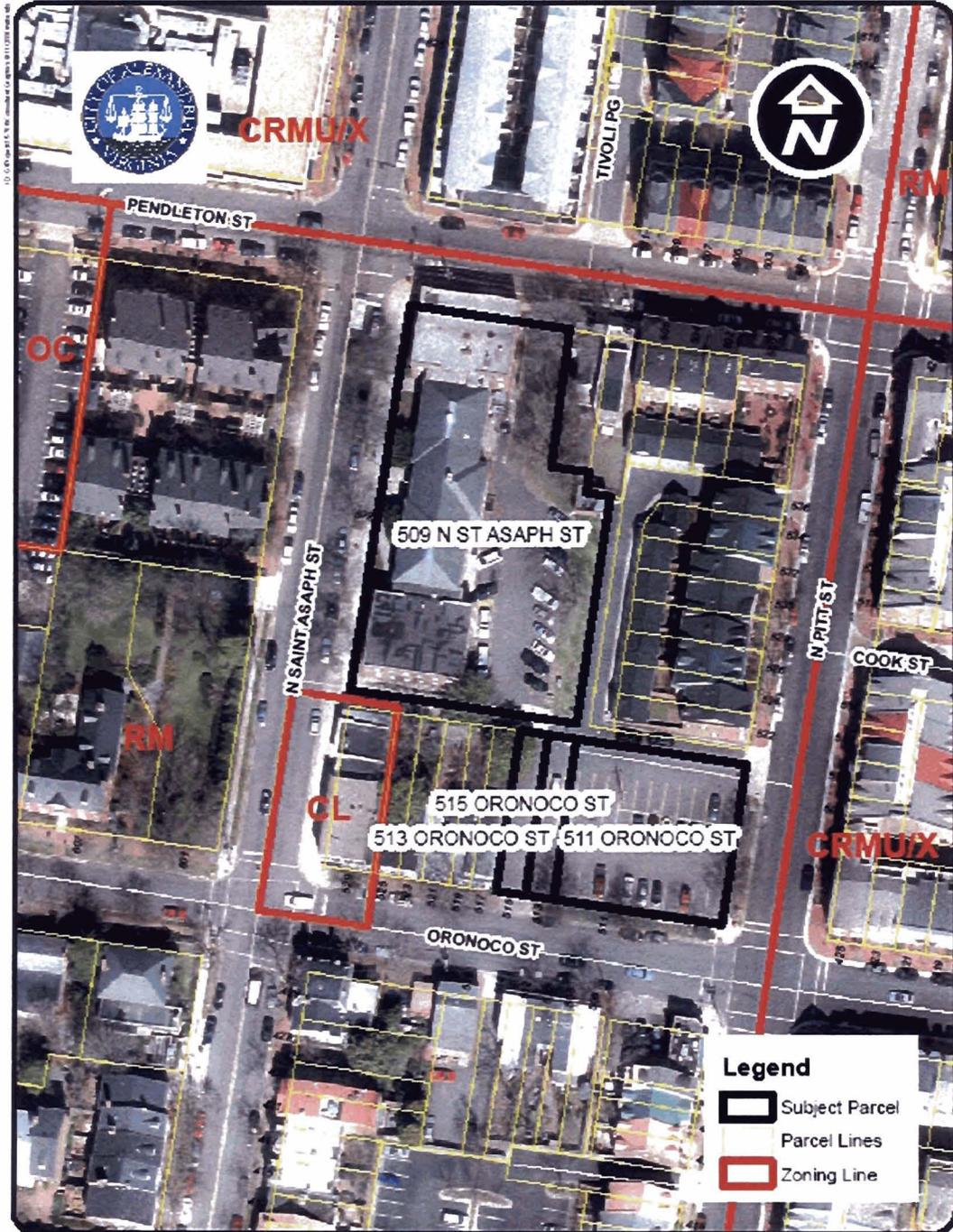
Off-Site Improv: **Curb/Gutter/Sidewalk, Electricity, Gas, Sewer, Streets, Water**

Street Frontage: **256 feet on Richmond Hwy**





**Property #1: Old Health Department:
509 North Saint Asaph St & Adjacent Parking Lots at
511, 513, 515 Oronoco Street**



Old Health Department: 509 N. St. Asaph St Adjacent Parking Lots: 511, 513, 515 Oronoco St.				
Site Characteristics		Land SF	Building SF	
Total Site for 509 North St. Asaph St. Map/Block/Lot: 064.02-05-01		28,261	32,000	
Total Site for 511, 513, 515 Oronoco St. Map/Block/Lot: 064.02-05-19, 064.02-05-20, 064.02-05-21		14,501	0	
Floor Plates at 509 North St. Asaph		10,666 sq. ft. – 2 floors plus basement		
Comments: Serving as temporary City office space and City parking, 60 surface parking spaces				
Zoning/Entitlements/Legal Characteristics				
Current Zoning		RM – Townhouse zone		
<ul style="list-style-type: none"> ▪ Lot Size: (1) Each single-family, two-family and townhouse dwelling unit shall be located on a lot with a minimum land area of 1,452 square feet. (2) Each other principal use shall be located on a lot with no minimum land area requirement except that which occurs as a result of other applicable regulations such as yards, floor area ratio and parking. (C) Lot width and frontage. (1) For single-family and two-family duplex dwellings, the minimum lot width at the front building line and the minimum lot frontage at the front lot line shall be 25 feet. For two-family semi-detached dwellings, the minimum lot frontage shall be 25 feet for each dwelling unit. (2) For townhouse dwellings, the minimum lot width at the front building line and the front lot line shall be 18 feet for interior lots; provided however that the planning commission may approve a lot width reduction on an interior lot to a minimum of 15 feet where the commission finds the reduction necessary and appropriate and: (a) Three or more townhouses are being developed contemporaneously; and (b) The average lot width and lot frontage in the development is at least 18 feet. ▪ Density/FAR: Gross density shall not exceed 30 dwelling units per acre, FAR. The maximum permitted floor area ratio is 1.50. ▪ Height: The maximum permitted height of a structure is 35 feet, provided however that the maximum height may be increased to an amount not to exceed 45 feet if the ridge line of the roof is parallel to the street and the slope of the roof is compatible with neighboring buildings. ▪ Parking: Office requires 1 space per 500 sq. ft., Townhouses require 2 spaces per unit 				
Surrounding Uses/ Zoning		Townhouses, Condos, Office		
Most Likely Use/ Potential for Re-Zoning		Multi-family, townhouses, or office		
Tax Records (2008)		Land	Improvements	Total
Assessed Value – 509 North St. Asaph St.		\$4,387,037	\$3,987,480	\$8,374,517
Assessed Value – 511, 513, 515 Oronoco St.		\$3,873,871	\$57,225	\$3,931,096
Other				
Estimated cost to renovate building for City office use (completed October 2004)		\$4,000,000 to yield 25,400 usable sq. ft.		
Estimated Value for		Site Disposition	20-Year NPV Tax Rev*	20-year Total
Strategy 1: Sell for rehab building into multi-family units*		\$2,500,000	\$1,700,000	\$4,200,000
Strategy 2: Sell for rehab building into office		\$2,500,000	\$1,100,000	\$3,600,000
Strategy 3: Rehab for City office use		\$5,500,000 (20-year NPV of Lease Avoidance) no tax revenue		
Strategy 4: Sell Oronoco lots for townhouse construction*		\$1,200,000	\$1,000,000	\$2,200,000
Strategy 5: Sell based on a demolishing of the building and development of new multi-family building and associated parking to maximize density		\$1,200,000	\$4,200,000	\$5,400,000

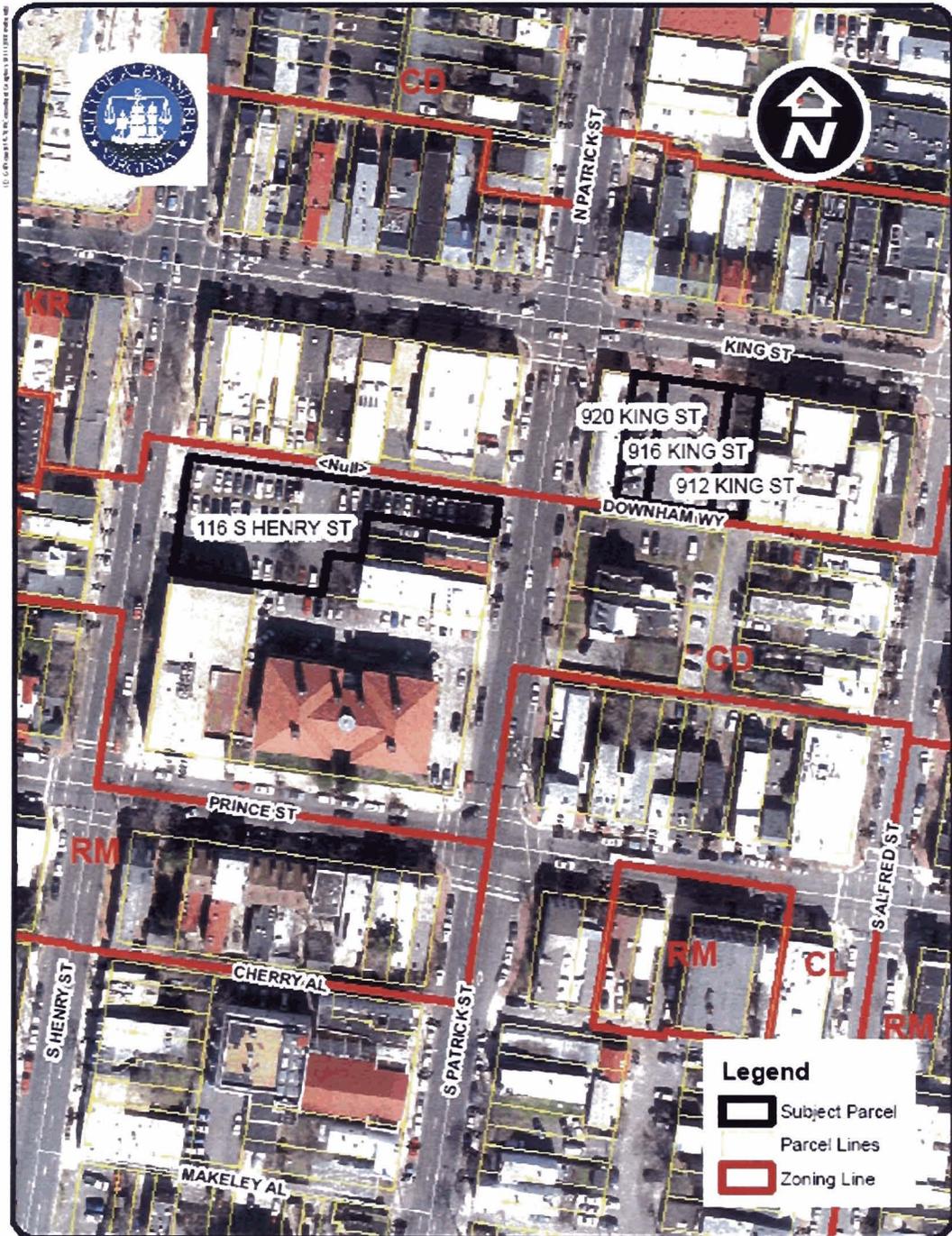
Strategy 6: Estimated Value to Retain Oronoco St/ as Revenue Generating City Parking Lot	
20-year net present value (NPV) of income from continuing operating as a City parking lot	\$250,000
<p>*Note: If the parking requirements for Strategy 1 can be fulfilled with using either none or a portion of the Oronoco Street lots, the City could combine Strategy 1 and Strategy 4. This would involve selling the Old Health Department for condominium redevelopment and selling all or a portion of the Oronoco Street lots for townhouse redevelopment. If this can be achieved, the City would receive a maximum of \$3,700,000 for the site dispositions, and \$2,800,000 for the 20-year net present value of tax revenue for a total of \$6,500,000.</p>	
Recommendation	
<p><i>Strategy 1 – Rehab for Multi-family, Strategy 3 – Rehab for City Office, Strategy 4 – Redevelop Oronoco Street for Townhouses, and Strategy 5 – Demolish and Redevelop for Multi-family</i> should be further analyzed. JLL recommends that the City conduct an environmental and asbestos/ hazardous material study on the Old Health Department Building and Oronoco Street Lots. Based upon the outcome of this study, the City can determine if the cost of remediation would negate the value it could receive from disposing of the building or retaining it for City office use. In addition, the City should begin dialogue with the community to determine whether it would support a rehabilitation or demolition of the Old Health Department into market-rate multifamily housing or rehabilitation into City office. Finally, prior to any disposition, the City should evaluate the renovation of the Old Health Department for other City uses, including an assisted living facility for seniors.</p> <p>In conjunction with any redevelopment strategy, a parking study should be completed. For <i>Strategy 1 – Rehab for Multi-family</i>, the City should determine if the parking spaces behind the Old Health Department could be reconfigured or additional spaces could be added to satisfy the building’s parking requirements on-site (23 spaces) without utilizing the Oronoco Street lots. If the Oronoco Street lots were not needed to provide parking for the Old Health Department (either all or a portion of the site), the City could seek to maximize the property’s value by both renovating the Old Health Department for condominiums (<i>Strategy 1</i>) and developing townhouses on the Oronoco Street lots (<i>Strategy 4</i>). For <i>Strategy 3 – Rehab for City Office</i>, the City should study how the Oronoco lots and the spaces behind the Old Health Department could be reconfigured to yield more spaces. While the current parking capacity meets zoning requirements for office use, additional spaces may be needed by the City from a functional perspective. Finally, for all redevelopment strategies, the City should identify solutions to locate alternative parking options and office space for the City personnel who currently work in the Old Health Department and/or park on the Oronoco Street lots and would be displaced by redevelopment.</p>	

*20-Year NPV of additional City tax revenue if redeveloped per given Strategy and not City Owned; reflects ratio of \$0.845 per \$100 assessed value

Eldercraft - 200 North Royal Street a/k/a 405 Cameron				
Site Characteristics		Land SF	Building SF	
Map/Block/Lot: 064.04-10-25		1,677	TBD	
Comments: a/k/a 405 Cameron Street, Used as temporary City office space and ground floor retail				
Zoning/Entitlements/Legal Characteristics				
Current Zoning		CD: Commercial downtown zone		
<ul style="list-style-type: none"> ▪ Nonresidential: No lot size or frontage requirements. (1) Nonresidential FAR. The maximum permitted floor area ratio for nonresidential uses is 1.5 except that the floor area ratio may be increased to an amount not to exceed 2.5 with a special use permit. ▪ Residential: (1) <i>Lot size.</i> Each multifamily structure shall provide a minimum land area of 1,245 square feet per dwelling unit except that the minimum land area for each dwelling unit may be reduced to an amount no lower than 800 square feet with a special use permit. Each single-family, two-family and townhouse dwelling shall provide a minimum land area of 1,452 square feet. (2) <i>Frontage.</i> (a) When measured at both the front lot line and the front building line, each multifamily dwelling requires a minimum of 50 feet of frontage.(b) For single-family and two-family duplex dwellings, the minimum lot width at the front building line and the minimum lot frontage at the front lot line shall be 25 feet. For two-family semi-detached dwellings, the minimum lot frontage shall be 25 feet for each dwelling unit. (c) For townhouse dwellings, the minimum lot width at the front building line and the front lot line shall be 18 feet for interior lots; provided however that the planning commission may approve a lot width reduction on an interior lot to a minimum of 15 feet where the commission finds the reduction necessary and appropriate and: (1) Three or more townhouses are being developed contemporaneously; and (2) The average lot width and lot frontage in the development is at least 18 feet. The maximum permitted floor area ratio for multifamily residential uses is 1.25, not to exceed 35 units per acre except that the number of dwelling units per acre may be increased to a number not to exceed 54.45 with a special use permit. The maximum permitted floor area ratio for single-family, two-family and townhouses dwellings is 1.50. ▪ Mixed use: When a development includes both residential and nonresidential uses, the residential lot size and frontage regulations shall apply to the residential component of the development, provided the residential component consists of three or more dwelling units. ▪ Height: Height max 50 feet. 				
Surrounding Uses/ Zoning		Office, Residential		
Most Likely Use/ Potential for Re-Zoning		Residential/ Mixed – Rehab of building into two residential unit(s) with ground level retail		
Tax Records (2008)		Land	Improvements	Total
Assessed Value		\$292,793	\$899,220	\$1,192,013
Other				
Redevelopment would require relocation of existing DGS personnel, cost likely to be minimal				
Estimated Value for	Site Disposition	20-Year NPV Tax Rev*	20-Year Total	
Strategy 1: Sell for rehab building into 2 multi-family units and retail rental	\$600,000	\$275,000	\$875,000	
Strategy 2: Sell for rehab into single residential unit	\$1,100,000	\$300,000	\$1,400,000	
Recommendation				
Conduct a building assessment to determine the scope of the structural, mechanical, and asbestos/hazardous material remediation which will be required to redevelop it into a single residential unit.				

*20-Year NPV of additional City tax revenue if redeveloped per given Strategy and not City Owned; reflects ratio of \$0.845 per \$100 assessed value

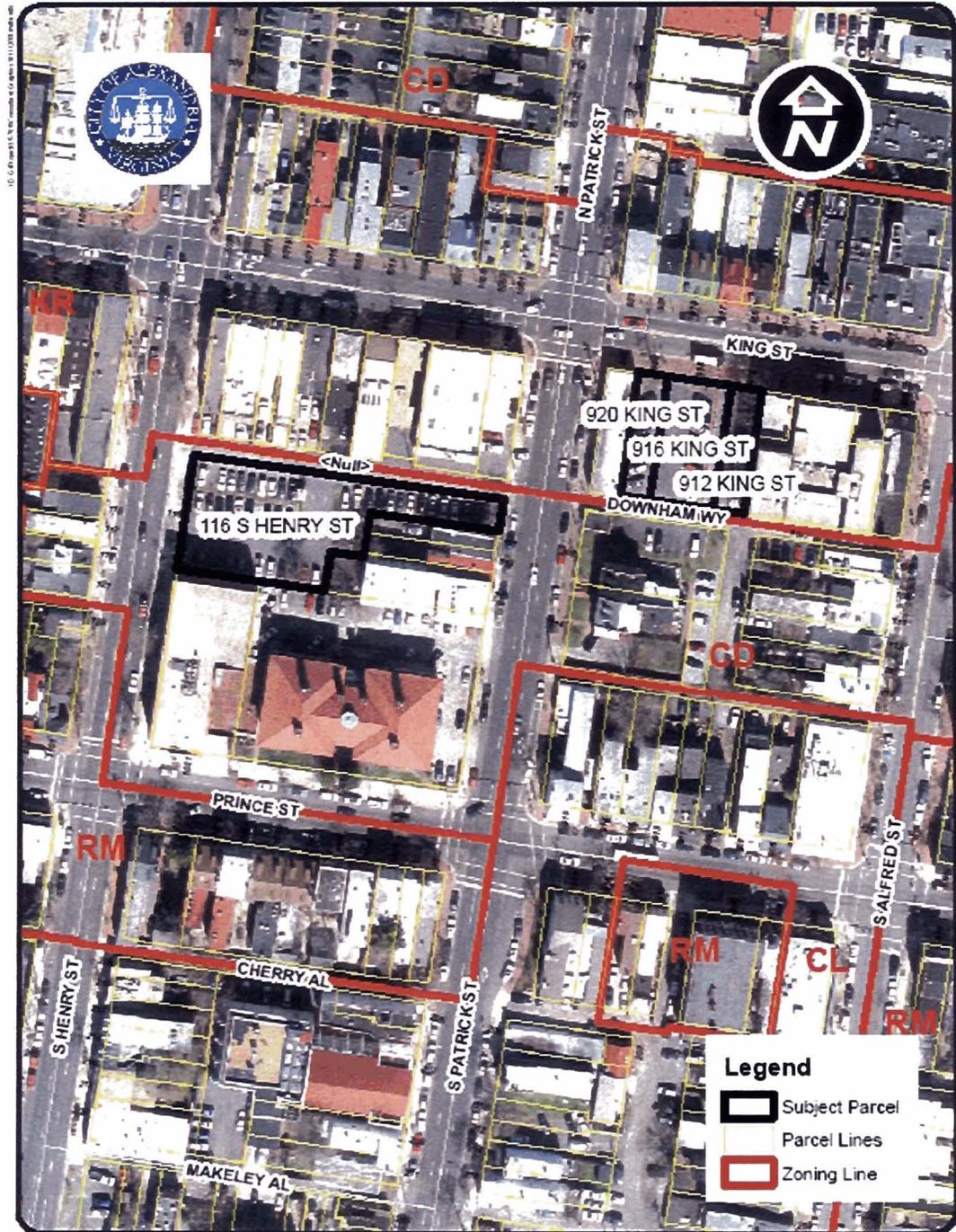
Property #3 – 912, 916, 920 King Street



912, 916, 920 King Street				
Site Characteristics		Land SF	Building SF	
Map/Block/Lot for 912 King.: 074.01-06-04		2,500	0	
Map/Block/Lot for 916 King: 074.01-06-03		5,042	0	
Map/Block/Lot for 920 King: 074.01-06-02		2,400	0	
Comments: Parking lots, approx 15 spaces				
Zoning/Entitlements/Legal Characteristics				
Current Zoning		KR: King Street urban retail zone		
<ul style="list-style-type: none"> ▪ Frontage, lot and yard requirements: There shall be no frontage, lot or yard requirements, except for the supplemental yard and setback provisions of section 7-1000 and the zone transition requirements of section 7-900. ▪ Open space: For residential uses, open space shall be provided in an amount equivalent to a minimum of 150 square feet per dwelling unit. The open space shall be composed of ground level space, and may also include space on balconies, terraces and rooftops. The ground level open space shall be a qualitatively significant component of the total open space. Open space shall be easily accessible and shall be proximate to dwellings. ▪ FAR: For properties east of South Peyton Street on the south side and east of Harvard Street on the north side of King Street, the following FAR limits apply: (a) Nonresidential. For nonresidential uses, the FAR shall not exceed 1.5, except that up to an FAR of 2.5 may be approved with an SUP. (b) Residential. For residential uses, the FAR shall not exceed 1.25, except that an FAR of up to 2.5 may be approved with an SUP. The maximum permitted height of a building is 50 feet. ▪ Transition special use permit: For land within the boundaries of a project approved by a transition special use permit which was valid as of November 1, 1994 and is located within 1,000 square feet of a Metrorail station, the maximum permitted floor area ratio is 3.0, without regard to lot lines, with a special use permit. ▪ Parking: Requires 1 space per 500 sq ft. for office and 1 space per 250 sq. ft. for retail 				
Surrounding Uses/ Zoning		Retail		
Most Likely Use/ Potential for Re-Zoning		Assemblage of lots and sale for retail & office use		
Tax Records (2008)		Land	Improvements	Total
Assessed Value for 912 King		\$412,335	\$0	\$412,335
Assessed Value for 916 King		\$831,600	\$0	\$831,600
Assessed Value for 920 King		\$395,819	\$0	\$395,819
Estimated Value for		Site Disposition	20-Year NPV Tax Rev*	20-Year Total
Strategy 1: Construct 7,500 square feet of retail and 17,500 square feet of office		\$3,000,000	\$2,200,000	\$5,200,000
Estimated Value to Retain 912-920 King Street as Revenue Generating City Parking Lot				
20-year net present value (NPV) of continuing operating as a City parking lot			\$450,000	
Recommendation				
Conduct an environmental assessment and then consider assembling these lots into a single parcel to sell for redevelopment into ground floor retail and office. Consider jointly developing with 116 South Henry Street. Will need to address parking requirements either with underground parking on-site or using spaces at the City-owned lot on 116 South Henry St.				

*20-Year NPV of additional City tax revenue if redeveloped per given Strategy and not City Owned; reflects real estate taxes calculated at a ratio of \$0.845 per \$100 assessed value and retail sales tax revenues at \$5 per sq. ft.

Property #4 – 116 South Henry St



116 South Henry Street			
Site Characteristics		Land SF	Building SF
Map/Block/Lot for 116 S. Henry: 074.01-05-12		15,332	0
Comments: Parking lot, approx 50 spaces			
Zoning/Entitlements/Legal Characteristics			
Current Zoning		CD: Commercial downtown zone	
<ul style="list-style-type: none"> ▪ Nonresidential: No lot size or frontage requirements. (1) Nonresidential FAR. The maximum permitted floor area ratio for nonresidential uses is 1.5 except that the floor area ratio may be increased to an amount not to exceed 2.5 with a special use permit. ▪ Residential: (1) <i>Lot size.</i> Each multifamily structure shall provide a minimum land area of 1,245 square feet per dwelling unit except that the minimum land area for each dwelling unit may be reduced to an amount no lower than 800 square feet with a special use permit. Each single-family, two-family and townhouse dwelling shall provide a minimum land area of 1,452 square feet. (2) <i>Frontage.</i> (a) When measured at both the front lot line and the front building line, each multifamily dwelling requires a minimum of 50 feet of frontage.(b) For single-family and two-family duplex dwellings, the minimum lot width at the front building line and the minimum lot frontage at the front lot line shall be 25 feet. For two-family semi-detached dwellings, the minimum lot frontage shall be 25 feet for each dwelling unit. (c) For townhouse dwellings, the minimum lot width at the front building line and the front lot line shall be 18 feet for interior lots; provided however that the planning commission may approve a lot width reduction on an interior lot to a minimum of 15 feet where the commission finds the reduction necessary and appropriate and: (1) Three or more townhouses are being developed contemporaneously; and (2) The average lot width and lot frontage in the development is at least 18 feet. The maximum permitted floor area ratio for multifamily residential uses is 1.25, not to exceed 35 units per acre except that the number of dwelling units per acre may be increased to a number not to exceed 54.45 with a special use permit. The maximum permitted floor area ratio for single-family, two-family and townhouses dwellings is 1.50. ▪ Mixed use: When a development includes both residential and nonresidential uses, the residential lot size and frontage regulations shall apply to the residential component of the development, provided the residential component consists of three or more dwelling units. ▪ Height: Height max 50 feet. 			
Surrounding Uses/ Zoning		Retail/ Office/ VA Tech No. Va. Campus	
Most Likely Use/ Potential for Re-Zoning		Parking structure to support retail uses or joint development with 912-920 King Street	
Tax Records (2008)		Land	Improvements
Assessed Value for 116 S. Henry		\$2,380,109	\$0
Construction of Parking Deck			
<ul style="list-style-type: none"> ▪ Construction of 4-level 160-space parking deck estimated at \$5,600,000 (\$35,000 per space) ▪ Estimated annual revenue from this deck estimated at \$288,000 (\$150/space/mo) <p>Under this arrangement, the City would earn its \$5.6 million investment back over 19 years</p>			
Estimated Value to Retain 116 S. Henry Street as Revenue Generating City Parking Lot			
20-year net present value (NPV) of continuing operating as a City parking lot		\$600,000	
Estimated Land Value		\$525,000	
Land value computed by applying a 6% capitalization rate to the City's current annual parking income			
Recommendation			
Recommend that the City examine jointly developing 116 South Henry with 912-920 King Street. As part of the redevelopment, 116 South Henry Street could be developed into structured parking to support the retail and office uses proposed on 912-920 King Street, as well as other surrounding uses.			

Property #5: 120, 122, 122 ½ North Patrick Street



120, 122, 122 ½ North Patrick Street				
Site Characteristics		Land SF	Building SF	
Map/Block/Lot for 120 N. Patrick: 064.03-07-13		2,351	0	
Map/Block/Lot for 122 N. Patrick: 064.03-07-14		1,695	0	
Map/Block/Lot for 122 ½ N. Patrick: 064.03-07-15		1,695	0	
Comments: Parking Lots, Approx 24 spaces				
Zoning/Entitlements/Legal Characteristics				
Current Zoning		CD: Commercial downtown zone, all parcels		
<ul style="list-style-type: none"> ▪ Nonresidential: No lot size or frontage requirements. (1) Nonresidential FAR. The maximum permitted floor area ratio for nonresidential uses is 1.5 except that the floor area ratio may be increased to an amount not to exceed 2.5 with a special use permit. ▪ Residential: (1) <i>Lot size.</i> Each multifamily structure shall provide a minimum land area of 1,245 square feet per dwelling unit except that the minimum land area for each dwelling unit may be reduced to an amount no lower than 800 square feet with a special use permit. Each single-family, two-family and townhouse dwelling shall provide a minimum land area of 1,452 square feet. (2) <i>Frontage.</i> (a) When measured at both the front lot line and the front building line, each multifamily dwelling requires a minimum of 50 feet of frontage.(b) For single-family and two-family duplex dwellings, the minimum lot width at the front building line and the minimum lot frontage at the front lot line shall be 25 feet. For two-family semi-detached dwellings, the minimum lot frontage shall be 25 feet for each dwelling unit. (c) For townhouse dwellings, the minimum lot width at the front building line and the front lot line shall be 18 feet for interior lots; provided however that the planning commission may approve a lot width reduction on an interior lot to a minimum of 15 feet where the commission finds the reduction necessary and appropriate and: (1) Three or more townhouses are being developed contemporaneously; and (2) The average lot width and lot frontage in the development is at least 18 feet. The maximum permitted floor area ratio for multifamily residential uses is 1.25, not to exceed 35 units per acre except that the number of dwelling units per acre may be increased to a number not to exceed 54.45 with a special use permit. The maximum permitted floor area ratio for single-family, two-family and townhouses dwellings is 1.50. ▪ Mixed use: When a development includes both residential and nonresidential uses, the residential lot size and frontage regulations shall apply to the residential component of the development, provided the residential component consists of three or more dwelling units. ▪ Height: Height max 50 feet. 				
Surrounding Uses/ Zoning		Commercial and Residential		
Most Likely Use/ Potential for Re-Zoning		Office		
Tax Records (2008)		Land	Improvements	Total
Assessed Value for 120 N. Patrick		\$364,980	\$0	\$364,980
Assessed Value for 122 N. Patrick		\$263,109	\$0	\$263,109
Assessed Value for 122 ½ N. Patrick		\$263,109	\$0	\$263,109
Estimated Value for		Site Disposition	20-Year NPV Tax Rev*	20-Year Total
Strategy 1: Sell for office rental redevelopment		Minimal	\$643,545	Minimal
Estimated Value to Retain Patrick Street as Revenue Generating City Parking Lot				
20-year net present value (NPV) of income from continuing operating as a City parking lot		\$100,000		
Estimated land value		\$325,000 Land value computed by applying a 6% capitalization rate to the City's current annual parking income		
Recommendation				
Continue to operate for parking until higher land values can be achieved.				

*20-Year NPV of additional City tax revenue if redeveloped per given Strategy and not City Owned; reflects ratio of \$0.845 per \$100 assessed value

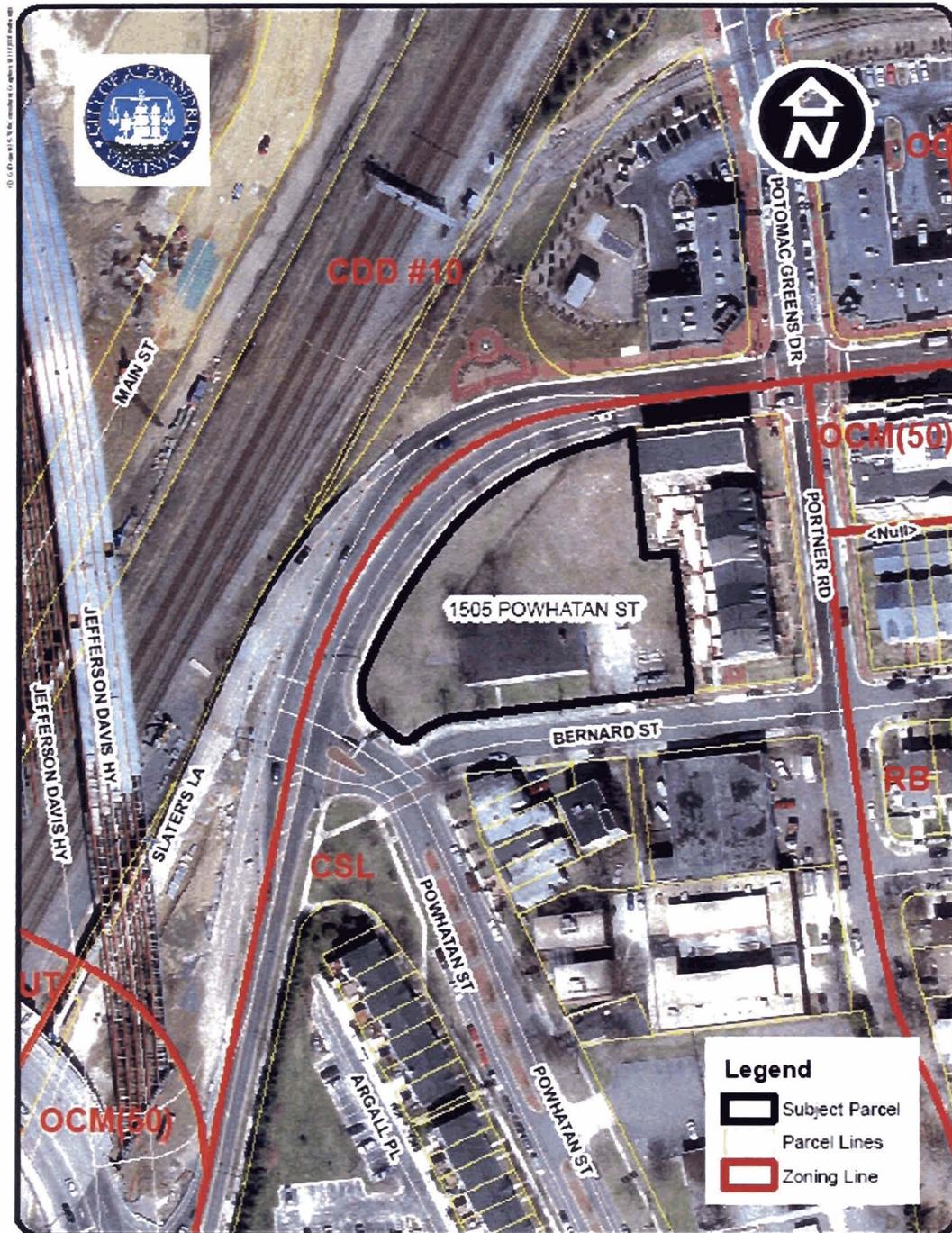
Property #6: 517 Cameron Street



517 Cameron Street				
Site Characteristics		Land SF	Building SF	
Map/Block/Lot: 064.04-09-26		18,595	0	
Comments: Parking Lot, Approx 55 spaces				
Zoning/Entitlements/Legal Characteristics				
Current Zoning		RM: Townhouse zone		
<ul style="list-style-type: none"> ▪ Lot Size: (1) Each single-family, two-family and townhouse dwelling unit shall be located on a lot with a minimum land area of 1,452 square feet. (2) Each other principal use shall be located on a lot with no minimum land area requirement except that which occurs as a result of other applicable regulations such as yards, floor area ratio and parking. (C) Lot width and frontage. (1) For single-family and two-family duplex dwellings, the minimum lot width at the front building line and the minimum lot frontage at the front lot line shall be 25 feet. For two-family semi-detached dwellings, the minimum lot frontage shall be 25 feet for each dwelling unit. (2) For townhouse dwellings, the minimum lot width at the front building line and the front lot line shall be 18 feet for interior lots; provided however that the planning commission may approve a lot width reduction on an interior lot to a minimum of 15 feet where the commission finds the reduction necessary and appropriate and: (a) Three or more townhouses are being developed contemporaneously; and (b) The average lot width and lot frontage in the development is at least 18 feet. ▪ Density/FAR: Gross density shall not exceed 30 dwelling units per acre, FAR. The maximum permitted floor area ratio is 1.50. ▪ Height: The maximum permitted height of a structure is 35 feet, provided however that the maximum height may be increased to an amount not to exceed 45 feet if the ridge line of the roof is parallel to the street and the slope of the roof is compatible with neighboring buildings. 				
Surrounding Uses/ Zoning		Office and Residential		
Most Likely Use/ Potential for Re-Zoning		Residential		
Tax Records (2008)		Land	Improvements	Total
Assessed Value		\$2,579,577	\$0	\$2,579,577
Estimated Value for		Site Disposition	20-Year NPV Tax Rev*	20-Year Total
Strategy 1: Construct 25 multi-family units		\$700,000	\$2,000,000	\$2,700,000
Strategy 2: Construct 12 townhouse units		\$1,500,000	\$1,900,000	\$3,400,000
Estimated Value to Retain 517 Cameron Street as Revenue Generating City Parking Lot				
20-year net present value (NPV) of income from continuing operating as a City parking lot		\$1,200,000		
Recommendation				
JLL recommends that the City continue operating the site as a parking lot. Due the currently soft residential housing market, the site should be revisited in the future when higher land values could be achieved. Under any redevelopment strategy, the City should weigh the currently available public benefit of providing parking at this location versus the revenue it would gain from disposing of the site for redevelopment.				

*20-Year NPV of additional City tax revenue if redeveloped per given Strategy and not City Owned; reflects ratio of \$0.845 per \$100 assessed value

Property #7: Old Traffic Shop - 1505 Powhatan Street



Old Traffic Shop: 1505 Powhatan Street				
Site Characteristics		Land SF	Building SF	
Total Site				
Map/Block/Lot: 044.02-01-01		38,000	0	
Comments: Metro runs underneath one-fourth of the western side of the site along Powhatan which limits it overall development potential				
Zoning/Entitlements/Legal Characteristics				
Current Zoning		CSL: Commercial service low zone		
<ul style="list-style-type: none"> ▪ Nonresidential: There are no lot size or frontage requirements. The maximum permitted floor area ratio for nonresidential use is 0.5. ▪ Residential: The maximum permitted floor are ratio for residential uses is .75, not to exceed a maximum of 27 units for each acre for multifamily or 22 units for each acre for townhouse development. a) Yards. Each single-family, two-family and townhouse dwelling shall provide a front yard of 20 feet; a rear yard based on a 1:1 setback ratio and a minimum of eight feet; and side yards based on a 1:3 setback ratio and a minimum of eight feet. In the case of townhouses the side yard requirement shall apply only to interior end lots. Each multifamily dwelling shall comply with these yard requirements except that side yards shall be based on a setback ratio of 1:2 and a minimum of 16 feet. (b) Open space. Residential development shall provide 40 percent of the area of the lot as open and usable space, the location and shape of which shall be subject to the director's determination that it is functional and usable space for residents, visitors and other persons. Such open space may be located on landscaped roofs or other areas fully open to the sky which are not at ground level if the director determines that such space functions as open space for residents to the same extent that ground level open space would. ▪ Mixed use: When a development includes both residential and nonresidential uses, the residential yard and open space regulations shall be applicable to the residential component of the development. ▪ Height: The maximum permitted height of a building is 50 feet. 				
Surrounding Uses/ Zoning		Industrial, Residential		
Most Likely Use/ Potential for Re-Zoning		Multifamily residential; City is also considering redeveloping for multi-family workforce housing.		
Tax Records (2008)		Land	Improvements	Total
Assessed Value		\$4,108,104	\$10,500	\$4,118,604
Other				
2008 City study performed by the Housing Department estimated the cost to build and sell multifamily units, the following includes land cost		\$16 million for 38 units of workforce rental housing or \$6.5 million for 17 units of workforce rentals		
Estimated Value for Site Disposition				
Estimated Value for	Site Disposition	20-Year NPV Tax Rev	20-Year Total	
Strategy 1: Sell for redevelopment as 38 market rate multi-family units	Minimal			
Strategy 2: Sell/Retain to redevelop as 38 workforce housing units	\$1,900,000 (requires \$7MM subsidy from City)	\$1,200,000	\$3,100,000	
Strategy 3: Sell for redevelopment as 10 market-rate townhouse units	\$275,000	\$700,000	\$975,000	
Recommendation				
Determine if the City has the political priority to construct workforce and/or affordable housing on the site. Workforce and/or affordable housing may be achievable if City contributes \$7 million and other subsidies and/or social investors could be obtained to finance the project. If funds are not available to subsidize the workforce and/or affordable housing units, the City should consider selling the property for market-rate townhouse redevelopment.				

Property #8: 3224 Colvin Street



3224 Colvin Street				
Site Characteristics		Land SF	Building SF	
Map/Block/Lot: 061.04-02-01		11,875	0	
Comments: Parking lot for DASH employees				
Zoning/Entitlements/Legal Characteristics				
Current Zoning		I: Industrial zone		
<ul style="list-style-type: none"> ▪ Yards: For nonresidential uses, there is no yard or open space requirements except as may be applicable pursuant to the supplemental yard or setback regulations of section 7-1000 and the zone transition requirements of section 7-900. ▪ Floor area ratio: The maximum permitted floor area ratio is .85, except that the floor area ratio may be increased to an amount not to exceed 1.25 with a special use permit. ▪ Height: The maximum permitted height of a building is 50 feet, provided that in the case of a use that requires greater height for a tower, stack or other feature due to the inherent nature of its operations, the additional height needed to accommodate such feature may be approved with a special use permit. 				
Surrounding Uses/ Zoning		Industrial		
Most Likely Use/ Potential for Re-Zoning		Industrial most likely re-use or could remain parking, no zoning change needed		
Potential FAR if Re-Zoned				
Tax Records (2008)		Land	Improvements	Total
Current Assessed Value		\$548,856	\$0	\$548,856
Estimated Value to Retain Colvin Street as Revenue Generating City Parking Lot				
20-year net present value (NPV) of income from continuing operating as a City parking lot		\$70,000		
Estimated land value		\$250,000		
Estimated Value to Sell Colvin Street as Revenue Generating Parking Lot				
20-year net present value of additional tax revenue to the City from selling		\$50,000		
Estimated sale value		\$250,000 Land value computed by applying a 6% capitalization rate to the City's current annual parking income		
Total		\$300,000		
Recommendation				
The City has indicated that it plans to retain this property to meet other City needs.				

22
5-26-09



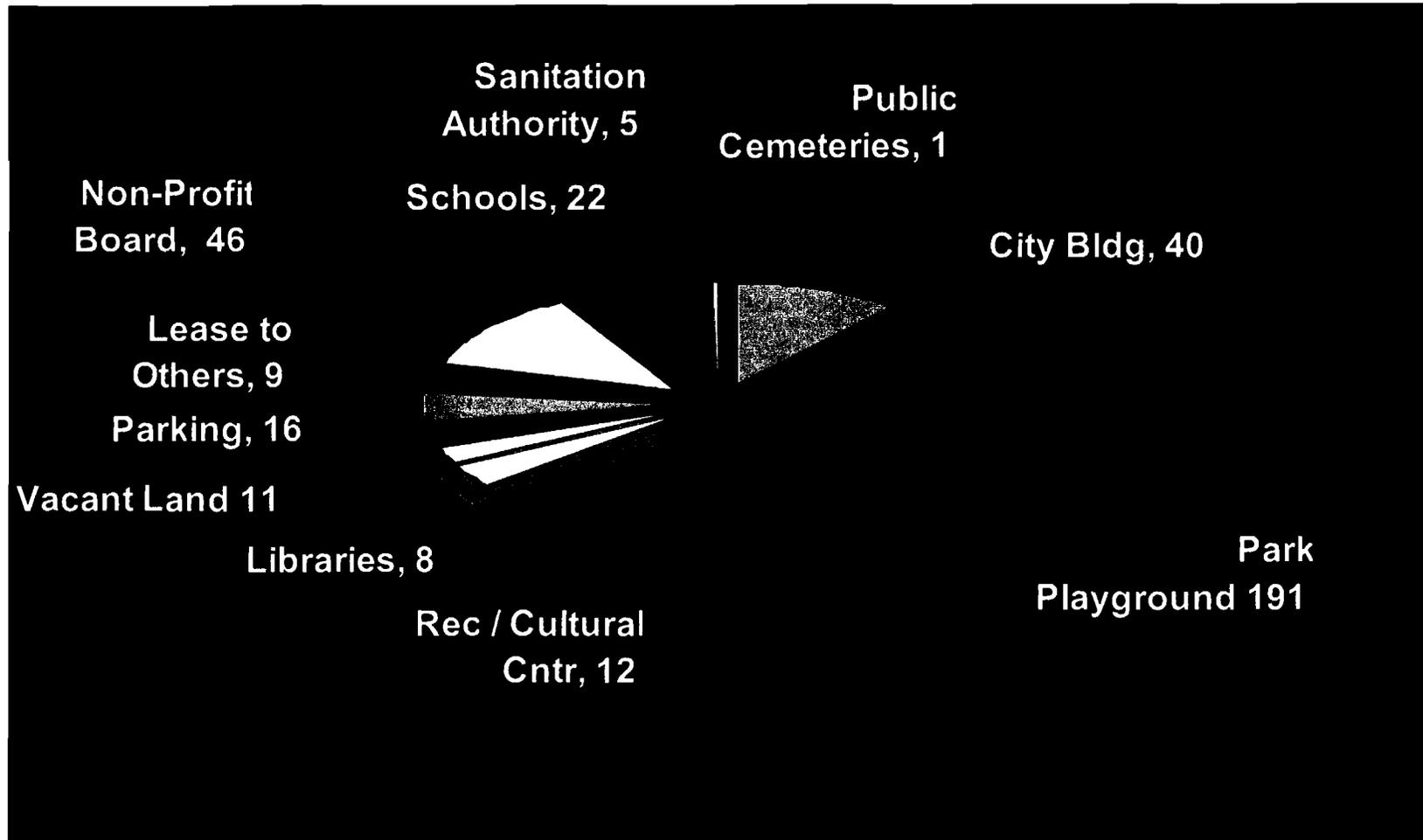
JONES LANG
LASALLE®

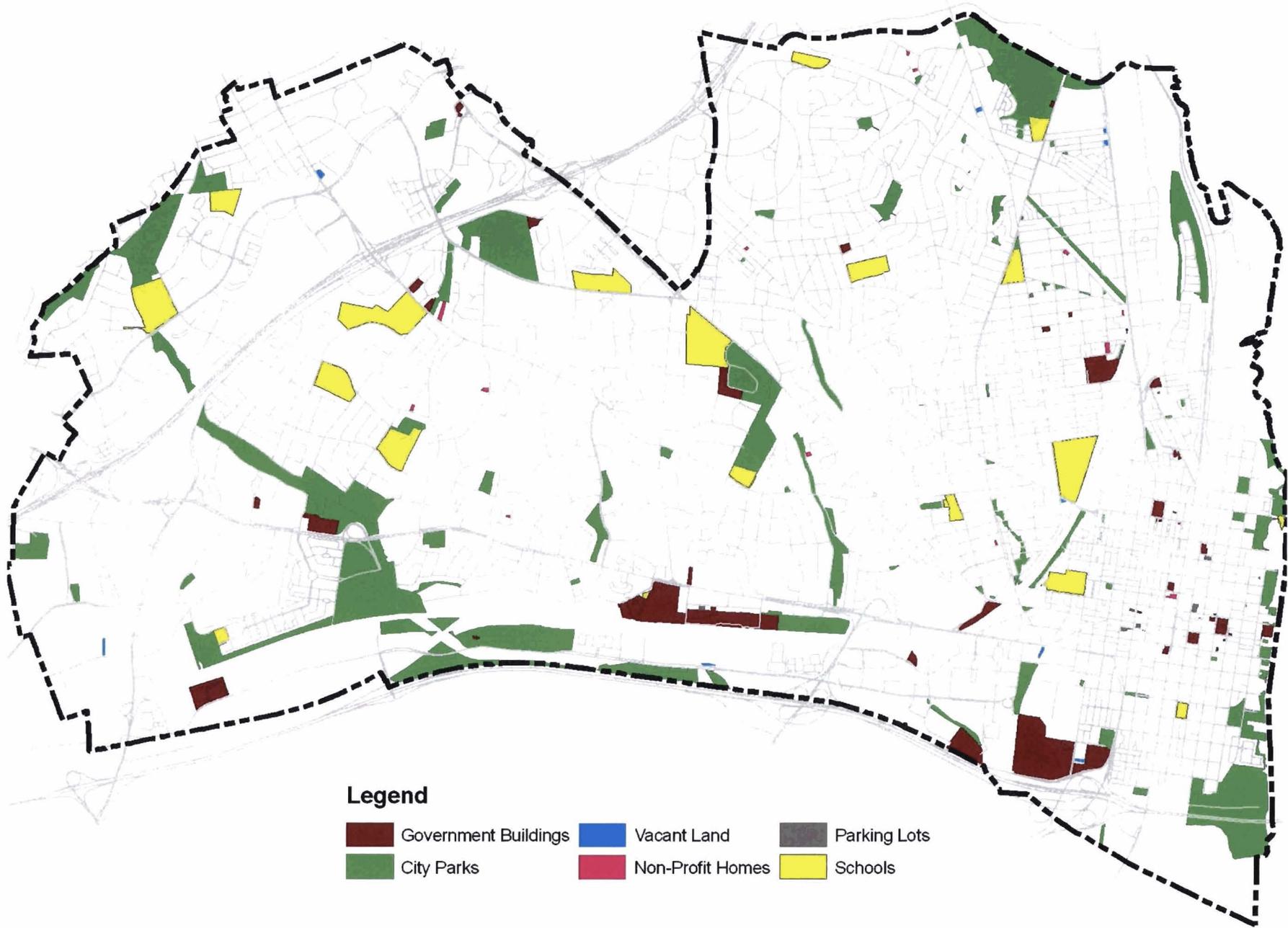
City of Alexandria [REDACTED] Inventory Study



Final Version - May 2009

Property type summary





Legend

- | | | |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
|  Government Buildings |  Vacant Land |  Parking Lots |
|  City Parks |  Non-Profit Homes |  Schools |



Legend

- Government Buildings
- Vacant Land
- Parking Lots

Review of analysis report

- Of the 361 properties studied - 21 properties were identified for further review
- Of these 21 properties:
 - 8 properties were identified as candidates for best use evaluation
 - 13 properties were removed
 - 7 properties were removed due to their designation for open space
 - 6 properties were removed but should be considered in the future

Properties targeted

1. 509 N. St. Asaph Street and 511-515 Oronoco Street - Old Health Department
2. 200 North Royal Street (A/K/A 405 Cameron St)
3. 912-920 King Street – Parking Lot
4. 116 South Henry Street – Parking Lot
5. 120-122 N. Patrick Street – Parking Lot
6. 517 Cameron Street – Parking Lot
7. 1505 Powhatan Street – Old Traffic Shop
8. 3224 Colvin Street – Parking Lot

Property 1: Old Health Department 509 N. St. Asaph Street & 511-515 Oronoco Street



Property 2: 200 North Royal Street / 405 Cameron Street



Property 3: 912-920 King Street



Property 3: 116 South Henry Street



Property 4: 1505 Powhatan Street



120-122 North Patrick Street



517 Cameron Street



Properties to be assessed in the context of future redevelopment

3224 Colvin Street – (current DASH employee parking) should be held as a City asset for future growth.

3700 Mt. Vernon Ave – (former Datatel building) should be leveraged for improved development when the adjacent area develops.

401 East Braddock – (corner at 7-11) should be leveraged for improved redevelopment in the area.

110 Callahan Drive (Amtrak Station parking lot) should be evaluated as a part of any future King Street Metrorail station area development discussions.

Properties not recommended for change in use:

2311 Mt. Vernon Ave – (farmer's market lot) continue use.

3600 Jefferson Davis Highway – (former Bijan Auto) is not recommended for redevelopment due to size constraints.

1500 Duke Street – site is a Resource Protection Area (RPA)

Summary of properties for immediate disposition

Site	Redevelopment Use	Current Sale Price	20-Year NPV of Tax Rev to City	Total 20-Year Present Value
Old Health Department & Oronoco Street Lots 509 N St. Asaph Street and 511-515 Oronoco Street	Multi-family: Rehab building into 18 condo units, if possible develop 7 townhouses on Oronoco St. City Office: Renovate building for City office use, use Oronoco Street for parking	Multi-Family: \$2,500,000 to \$3,700,000 City Office: \$5,500,000	Multi-Family: \$1,700,000 to \$2,800,000 City Office: \$0	Multi-Family: \$4,200,000 to \$6,500,000 City Office ¹ : \$5,500,000
200 North Royal Street	Rehab into single residential unit	\$1,100,000	\$300,000	\$1,400,000
912, 916 and 920 King Street & 116 S. Henry ²	Develop ground floor retail and two stories of office; leverage structured parking at Henry St.	\$3,000,000	\$2,200,000 Includes RE Tax & Sales Tax	\$5,200,000 \$600,000 (Revenue at Henry St. retained for City parking)
1505 Powhatan Street	Affordable housing apartments	\$1,900,000	\$1,200,000	\$3,100,000 (Requires \$7 million tax-credit subsidy or subsidy from other sources to achieve this value)
Total Value Projected to the City over 20 Years			\$14,500,000 to \$16,800,000	

¹The 20-year net present to the City of renovating the Old Health Department and retaining for City office use is larger than the 20-year net present value of selling the Old Health Department for multi-family use. However, renovating the Old Health Department for City office use requires the City to spend \$4.75 million (which is considered in the net present value calculation).

²The City should also investigate disposing 116 South Henry as part of a joint development with 912-920 King Street or developing a parking deck on 116 S. Henry Street to support surrounding uses.

Property Inventory Study

- Questions
- Next Steps

Appendices IV-VIII are available for viewing in the City Clerk's Office.

22
5-26-09



"Poul Hertel"
<poulh@erols.com>
05/26/2009 04:58 PM

To <Jackie.Henderson@alexandriava.gov>, "Alicia Hughes"
<aliciarhughes@gmail.com>, "Frank Fannon"
<frank.fannon@gmail.com>, "Justin Wilson"
cc <jim.hartmann@alexandriava.gov>

bcc

Subject Disposal of City Properties Item 22

Dear Madam City Clerk

Please find attached the comments from Old Town Civic Association on the matter of

RE: Item 22 .

Receipt of Jones Lang Lasalle Real Property Inventory Study and Recommendations on the Disposition of Certain City Owned Real Estate Parcels

Sincerely



Poul Hertel Disposal of city properties.doc

**Old Town Civic Association, Inc.
P.O. Box 1213
Alexandria, Virginia 22313**

RE: Item 22.

Receipt of Jones Lang Lasalle Real Property Inventory Study and Recommendations on the Disposition of Certain City Owned Real Estate Parcels

Dear Mr. Mayor and Members of the City Council,

The Old Town Civic Association wishes thank the City Manager for including OTCA and other Civic Associations in any deliberation regarding the disposition of city properties in our communities. We look forward to working with the City on these matters, but request that this take place before the City Commits to the recommended changes in zoning and contemplated uses, especially if the property was acquired with public open space funds.

The reports phraseology, although commonly evoked, does raise the issue of representation. Notably, page two of the report has the following stated goal:

“The City should sell, lease or otherwise dispose of properties that it determines are not needed for a public purpose after determining what the highest and best use of those properties is. Parcels the City owns in commercial areas or high land value areas should receive special focus.”

Highest and best use is often evoked in these types of reports, but it is also a euphemism for maximizing density/ revenues to the City. As such there could be an inherent conflict of interest between the stated goal and the representation of the effected communities with regards to ensuring compliance with the small area plans, fabric of the community and historic restrictions where applicable.

Therefore, we thank the City Manager for our inclusion, and look forward to meaningful dialogue on these matters, before they are effectuated.

Sincerely

Poul Hertel
President OTCA