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
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 Fait 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

<table>
<thead>
<tr>
<th>Arlington Mill Able to Serve Lower Incomes</th>
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<tbody>
<tr>
<td>40% AMI</td>
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<tr>
<td>2BR Cash Rent after utilities</td>
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<tr>
<td>Operating Expenses</td>
</tr>
<tr>
<td>Cashflow</td>
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<tr>
<td>Monthly Cashflow after Hard Debt</td>
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<td>Debt Capacity</td>
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**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

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<tr>
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<th>Prior Zoning “RA 8-18”</th>
<th>Rezoned as “RC”</th>
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<tbody>
<tr>
<td>APAH Lot size</td>
<td>40,501</td>
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<tr>
<td># units per acre</td>
<td>22 per acre</td>
<td>3.24 FAR</td>
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<tr>
<td>Permitted on site</td>
<td>33</td>
<td>131 units</td>
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<tr>
<td>GLUP change</td>
<td>Low-Medium Residential</td>
<td>High Medium Residential Mixed Use</td>
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Advantages/Challenges of Leveraging Public and Semi-Public Land

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<tr>
<th>Advantages</th>
<th>Challenges</th>
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<td>• Reduced land and overall development costs, opportunity for lower rents/reduced cash subsidy</td>
<td>• Typically requires rezoning and GLUP change (1 – 3 years)</td>
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<td>• Reduced predevelopment risk and holding costs during entitlements</td>
<td>• Adds coordination costs for legal, design, operations</td>
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<td>• Potential for shared savings, e.g. infrastructure, site work, garage</td>
<td>• Public may be more engaged in public property changes</td>
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<td>• Programmatic synergies, e.g. church, daycare, community center, housing</td>
<td>• Historic preservation concerns about older churches, schools, garden apts.</td>
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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.
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