2355 Mill Road

2017 - 2018 ULI Regional Land Use Leadership Institute
Mini Technical Assistance Panel
I. Project Background
Questions to be addressed by the Panel

1. Develop and evaluate alternative redevelopment scenarios that would maximize public benefit, be financially feasible, and designed to the latest trends serving these types of social services.

2. What creative economic and/or financing tools and/or public-private-nonprofit partnerships should the City explore?

3. What short- and long-term improvements would further revitalize and transform Mill Road into a welcoming public realm?

4. What type of parks/open spaces should this site provide?

5. What regional or national examples could serve as models for incorporating these types of community services?
Project Process + Major Resources

• Site Tour

• Stakeholder meetings

• Eisenhower East Small Area Plan (2003)

• City of Alexandria Housing Master Plan (2014)

• Bicycle/Pedestrian Plan Implementation Signing & Marking Plans (2014)

• City of Alexandria FY 2018 Proposed Operating Budget & CIP

• Alexandria General Services Funding/FCI Report, FY2019 Proposed Budget Funding Analysis
Project Challenges

1. Substance Abuse Center + Community Shelter space does not meet current needs.

2. Nearby development will put additional pressure to evaluate the Site for redevelopment / re-use.

3. Limited relocation opportunities for Center + Community Shelter & impact on clients

4. Limited capital budget available for upgraded/new Center + Community Shelter

5. Need for affordable housing in the City
Project Focus + Parameters

1. Primary focus of recommendations is on 2355 Mill Road site (the “Site”)

2. Current social services provided on the Site must remain or be provided elsewhere (under proper circumstances)

3. Little or no budget to replace existing facility on the Site

4. There is interest from the City to see improvements on the Site in the context of the Eisenhower East SAP

5. Given interest in the Eisenhower East submarket it is an opportune time to evaluate the potential of the Site
1. OCM (100) / Office Commercial Medium (100) zone; 100 foot max height, 150 feet w/SUP; 1.5 FAR w/30% bonus density for low income housing where applicable.

2. 40% Open space requirement for residential; none for non-residential uses.

3. 20 foot setback at front for residential, 1:1 setback at rear for, 1:3 at side yards; no yard or open space requirements for non-residential uses.

4. For new construction 18’ floor to floor at ground floor, for future Retail; 10-12 foot floor to floor on upper levels.

5. Wood Frame on concrete podium for mid-rise construction; Concrete frame for high-rise.

6. Site land area = 39,968 SF

7. See Appendix for additional assumptions
II. Findings & Recommendations
Scenarios

1. Retain + Renovate

2. Retain + Redevelop

3. Relocate + Redevelop

4. Sell, Rezone + Relocate
## 1. Retain + Renovate

Keep existing uses on site in new or renovated building (no additional uses)

<table>
<thead>
<tr>
<th></th>
<th>Existing (est. gross)</th>
<th>Proposed (modest)</th>
<th>Proposed (full + addition)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building SF (total)</td>
<td>27,313 SF</td>
<td>29,313 SF</td>
<td>35,600 SF</td>
</tr>
<tr>
<td>- Center SF</td>
<td>16,075 SF</td>
<td>17,075 SF</td>
<td>21,000 SF</td>
</tr>
<tr>
<td>- Shelter SF</td>
<td>11,238 SF</td>
<td>12,238 SF</td>
<td>14,600 SF</td>
</tr>
<tr>
<td>On-site Parking Spaces</td>
<td>~36*</td>
<td>~33**</td>
<td>~60*** (required)</td>
</tr>
<tr>
<td>Est. Cost</td>
<td>+/- $1.5 M</td>
<td>+/- $5 M</td>
<td></td>
</tr>
</tbody>
</table>

* Actual utilization is higher. ** Propose to make up difference in count with adjacent parking decks. ***Will require SUP to demonstrate actual need
1. Retain + Renovate

Existing Conditions

Proposed Modest Renovation & Addition

Center & Shelter Renovation

Addition
1. Retain + Renovate

Existing Conditions

Proposed Full Renovation & Addition

Center & Shelter Renovation
Addition
## 1. Retain + Renovate

### Project evaluation scorecard

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- City funding</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>- non-City funding</td>
<td></td>
<td>limited</td>
</tr>
<tr>
<td>Public Realm Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Open space on site</td>
<td></td>
<td>limited</td>
</tr>
<tr>
<td>Alternative Space Needed</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
2. Retain + Redevelop – preferred alternative

- Incorporate Center & Shelter into a six-story mixed-use project with affordable housing above.
- All units will be affordable (60% AMI or less)
- Existing zoning - OCM(100)

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building SF (total)</td>
<td>27,313 SF</td>
<td>77,938 SF</td>
</tr>
<tr>
<td>- Center SF</td>
<td>16,075 SF</td>
<td>21,000 SF</td>
</tr>
<tr>
<td>- Shelter SF</td>
<td>11,238 SF</td>
<td>14,600 SF</td>
</tr>
<tr>
<td>- Residential SF</td>
<td>0</td>
<td>42,338 SF</td>
</tr>
<tr>
<td>Residential Units</td>
<td>0</td>
<td>30 - 39</td>
</tr>
<tr>
<td>On-site Parking Spaces</td>
<td>~36*</td>
<td>~90**</td>
</tr>
<tr>
<td>Est. Construction Cost***</td>
<td></td>
<td>+/- $25,000,000</td>
</tr>
</tbody>
</table>

* Actual utilization is higher. ** Parking calculated as 1/600 for non-residential, zone 6; 0.75 / unit for affordable housing; Recommended SUP for additional reduction. *** Concrete Podium 2 levels / Wood frame upper levels; site work; below grade parking; includes estimate for Shelter & Center build out
2. Retain + Redevelop – preferred alternative

Existing Conditions

Proposed (current zoning)
2. Retain + Redevelop – *preferred alternative*

Potential building residential program*

<table>
<thead>
<tr>
<th>Type</th>
<th>Est. Units</th>
<th>Avg. Size (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR</td>
<td>4 - 5</td>
<td>650 - 820</td>
</tr>
<tr>
<td>2-BR</td>
<td>20 - 26</td>
<td>900 – 1,150</td>
</tr>
<tr>
<td>3-BR</td>
<td>6 - 8</td>
<td>1,100 – 1,560</td>
</tr>
<tr>
<td>Total</td>
<td>30 - 39</td>
<td></td>
</tr>
</tbody>
</table>

* Unit mix is based on The Bloom – a successful LIHTC (9%) funded project
## 2. Retain + Redevelop – *preferred alternative*

### Project evaluation scorecard

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- City funding</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>- non-City funding</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td><strong>Public Realm Improvements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Open space on site</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td><strong>Swing Space Needed</strong></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
2. Retain + Redevelop – *preferred alternative*

What City goals does this scenario address?

**Transportation & Economic**
- Transportation is generally considered to be a household’s second largest expenditure
- 75% of workforce (74,000) commute from outside of the city
- Revenue is lost because employees shop, spend and invest outside of Alexandria
- Lack of affordable housing is a primary cause of homelessness

**Housing**
- Goal of creating/preserving 2,000 affordable units by 2025 (Housing Master Plan, 2014)
- More than 40% (14,353 households) of the overall rental housing demand in the city consists of households with incomes at or below 60% AMI
- City currently has a deficit of 801 units priced affordably for households making at or below 60% AMI, and this demand will grow to 14,687 by 2030
- Eisenhower East has 1,898 rental units (6.3% of City supply), 0 are market affordable, 28 are affordable (Alexandria Rental Housing Affordability, 2010)
- Only 2.6% the EE’s housing market (constructed and in the pipeline) are affordable to households earning up to 60% AMI
3. Relocate + Redevelop

- Move services to another site & redevelop 2355 Mill Rd. as a 6-story mixed-use building under current zoning.
- All units will be affordable (60% AMI or less) + commercial ground-floor use(s)

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building SF (total)</td>
<td>27,313 SF</td>
<td>77,938 SF</td>
</tr>
<tr>
<td>- Retail/Other</td>
<td>18,000 SF</td>
<td></td>
</tr>
<tr>
<td>- Residential</td>
<td>59,938 SF</td>
<td></td>
</tr>
<tr>
<td>Residential Units</td>
<td>42 - 56</td>
<td></td>
</tr>
<tr>
<td>On-site Parking Spaces</td>
<td>~36*</td>
<td>124**</td>
</tr>
</tbody>
</table>

Est. Construction Cost*** (2355 Mill Rd bldg. only) +/- $18,000,000
Est. Construction Cost (new shelter & center) +/- $11,000,000
Est. Total Construction Cost**** +/- $29,000,000

* Actual utilization is higher. ** Parking calculated as 1/220 for retail, zone 6; 0.75 / unit for affordable housing; Recommended SUP for additional reduction. *** Concrete Podium Retail & Level 2; Wood frame upper levels; site work; below grade parking. **** Does not include relocation costs or land costs of a new or consolidated Shelter & Center off-site.
3. Relocate + Redevelop

Existing Conditions

Proposed (current zoning)

Mill Road

- Retail/other services
- Residential
### 3. Relocate + Redevelop

Potential building residential program*

<table>
<thead>
<tr>
<th>Type</th>
<th>Est. Units</th>
<th>Avg. Size (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR</td>
<td>5 - 7</td>
<td>650 - 820</td>
</tr>
<tr>
<td>2-BR</td>
<td>28 - 38</td>
<td>900 – 1,150</td>
</tr>
<tr>
<td>3-BR</td>
<td>9 - 11</td>
<td>1,100 – 1,560</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42 - 56</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Unit mix is based on The Bloom – a successful LIHTC (9%) funded project

- 67% of units are 2 BR
- 21% of units are 3 BR
- 12% of units are 1 BR

---

*Image credits: [ULI Urban Land Institute](https://www.uli.org)
## 3. Relocate + Redevelop

### Project evaluation scorecard

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- City funding</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>- non-City funding</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Public Realm Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Open space on site</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Alternative Space Needed</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
Public-Private Partnerships (Scenarios 2 + 3)

Benefits of Public-Private Partnership approach
- Assigns responsibility for creating thinking to private sector
- Allows City to define goals
- Helps City negotiate a lower cost for the project
- Allows City to get feedback and identify false assumptions or unrealistic expectations
- Helps determine if the project is better suited for the internal team

Recommendations for content of RFP / RFI (i.e., what is city asking the market to deliver)?
- Delivery of substance abuse and homeless shelter (on-site or off)
- Provides accurate market intelligence
- Open space
- Affordable housing
- Rezone Parcel to incorporate into Eisenhower East Development Plan – Density benefits and relief from Setbacks – increase FAR, 10-15 stories, modified yard / setback requirements
4. Sell, Rezone + Relocate

- Maximize value of land & sell

- Use proceeds to invest in new Center & Shelter and possibly affordable housing at another location

- Sale provides City with short-term and long-term capital (e.g., real estate taxes)

- Site is re-zoned to Eisenhower East Small Area Plan

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building SF (total)</td>
<td>27,313 SF</td>
<td>155,000 SF</td>
</tr>
<tr>
<td>- Center SF</td>
<td>16,075 SF</td>
<td>0 SF</td>
</tr>
<tr>
<td>- Shelter SF</td>
<td>11,238 SF</td>
<td>0 SF</td>
</tr>
<tr>
<td>- Residential SF</td>
<td>11,238 SF</td>
<td>137,000 SF</td>
</tr>
<tr>
<td>- Commercial</td>
<td></td>
<td>18,000 SF</td>
</tr>
<tr>
<td>Residential Units</td>
<td></td>
<td>~112</td>
</tr>
<tr>
<td>On-site Parking</td>
<td>~36*</td>
<td>196**</td>
</tr>
<tr>
<td>Spaces</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Actual utilization is higher. ** Parking calculated per Eisenhower East SAP = 2 / 1,000 SF for retail, 1.1 / 1,000 SF of residential
4. Sell, Rezone + Relocate

Existing Conditions

Proposed 10-story building

- Commercial / Retail
- Residential

Mill Road

2355 Mill Road | mTAP | 5/4/2018
## 4. Sell, Rezone + Relocate

### Project evaluation scorecard

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>Potential</td>
<td>Potential</td>
</tr>
<tr>
<td>Financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- City funding</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>- non-City funding</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Public Realm Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Open space on site</td>
<td></td>
<td>Based on zoning</td>
</tr>
<tr>
<td>Alternative Space Needed</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
III. National Models
The Bloom (Alexandria, VA)

Development Team
• Carpenter’s Shelter & AHDC

Details
• 87 affordable rental apartments
• 10 permanent supportive housing units
• New shelter
• Built on site of existing Carpenter Shelter site

Financing
• TDC = ~$37 M
  • First mortgage ($8 M)
  • City of Alexandria ($7.1 M loan)
  • Housing Trust Fund ($1.6 M)
• Building is organized into 2 condos (shelter & residential units)

Amenities
• 1,600 SF production garden
• Playground
• Underground parking
Landing Road Residence (New York City)

Development Team
• Bowery Residents Committee

Details
• 135 permanent affordable housing units
• 200-bed transitional shelter

Financing
• TDC = ~$63 M
  • Tax-exempt bonds ($22 M)
  • LIHTC ($18 M)
  • Loan ($18 M)

• HomeStretch Program: co-locates and co-finances transitional shelter and permanent affordable housing
• Building is organized into 2 condos (shelter & residential units)
• 2 shelter beds, leverage 1 unit of housing
Arroyo Village (Denver, CO)

Development Team
• Rocky Mountain Communities &
The Delores Project

Details
• 130 permanent affordable housing units
• 50-60 bed shelter
• Site is adjacent to light-rail station

Financing
• Construction Cost = $32 M
  • LIHTC ($17 M)
  • Freddie Mac Tax-Exempt Loan ($11 M)
Sulzbacher Center (Jacksonville, FL)

Development Team
• I.M. Sulzbacher Center for the Homeless & Vestcor Companies

Details
• 70 permanent housing units for homeless women & children
• 54 units for emergency housing & medical needs

Financing
• TDC = $20 M
  • LIHTC ($9 M)
  • State Apartment Incentive Loan ($3.5 M)
  • Capital campaign ($8 M)

Partnerships
• 8 units for female veterans + 8 units for medical respite
• Goodwill & local culinary school provides job training
• Early learning center w/ local university & pediatric agency
IV. Other Considerations
WMATA Considerations

- Formerly classified as excess land, now used for operations storage related to capital trackwork
- No active systems/infrastructure (e.g., vent shafts, power, etc.)
- Relocation would require a site with similar characteristics
WMATA Considerations

• Joint Development: TOD projects involving Metro property

• Mill Road would qualify under WMATA criteria for unsolicited development proposals

• Redevelopment would be consistent with Metro’s policies and goals for TOD

• Even if WMATA parcel not used, City/developer would still need to coordinate with Metro on potential impacts to Metro facilities

3.3 Unsolicited Offers. WMATA may consider unsolicited offers in limited cases, as set forth in the Joint Development Program Guidelines, such as:

A) Offers from an occupying ground lessee;

B) Lease or purchase proposal from a jurisdictional partner; and,

C) Land assemblage opportunities from adjacent property owners that would result in a higher density TOD and, therefore, higher ridership.
WMATA Considerations

- Incorporate WMATA-owned parcels into a larger redevelopment
- Incorporate site into Eisenhower East Development District
- Site is re-zoned to Eisenhower East Small Area Plan

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area SF</td>
<td>39,968 SF</td>
<td>~110,000 SF</td>
</tr>
<tr>
<td>Building SF*</td>
<td>27,313 SF</td>
<td>450,000 SF</td>
</tr>
<tr>
<td>- Residential SF</td>
<td></td>
<td>330,000 SF</td>
</tr>
<tr>
<td>- Shelter &amp; Center</td>
<td></td>
<td>35,600 SF</td>
</tr>
<tr>
<td>- Other SF</td>
<td></td>
<td>84,400 SF</td>
</tr>
<tr>
<td>Residential Units</td>
<td></td>
<td>~274</td>
</tr>
<tr>
<td>On-site Parking Spaces</td>
<td>~36**</td>
<td>592***</td>
</tr>
<tr>
<td>Est. Cost****</td>
<td></td>
<td>+/- $140,000,000</td>
</tr>
</tbody>
</table>

* Assumption based on development potential of adjacent Parcels in Eisenhower East Development District. ** Actual utilization is higher. *** Parking calculated per Eisenhower East SAP = 2 / 1,000 SF of retail; 1.1 / 1,000 SF of residential; 1.66 / 1,000 SF of office. **** Concrete Podium two levels / Wood frame upper levels; site work; below grade parking; includes estimate for Shelter & Center build out
WMATA Considerations

Existing conditions

Potential 10-story building

Mill Road

- Commercial / Retail
- Residential
Relocation / Swing Space

Temporary Facilities
• Former Macy's (Landmark Mall) used for temporary shelter while Carpenter Shelter project was under construction
• Adjacent WMATA site along Mill Road

Potential Sites in West Eisenhower
• Covanta Waste-to-Energy plant + Ethanol Transloading facility to remain for foreseeable future; may limit the influx of new residents that would be hostile to DCHS uses
• City-owned property: Eisenhower Impound Facility
• Underutilized property at Victory Center (aborted TSA site)

Relocation (not a preferred scenario)
• Consider further only if:
  • acceptable site(s) available AND;
  • move would increase net value of 2355 Mill Road
Parking Strategies

~9,000 parking spaces near Metrorail Station*

- Hoffman Garage - 2,883 spaces
- Blocks 4+5 - 1,590 spaces (future development)
- 2235 Mill Road is 0.25 miles from Metrorail Station

* Estimated existing & future parking
Parking Strategies

Modular Units for:

- Office space
- Storage solutions
- Private consultations
Parking Strategies

• Pop-up plaza
• Separate smoking area
Public Realm Improvements + Activations

Create better connections between 2355 Mill Road & WMATA parcels to rest of Eisenhower East neighborhood.
Public Realm Improvements + Activations
Funding Sources

Potential Sources
• LIHTC (9% or 4%)
• PILOT
• HOME
• Virginia Housing Trust Fund Competitive Loan Pool
• Federal Home Loan Bank of Atlanta AHP grants up to $500k
• Housing Opportunity Fund
• Tax abatements

Other
• Make Site a “receiving zone” for future off-site affordable housing (Housing Plan, 2014)

Not Available
• New Market Tax Credit
• Opportunity Zone
IV. Appendix
**Assumptions**

**Construction Costs**

- Site work: est. $14 per residential SF
- Below Grade Parking: est. $50 - $57 per residential sf ($43,000 - $50,000 per space)
- Surface Parking: $18,000 per space
- Concrete Podium w/ Wood framed Residential: $150 - $160 / Gross Residential SF ($155k – $160k per unit)
- Concrete Frame Construction: $200 - $225 / Gross Residential SF ($240k per unit)
- Retail Shell: $170 - $200 per gross SF
- Shelter and Center build-out: $120-$150 per SF
- All figures budget estimates for placeholders, to be adjusted for actual conditions, program and level of design

**Residential Assumptions**

- 1 BR = 650 - 820 SF / 2 BR = 900 – 1,150 SF / 3 BR = 1,100 – 1,560 SF
- 15 - 20% of the total gross residential SF is used for circulation and amenities
- In this presentation the term “affordable housing” refers to 60% AMI or below
# LIHTC Income Limits (2018)

Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area

Median Income: $117,200

<table>
<thead>
<tr>
<th>AMI</th>
<th>HOUSEHOLD SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>1</td>
</tr>
<tr>
<td>30%</td>
<td>$24,630</td>
</tr>
<tr>
<td>40%</td>
<td>$32,840</td>
</tr>
<tr>
<td>50%</td>
<td>$41,050</td>
</tr>
<tr>
<td>60%</td>
<td>$49,260</td>
</tr>
</tbody>
</table>

Source: https://ric.novoco.com/tenant/rentincome/calculator/z4.jsp
## LIHTC Income Limits (2018)

Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area

Median Income: $117,200

<table>
<thead>
<tr>
<th>AMI</th>
<th>Efficiency</th>
<th>1 bedroom</th>
<th>2 bedroom</th>
<th>3 bedroom</th>
<th>4 bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>$615</td>
<td>$659</td>
<td>$791</td>
<td>$914</td>
<td>$1,020</td>
</tr>
<tr>
<td>40%</td>
<td>$821</td>
<td>$879</td>
<td>$1,055</td>
<td>$1,219</td>
<td>$1,360</td>
</tr>
<tr>
<td>50%</td>
<td>$1,026</td>
<td>$1,099</td>
<td>$1,318</td>
<td>$1,523</td>
<td>$1,700</td>
</tr>
<tr>
<td>60%</td>
<td>$1,231</td>
<td>$1,319</td>
<td>$1,582</td>
<td>$1,828</td>
<td>$2,040</td>
</tr>
</tbody>
</table>

Source: [https://ric.novoco.com/tenant/rentincome/calculator/z4.jsp](https://ric.novoco.com/tenant/rentincome/calculator/z4.jsp)