Technical Assistance Panel Report

Development Opportunities in The City of Falls Church

Sponsored by:
The City of Falls Church
Metropolitan Washington Council of Governments

October 15-16, 2014
Development Opportunities in The City of Falls Church

Falls Church, VA

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About ULI Washington

A District Council of the Urban Land Institute

ULI Washington is a district council of the Urban Land Institute (ULI), a nonprofit education and research organization supported by its members. Founded in 1936, the Institute today has over 30,000 members worldwide representing the entire spectrum of land use planning and real estate development disciplines working in private enterprise and public service. As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information, and experience among local, national, and international industry leaders and policy makers dedicated to creating better communities.

ULI’s mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI Washington carries out the ULI mission locally by sharing best practices, building consensus, and advancing solutions through educational programs and community outreach initiatives.

About the Technical Assistance Panel (TAP) Program

The objective of ULI Washington’s Technical Assistance Panel (TAP) program is to provide expert, multidisciplinary, and objective advice on land use and real estate issues facing public agencies and nonprofit organizations in the Metropolitan Washington Region. Drawing from its extensive membership base, ULI Washington conducts one and one-half day panels offering objective and responsible advice to local decision-makers on a wide variety of land use and real estate issues, ranging from site-specific projects to public policy questions. The TAP program is intentionally flexible to provide a customized approach to specific land use and real estate issues. Learn more at http://washington.uli.org/TAPs.

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Acknowledgements

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Background

The City of Falls Church

Falls Church is an independent city in Virginia that lies approximately seven miles from the Nation’s Capital. This proximity has been a major influence on its development, especially over the last century. Spanning 2.2 square miles, the City of Falls Church has a population of 12,332 residents, according to the 2010 Census. The City’s center remains at the junction of Routes 7 (Broad Street) and 29 (Washington Street/Lee Highway). The City is bounded by Arlington and Fairfax Counties and is roughly equidistant from the major commercial centers of Ballston in Arlington County, Tysons Corner, and Baileys Crossroads in Fairfax County.

Zoning in the City of Falls Church

Falls Church, which spans 2.2 square miles, is an independent city in Northern Virginia, and sits on the boundary between Fairfax and Arlington Counties. Map Source: City of Falls Church briefing materials.

The City’s history dates back to the late 1600’s when it was an early colonial settlement. A community grew up around The Falls Church, which was founded in 1734 and whose congregation included President George Washington and Virginia statesman George Mason. Falls Church slowly grew around the intersection of two Indian trails leading to the lower Potomac River falls, not far from the current intersection of Broad Street (Route 7) and Washington Street. The Leesburg Turnpike (today’s Leesburg Pike/Route 7) was built to bring commerce from Leesburg to the port
of Alexandria. In 1860 the Alexandria, Loudoun, and Hampshire (later the Washington and Old Dominion) Railroad brought rail service to Falls Church, connecting it to Alexandria and Leesburg. After the Civil War, a direct rail link to Washington attracted numerous new residents who found the tranquil village a welcome relief from the bustle of the nation’s capital. By 1875 it gained township status within Fairfax County and established a public school the same year. The growth of the government during World Wars I and II resulted in population growth and increased home construction. Falls Church became an independent City in 1948 and was chartered in 1950. Growth in the township and the surrounding area occurred as the result of the community’s strategic location.

During the 1950s and 1960s, Northern Virginia experienced a dramatic increase in suburban residential and commercial growth. The area’s highways were being constructed to provide convenient transportation within the region and especially to the District of Columbia, the region’s largest employment center. Commercial development also began to take shape in the form of what we know today as "strip commercial," or commercial development occurring in narrow bands along major roadways. Falls Church was also affected by these trends. During the 1970s and 1980s, the City continued to experience limited residential and commercial growth, and this growth was hindered by the amount of available vacant land. Redevelopment projects began to occur in 2000 and are anticipated to continue during the coming decades.

**Falls Church as an Activity Center**

The Metropolitan Washington Council of Governments (COG) named the City of Falls Church an Activity Center in 2013. According to COG, Activity Centers are “existing urban centers, transitional towns, transit hubs, as well as areas expecting future growth” and are viewed as “the next generation of metropolitan Washington’s growth and development.” Activity Centers were identified by COG in cooperation with local jurisdictions through a combination of criteria that included:

- Identification as a priority development area in a locally-adopted land use plan
- Above-average densities (relative to each jurisdiction)
- Mixed-use development
- Existing or planned high-capacity transit
- A grid of connected streets
- Combined housing and transportation costs of no more than 45 percent of Area Median Income

Taken together, Activity Centers represent less than 10% of the region’s land area, but serve as important engines for regional economic development.

Using extensive data collected about Activity Centers throughout the Washington region, COG prepared a report entitled “Place + Opportunity: Strategies for Creating Great Communities and a

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1 For more information on COG-designated Activity Centers, and to read COG’s Place + Opportunity Report, which outlines strategies for creating great communities in the region, visit: http://www.mwcog.org/store/item.asp?PUBLICATION_ID=472.
Stronger Region.” The report analyzed over 90 Activity Centers in the region and identified six common Activity Center “place types” (based on urban form and market characteristics) and four “opportunity types” (based on income, income diversity, housing affordability and job access characteristics). Falls Church is classified as a “Suburban Multi-Use Center,” which is described as “moderate-rent, suburban markets in established locations that have the potential to become the ‘next generation’ of denser, multiple-use Centers with the right strategies to encourage future development. This classification suggests that appropriate development goals include: encouraging additional mix of uses, adding parks and public spaces, adding pedestrian features, and leveraging existing assets.²

The Study Area

The study area became part of the City of Falls Church as the result of a 2013 boundary adjustment agreement between the City and Fairfax County titled, “Voluntary Boundary Adjustment Agreement By and Between the City of Falls Church, Virginia, and Fairfax County, Virginia.” The agreement was adopted by Falls Church City Council on April 22, 2013 and approved by voter referendum on November 5, 2013. On December 13, 2013, a Special Court appointed by the Virginia Supreme Court approved the voluntary boundary adjustment agreement. The property is owned by both City and Schools, with 24.8 acres owned by the School Board, and the remaining 10 acres owned by the City of Falls Church.

The study area is just over 34 acres in size, and is located in the northwest corner of the City. It is bounded by Leesburg Pike (also known as West Broad Street) and Route 7 to the south, Haycock Road to the east, and Falls Church Drive (an unsigned Metro and I-66 access road) to the west. The north boundary of the study area is now the City’s boundary with Fairfax County. Properties to the north of this boundary include the West Falls Church Metro Station, a Metro parking garage and surface lot, the VT/UVA Northern Virginia Center (next to Haycock Road) and a City-owned parking lot used by the universities.

Development in the study area consists of the Mary Ellen Henderson Middle School (completed in 2005) and the George Mason High School (completed in 1954, with minor additions over the years and one major addition in 1994), as well as ball fields, tennis courts, basketball courts, a football stadium, and surface parking lots containing approximately 450 spaces related to the schools. The site also contains the City’s leaf mulch area, and bus parking for the school district. At the time of the TAP, there were no residential or commercial uses within the study area boundaries. Furthermore, the study area parcels (and other properties outside the study area) added to the City through the Boundary Adjustment had not been zoned by the City, and do not have a Future Land Use designation in the City’s Comprehensive Plan as yet.

² Ibid.
Land uses in the study area consists of the Mary Ellen Henderson Middle School, the George Mason High School, sports facilities fields, surface parking lots, as well as City’s leaf mulch area, and bus parking for the school district. Map Source: City of Falls Church briefing materials.

The study area is accessible from the West Falls Church Metrorail Station, I-66 (exit 66), Leesburg Pike and Haycock Road. There are also two vehicle access points to the study area, including a driveway on Haycock Road and a right-in, right-out entrance from the school property onto Leesburg Pike. Internal private roads provide access to the school facilities and parking. Pedestrians can access the school facilities and other nearby uses from these streets. A pedestrian overpass provides access from the Metrorail Station to the study area, the UVA/VT Northern Virginia Center and neighboring properties. The Study Area is also characterized by unique topography. Elevation rises nearly 30 feet from the northwest corner near the Metro pedestrian overpass (378 feet) to the current high school site (400 – 402 feet).
Panel Assignment

The City of Falls Church finds itself with a unique development opportunity resulting from the historic boundary adjustment that transferred approximately 34 acres of land from Fairfax County to the City of Falls Church. Under the stipulations of the boundary adjustment, up to 30% (10.39 acres) of this land may be redeveloped for economic development purposes over the next 50 years, while the remainder is to be used for school-related purposes.

A development opportunity of this magnitude is rare for the City; because of its small size, there is limited space for commercial redevelopment. Furthermore, much of the commercially zoned land within the City is on fractured parcels and adjacent to lower density residential neighborhoods, which renders high-density redevelopment difficult. In spite of these constraints, however, developers have increasingly shown interest in building within the City’s boundaries: several large mixed-use projects have been completed in the last decade and several more are in various stages of completion.

The aging high school that exists in the study area will need to be replaced in the near future. The City recognizes this as an opportunity for a compact design that works synergistically with commercial development, and for a public-private partnership venture that combines the school project with large-scale redevelopment on the remaining area. The City seeks to encourage high quality commercial development on all or a portion of the 10.39 acres that will help economically support the cost of replacing the existing George Mason High School with a new High School that will serve the City for the next 50 years.

The City of Falls Church was selected by ULI Washington and the Metropolitan Washington Council of Governments to conduct a TAP to assess the current and future market potential of the acquired land so that it can determine the highest and best use of the study area over time. The aim of the TAP is also to examine the possible forms of public-private partnerships that may be needed to build and support a new high school, as well as provide guidance for how the City can leverage the site’s location in order to maximize the potential of the surrounding transportation infrastructure.

The Panel was asked to address the following questions:

1. What elements are essential to ensure that this site becomes a “Great Place” distinguished from other nearby commercial areas that interacts well in regard to aesthetics, safety, and function with the nearby public schools and the VT/UVA Northern Virginia Center?

2. How can the City survey and test the market for private or public/private redevelopment interest in the study area?

3. What strategies can the City pursue so that any future development would help finance a new High School while also leveraging the site’s surrounding development?
4. What are the highest and best uses of the 10 acres of developable land over the next 5 years, 10 years, or longer term? If it is not feasible to develop all 10 acres, what are the highest and best uses remain for smaller tracts?
   a. What is a recommended mix of uses that will have the greatest impact locally and regionally, be economically sustainable, benefit area residents, and maximize the return to the City?
   b. Could recreational or community facilities be included? What kind?

5. How can the City best leverage the property for spinoff development on adjacent opportunity areas?

6. What transportation improvements are recommended to maximize the potential of the site? What are some ways in which the City could work with WMATA and with Fairfax County to increase accessibility and create synergies between the study area and the West Falls Church Metro Station?

7. What Zoning Districts or Future Land Use designations should be used for this area, in what ratio, and how should they be distributed spatially in order to influence proper building layout?

8. What would be the suggested phasing and timeline for commercial redevelopment and construction of a new school? What are the pros and cons of tools such as the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA)?

9. What regional challenges will be addressed through redeveloping this site?

10. How can investment in the City of Falls Church as a regional Activity Center enhance the quality of life for area residents, strengthen the local economy, and benefit the region?
Establishing a Vision

The Little City within a Growing Region

The City of Falls Church, with its own unique identity as “The Little City,” is one of many independent jurisdictions that comprise the Metropolitan Washington Region. Falls Church boasts a nationally ranked school system that draws high-income and well-educated families from throughout the region into its boundaries. Like the City, the Metropolitan Washington Region is a vibrant and active region, and is expected to continue to grow in both population and employment opportunities over the next 30 years. On one hand, while this anticipated growth signals a healthy and thriving area, it also poses significant regional challenges – particularly with regard to managing this growth. It is the interdependence of the region’s independent jurisdictions that influences the overall success of the region. As part of this TAP, panelists were therefore encouraged to consider regional trends and themes that emerged from this study which could serve as examples for other jurisdictions in order to bolster the overall success of the region. Three such themes emerged: co-locating civic spaces with other uses, placemaking around an underutilized Metrorail station, and addressing future travel patterns.

One of the primary goals of this project was to offer creative solutions for how to develop an urbanized school within a mixed-use context, given the unique development opportunity available in the City. This theme of co-locating civic uses with other uses is a growing trend throughout the region – both in suburban and urban jurisdictions. According to the Panel, if the City of Falls Church is successfully able to design and integrate a new school in a context that includes complementary commercial development, it could serve as a success story and case study for other jurisdictions to follow.

This TAP also touches on issues relating to regional transportation patterns. Since the opening of the Silver Line Metrorail extension on July 26, 2014, ridership at the West Falls Church Metrorail station has decreased significantly. Data provided to the Panel by WMATA indicates that the total number of entries at the West Falls Church Metrorail station fell from 9,643 in July 2014 to 3,387 in August 2014. Nevertheless, the location of this study area is at the nexus of several major transportation routes, including Route 7, Interstate 66, as well as the West Falls Church Metrorail station. This locational opportunity creates numerous prospects to activate the land around what is becoming an underutilized station, which can provide important lessons for other jurisdictions experiencing the same challenges.
This TAP also highlights the importance for the region’s infrastructure to adequately support its growth, particularly with regard to influencing regional travel patterns. The hub-and-spoke Metrorail system, which was built in the 1960’s, was created to support a travel pattern characterized by people commuting from their homes in the suburbs into the region’s core, and then back home to the region’s periphery. Yet as the region grows, this travel pattern is becoming increasingly obsolete. The region is in need of greater suburb-to-suburb connections and other circumferential transportation options to accommodate the changing travel patterns of its residents. This TAP therefore provides an opportunity to consider the West Falls Church Metro Station within the context of this greater transportation network, not just part of a hub-and-spoke in a transit map.
The Agora

As part of the exercise of co-locating civic and commercial uses, the Panel gave careful consideration for how to embed 10 acres of commercial development within plans for a new $100 million high school campus in a manner that mutually benefits both types of development. Ultimately, the Panel drew on the concept of an agora to create an overall vision for the study area. Based on the ancient Greek city-state, an agora is defined as a place where the academy and commerce meet, resulting in a creative marketplace of goods and ideas. Through this vision, panelists emphasized that the creation of a school and a commercial center are not in conflict, but instead can work together to benefit each other synergistically. The Panel’s overall vision for the 10-acre commercial development site is to physically link it to the new high school campus. This link is spatially created by a large public plaza that is located at the boundary between the campus and the commercial development site, where the academy and commerce meet. The public space will encourage interaction between the school system, the larger Falls Church community, and the proposed mixed-use commercial development.
Panel Recommendations

Site Selection and Development Sequence

The first task addressed by the Panel determined where in the study area the 10 acres of commercial development should be placed. After careful analysis, the Panel proposed locating the commercial development along Haycock Road and West Broad Street. Building on land at this location maximizes the value for the City, and provides the best option for a vertical mixed-use project that would also create a western gateway into the City of Falls Church. Panelists also recommended a development sequence that involves the following steps:

1. Build the new school
2. Demolish the old school
3. Develop the 10-acre commercial site

Panelists acknowledged that this approach does not allow for the sale/lease of the commercial acreage to support the development of the school, but advised that there was no suitable sequencing alternative given market realities and spatial constraints of the study area.

Creating Connectivity: The Importance of a Street Grid

Currently, the study area contains limited internal roads, and poor connectivity to the West Falls Church Metrorail station. The Panel therefore advised of the importance of establishing a grid of streets that would propel the study area away from its current suburban development pattern and towards a more urbanized development pattern, complete with pedestrian-friendly blocks.

Creating a street grid – like the one shown at right – connects the disparate parts of the study area and provides connectivity to adjacent activity nodes like the Metrorail station and University buildings. Establishing a street grid relieves pressure on any single intersection by creating several access points into- and out of the study area. In particular, this proposed street grid minimizes stress at the existing intersection of Haycock Road and Broad Street. Panelists emphasized that each new street in this site plan must accommodate a variety of modes and uses, and should include elements such as on-street parking, street trees, and pedestrian amenities such as wide walkways.

[Diagram of street grid]

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3 The Panel also evaluated the existing football field as a potential site for commercial development, but decided that this location’s isolation minimizes its value to commercial developers. This site’s poor visibility and access mean there will be no interest from the development community.
Great Streets Create Identity

Broad Street serves as a main corridor of commerce in the City of Falls Church. Panelists noticed, however, that the excitement of Broad Street dwindles as it crosses Haycock Road and extends towards the study area. To activate the study area and maximize the value of the proposed commercial development, the Panel recommended extending the DNA of Broad Street by locating the commercial center of the site at the intersection of Broad Street and Haycock Road. According to Panelists, activating Broad Street in cooperation with surrounding property owners can leverage quality retail development for the study area, and also serve as a catalyst for surrounding development.

Study Area Concept Plan

In the proposed Concept Plan, commercial development in the study area includes a mix of uses that are developed along a new street grid. Image Source: ULI Washington.

The Panel envisioned the site’s commercial development as a mixed-use environment, and would include such uses as residential, shopping, employment, and hospitality. Adding a new street off Broad Street – which could be signalized – would create a great address for both the new school and for the mixed-use community. The Panel also envisioned adding several internal shopping streets, along with a retail anchor. In addition to this anchor, the Panel recommended establishing an intimately scaled public place that includes restaurants and other amenities. This commercial development should also include above-grade, laminated parking.

Overall, the Panel’s goal in designing the above concept plan was to create a unique place that captures the essence of an agora: one that is oriented towards commerce as well as academia in a mutually beneficial way.
Creating a High Performance Learning Environment

In addition to considering plans for developing the 10 acres of commercial space, the Panel also gave careful consideration to the future needs of the George Mason High School. The Panel’s conceptual framework proposes building a new 320,000 square foot high school that would replace the existing high school. While the Mary Ellen Henderson Middle School would remain untouched, the new high school would be designed in such a way that it would draw itself into a relationship with the existing middle school and share common amenities. Executing this plan would require relocating the City’s mulch pile and bus storage away from the study area.

The Panel’s concept plan for the new high school recommends reorganizing the sports fields in order to maximize both natural light and sustainable design practices, and incorporating a partial vertical campus as a means of conserving land. A proposed four-story “Academic Tower” would house the school’s laboratories, classrooms, and other instructional spaces. Larger spaces, such as the gym, auxiliary gym, theater, and pool, would orbit around the “heart of the school.”

High School Site Plan

The 320,000 square foot high school would include a four-story “Academic Tower” (illustrated in orange), two gymnasiums and a theater (illustrated in red), and a pool (illustrated in blue), all of which would orbit around the “heart of the school” (illustrated in yellow). Image Source: ULI Washington.
According to the Panel, densifying the high school is the only way to create 10 acres for commercial development in the study area. Of note, the new proposed school campus contains no surface parking – a deliberate decision made by Panelists with the intent of optimizing the land for educational and other uses. The Panel suggested constructing structured parking to accommodate the automobile uses associated with the new school campus underneath the stadium.

An important design element of the new high school is maximizing its ability to remain a community gathering space. Concentrating the academic uses in a taller structure creates an intimate learning environment while still keeping the larger open spaces – the pool, gym, and theater – available for the community to use. An additional feature of a vertical Academic Tower is that it serves as a landmark, and demarcates the campus for the larger Falls Church community.

**High School Concept Plan**

The concept plan for the new high school incorporates uses that are specifically intended for the school – such as the Academic Tower – as well as uses that can be enjoyed by the larger community – such as the theater and the pool. Image Source: ULI Washington.

Creating a 21st century high-achieving learning environment includes many important elements. The Panel discussed and provided a variety of images to illustrate some of these attributes. Many of the design concepts were drawn from the competition-winning Dunbar High School in Washington, DC. According to the Panel, a first-rate learning environment starts at the front door, which should include a great place for people to convene and congregate. Similarly, the building entrance, which creates a sense of identity, should be inviting, and should convey a sense of safety and security.
Examples of School Building Entrances

A great place starts at the front door, and must include an inviting entrance. Photos of Yorktown High School in Arlington, VA (above left) and Avenues: The World School in New York, NY (above right) depict examples of school entrances for the City to consider. Image Source: Sean O’Donnell, on behalf of ULI Washington.

A school’s central heart should also be a great public place that invites students to convene, to study, to eat, and to share ideas. This great common space should continue into the fabric of the building, and can be designed in a way that allows for alternative and complementary uses by the community. The heart of the Dunbar High School, for instance, has also served as the site for Howard University’s homecoming gala. The Panel encouraged the City to consider similar community needs in the design of the new school.

Heart of the School

The Heart of a school, like that of the Dunbar High School in Washington, DC, is an indoor plaza that encourages communal gathering. Image source: Sean O’Donnell on behalf of ULI Washington.
Food also provides a fantastic medium for a great social atmosphere. Students socialize and study in common spaces and food-oriented places, which are also pivotal design elements to any high-achieving learning environment.

Food and Community in Schools


Other community spaces, such as the learning commons, the gym, and the pool, should be constructed in a way that maximizes natural light, as illustrated in the examples at left. Another important element of a 21st century high-achieving learning environment is the library, which Panelists suggested should be centrally located in the school. As the school’s intellectual hub, the library is a place designated to encourage the exchange of ideas, studying, and convening. Panelists recommended that, like other communal spaces, the library should be designed in a manner that maximizes natural light so that it feels as if it’s located both inside and outside.
Panelists also embraced the idea of The Active Classroom – one that features a project-based environment that, through its design, contains different opportunities to change the learning space as needed. The active classroom is also infused with technology – a key component of any high-achieving learning environment.

**The Active Classroom**

[Image of The Active Classroom renderings]

The Active Classroom, illustrated in the renderings above, allows for maximum spatial flexibility and project-based learning. Image source: Sean O’Donnell on behalf of ULI Washington.

**Development Program and Phasing**

In order to create a framework for mixed-use commercial development that will span 10 acres of the study area, Panelists utilized their knowledge of the market to create a development program that will meet market demand. Ultimately, the Panel proposed a development program that includes approximately 1.1 million square feet of mixed-use commercial development.

To anchor the retail of this mixed-use center, the Panel recommended stacking a fitness center on top of a movie theater, for a total of 80,000 square feet. Additionally, the mixed-use development should include 40,000 square feet of restaurant space, which Panelists contended would satisfy market demand. Restaurants also happen to be the single highest driver of tax receipts in the City of Falls Church, making restaurant use a win/win for this development program. The aforementioned mix of uses should be paired with additional “other” retail that is emblematic of the unique offerings that currently contribute to the City’s quaint appeal.
Panelists also recommended building on the City’s proven medical community by providing for 66,000 square feet of medical office space in the study area. According to Panelists, providing a quality mixed-use place will help generate demand for office space – even in a bad market. By the time this project delivers, the City will have the opportunity to offer Class A office product for medical uses, which commands higher rents, justifies structured parking, and leverages the strategic position of Falls Church in between INOVA and Virginia Hospital Center. The remainder of the development program is recommended to be multi-family housing, which can be rental or condo, and a small limited-service hotel. The multi-family housing can be targeted to graduate students and active adults to minimize the number of occupants with school children.

### Proposed Development Program

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The phasing of the development plan will be critical to its success. According to Panelists, the first Phase must include the development of a “superblock,” which will house the fitness center/movie theater to draw other retailers into the development. Panelists recommended that while the first phase is under development, the land that will be used for the second phase could serve as a surface parking lot. The second phase should leverage the visibility of the intersection of Broad Street and Haycock Road – the site’s most valuable corner. Finally, the third phase should be the site’s innermost quadrant, which is also the most proximate to the Metrorail station. Panelists emphasized that the site plan provides a general phasing framework for overall commercial development, but noted that the market will dictate specific quantity and placement of uses over time.
Phasing commercial development in the study area is important. Phase 1 should include the retail anchors in a “superblock.” Phase 2 leverages the corner of Broad Street and Haycock Road, while Phase 3 takes advantage of the proximity to the Metrorail Station. Image source: ULI Washington.

Developing a Project Timeline

In addition to suggesting a phased development process, Panelists provided further recommendations about pre-development and overall timing. The graphic representation below illustrates that it will take five years before the 10-acre development site will be in a position where the City may have a sense of what the development yield and resulting value may be.

Pre-development Timeline

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<td>Master Developer Selection (1.5 - 2 years)</td>
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<td>Site Planning/Entitlements (1.5 years)</td>
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Given this pre-development timeline, panelists further recommended a development timetable that involves beginning school construction in 2020, and allowing two years for completion. Panelists acknowledged that constructing the school occurs ahead of any new revenues that might be gained from the commercial development, and stated that the City would need to adequately plan for this incurred debt.

Assuming a land sale or lease schedule, the Panel recommended that 50% of the 10-acre commercial development site would be conveyed in 2022 and be developed under Phase 1. In 2025, an additional 25% of the land would be conveyed to develop Phase 2, and by 2029, the remaining 25% of the 10-acre commercial development site would be conveyed to develop Phase 3. Overall, the Panel assumed a 10-year build-out for the commercial development site, but emphasized that unpredictable real estate cycles could influence this schedule.

**Implementation and Attracting a Developer**

In order to create value and successfully attract a developer, the City must take measures to reduce both risk and uncertainty. The first step towards accomplishing this is to systematically convene all stakeholders – WMATA, the University of Virginia, Virginia Tech, Fairfax County, and the City of Falls Church – on devising a Joint Plan for the entire area, with emphasis on improving access to the Metrorail station and establishing appropriate parking throughout the site. Panelists estimated that it may take as long as 1-1.5 years to establish a plan, but also acknowledged that each stakeholder would likely have its own unique set of approval processes which could contribute to extending this projected timeframe.

If a joint agreement cannot be completed, the City of Falls Church could move forward without partnering with neighboring stakeholders, but Panelists cautioned that this would negatively impact the land value of the 10-acre commercial development site, and therefore comes at a risk to the plan’s overall success. Panelists estimated that the overall costs for planning the commercial development would be approximately $250,000-$350,000, and recommended involving consultants with the following types of expertise: planning, architecture, civil engineering, traffic, environmental, market analysis, and economic development.

Once planning is complete, the City can turn to formulating a public-private partnership to implement the plan and develop the study area. There are several ways that the City can structure such a deal with a developer. Panelists discussed the option of selling land parcels, which is attractive to developers, but provides no ongoing payments to the City. Panelists also suggested considering land leases, which tend to be less popular with the development community, and are characterized by traditional annual payments with periodic revaluations or participations. Another option suggested by the Panel is a Joint Venture, which can maximize the total return, but involves the highest risk.

Panelists also recommended a series of best practices for the City to consider in structuring a public-private partnership. The first recommendation is to establish a Request for Expression of Interest (RFEI), which combines a traditional Request for Information with a traditional Request for
Qualifications. The intent of the REFI is to create a precursor process that can inform the formal issuance of a Request for Proposals (RFP). Panelists contended that this two-step RFEI/RFP process allows the City to assess short proposal ideas as well as organizational and financial capacity of potential developer partners, while also lowering the barrier of entry for developers. The City may wish to hire outside consultants to assist with the development of these RFEI and RFP documents. This consultant can also serve as an independent reviewer once proposals are submitted. Panelists estimated that such a process might last approximately 4-6 months, assuming respondents have 60 days to respond to each solicitation.

In issuing an RFP, the Panel recommended that the City seek out either a Master Developer for the entire site, or structure a series of land transactions with different private sector development teams. This single entity would be in charge of several tasks, including demolishing the old school, constructing roads, building utilities, and identifying component developers for individual buildings. The RFP should also list priorities and requirements so they are clear, and refrain from vagueness while also allowing developers the flexibility to generate new ideas. Prior to reviewing responses to the RFP, the City may also wish to engage a consultant who can perform an appraisal or a land residual model. This will allow the City to have its own internal value assessment prior to reviewing RFP submissions.

Finally, the Panel recommended that the City reconsider the zoning for this mixed-use development. The current zone R-1A does not allow for the development of the new school at the Panel's proposed height. Panelists therefore recommended that the City create a new state-of-the-art mixed-use zoning district to accommodate the vision of this development plan, and suggested that a new zoning ordinance text amendment can be developed contemporaneously with the planning process for the study area.

Project Fiscal Benefits

Panelists performed a fiscal analysis for the City. According to the analysis, annual net revenues at build-out are estimated to be between $3.7 million and $4.9 million in 2014 dollars, with the key revenue sources identified as real property, sales, meals, hotel taxes, and BPOL (business, professional and occupational licenses). Furthermore, the total net revenues to the City are estimated to be between $25 million and $35 million over a 10-year development period, though this figure does not account for inflation. Finally, Panelists estimated that the total number of students generated through this development plan would range between 60 and 165 new students, depending on the specific assumption modeled. This proposed range is a result of the Panel’s sensitivity to important costs, and how many public school students would be generated by these costs.4

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4 The Panel’s analysis was based on three separate modeled assumptions: 0.12 students per apartment, 0.25 students per apartment (based on City’s lowest projection) and 0.33 students per apartment (based on City’s highest projection).
According to the Panel, the fiscal benefits from development will occur too late to pay for the school directly. However, when the benefits do arrive, they can be applied to pay down the debt incurred to finance the school. Based on the Panel’s financial analysis, constructing the new $100 million high school could be covered through several mechanisms, including municipal bonds (which Panelists estimated would be issued at 4% with a 30-year amortization schedule) and tax revenues generated from the new development (which Panelists estimated could cover between 60% and 80% of the bond debt service). Panelists estimated that there may be a $15 million – $22 million net cash flow shortfall over the 10-year development period, but acknowledged that the City may have some cash available to use towards construction of the school, which may be adequate to cover these costs over the construction period.
Conclusion

The City of Falls Church is uniquely positioned to create a great an agora within its new boundaries. This agora should embrace an updated, state-of-the-art high school that is co-located with complementary commercial uses that combine residential, dining, retail, office, residential, public space, and hospitality uses. Panelists collaborated over two days to create a dynamic vision for this agora that includes site plans, concept plans, a development program, financial analyses, as well as suggested best practices for implementation.

Overall, Panelists celebrated the development potential within this study area. If executed properly, redeveloping the study area so that it meets the vision set forth by the Panel will have wide-ranging implications not only for the City of Falls Church, but also for the larger Metropolitan Washington Region. Panelists applauded the City of Falls Church for their forward thinking about this site, and thanked City staff and elected officials for the opportunity to engage in such an interesting project.
About the Panel

Bob Wulff, CHAIR
Center for Real Estate Entrepreneurship
George Mason University

Bob Wulff is a real estate industry expert with more than 35 years of experience, and serves as the Director of George Mason’s Center for Real Estate Entrepreneurship and MS in Real Estate Development. Prior to his tenure at George Mason, Mr. Wulff served as senior vice president at B.F. Saul Company where he was responsible for acquisition and development of projects for the firm’s $6 billion real estate portfolio. Prior to joining B. F. Saul, he served as executive vice president at Hazel Land Company, and vice president at The Peterson Companies, where he directed all stages of greenfield and infill developments from site planning and architectural design through construction budgeting to marketing and sales. Prior to his real estate career, Mr. Wulff was an investment banker with Smith Barney Harris Upham Company in New York City in their corporate finance division.

Mr. Wulff has also served as deputy development director at the U.S. Department of Housing and Urban Development in the UDAG program where he was responsible for underwriting more than $1 billion of debt/equity investment for a variety of residential and commercial real estate projects in urban markets throughout the United States – all structured as public-private partnerships. Mr. Wulff has also held academic appointments as an adjunct professor at UCLA’s School of Architecture and Urban Planning and assistant professor at the University of South Florida’s Anthropology Department. He has also taught a variety of planning and real estate courses at the University of Maryland and the Urban Land Institute.

Elizabeth Baker
Walsh, Colucci, Lubeley, & Walsh, PC

Elizabeth has been a planner with WCL&W since 1990. Prior to joining the firm, she was the Vice President of Planning for the Milton Company, a homebuilder in Northern Virginia. Her public sector experience has included working as a Land Use Planner for Fairfax County and as Economic Development Coordinator for the City of Falls Church. Ms. Baker specializes in Fairfax County, City of Fairfax, and Town of Herndon matters, helping clients achieve comprehensive plan amendments and zoning approvals and assisting them in the resolution of land development/site plan issues. She has worked on numerous residential, commercial and large scale, mixed-use projects as well as redevelopment transit-oriented projects. Most recently, Ms. Baker has focused on transit-oriented developments for the extension of Metro’s Silver Line through Tysons Corner to Dulles Airport.
Leonard Bogorad  
Robert Charles Lesser & Co.

Leonard Bogorad is Managing Director in the Bethesda headquarters office of RCLCO (Robert Charles Lesser & Co.), a leading national real estate consulting firm. He has extensive experience in a wide range of market and financial analysis, economic development, metropolitan growth analysis, and impact assessment capacities concerning real estate and urban development issues throughout the United States, working for both public and private sector clients. Mr. Bogorad has extensive experience with mixed-use developments; residential developments of all types; and office, retail, hotel, and industrial development. Mr. Bogorad has also assessed the fiscal and economic impacts of real estate developments, and has developed strategies for downtown improvement, neighborhood and housing revitalization, and economic development for many local governments.

Mr. Bogorad served as co-chair of the Data and GIS committee for the ULI Reality Check regional visioning process. He is also a member of the Lambda Alpha honorary land economics society. Mr. Bogorad graduated from Harvard University, and received a Masters in City Planning degree from the University of Pennsylvania. He has spoken for organizations such as the Urban Land Institute, the National Association of Senior Living Industries, and the Northern Virginia Building Industries Association. He has also written articles published in The Journal of Real Estate Development, Mortgage Banker, Industrial Development, Tax Credit Advisor, the Washington Post, Real Estate Finance Journal, Urban Land, and Washington Business Journal.

Anthony Chang  
Washington Real Estate Investment Trust

Anthony Chang joined Washington Real Estate Investment Trust (WRIT) in 2014 as a Senior Director of Asset Management to oversee its Northern Virginia Office portfolio. WRIT is the nation’s oldest publicly traded REIT with a market capitalization of $3 Billion as an owner of office, retail and multifamily assets. Prior to joining WRIT, Mr. Chang was a trusted advisor to a range of Landlord and Tenant clients as a leasing broker with Cassidy Turley’s Virginia office. Since joining in 2012 he has helped to win more than 2.5 Million SF in agency listings and closed lease transactions in excess of $75 Million.

Before relocating to the DC metro area, Mr. Chang was based in New York City for 12 years adding value to the office portfolios of owners such as Broadway Partners, Hines, and Tishman Speyer. As an Asset Manager for Broadway Partners, Mr. Chang oversaw a 3.3M SF portfolio of office assets in New York, Washington, D.C. and Boston where he consummated over $100M in leases and $900M in dispositions. Prior to joining Broadway, Mr. Chang was a General Manager with Hines, responsible for the financial and operational performance of office buildings in New York City. He started his career with Tishman Speyer at Rockefeller Center with roles in construction, facilities, and property management.
Mr. Chang holds degrees in Government and Economics from Cornell University as well as a Masters in Real Estate from New York University. He is a trustee of the Urban Land Institute where he serves on the Operating Committee and resides in Merrifield, Virginia with his wife and two children.

Martine Combal, AICP
DC Office of the Deputy Mayor for Planning and Economic Development

Martine Combal is the Interim Deputy Director of Real Estate / Walter Reed LRA Director. She assumed the role of the Walter Reed Local Redevelopment Authority within the DC Office of the Deputy Mayor for Planning and Economic Development in February 2012. As the LRA Director, Ms. Combal manages the base realignment and closure process and proposed redevelopment of the former Walter Reed Army Medical Center in Ward 4. The redevelopment encompasses 66.57 acres of the 110.1 acre campus with 3.1 million square feet of proposed development and open space. Prior to joining DMPED, Ms. Combal was the Manager of the Property Acquisition and Disposition Division (PADD) at the District of Columbia Department of Housing and Community Development (DHCD) for three and a half years. She also worked in DMPED as a real estate transactions project manager, as well as participated in the implementation of Inclusionary Zoning and the Workforce Housing Land Trust under the direction of the DC Housing Chief. Ms. Combal has extensive knowledge and experience with acquisitions through friendly sales, foreclosures, tax foreclosures and eminent domain, negotiating disposition agreements, as well as local and federal affordable housing programs.

Ms. Combal has a Master’s of City Planning and a Certificate of Urban Design from the University of Pennsylvania and holds a B.S. in Urban and Regional Studies from Cornell University. Ms. Combal is also a certified planner through the American Institute of Certified Planners. As an avid runner, Ms. Combal actively trains for 10-mile and half marathon races and enjoys running and exploring the District’s diverse neighborhoods.

Peter Crowley
LandDesign

Joining LandDesign in 1979, Peter Crowley established the Alexandria office in 1983 and is a Partner who participates in multidisciplinary teams domestically and internationally, with the stated objective of creating a balance between market forces and design aspiration. With 35 years experience, Mr. Crowley has used his planning skills to craft a wide variety of compelling projects involving town planning, urban infill, mixed-use, and master planned communities. He actively advocates aligning client needs with market conditions, bringing stakeholders together, embracing and sustaining the environment, and differentiating a place to engage the user. His dedication to creating memorable space and developing community through design has been an integral part of the firm’s development and the marketable success of LandDesign’s clients.
Over the last five years, Mr. Crowley has been active on transit-oriented development, town center design, and innovative master-planned communities. Among his notable projects are a master plan for 27,000 acres at East Edisto, an urban redevelopment plan in Fishers Indiana, and the town center in King of Prussia Pennsylvania. Mr. Crowley earned a Bachelor of Landscape Architecture from the University of Georgia and is a registered landscape architect in Virginia, Connecticut, Delaware, Maryland, North Carolina, New York, and New Jersey. He is also a member of several professional organizations, including the American Society of Landscape Architects and, the Urban Land Institute.

Robert Eisenberg
Heritage Property Company, LLC

Bob Eisenberg founded Heritage Property Company in 2006 to pursue value-added real estate development opportunities in the Washington, DC metropolitan area. An Advisory Services platform was added in 2009 to offer property investors strategic property-level and portfolio-wide perspectives as well as transactional support. The company focuses on commercial and multi-family residential development, re-development and repositioning.

Mr. Eisenberg brings to Heritage Property Company more than twenty-five years of extensive experience in Washington area real estate acquisition, development, financing, leasing, asset and property management and disposition. His career has centered on class-A, institutional grade assets with an emphasis on ground-up development, and he has been involved in more than $1.5 billion of transactions and 3.5 million square feet of properties. During his career he has acquired or developed nearly 2 million square feet of office, multi-family and flex properties with an initial valuation of nearly $500 million.

Mr. Eisenberg holds a Bachelor of Science degree from the University of Maryland and is a licensed CPA in Maryland. He is an active member of the Urban Land Institute where he serves on the Washington District Council’s Advisory Board and Management Committee. He resides in Bethesda, Maryland.

Gary Malasky
Malasky Real Estate

Gary Malasky is a principal with Malasky Real Estate, consulting in Public Private Partnerships and Transit Oriented development. His experience in both private and public life give him the understanding to translate one to the other.

Mr. Malasky’s private sector experience includes ground up office building development and commercial renovations for his own development company; office, retail, multi-family, and industrial property acquisitions (Washington Real Estate Investment Trust—Sr. acquisitions officer); multi-family acquisitions with the partners of Salomon Brothers as investors (DRG Ventures—Sr. VP); national data center roll-out (TelePlace—VP Real Estate); and hotel financing/
new brand development (Hotel Concepts—Principal). He has been actively involved in many types of negotiations and financings.

His public sector experience includes multiple projects at the Washington Metropolitan Area Transit Authority (“WMATA”—Director and Sr. Real Estate Advisor). In this capacity, he was responsible for the joint offering with the state of Maryland of over 30 acres at New Carrollton leading to the selection of Forest City Enterprises and Urban Atlantic to start a multi-phase development that could span 20 years. Mr. Malasky was also responsible for the public side of the real estate transaction near Nationals Park (Navy Yard-West) which tripled the station capacity by incorporating many station improvements in the private office building—all accomplished under tremendous time pressure to coincide with the opening of the baseball stadium. He was responsible for the White Flint PPP and involved in many others. He created offering documents and managed the offering process, negotiated ground leases and development agreements, and facilitated inter-governmental cooperation to move projects forward.

Mr. Malasky has been invited to speak in front of a variety of audiences including the Rail—Volution national conference and ULI seminars. He is a graduate of the Wharton School at the University of Pennsylvania and Harvard Law School.

Sean O’Donnell, AIA, LEED AP
Perkins Eastman

Sean O’Donnell is a Principal at Perkins Eastman with more than 20 years of experience in his field. Mr. O’Donnell’s focus is on the design of great learning environments. On projects ranging from program development to evaluation of existing buildings to the design of new campuses, he works to ensure that each learning environment fully supports all of its user’s physical, intellectual, social/emotional, organizational, and technological needs. Mr. O’Donnell’s repeatedly recognized design work is largely based on his research into the ability of environments to successfully accommodate diverse and changing user needs over time – research that was published in an award-winning monograph.

A leader in educational facility planning and design, Mr. O’Donnell founded and serves as the Chair of the AIA/DC committee on Architecture for Education. Additionally, he has participated in forums with educators from across the nation organized by “Great Schools by Design,” and has written and been interviewed for a variety of publications.

Mr. O’Donnell is a member of the Society for College and University Planning, the Council of Educational Facilities Planners international, and the Environmental Design Research Association, and he serves on the National Technical Advisory Committee of the Collaborative for High Performance Schools.