

INNOVATIVE LAND
DEVELOPMENT SOLUTIONS:

*ARLINGTON MILL
RESIDENCES AND
COMMUNITY CENTER*

April 24, 2014

Development Opportunity



Convergence of Forces

- ▣ Need for new community center
- ▣ Great site – size, major thoroughfare, transit, park
- ▣ Design as urban center
 - Civic presence on the Pike
 - Height through form-based code
 - Building placement right next to the Pike
 - Public plaza
 - Mixed use with retail
 - Provided space on the rest of the site
- ▣ Priority on affordable housing

Try, Try Again

- ▣ Single for-profit partner to develop combined Community Center and Housing
 - Mixed income housing
 - Housing on top of CC + rear of site
 - Maximize density of uses
- ▣ Recession and collapse of financing
- ▣ Decision to develop CC separate from housing
- ▣ Separate process to secure partner for housing
 - Competitive RFP
 - 100% affordable

Site Layout



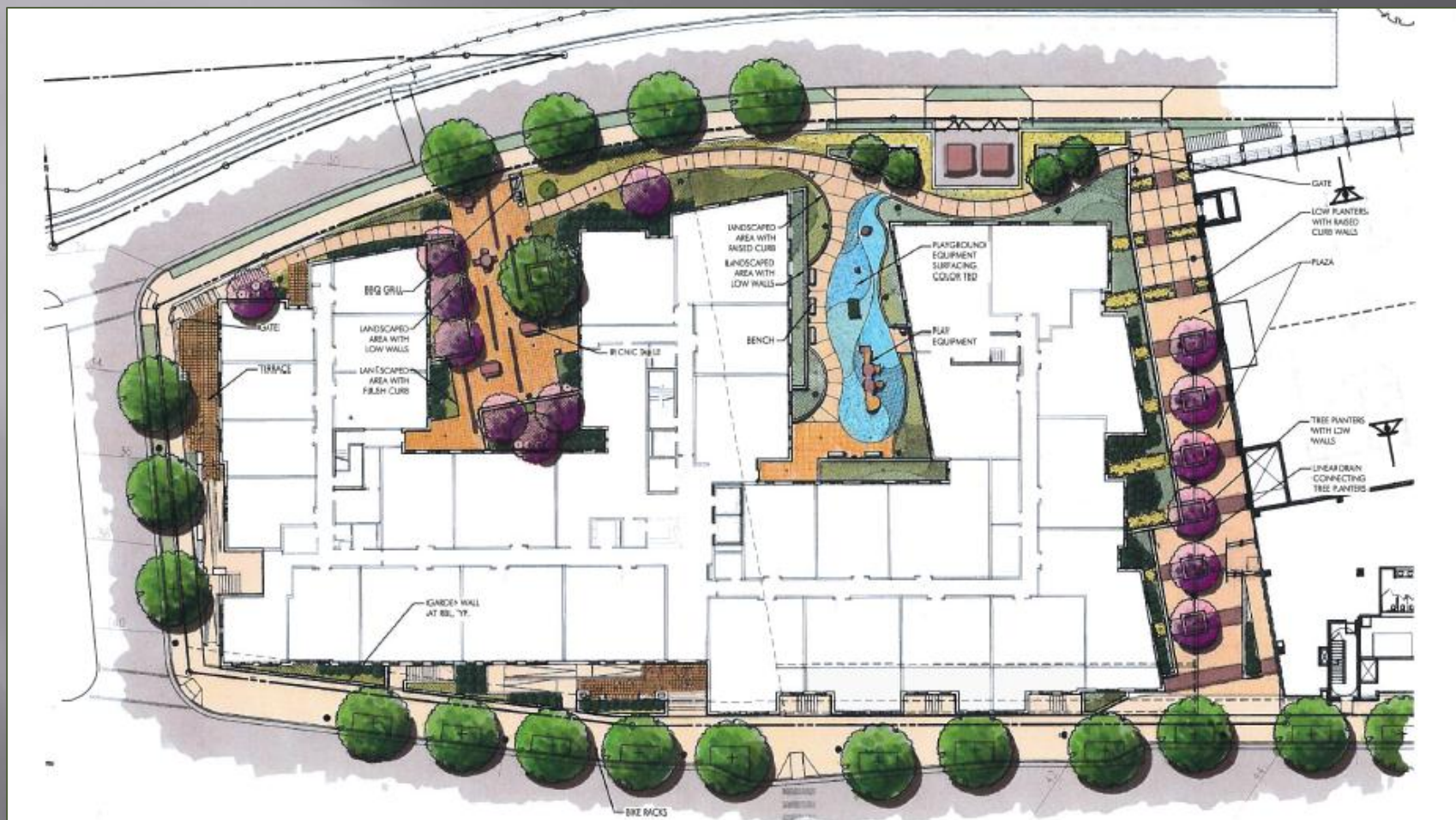
Arlington Mill Community Center



Arlington Mill Residences



Arlington Mill Residences



Bringing the Pike Vision to Life

- ▣ Public-Private Partnerships
- ▣ Form-based Code
- ▣ Sustainable and Green
- ▣ Transit-Oriented Development
- ▣ Mix of housing types and incomes
- ▣ Walkable neighborhoods

Housing Development Approach

- ▣ Building separate from Community Center
- ▣ Form-based code compliant
- ▣ Aesthetically appealing & environmentally sensitive
- ▣ Emphasis on affordable housing
- ▣ Supportive housing, including wing
- ▣ “Family-sized” units
- ▣ Balance density with cost efficiency & community acceptance

Financial Plan

- ▣ **Total Cost = \$37,000,000**
 - 75 Yr Ground Lease Value (\$7.5M)
 - Construction (\$21M)
 - Design, Financing, Reserves, Fees (\$8.5M)
- ▣ **Sources**
 - County Lease discount (\$6M)
 - VHDA Bond Financing (\$9M)
 - Housing Tax Credit Equity (\$22M)
- ▣ **Leverage ratio = 5 : 1**

122 New Homes

- ▣ **New construction, much-needed affordable units**
 - Waiting List of over 3,000 applicants
- ▣ **80% Family Sized Units**
 - 25 3BR, 73 2BR, 16 1BR and 8 studios
 - 13 fully accessible housing units
- ▣ **Affordable to Very Low Income**
 - 10% at 30% AMI, including 13 units with rental subsidy
 - 20% at 50% AMI, 70% at 60% AMI
- ▣ **Amenities**
 - Community room, tot lot, picnic area, parking garage, elevators
 - On site resident services, supportive housing office

Challenges

- ▣ Balancing competing interests
 - Competing desires within community
 - Immediate neighbors
 - Users for scarce community spaces
 - Operating budget impact
- ▣ Leased land – VHDA, investors
- ▣ Shared site – reciprocal easements, access to shared facilities, site work
- ▣ Shared garage – construction, entrance, access, operations and maintenance, shared costs

The Best of Public-Private Partnership

- ❑ County retains ownership of land
- ❑ Separate but coordinated development of Community Center & Housing
- ❑ Shared parking structure
- ❑ Low Income Housing Tax Credits
- ❑ Supportive housing with services
- ❑ CC services – leisure/fitness, early childhood education, employment training, senior nutrition, learning library, multipurpose spaces
- ❑ Adjacent public park, trails
- ❑ Great bus service with Superstops → streetcar

Lessons Learned

- ▣ Use public land to subsidize affordable housing and ensure affordability in perpetuity
- ▣ Need to work with multiple stakeholders with multiple interests and competing priorities
- ▣ Need to fit in larger community vision
- ▣ Structure to engage surrounding neighborhoods
- ▣ Reinvent in response to changing conditions
- ▣ Persistence & commitment to long-term vision



Public, Non-Profit and Faith Land for Infill Affordable Housing Development



Nina Janopaul

Arlington Partnership for Affordable Housing

April 24, 2014

Infill Affordable Housing Development

Why Important?

- Garden apt. inventory declining
- Land values rising
- Density increasing thru planning



Key to Creating Infill Affordable Housing

- Free/low cost land
- Capital subsidies (AHIF, LIHTC)
- Efficient scale and design
- Streamlined public process
- Reduced infrastructure, conditions and permit fees

Models of Public/Semi-Public Land

- **Views at Clarendon** —aging church to 116 unit, mixed-use, high rise (2011)
- **Parc Rosslyn** —APAH owned 22 garden units to 238 unit, mixed income high rise with County park density (2008)



- **The Springs** —APAH owned 27 garden units into 104 unit mid rise (2016)
- **Arlington Mill** —County-owned one-story commercial building into mixed use community center and 122-unit mid-rise (2014)

Arlington Mill Residences

- Discounted Ground Lease
- Accelerated Form Based Code approvals (2010-11)
- Wood frame construction
- Shared site/garage costs with County



Total Development Costs: \$302,000 per unit

SOURCES

Mortgage Financing	\$73,000
LIHTC Equity	\$180,000
County Lease Discount	\$49,000

USES

Construction/related	\$191,000
Soft costs, fees, reserves	\$48,000
Land	\$62,000

Impact of Lower Land Costs on Rent

Arlington Mill Able to Serve Lower Incomes				
	40%AMI	Arl Mill Avg	60%AMI	80%AMI
2BR Cash Rent after utilities	\$ 872	\$ 1,200	\$ 1,356	\$ 1,840
Operating Expenses	\$ 625	\$ 625	\$ 625	\$ 625
Cashflow	\$ 247	\$ 575	\$ 731	\$ 1,215
Monthly Cashflow after Hard Debt	\$ 49	\$ 133	\$ 146	\$ 243
Debt Capacity	\$ (32,639)	\$ (73,000)	\$ (96,596)	\$ (160,553)
Arlington Mill income targets: 10% at 30%AMI, 20% at 50%AMI and 70% at 60%AMI				
Debt capacity assumes 6% interest, 30 year term, 1.25DSC.				





The Springs Rezoning/New GLUP

Springs Timeline

- Amend Sector/Long Range Plan (GLUP)—2010 - 2012
- Site Plan Approved—2013
- Financing and Permits-2014
- Construction 2015 – 2016
- Open and Celebrate 2016

	Prior Zoning “RA 8-18”	Rezoned as “RC”
APAH Lot size	40,501	40,501
# units per acre	22 per acre	3.24 FAR
Permitted on site	33	131 units
GLUP change	Low-Medium Residential	High Medium Residential Mixed Use

Advantages/Challenges of Leveraging Public and Semi-Public Land

Advantages

- Reduced land and overall development costs, opportunity for lower rents/reduced cash subsidy
- Reduced predevelopment risk and holding costs during entitlements
- Potential for shared savings, e.g. infrastructure, site work, garage
- Programmatic synergies, e.g. church, daycare, community center, housing

Challenges

- Typically requires rezoning and GLUP change (1 – 3 years)
- Adds coordination costs for legal, design, operations
- Public may be more engaged in public property changes
- Historic preservation concerns about older churches, schools, garden apts.

Comparisons

Garden Model

- Purchase aging garden apartment
- Modernize to code.
- Often older designs, walk up, smaller units
- May retain as historic
- May add bump outs and new site work, tree preservation, sidewalks
- Total development costs \$200K - \$280K/unit

Urban Infill Model

- Leverage inexpensive land owned by public, non-profit & faith partners
- Build new construction, accessible, quality homes
- Significant infrastructure costs, eg parking, site work
- Plan 1 – 3 years for predevelopment and approvals
- Total development costs \$300 - \$400K/unit

Macedonia Baptist Church Apartments



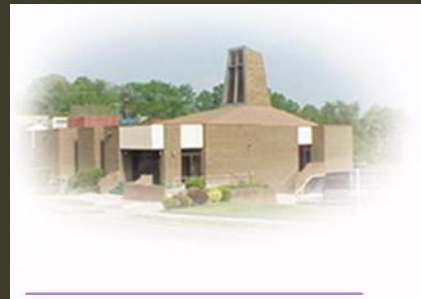
THE MACEDONIAN

3412 South 22nd Street

Arlington, Virginia 22204

Dr. Leonard L. Hamlin Sr. Pastor

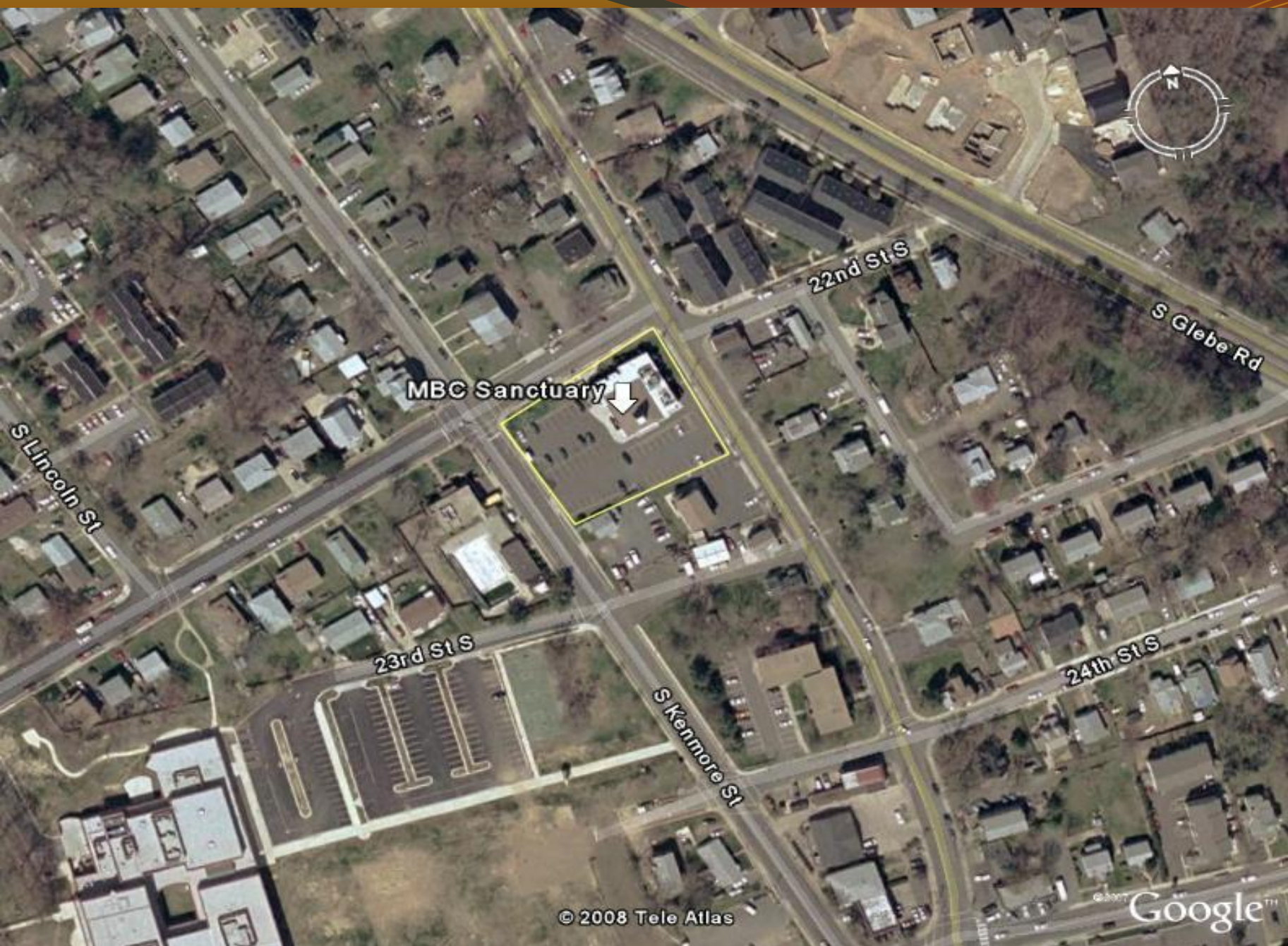
Macedonia Baptist Church



- **Location – 3412 South 22nd Street Arlington, Va. 22204**
- **100+ years of service and ministry within the Nauck Community “1908”**
- **Geographically Diverse Congregation (Approximately 1200)**
- **Numerous Congregants with deep roots to the community**

MBC Apartments (Factors)

- Located within a changing & developing community.
- Macedonia Congregation has always sought to be part of the community.
- The Congregation believes that the Faith Community should be an integral part of the community where it resides.
- 1999 Established the Bonder & Amanda Johnson Community Development Corporation (CDC).
- In the same year, Macedonia Baptist Church began the process of assembling land for the purpose of Community development.



MBC Sanctuary ↓

S Lincoln St

22nd St S

S Glebe Rd

23rd St S

S Kenmore St

24th St S

© 2008 Tele Atlas

Google™

Pointer 38°50'58.30" N 77°05'05.84" W elev 101 ft Streaming ||||| 100%

Eye alt 1378 ft

Macedonia Apartments



Project Summary

- 36 units (19 one-bedrooms / 17 two-bedrooms)
- Rents paid by tenants at 60% and 50% AMI levels and lower
- 5 units dedicated to Arlington County Supportive Housing for persons with mental disabilities
- 38 garage parking spaces
- Partnership Between Macedonia Baptist Church, Bonder & Amanda Johnson CDC, AHC, Inc. & Arlington County Government

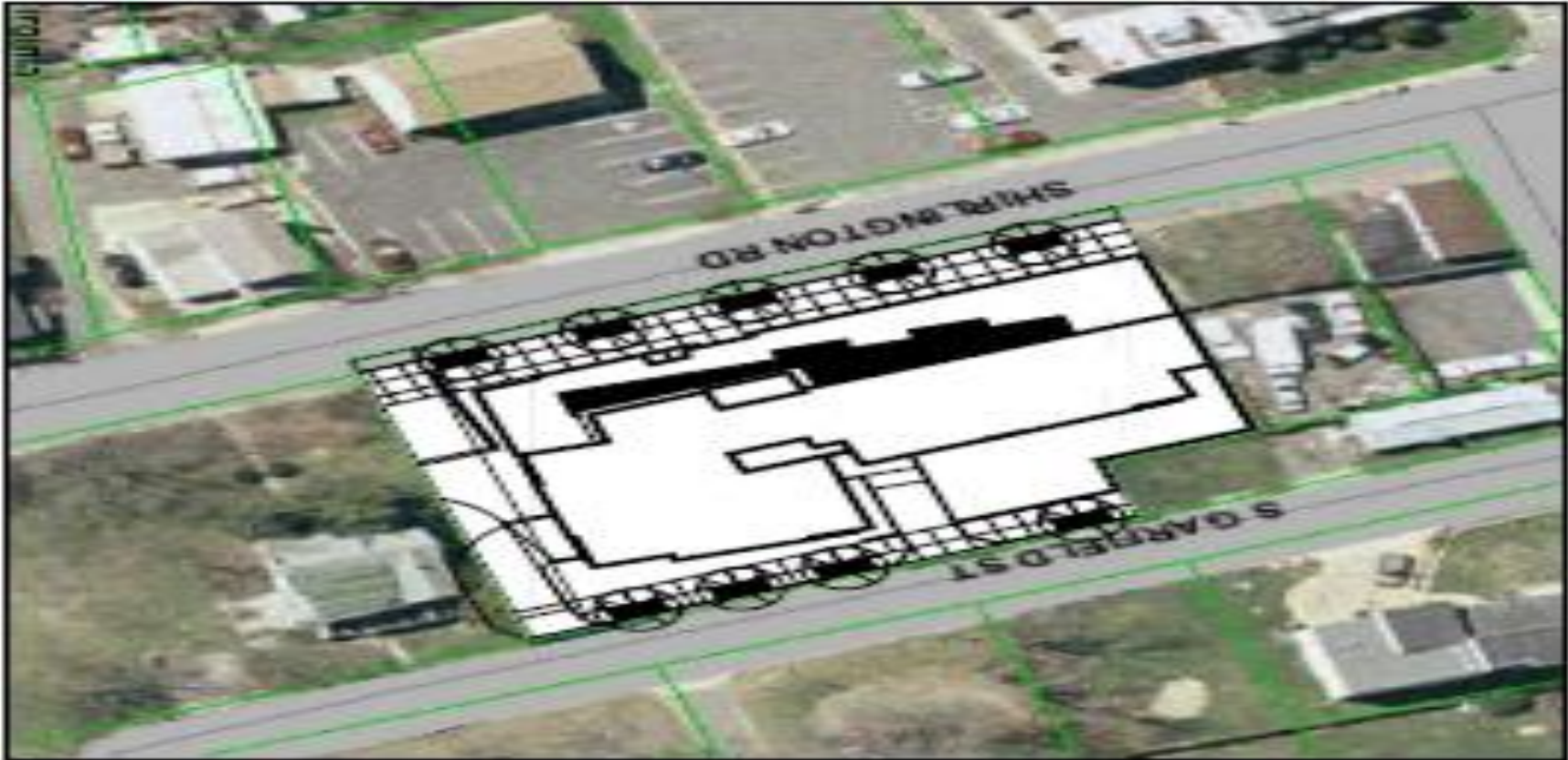


1. THE PROPOSED BUILDING SHALL BE CONFINED TO THE LOT SHOWN ON THE ATTACHED SITE PLAN.
 2. THE PROPOSED BUILDING SHALL BE CONFINED TO THE LOT SHOWN ON THE ATTACHED SITE PLAN.

PROPOSED BUILDING	
TYPE	AREA
OFFICE	10,000
RETAIL	5,000
TOTAL	15,000

PROPOSED LOT	
TYPE	AREA
OFFICE	10,000
RETAIL	5,000
TOTAL	15,000

PROPOSED LOT	
TYPE	AREA
OFFICE	10,000
RETAIL	5,000
TOTAL	15,000





VIEW AT WEST 10TH STREET



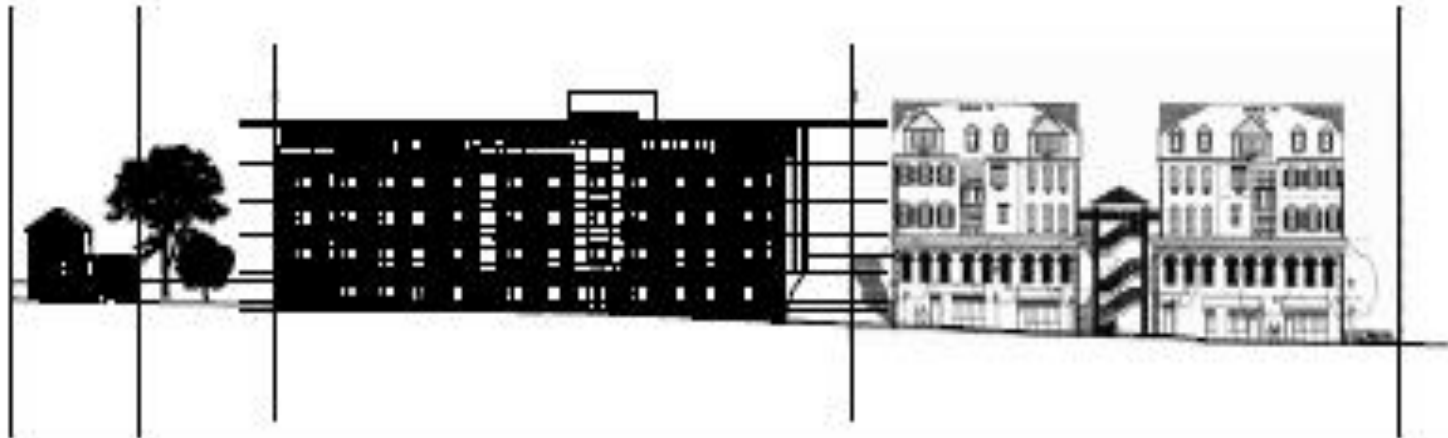
VIEW AT PROPERTY LINE



VIEW AT CARROLL STREET

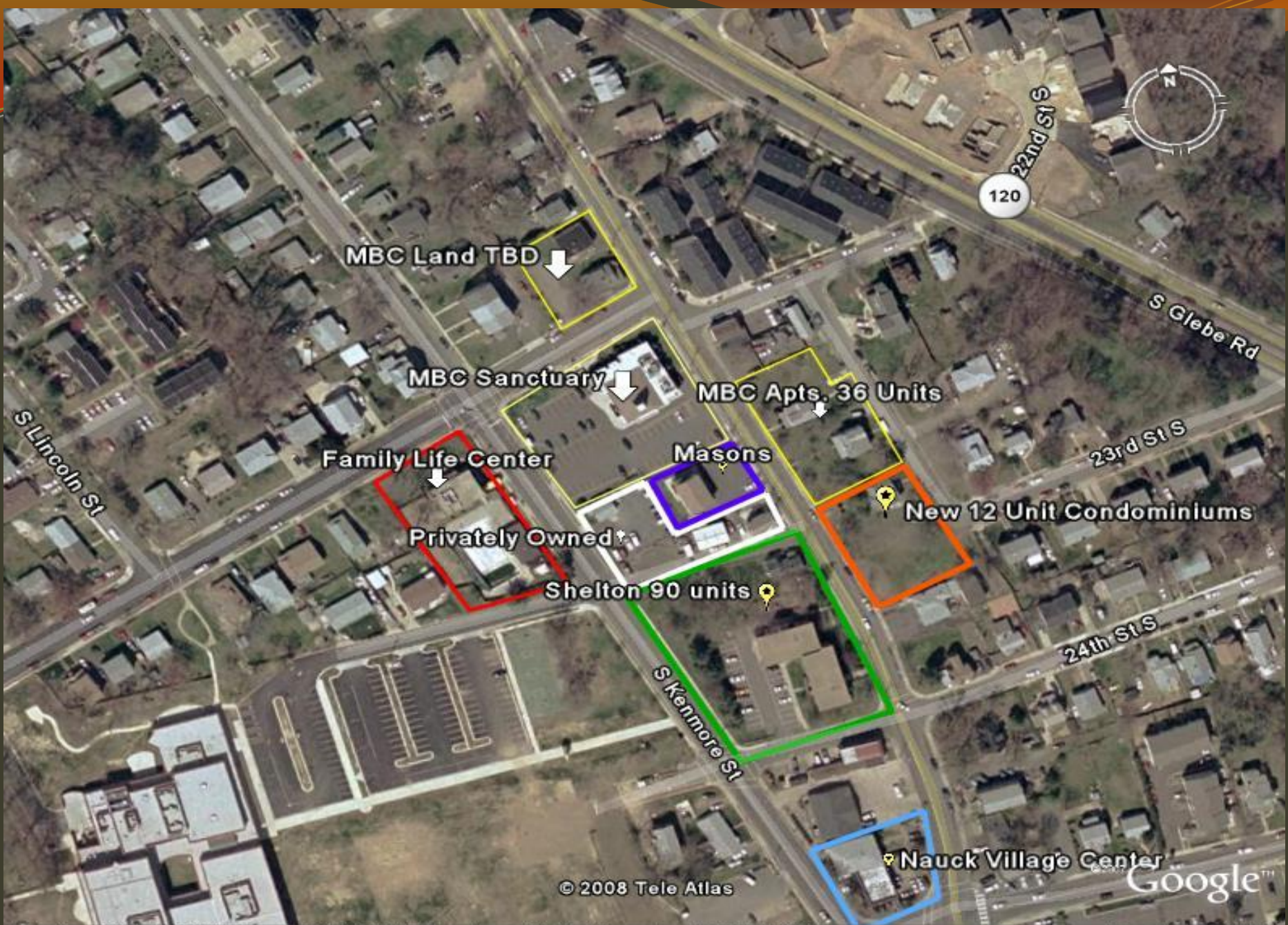


SOUTH ENTRANCE



STREET TO PARK | 2015 | BAYTON ROAD





MBC Land TBD

MBC Sanctuary

MBC Apts. 36 Units

Family Life Center

Masons

New 12 Unit Condominiums

Privately Owned

Shelton 90 units

Nauck Village Center

120



S Lincoln St

22nd St S

S Glebe Rd

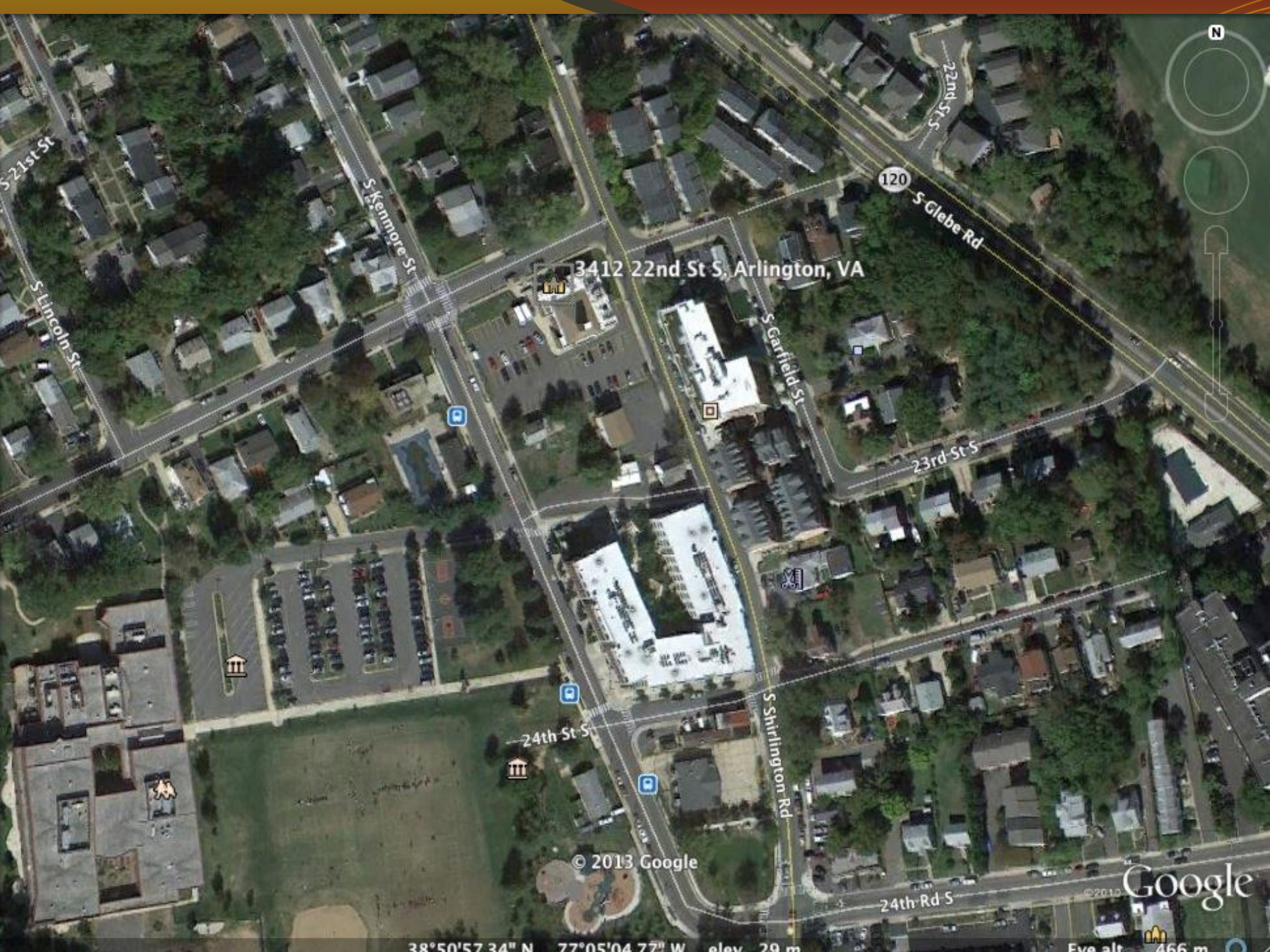
23rd St S

S Kenmore St

24th St S

© 2008 Tele Atlas

Google™



3412 22nd St S, Arlington, VA

© 2013 Google

Google

38°50'57.34" N 77°05'04.77" W elev. 29 m

Elev. alt. 466 m