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City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 17, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: HUNTING TOWERS & HUNTING TERRACE
PRESERVATION OF AFFORDABLE HOUSING

At it's September 14 public hearing meeting Council requested that staff report back on issues about the possible preservation of Hunting Towers and Hunting Terrace raised during the public discussion period. Staff have met and discussed the issues that were raised about the preservation of affordable housing and structures that might be considered historic.

In addition to the portions of the Hunting Towers and Hunting Terrace properties that will be demolished to accommodate the new Woodrow Wilson Bridge and associated Beltway widening, the Virginia Department of Transportation (VDOT) has purchased the residual residential property not required for construction. This is a common right of way acquisition strategy that is used in condemnation proceedings when the owner and the acquiring agency cannot agree on the value of damages to the residuals. VDOT will hold this property until the construction that directly affects it is completed, probably in 2005. They will then offer the property for sale and the proceeds will be used to reimburse the trust fund that financed the portion of the acquisition cost that exceeded the appraised value of the right of way.

Concern has been expressed that a new owner of the residual residential property may elect to demolish the existing apartment buildings and replace them with luxury units detrimental to the social and economic diversity of Alexandria. This would result in the loss of structures that some believe may be of historic significance, as well as the loss of affordable housing opportunities.

The Hunting Towers buildings are 52 years old, and the Hunting Terrace buildings are 55 years old. Although they have been reasonably well maintained, they lack some of the amenities that are common in similar rental property in this area. In all probability, the new owner will modernize the units to optimize the return on investment. Although demolition and redevelopment of the site are possible, their close proximity to the Beltway creates a less than ideal environment. Measures such as upgrading, redecoration, and altering the mix of units to better conform to today's demography are less risky strategies.

Historic Significance

Although these properties meet the minimum age requirement (50 years) for inclusion on the national or state registers of historic places, on October 19, 1999, VDOT was advised by the Virginia State Historic Preservation Office that neither was considered eligible for listing. Generally, designation of relatively recent structures requires association with an historic person or event, or some specific cultural significance, such as exemplary architecture. It was determined in 1999 that the properties did not meet those standards. The Alexandria Historical Restoration and Preservation Commission's easement program is a possible avenue to consider but the applicability of this program to these particular sites has not been investigated yet. However, to proceed with such an easement requires a willing donor, and VDOT has taken the position that the property is not historically significant and that a facade, open space or any other easement would diminish the resale value of the property.

Small Area Plan

The Department of Planning and Zoning will undertake a planning effort, beginning in late 2003, to update the Small Area Plan for the area south of the Beltway. The planning work will involve the community and will be designed to emphasize the residential character of the area and to ensure that future development proposals in this area reflect the desire for the preservation of affordable housing opportunities, and an enhanced gateway to the City. The update of the Small Area Plan will be completed by early 2005, in time to be the operative area plan when VDOT offers the Hunting Towers and Hunting Terrace properties for sale.

Financial Inducements

Affordable housing entails a commitment, on the part of the property owner, to offer units for rent to qualified applicants at less than the market rental. Therefore, to be attractive, there must be some financial inducement to offset the loss of potential rental income. The most likely method of providing affordable rental housing at the Hunting Towers and Hunting Terrace properties under a new owner would be for the purchaser to acquire and rehabilitate the properties under the tax-exempt bond and/or Low Income Housing Tax Credit programs. Under these programs, a percentage of the units would be required to remain affordable to households at either 50% or 60% of median income. Other potential funding sources can also be investigated. If necessary, assistance under the City's Housing Opportunities Fund could also be provided to make the project feasible.

We will continue to monitor this matter and will report back to Council as more information becomes available.

cc: Richard J. Baier, P.E., Director, T &ES
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