LINCOLNIA

To CBC or not to CBC?
Contents

• Introductions

• Problem Statement and Understanding

• Analysis

• Recommendations
Community Business Centers (CBCs) in Fairfax County

Comprehensive Plan Definition of CBCs

COMMUNITY BUSINESS CENTERS (CBC): These centers typically are planned for over 1,000,000 sq. ft. of commercial space. Historically older community-serving commercial areas that emerged along major roadways, Community Business Centers are areas where redevelopment should encourage a mix of uses focused around a core area of higher intensity, such as a town center or main street in a pedestrian-oriented setting. Transitions in intensity and compatible land uses should protect surrounding stable residential neighborhoods.

Examples of other CBCs in Fairfax County

Annandale, Baileys Crossroads, Beacon/Groveton, Hybla Valley/Gum Springs, Kingstowne, McLean, North Gateway, Penn Daw, Seven Corners, South County Center, Springfield, Woodlawn
Annandale CBC

ANNANDALE COMMUNITY BUSINESS CENTER
Fairfax County, Virginia
Location in County
CBCs and 2016 Virginia Proffer Legislation

• Virginia is a Dillon Rule State
• 2016 Proffer Legislation Aimed to Limit Localities’ Ability to Request Proffers for Residential Development
• This legislation only applies to residential development (including residential component of a mixed use project)
• Key Exception: The new proffer restrictions do not apply to an approved small area comprehensive plan that:
  – 1. is designated as a revitalization area,
  – 2. encompasses mass transit (includes buses),
  – 3. includes mixed-use development, AND
  – 4. allows a density of at least 3.0 floor area ratio in a portion thereof.
• 3.0 FAR – a big change, and where?
• Rezoning to accomplish land use goals
Connectivity/Regional Context

Questions:

• How can synergy among the potential Lincolnia CBC, the Annandale CBC, and the areas to the east in the City of Alexandria be leveraged to create a vibrant mixed-use area?

• What regional or national examples are there of potential redevelopment that highlight appropriate development intensity and scale, as well as appropriate transitions to nearby neighborhoods?

• What opportunities exist to enhance connectivity, including pedestrian and bicycle connectivity 1) between the potential CBC area and from the surrounding neighborhoods, especially along Route 236 connecting to points west and east 2.) and within the potential CBC area?
What is Lincolnia?

- Auto-Oriented Corridor
  - Little River Turnpike (36,000 ADV)
  - Beauregard Street (29,000 ADV)
- Established shopping destination
  - Ethnic orientation
- Separation of Land Uses
- Excellent highway/freeway access
- Near large planned projects and development

What could Lincolnia offer that others don’t? How can it complement, rather than compete?
Surrounding Future Development

• Landmark Mall Redevelopment
  • High density commercial center
    • 70% commercial, 30% residential
  • Total New: 5M – 5.6M SF (2.5 FAR)

• Beauregard Small Area Plan
  • Town Center, High Density Residential, Mark Center Office
    • New Commercial: 1.7M SF
    • New Residential: 6.2M SF
    • Total New: 7.9M SF

• Annandale CBC
  • Mixed-use, community business district
    • Additional 4.1M SF of new commercial and residential
Market Demand and Growth

• Fairfax County population growth projected to be modest
  • Annual growth projections: 0.65%
    • Compare to 0.97% in Virginia and 0.84% in U.S.
  • Translates to only 7,500 net new people annually

• Already lots of future development capacity slated for Tysons, Transit Station areas (especially Silver Line), other Community Business Centers (CBCs)
  • Growth should be prioritized in areas with existing or new infrastructure investment
What Could Lincolnia Be?
Redevelopment Precedents and Lessons Learned

- Locus of redevelopment could be Lincolnia retail properties

- Opportunity for Lincolnia retail centers to be mixed-use walkable projects, focused around neighborhood retail and services

- Project Examples
  - Towne Center at Laurel
  - Riverdale Park Station
  - St. Johns Town Center
  - Westwood Shopping Center
  - Cameron Station (Complete Neighborhood)
Towne Center at Laurel

- Laurel, MD
- 40.7 acres
- Regional Town Center
- 0.33 FAR
- 580,000 SF (40% residential)
- 23’ – 47’ Heights

Lessons
- Retail Design
- Parking Garage
- Residential Buffer
Riverdale Park Station

- Riverdale, MD
- 37.7 acres
- Neighborhood Town Center
- 0.94 FAR
- 1.56M SF
- 1-3 stories retail, 3-6 stories residential

Lessons
- Neighborhood retail focus
- Park Buffer
- Structured parking (for residential)
St. Johns Town Center

- Jacksonville, FL
- 229.42 acres
- Regional Retail Center
- 0.33 FAR
- 3.2M SF (80% commercial)
- Heights: 200’ office/hotel, 100’ all other

Lessons
- Retail Design
- Form Based design (PUD)
Westwood Shopping Center

- Bethesda, MD
- 11.3 acres
- Neighborhood Retail Center
- 2.0 FAR
- 984,456 SF (38% commercial)
- Heights: 60’

Lessons
- Neighborhood sensitivity
- Neighborhood change
- Public Benefits (strong market)
Cameron Station

- Alexandria, VA
- 89.56 acres
- Complete Neighborhood
  - All 3-4 story townhomes
- 20 DU/Acre (~1.04 FAR)
- 1,849 DUs
- Heights: 45’

Lessons
- Phasing
- Need high price point per DU
Regional Connectivity

Challenges:
- Predominance of north/south oriented arterials and neighborhood roads
- Enhancing connectivity through the potential CBC could increase “cut-through” traffic in neighborhoods.
- Natural and man made barriers: Turkeycock Run and I-395.

Opportunities:
- Proximity of Annandale, Mark Center, Shirlington, Alexandria
- Planned transit improvements: West End Transitway, Duke Street Corridor BRT, Fairfax County Proposed High Quality Transit Network.

General Recommendations
- Small Area Plan: focus new east/west connections within the CBC to enhance mobility and sense of place; identify key pedestrian and bicycle connections across arterials.
- Streetscape Design standards to improve safety, encourage non-vehicular transportation, and improve aesthetics.
- Creation of mobility hub at Lincolnia Plaza shopping center.
East/West Considerations

- Extend Alexandria’s proposed transit lane(s) from Landmark mall to Annandale and/or Fairfax City; include bicycle and pedestrian amenities in streetscape plan.

- West connection:
  - Connect 8th Street across Turkeycock Run
  - Connect Montrose Street to Lincoln Avenue

- East connection:
  - Explore connections to Landmark Mall redevelopment from Lincolnia Road.
  - Connect 8th Street to Stevenson Avenue
North/South Considerations

- Coordinate with Beauregard Small Area Plan to strengthen connection to Mark Center and provide access to the West End Transitway.
- Extend sidewalk along west side of Chambliss and southwest side of Lincolnia Road to connect to existing sidewalk near Mayapple Place (approx. 900 feet).
- Connect sidewalk along northeast side of Lincolnia Road to Chambliss Road.
- Limited southern connections: I-395, differences in uses and neighborhood character.
Connectivity Within CBC

Focus connectivity inward within three main areas:

- South of Little River Turnpike/north of I-395
- North of Little River Turnpike/east of Beauregard Street
- North of Little River Turnpike/west of Beauregard Street
- Identify key pedestrian connection points to connect these areas across heavily traveled roadways, while considering traffic and safety concerns.
- Prioritize pedestrian crossings at bus stops (e.g. across Chambliss near Senior Center. Pedestrian/bicycle bridge over Little River Turnpike.

Bike: no dedicated lanes within CBC. Improve access and safety along existing bicycle routes along Little River Turnpike, Beauregard Street, and Lincolnia Road

Multimodal improvements along Little River Turnpike would enhance connectivity within CBC.
Lincolnia Redevelopment & Preservation Strategies

How can redevelopment be used as a tool to preserve and expand affordable and workforce housing?

- The single best way to increase the overall of affordability of housing, is to increase the overall supply of housing.
- Market realities govern—every public policy priority can’t be achieved in a single development.
- Mixed-income and affordable housing communities require significant County support including subordinate financing strategies and accelerated entitlement processes to synch up with State allocation cycles.

From the economic development perspective, what are the benefits in designating the area in question as a CBC and what might be the market future if this area is not designated as a CBC?

- Flexibility must govern!
- Density should be a carrot, not a stick burdened with a costlier regulatory or proffer structure.
- A CBC designation is not, in and of itself, a catalyst for redevelopment.
- Effective implementation strategies will facilitate, not force, market changes.
<table>
<thead>
<tr>
<th>County / Market</th>
<th>Rent</th>
<th>Development Fees*</th>
<th>Mil Rate</th>
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<tr>
<td>DC Market</td>
<td>$ 2.97</td>
<td>$ 10,000</td>
<td>0.85</td>
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<td>Arlington County</td>
<td>$ 2.51</td>
<td>$ 7,600</td>
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<td>$ 2.11</td>
<td>$ 18,500</td>
<td>1.49</td>
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<tr>
<td>Howard County</td>
<td>$ 1.78</td>
<td>$ 9,900</td>
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<th>Mil Rate</th>
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<tr>
<td>Howard County</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
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* Development fees include bonds; permit and tap fees; TDM, recreation, schools, parks contributions; public safety, transportation, and utilities fees; and certificates of occupancy.
Development Fees

Montgomery County: $28,200
Anne Arundel County: $28,000
Prince George's County: $18,500
Fairfax County: $18,000
DC Market: $10,000
Howard County: $9,900
Arlington County: $7,600
Baltimore Market: $3,300

Average Rent

DC Market: $2.97
Arlington County: $2.51
Montgomery County: $2.38
Baltimore Market: $2.30
Fairfax County: $2.27
Anne Arundel County: $2.25
Prince George's County: $2.11
Howard County: $1.78

Tax Mill Rate

Baltimore Market: 2.36
Prince George's County: 1.49
Fairfax County: 1.13
Howard County: 1.13
Arlington County: 1.12
Anne Arundel County: 1.03
Montgomery County: 0.89
DC Market: 0.85

Fairfax fees risk outpacing average rent
The relationship between fees and net rent is important…

It shows a strong correlation to supply (shown on the next slide)
### Supply versus Average Rank of Fees, Mil Rate, and Rent

![Graph showing the relationship between new rental housing units and average rank of fees, mil rate, and rent.]

**County** | **Projects** | **Supply** | **Population** | **Units Built per 1,000 People** | **Average Rank**
---|---|---|---|---|---
DC Market | 100 | 19,685 | 658,893 | 29.9 | 2.00
Montgomery County | 45 | 12,239 | 1,017,000 | 12.0 | 4.33
Fairfax County | 37 | 11,366 | 1,131,000 | 10.0 | 5.33
Arlington County | 32 | 7,376 | 224,906 | 32.8 | 2.67
Baltimore Market | 43 | 5,385 | 622,104 | 8.7 | 4.33
Prince George's County | 15 | 4,451 | 890,081 | 5.0 | 6.67
Anne Arundel County | 19 | 4,572 | 555,743 | 8.2 | 5.33
Howard County | 12 | 2,663 | 304,580 | 8.7 | 5.33
**Total/Average** | **303** | **67,737** | **5,404,307** | **12.5** |

* New rental housing units added to the market between 2010 - 2016

** Average Rank includes average rank of development fee, mil rate, and rent
CASE STUDY:
ONE-PHASE, MULTIFAMILY BUILDING WITH 250 APARTMENTS IN LINCOLNIA
Wood frame construction above a concrete podium, approximately 1.75 FAR with precast, structured parking

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<th>Number of Units</th>
<th>250</th>
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<tr>
<td>Construction Duration</td>
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<tr>
<td>Residential GSF</td>
<td>291,200</td>
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<td>Amenity GSF</td>
<td>12,000</td>
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<tr>
<td>NRSF/DU</td>
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<tr>
<td>Rent/DU (face)</td>
<td>1,941</td>
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<tr>
<td>Rent/DU (PSF)</td>
<td>2.22</td>
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<tr>
<td>OpEx/DU</td>
<td>8,144</td>
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<tr>
<td>Net Operating Income (NOI)</td>
<td>3,869,495</td>
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<tr>
<td>Current Return on Cost (ROC)</td>
<td>5.41%</td>
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<table>
<thead>
<tr>
<th></th>
<th>total</th>
<th>per unit</th>
<th>per SF</th>
<th>notes</th>
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<td>Construction Contract</td>
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<td>hard costs</td>
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<td>Owner Construction Costs</td>
<td>4,805,807</td>
<td>19,223</td>
<td>16.50</td>
<td>development fees, permits, proffers, FF&amp;E</td>
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<tr>
<td>Design &amp; Engineering</td>
<td>3,336,500</td>
<td>13,346</td>
<td>11.46</td>
<td>architecture, structural, MEP, ID, geotech, LA, AV, etc.</td>
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<td>Financing Fees &amp; Interest</td>
<td>3,173,150</td>
<td>12,693</td>
<td>10.90</td>
<td>assumes 65% loan to cost</td>
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<tr>
<td>Developer Costs</td>
<td>2,069,178</td>
<td>8,277</td>
<td>7.11</td>
<td>taxes, title, legal, insurance, etc.</td>
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<td>Capitalized Operating Costs</td>
<td>350,000</td>
<td>1,400</td>
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<td>Land</td>
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<td>20,000</td>
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<td>Fee</td>
<td>1,864,000</td>
<td>7,456</td>
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Total Development Costs 71,556,578 286,226 245.74
Retaining Existing Retail

Question

How can the current businesses and services that serve the current population in the area be retained should this area redevelop?
APA Guidance

Notes that many communities have struggled to retain local retailers over the past 30 years because of the increase in big box, chains throughout the country

APA suggests that there are two main strategies for communities:

- Regulatory solution – limiting big box retailers ability to move into areas through restrictions which help protect existing businesses
- Non-regulatory solution – addressing one of the main local business issues regarding lack of access to capital
APA Guidance

Regulatory solutions

1. Create special zoning designation
2. Create affordable commercial space linkage program
3. Support various store size
Regulatory Solution

Special Zoning Designation

These special zones would seek to protect local commercial businesses that cater to local residents vs. those business that cater to visitors or regional users.
Regulatory Solution

Affordable Commercial Space Linkage

This would be similar to the inclusionary zoning requirements communities are utilizing now.
Regulatory Solution

Support various store sizes

• Balance store size in neighborhood
• Balance local stores vs. chain stores
Non-Regulatory Solutions

These solutions seek to address local, small business concerns regarding lack of access to capital:

1. Community ownership of commercial spaces

2. Development agreements requiring retention of affordable commercial space

3. Direct financial assistance programs: investment purposes or relocation assistance
Non-Regulatory Solutions

**Community ownership**

1. Land trusts for commercial property – land trust non-profits, created to allow affordable commercial space

2. Community owned stores – community members buy stock in local retailers

3. Cooperative-ownership stores – Customer cooperative used to fund startup for commercial spaces through membership dues

4. Investment cooperatives – conventional bank alternative
Non-Regulatory Solution

Development Agreement

Community Benefits Agreement - Center for Policy Initiatives (CPI), has developed a menu for these agreements, which can include some or all of the following:

1. Providing quality jobs
2. Incorporating community services
3. Requiring first-source/local hiring
4. Including environmental improvements
5. Providing affordable housing
6. Integrate community involvement
CBC or no CBC?

Recommendation is YES, but understand tradeoffs

Strengths/Opportunities
- Articulates vision for area
- Brings stakeholders to the table
- Mechanism for obtaining greater public benefits
- Allows more comprehensive planning analysis
- Integrates redevelopment concepts to plan area
  - Relatively minor modifications can be mutually beneficial
CBC or no CBC?

Weaknesses/Challenges

• Market may not support CBC density in long-term
• New infrastructure as market catalyst is questionable
• Location near major highway interchange is a challenge to pedestrian oriented development
• Redevelopment plans and transportation options coordinated with City of Alexandria – added complexity.
• Redevelopment may already advance plan goals
  • Greater “exactions” may hinder redevelopment
Questions?