

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER *RM*

SUBJECT: CONSIDERATION OF A RESOLUTION AFFIRMING THE CITY'S CURRENT ZONING FOR 1202 AND 1204 SOUTH WASHINGTON STREET (HUNTING TOWERS)

ISSUE: Hunting Towers zoning and land use.

RECOMMENDATION: That City Council adopt the attached Resolution affirming the City's current zoning for 1202 and 1204 South Washington Street.

BACKGROUND: At its April 10 legislative meeting, Council received a briefing on the Hunting Towers apartment site (1202 and 1204 South Washington Street) and asked staff to docket a resolution that Council could consider informing the Virginia Department of Transportation (VDOT), and any prospective buyers of Hunting Towers, of the properties' current zoning status, which has the practical effect of likely limiting the redevelopment potential of the Hunting Towers site.

VDOT indicated to the City earlier in the year that it planned to proceed with a request for Expressions of Interest (EOI) from prospective buyers of Hunting Towers (now marketed as "Hunting Point on the Potomac"). VDOT issued the EOI on March 23, 2012. Although the original owner of the Hunting Towers buildings, HGLC Associates, L.L.P. (HGLC) still has the right of first refusal on the Hunting Towers property, VDOT is proceeding with the EOI process under which VDOT will be asking any party for non-binding, no deposit bids on the Hunting Towers property. VDOT intends then to use those EOI bids as one set of benchmarks in its setting an expected price that it would expect HGLC to pay for the buildings.

If HGLC does not want to re-acquire Hunting Towers then VDOT intends to undertake a sealed bid process open to all interested bidders (even if they did not participate in the EOI process). As part of this upcoming sale process planning, VDOT notified Hunting Towers tenants of the planned sale, and then held a meeting on Monday, April 2, with Hunting Towers residents to discuss the sale process. About 60 tenants attended the VDOT meeting.

One key determinant of the future of any property is the redevelopment potential of that property based upon the locally determined zoning and land use policies that apply to a property. In the case of Hunting Towers, the redevelopment opportunities are very narrowly limited as a result of prior City zoning and land use decisions. First, Hunting Towers is a non-complying property in regard to its existing height, setback, parking and other City requirements. This means that a taller building(s) with a different footprint could not be constructed on this site. The only option that a property owner would have to keep the existing non-complying density and height would be to construct a new building on nearly the same footprint as the two existing Hunting Towers buildings. To tear down income producing property in relatively sound condition only to be able to replace it in kind in regard to height and density would not be economic. The only economically justified theoretical redevelopment option would appear to be to construct new buildings of much greater height and density, and that would be extremely at variance with City zoning.

Any redevelopment of Hunting Towers would also need to comply with the Washington Street Standards and Guidelines, the Hunting Creek Area Plan, as well as local and federal requirements to protect the unique natural land and water environment immediately surrounding the property.

When the Hunting Creek Plan was adopted in 2005, Council approved language that stated:

“3.4.3. In order to retain affordable and workforce housing in the City, the City may consider a zoning text amendment or zone change to allow additional height and density with setbacks appropriate to the project and the site, and in conformance with the Board of Architectural Review’s Washington Street Standards and Guidelines, with SUP approval, if the project provides for extraordinary affordable housing, including but not limited to the acquisition by the City, or by a nonprofit housing corporation, of units at the project.”

At the time this language was added a large development project was proposed for the Hunting Terrace site (which is across South Washington Street from Hunting Towers), and the proposed developer, IDI, proposed, as part of the Hunting Terrace development, that Hunting Towers be converted into workforce income-level condominiums. However, the proposed developer of the Hunting Terrace site was not able to acquire Hunting Towers from VDOT and that was one of the factors that led to the development proposal not being approved by Council.

The language in 3.4.3 above, although not site specific, was aimed at preserving an “extraordinary” level of affordable housing, accomplished possibly by the preservation of Hunting Towers and the redevelopment of Hunting Terrace. That, coupled with the Hunting Towers site severe redevelopment constraints described earlier in this memorandum, makes the 3.4.3 added height and density language not practically or economically applicable to the Hunting Towers site by itself. It is possible that at some point in time a developer could propose additional height and density on the Hunting Terrace site and in conjunction with that proposal offer an “extraordinary” level of affordable housing on either the Hunting Terrace or Hunting Towers site. However, given the current real estate market that seems unlikely.

In conclusion, it is staff's judgment that the Hunting Towers site is appropriately zoned, and that changes to existing zoning are not recommended. This still leaves open the above discussed possible changes to Hunting Terrace zoning as per 3.4.3 of the Hunting Creek Plan. Such changes because of the Washington Street Standard and Guidelines and BAR review would make rezoning for additional height and density difficult.

The attached resolution if adopted by Council would reaffirm the City's existing zoning policies for the Hunting Towers property, and would direct the Mayor to transmit that Council policy position to the Virginia Department of Transportation.

FISCAL IMPACT: When Hunting Towers is sold by VDOT to the private sector, the site will return to the tax rolls and generate between \$0.5 million and \$0.7 million per year in added real estate tax revenues.

ATTACHMENTS:

Attachment 1: Proposed Resolution on Hunting Towers

STAFF:

Mark Jinks, Deputy City Manager

Barbara Ross, Deputy Director, Planning & Zoning

Mildrilyn Davis, Director, Office of Housing

Helen McIlvaine, Deputy Director, Office of Housing

Melodie Seau, Division Chief, Office of Housing

RESOLUTION NO. _____

WHEREAS, Hunting Towers apartments (currently marketed as Hunting Point on the Potomac), which are located at 1202 and 1204 South Washington Street and which were constructed in 1950, provide 530 units of needed affordable and workforce rental housing in the City;

WHEREAS, the Virginia Department of Transportation (VDOT) purchased Hunting Towers in November 2001 as part of the Woodrow Wilson Bridge project;

WHEREAS, pending approval from the Federal Highway Administration (FHWA), VDOT now intends to sell Hunting Towers and has initiated a sale process which will include: (a) a request for non-binding expressions of interest from potential purchasers accompanied by a financing plan, (b) a subsequent offer by VDOT to the original owner to exercise its right-of-first refusal to re-acquire Hunting Towers at its current fair market value, (c) in the event the original owner does not or cannot exercise its first refusal right to re-acquire at fair market value, then the local government where the property is located (i.e., the City) may seek to acquire Hunting Towers from VDOT at a market price determined by VDOT, and finally (d) if these actions do not result in a sale, VDOT will undertake a sealed bid sale process open to all bidders;

WHEREAS, in these various sale process steps planned by VDOT, each potential buyer will likely undertake due diligence in preparation for a potential acquisition of Hunting Towers;

WHEREAS, potential buyers' bids will be influenced by what they understand the future development potential of the Hunting Towers property to be;

WHEREAS, potential buyers need to clearly understand the existing zoning on the property and how that influences what can or cannot be constructed on the Hunting Towers property;

WHEREAS, under the City's zoning, Hunting Towers is a noncomplying property in regard to its existing height, setback, parking, and other regulations;

WHEREAS, the Hunting Creek Small Area Plan, the Washington Street Design Standards, and other zoning and land use requirements, as well as local and federal requirements to protect the unique natural land and water environment immediately surrounding the property, all significantly limit Hunting Towers' future redevelopment options; and

WHEREAS, it is required that any redevelopment of the Hunting Towers property conform to the City's zoning rules, its land use policies, and all local as well as federal environmental requirements governing the property;

NOW BE IT THEREFORE RESOLVED THAT the City Council of the City of Alexandria, Virginia, hereby states that it reaffirms the City's current zoning laws, land use policies and environmental requirements with regard to the Hunting Towers property as appropriate for this site.

BE IT FURTHER RESOLVED THAT the Mayor will communicate this reaffirmation of existing zoning and land use policies to VDOT and request them to inform all prospective buyers of the Hunting Towers property of these existing zoning and land use policies.

ADOPTED this ____ day of _____, 2012
City of Alexandria, Virginia

William D. Eulle, Mayor

ATTEST:

Jackie M. Henderson, MMC
Clerk of Council

22
5-8-12

Jackie Henderson

From: Mike Caison <mcaison@comcast.net>
Sent: Tuesday, May 08, 2012 1:26 PM
To: William Euille; Frank Fannon; Kerry Donley; Alicia Hughes; Del Pepper; Paul Smedberg; Rose Boyd; Jackie Henderson; Rob Krupicka; Linda Owens; Elizabeth Jones
Subject: COA Contact Us: Item 22 on tonight's Agenda, Hunting Towers
Attachments: ATT00001.txt

COA Contact Us: Mayor, Vice Mayor, and Council Members

Time: [Tue May 08, 2012 13:25:31] **Message ID:** [39271]

Issue Type: Mayor, Vice Mayor, and Council Members
First Name: Mike
Last Name: Caison
Street Address:
City:
State:
Zip:
Phone:
Email Address: mcaison@comcast.net
Subject: Item 22 on tonight's Agenda, Hunting Towers
Hello, I am writing this as an individual and not in any official capacity

as Chair of the Affordable Housing
Advisory Committee or any of my AHDC

responsibilities, but merely as an advocate for affordable
housing in our

great city.

I was looking at the agenda for tonight's meeting, and more

particularly item 22, dealing with Hunting
Towers. There is a little

dismay that I have in the purpose of this action item, and there is some

Comments: concern in
particular with the following: "The only economically

justified theoretical redevelopment option would
appear to be to

construct new buildings of much greater height and density, and that
would

be extremely
at variance with City zoning" from the staff report.

I

have the complete and utmost respect for City staff, and I am sure

considerable efforts were made in the analysis to draw such conclusions.

However, whether or not Hunting Towers undergoes a major repositioning

that could see considerable market rent increases, does not preclude that

the potential purchase of the property and rent increases that some would

argue are more moderate, could also have a substantial impact on the

rents, in particular given where the rents are currently at and the

potential for even a more modest increase could bump the properties above

the 60% threshold that corresponds with the tax credits. What

percentages envisioned by the Hunting Towers Hunting Creek stakeholders I

don't recall. Furthermore, again just a suggestion, the host of options

available to a seasoned real estate interest with such a desirable

location, I would imagine could include combining smaller units that could

reduce the number of units, solve any potential parking problems if the

site does not have adequate parking based on current regulations, and

also result in higher rents.

I know the commitment of this City and

elected leadership to affordable housing, I know first hand how much

effort has been put into what some (myself) would argue may be an

extraordinary level of affordable housing achieved as part of the

Beauregard Plan. I know the efforts of staff, and the subtle pressure

exuded by elective and appointed leadership can have to achieve such goals,

while still being fiscally responsible. I would also like to point out

that Resolution No. 2227 adopted May 8, 2007 achieved much of the same as

what is being contemplated for this evening, but also includes at number 4,

exploring the value of the 1 cent and any additional borrowing capacity.

Seeming to suggest the former council was open to exploring fiscally if

any roll that can be played by the City in ownership.

I would humbly

suggest, reaffirming a commitment to exploring all options that are

fiscally prudent to preserve as many units as possible for the future

even if the building is not repositioned but still purchased at market

terms will serve Alexandra well, and may be consistent with the former

voices of past City Councils.

On a more personal note, I recognize

these are challenging times, for the city financially and for some of you

that know me on a more personal level for myself as well (hence having a

little more time for these topics). Risking the ire of my fellow

advocates I think the city has made a significant achievement with the

Beauregard Plan, in particular from where it was a year ago and how the

process was being run, excluding many of the most impacted. If nothing

else, I want to suggest now is not the time take that deep sigh after

working through Beauregard (recognizing its not complete), because there is

still so much more to accomplish related to affordable housing, and I

have the utmost faith in Mr. Jinx and City Staff our elected and

appointed leaders will achieve more greatness.

Thanks,

Mike Caison,