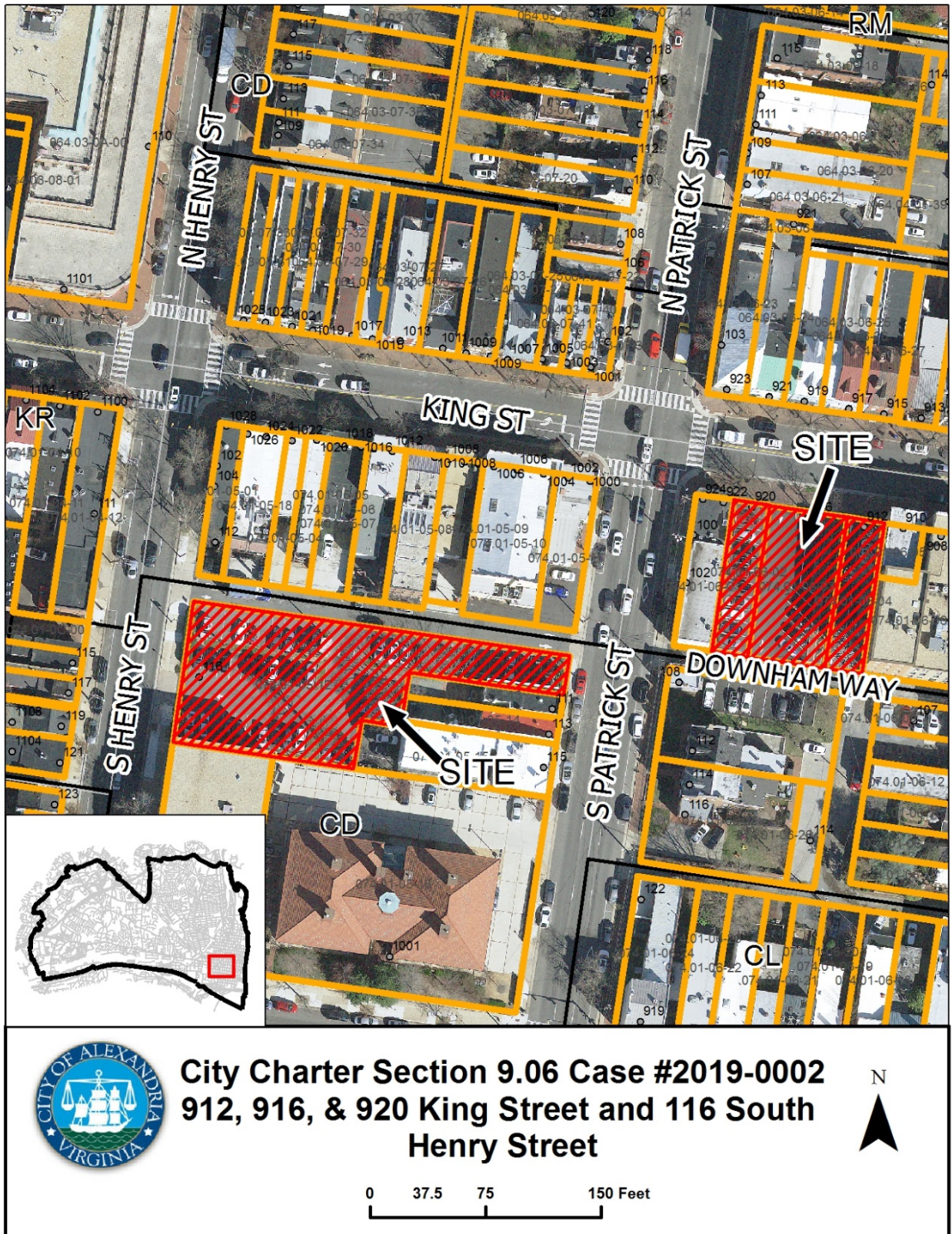
**DOCKET ITEM #7****City Charter Section 9.06 Case #2019-0002****912, 916 & 920 King Street and 116 S. Henry Street**

Application		General Data	
Request: Review whether the proposed sale of four properties by the City of Alexandria to Galena Capital Partners, LLC and the resulting change in use of those properties is consistent with the City of Alexandria Master Plan pursuant to Section 9.06 of the City Charter.		Planning Commission Hearing:	October 3, 2019
		City Council Hearing:	N/A
		Zone:	KR / King Street Urban Retail CD / Commercial Downtown
Address: 912, 916 & 920 King Street and 116 South Henry Street		Small Area Plan(s):	Old Town

Staff Reviewers: Karl Moritz, Director, Planning & Zoning, karl.moritz@alexandriava.gov;Catherine Miliaras, Principal Planner, Planning & Zoning, catherine.miliaras@alexandriava.gov**Staff Recommendation:** Staff recommends that the Planning Commission **approve** this request, finding that the proposal is consistent with Section 9.06 of the City Charter of Alexandria, Virginia, and with the City's Master Plan.

City Charter Section 9.06 Case #2019-0002
912, 916 & 920 King Street and 116 S. Henry Street



PROJECT LOCATION MAP

I. DISCUSSION

The City is proposing to sell four properties located at 912, 916 and 920 King Street and 116 S. Henry Street. Section 9.06 of the City's Charter requires that the Planning Commission review any acquisition or sale of public land. The Planning Commission is charged with ensuring that any such acquisition, sale or change is consistent with the City's Master Plan.

II. BACKGROUND

The four properties, located at 912, 916 and 920 King Street and 116 S. Henry Street, are all vacant lots with surface parking. The first project site is comprised of the 912, 916 and 920 King Street parcels, interior lots fronting the south side of King Street with Downham Way, a private alley, to the south, containing 9,942 square feet. The lot is open and improved with 18 paved parking spaces, a "Bike Share" station, multi-space parking meter and concrete sidewalks. The second project site, 116 S. Henry Street, is a through lot with frontage on both South Henry and S. Patrick streets, with a public alley to the north, containing 15,332 square feet. The property is improved with 48 paved parking spaces, a parking attendant hut and a multi-space parking meter, managed by the City as a public pay lot.

In October 2007, the Mayor's Economic Sustainability Work Group made several recommendations regarding the City of Alexandria's economic vision and future including encouraging and seeking out commercial development and expanding the City's focus on retail expansion as part of the economic development equation. The Work Group also recommended that the City develop and keep up to date an inventory of properties that it owns; periodically evaluate those properties to determine their long term use which would be in the long term best interest of the City; and sell, lease or otherwise dispose of properties that it determines are not needed for a public purpose after determining what is the highest and best use of these properties.

In 2008, to address the recommendations of the Economic Sustainability Work Group regarding City Assets, the City retained the services of Jones Lang LaSalle (JLL) to conduct a property inventory study. Of the 361 City-owned parcels studied, JLL recommended that four City-owned properties be considered for immediate disposition. In May 2009, based on the results of the property inventory study, the recommendations of the Economic Sustainability Work Group and City staff, City Council approved four parcels for immediate disposition and declared the properties surplus with their future use based on the highest and best economic use for the City.

Of the four properties referenced in the study, three have been sold and redeveloped including:

- Former Health Department Building (509 N. St. Asaph and the adjacent lot at 511, 513 and 515 Oronoco)

- 200 N. Royal Street (also known as 405 Cameron Street); and
- 1505 Powhatan Street

The fourth property declared surplus in May 2009 was 912, 916 and 920 King Street (including the parking lot at 116 S. Henry Street).

On January 26, 2016, the City received an unsolicited offer from Galena Capital Partners, LLC, in the amount of \$5.0 million for the purchase of 912, 916 and 920 King Street, 116 S. Henry Street and 120, 122 and 122 ½ N. Patrick Street.

In Spring of 2016, the City engaged Jones Lang, LaSalle (JLL) to assist the City in evaluating the financial feasibility and potential land value associated with the redevelopment of the parcels located at 912 - 920 King Street, 116 S. Henry Street and also 120, 122 and 122 ½ N. Patrick Street. The scope of this analysis included an in-depth market survey for the Old Town submarket and product types, as well as an analysis and recommendation of the highest and best uses of the properties. The analysis completed by JLL indicated the following highest and best use of these properties:

- On the King Street sites, a mixed-use building composed of ground floor and below grade retail with small office and residential units above.
- On the Henry Street site, three uses including a three-level 80 to 90 space parking garage, ground level retail and commercial office space overlooking S. Patrick Street.
- On the Patrick Street sites, a building or series of buildings for low density multi-family residential use or single-family infill townhomes.

Based on the analysis conducted by JLL, staff recommended the disposition of the City-owned properties at 912, 916 and 920 King Street and 116 S. Henry Street and the surplus and disposition of 120, 122 and 122 ½ N. Patrick Street.

On September 27, 2016, City Council authorized the City Manager to issue a Request for Proposals (RFP) for the disposition, sale and redevelopment of City-owned property at 912, 916, 920 King Street, 116 S. Henry Street and 120, 122 and 122 ½ N. Patrick Street for no less than 90 days to include a provision that proposals shall not result in a net loss of total off-street parking spaces compared to the existing conditions (85 parking spaces) following the process detailed in the City's Real Estate Disposition Policy with the option of issuing a separate solicitation for the sale and redevelopment of 120, 122 and 122 ½ N. Patrick Street. Following four weeks of community engagement, the City issued an RFP for the disposition, sale and redevelopment of City-owned surplus property at 912, 916, 920 King Street and 116 South Henry Street on April 3, 2017. Staff plans to develop and issue a separate RFP for the sale and redevelopment of 120, 122 and 122 ½ N. Patrick Street as the RFP for those properties will likely attract a larger pool of developers interested in providing infill townhomes.

The RFP for the disposition, sale and redevelopment of City-owned surplus property at 912, 916, 920 King Street and 116 South Henry Street closed on July 24, 2017 with the City receiving three proposals.

Following the receipt of the responses to the RFP, the City of Alexandria interdepartmental Real Estate Committee was convened to evaluate and score these proposals and make a recommendation to the City Manager. The senior level managers that make up the Real Estate Committee provide expertise in the areas of facility management and construction, construction financing, planning and zoning, architecture, economic development, affordable housing, public parking and the local real estate market. Jones, Lang LaSalle (JLL) served as the City's consultant and advisor for the development and issuance of the RFP, as well as the evaluation of the proposals received and future negotiations with the awardee.

During the Committee's review process one of the three respondents withdrew their proposal leaving two proposals for the Committee to evaluate and score.

As outlined in the RFP, the goals of this sale and redevelopment included the preservation of the historic identity of the area; the need for additional public parking in this area of King Street (minimum of 85 spaces); economic development; and consistency with the City's Old Town Master Plan.

The two remaining proposals/offers were ranked by the Real Estate Committee. Both proposals included a phased approach to the sale and construction of the sites per the requirements of the RFP to maximize the number of available parking spaces throughout the construction period. However, the proposal from Galena Capital Partners, LLC provided the highest offer; provided the highest amount of public parking; the greatest mix of residential units; and included affordable housing. Based on those elements, the Committee ranked the Galena proposal as the highest and best offer.

The **Galena Capital Partners, LLC** proposal includes a *base offer of \$5,300,000*, provides for approximately 52 multi-family units of varying scale serving many market segments including some below market rate units; approximately 150 parking spaces; and approximately 10,000-15,000 square feet of ground level retail across the two sites.

- **116 S. Henry Street** – This site will include an automated parking garage of approximately 142 above ground parking spaces and approximately six surface parking spaces. The site will also include two street level retail bays of approximately 3,500 square feet between them and at least 22 residential units over the three floors above the parking garage ranging from 400 to 900 square feet each.
- **912-920 King Street** – This site will include ground floor retail with space to accommodate one trophy retail tenant, with an estimated 6,700 square feet and additional space available through either a below ground or mezzanine expansion. The site will also include up to 30 dwelling units

above of varying sizes, as well as pocket parks and urban greenery to serve residents and visitors.

- **Affordable Housing** – The offeror will pay the affordable housing contribution rate above the purchase price. The affordable contribution is estimated at \$182,000 based on the preliminary design concept.
- **Parking** - The proposal provides for the replacement of all 85 parking spaces across the three City-owned sites as required by the RFP while also providing at least one space for each of the 52 residential units proposed at 116 S. Henry and 912-920 King Street with 11 additional parking spaces. The proposer envisions that not every household will own a vehicle, which could result in up to 30 spaces for public use above and beyond the 85 parking spaces being replaced.

On July 9, 2019, City Council authorized the City Manager to enter into a contract with Galena Capital Partners, LLC to sell the City-owned properties located at 912, 916 and 920 King Street and 116 S. Henry Street for \$5.3 million contingent upon (1) approval of the Development Special Use Permit (DSUP) for these sites by the Planning Commission and City Council; and (2) review of the sale of these properties by the Planning Commission per Section 9.06 of the City Code (scheduled for the October 3rd Planning Commission meeting). City Code Section 2-1-20 (a) requires a supermajority vote (6-1) for Introduction and First Reading in order to schedule this ordinance for a public hearing (tentatively scheduled for October 19 only if first reading is approved on September 24).

While there has been prior community engagement on the sale and development of these properties, there will be additional community engagement and input sought throughout the development and BAR approval processes including public hearings.

III. CONSISTENCY WITH THE MASTER PLAN

Old Town Small Area Plan (1992)

The Old Town Small Area Plan advocates for planning policies that retain the balance of residential and commercial uses and contextual development. The proposal is compatible with the goals and objectives of the Old Town Small Area Plan. The mixed-use proposal for the two project sites furthers plan area goals by:

- “Encourag[ing] the design of new buildings... on a basis that is compatible with existing development;”
- “Protect[ing] buildings and areas of historic and architectural value;”
- “Encourag[ing] the tourist potential of the historic and architectural aspects of Old Town.”
- “Encourag[ing] mixed use in new development where appropriate;”

- “Encourag[ing] the design of new buildings in the Old Town Plan area on a basis that is compatible with existing development;” and
- “Retain[ing] the retail pattern along King Street...”

The proposal converts surface parking lots in Old Town into a mixed-use development compatible with the historic district, provides additional retail space that will enhance the 900 block of King Street and 100 block of South Patrick Street, and provide structured parking that will enhance the visitor and tourist experience.

King Street Retail Strategy (2005)

The King Street Retail Strategy provides a detailed assessment and blueprint for the continued health, preservation, and expansion of the retail environment on King Street. The Retail Strategy provided the framework for what became the King Street urban retail zone (KR), of which the King Street project site is part. The retail strategy was adopted with a Master Plan Amendment that incorporated it into the Old Town Small Area Plan (MPA#2005-0002). Each chapter in the Retail Strategy covers a specific Guiding Principle such as Urban Design, Land Use, and Parking and has detailed Planning Recommendations that are designed to implement the plan. The two project sites will feature infill development that will enhance the pedestrian realm through streetscape improvements; provide continuous retail uses on two blocks that currently have vacant lots; fully utilize upper floors for office and residential uses; and retain and expand the parking supply through the construction of a parking structure in an area with limited off-street parking.

IV. STAFF RECOMMENDATION

Staff recommends that the Planning Commission find that the proposed acquisition is consistent with Section 9.06 of the City Charter of Alexandria, Virginia and with the City’s Master Plan, including specifically the Old Town Small Area Plan and King Street Retail Strategy.

STAFF: Karl Moritz, Director, Planning & Zoning
Catherine Miliaras, Principal Planner, Planning & Zoning

ATTACHMENTS:

1. Memo to City Council from Mark B. Jinks, City Manager, dated September 18, 2019 regarding the Introduction and First Reading of An Ordinance Approving and Authorizing the Sale of Real Property Owned by the City of Alexandria.
2. Galena Proposal

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 18, 2019

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on First Reading of An Ordinance Approving and Authorizing the Sale of Real Property Owned by the City of Alexandria, Located at 912, 916, 920 King Street and 116 South Henry Street in the City of Alexandria, Virginia 22314, to Galena Capital Partners, LLC.

ISSUE: Consideration of an ordinance to approve and authorize the sale of City-owned property located at 912, 916, and 920 King Street and 116 South Henry Street, subject to the terms and conditions of the purchase and sale agreement approved by City Council on July 8, 2019 and contingent upon approval of a Development Special Use Permit and any related land use approvals for this project by the Planning Commission, the Board of Architectural Review, and City Council. In accordance with Section 2-1-20(a) of the City Code, the Introduction and First Reading of this ordinance needs a supermajority (6-1) vote to be approved to move to Second Reading and Public Hearing.

RECOMMENDATIONS: That City Council pass the ordinance on first reading, and schedule it for second reading, public hearing and final passage at City Council's hearing on Saturday, October 19, 2019.

BACKGROUND: In October 2007, the Mayor's Economic Sustainability Work Group made several recommendations regarding the City of Alexandria's economic vision and future including encouraging and seeking out commercial development and expanding the City's focus on retail expansion as part of the economic development equation. The Work Group also recommended that the City develop and keep up to date an inventory of properties that it owns; periodically evaluate those properties to determine their long term use which would be in the long term best interest of the City; and sell, lease or otherwise dispose of properties that it determines are not needed for a public purpose after determining what is the highest and best use of these properties.

In 2008, to address the recommendations of the Economic Sustainability Work Group regarding City Assets, the City retained the services of Jones, Lang LaSalle (JLL) to conduct a property inventory study. Of the 361 City-owned parcels studied, JLL recommended that four City-owned

properties be considered for immediate disposition. In May 2009, based on the results of the property inventory study, the recommendations of the Economic Sustainability Work Group and City staff, City Council approved four parcels for immediate disposition and declared the properties surplus with their future use based on the highest and best economic use for the City.

Of the four properties referenced in the study, three have been sold and redeveloped including:

- Old Health Department Building (509 N. St. Asaph and the adjacent lot at 511, 513 and 515 Oronoco)
- 200 N. Royal Street (also known as 405 Cameron Street); and
- 1505 Powhatan Street

The fourth property declared surplus in May 2009 was 912, 916 and 920 King Street (including the parking lot at 116 S. Henry Street).

On January 26, 2016, the City received an unsolicited offer from Galena Capital Partners, LLC, in the amount of \$5.0 million for the purchase of 912, 916 and 920 King Street, 116 S. Henry Street and 120, 122 and 122 ½ N. Patrick Street.

In Spring of 2016, the City engaged Jones, Lang, LaSalle (JLL) to assist the City in evaluating the financial feasibility and potential land value associated with the redevelopment of the parcels located at 912 to 920 King Street, 116 S. Henry Street and 120, 122 and 122 ½ N. Patrick Street. The scope of this analysis included an in-depth market survey for the Old Town submarket and product types, as well as an analysis and recommendation of the highest and best uses of the properties. The analysis completed by JLL indicated the following highest and best use of these properties:

- On the King Street sites, a mixed-use building composed of ground floor and below grade retail with small office and residential units above.
- On the Henry Street site, three uses including a three level 80 to 90 space parking garage, ground level retail and commercial office space overlooking S. Patrick Street.
- On the Patrick Street sites, a building or series of buildings for low density multi-family residential use or single-family infill townhomes.

Based on the analysis conducted by JLL, staff recommended the disposition of the City-owned properties at 912, 916 and 920 King Street and 116 S. Henry Street and the surplus and disposition of 120, 122 and 122 ½ N. Patrick Street.

On September 27, 2016, City Council authorized the City Manager to issue a Request for Proposals (RFP) for the disposition, sale and redevelopment of City-owned property at 912, 916, 920 King Street, 116 S. Henry Street and 120, 122 and 122 ½ N. Patrick Street for no less than 90 days to include a provision that proposals shall not result in a net loss of total off-street parking spaces compared to the existing conditions (85 parking spaces) following the process detailed in the City's Real Estate Disposition Policy with the option of issuing a separate

solicitation for the sale and redevelopment of 120, 122 and 122 ½ N. Patrick Street. Following four weeks of community engagement, the City issued an RFP for the disposition, sale and redevelopment of City-owned surplus property at 912, 916, 920 King Street and 116 South Henry Street on April 3, 2017. Staff plans to develop and issue a separate RFP for the sale and redevelopment of 120, 122 and 122 ½ N. Patrick Street as the RFP for those properties will likely attract a larger pool of developers interested in providing infill townhomes.

The RFP for the disposition, sale and redevelopment of City-owned surplus property at 912, 916, 920 King Street and 116 South Henry Street closed on July 24, 2017 with the City receiving three (3) proposals.

Following the receipt of the responses to the RFP, the City of Alexandria interdepartmental Real Estate Committee was convened to evaluate and score these proposals and make a recommendation to the City Manager. The senior level managers that make up the Real Estate Committee provide expertise in the areas of facility management and construction, construction financing, planning and zoning, architecture, economic development, affordable housing, public parking and the local real estate market. Jones, Lang LaSalle (JLL) served as the City's consultant and advisor for the development and issuance of the RFP, as well as the evaluation of the proposals received and future negotiations with the awardee.

During the Committee's review process one of the three respondents withdrew their proposal leaving two proposals for the Committee to evaluate and score.

DISCUSSION: As outlined in the RFP, the goals of this sale and redevelopment included the preservation of the historic identity of the area; the need for additional public parking in this area of King Street (minimum of 85 spaces); economic development; and consistency with the City's Old Town Master Plan.

The two (2) remaining proposals/offers were ranked by the Real Estate Committee. Both proposals included a phased approach to the sale and construction of the sites per the requirements of the RFP to maximize the number of available parking spaces throughout the construction period. However, the proposal from Galena Capital Partners, LLC provided the highest offer; provided the highest amount of public parking; the greatest mix of residential units; and included affordable housing. Based on those elements, the Committee ranked the Galena proposal as the highest and best offer.

The **Galena Capital Partners, LLC** proposal includes a ***base offer of \$5.3 million***, provides for approximately fifty-two (52) multi-family units of varying scale serving many market segments including some below market rate units; approximately 150 parking spaces; and approximately 10,000-15,000 square feet of ground level retail across the two sites.

- **116 S. Henry Street** – This site will include an automated parking garage of approximately 142 above ground parking spaces and approximately six (6) surface parking spaces. The site will also include two street level retail bays of approximately 3,500 square feet between them and at least 22 residential units

over the three floors above the parking garage ranging from 400 to 900 square feet each.

- **912 to 920 King Street** – This site will include ground floor retail with space to accommodate one trophy retail tenant, with an estimated 6,700 square feet and additional space available through either a below ground or mezzanine expansion. The site will also include up to 30 dwelling units above of varying sizes, as well as pocket parks and urban greenery to serve residents and visitors.
- **Affordable Housing** – The offeror will pay the affordable housing contribution rate above the purchase price. The affordable contribution is estimated at \$182,000 based on the preliminary design concept.
- **Parking** - The proposal provides for the replacement of all 85 parking spaces across the three City-owned sites as required by the RFP while also providing at least one space for each of the 52 residential units proposed at 116 S. Henry and 912-920 King Street with 11 additional parking spaces. The proposer envisions that not every household will own a vehicle, which could result in up to 30 spaces for public use above and beyond the 85 parking spaces being replaced.

To establish the value of the City-owned parcels prior to entering into any negotiations for the sale of the properties, the City retained the services of an independent appraiser. The independent appraiser provided both a Market Value Appraisal of the combined 912 to 920 King Street parcels; the parcel at 116 S. Henry Street; and a hypothetical Land Value based on the highest rated proposal as analyzed and rated by the Real Estate Committee.

The independent appraiser established the market value as \$5.3 million, or \$80.00 per square foot (floor area ratio) assuming 66,255 square feet (total, all parcels).

In evaluating and scoring the proposals, the Committee looked at the highest and best use for these sites including additional consideration to proposals that go above and beyond the required 85 parking space minimum. Additionally, the developer had to follow a phasing strategy which maintains the maximum number of available parking spaces throughout the construction period delivering public parking at the Henry Street site first followed by the King Street site. The Committee considered how well the design concepts fit into the historic identity of the area, below-market housing options as well as sustainable design principles consistent with the City's green building standards. The Committee also considered the market value of the parcels as established by an independent appraiser.

Based on these considerations, the offers received and the best and final offer received following receipt of the independent appraisal, the Committee unanimously recommended that the City pursue award of a sales contract to Galena Capital Partners, LLC based on their best and final offer of \$5.3 million for the subject City-owned properties, which includes \$2 million for the Henry Street property and \$3.3 million for the King Street properties. The Galena proposal provides a market value offer, provides the highest amount of public parking through an

automated parking solution, the greatest mix of residential units, and includes an affordable housing contribution above the purchase price.

Staff determined that the uniqueness of the offering including the size and configuration of the parcels and the requirement to retain 85 parking spaces were the primary factors that determined the value of the offers received in response to the RFP. Galena offered the highest purchase price and provided the City with the best value including use of an automated parking solution that resulted in Galena not only meeting and exceeding the parking requirement but also making the best use of the available land to include retail and residential. Staff also assessed having the City retain the land and lease the property for the proposed project. Unfortunately, Virginia Constitution Article VII, Section 9 limits the lease of public property by cities or towns to a period no longer than forty (40) years. These terms make it nearly impossible for a project to obtain financing for development projects. The same Article and Section of the Virginia Constitution also requires a three-fourths vote of City Council (6-1 or 7-0) to approve such a property sale.

In the agreement with Galena Capital Partners, LLC, the City negotiated terms that provide the City right of first refusal for the purchase of the new automated parking garage to be located on the Henry Street parcel. During the ten-year period after the completion and opening date of the garage, if the owner, or its successor as owner wishes to sell the garage, the garage owner shall first offer to sell the Henry Street garage to the City. If the parties are unable to reach agreement on the acquisition of the garage within forty-five (45) days following the owner's notice to the City, the garage owner shall be free to sell the garage to any person or entity at a price equal to or greater than that last offered to the City by the garage owner.

Galena Capital Partners is an Alexandria-based company focused on developing, building, investing and financing residential, commercial and retail properties in the Washington Metropolitan Area. Galena Capital Partners currently owns and manages several local assets including 22,000 square feet of retail space in Cameron Station, a series of for-sale fee simple town homes at Ellsworth Row in Old Town and other commercial buildings in the Washington, D.C. metropolitan area.

On July 9, 2019, City Council authorized the City Manager to enter into a contract with Galena Capital Partners, LLC to sell the City-owned properties located at 912, 916, 920 King Street and 116 S. Henry Street for \$5.3 million contingent upon (1) approval of the Development Special Use Permit (DSUP) for these sites by the Planning Commission and City Council; and (2) approval of the sale of these properties by the Planning Commission per Section 9.06 of the City Code (tentatively planned for the October 3rd Planning Commission meeting). City Code Section 2-1-20 (a) requires a supermajority vote (6-1) for Introduction and First Reading in order to schedule this ordinance for a public hearing (tentatively scheduled for October 19 only if first reading is approved.)

With enactment of this ordinance by City Council approving and authorizing the sale, the City Manager will take all necessary actions to carry out the sale of 912, 916, 920 King Street and 116 S. Henry Street to Galena Capital Partners for \$5.3 million, contingent upon the approval of a

Development Special Use Permit (DSUP) and any related land use approvals for this project by the Planning Commission, the Board of Architectural Review, and City Council.

Upon the effective date of the purchase and sale contract, Galena Capital Partners will be required to make a deposit of ten percent (10%), or \$530,000, of the purchase price for the Property. The City will apply this deposit toward the purchase of the properties.

While there has been prior community engagement on the sale and development of these properties, there will be additional community engagement and input sought throughout the development approval process including public hearings.

FISCAL IMPACT: The annual real property tax revenue is estimated at \$340,000 for all subject properties. The net proceeds after transaction and closing costs are anticipated to be \$5.088 million. Per the adopted City Real Estate Disposition Policy, proceeds will be designated as a source of funds in the City's Capital Improvement Program and will enable these funds to be invested in a capital project that will have a long-term benefit for City residents and businesses.

ATTACHMENTS:

1. Information on Proposed Ordinance
2. Proposed Ordinance

STAFF:

Laura B. Triggs, Deputy City Manager
Jeremy McPike, Director, Department of General Services
Alfred Coleman, Deputy Director, Department of General Services
Kendel Taylor, Director, Department of Finance
Bryan Page, Real Estate Assessor, Real Estate Assessments, Department of Finance
Al Cox, Historic Preservation Manager, Office of Planning and Zoning
Eric Keeler, Deputy Director, Office of Housing
Katie North, Division Chief, Mobility Services, Transportation & Environmental Services
Stephanie Landrum, President and CEO, Alexandria Economic Development Partnership

DEVELOPMENT PLAN

The GCP team understands that the City's primary objectives in this transaction are to incorporate new buildings into the existing fabric of Old Town that complement the area's historic identity, increase public access to parking, and provide affordable housing options if possible. It is also understood that these objectives must be reached while meeting the highest standards of design and quality materials, and also while attempting to maximizing the amount of parking available during the construction process.

Our proposal not only meets each of these objectives, it goes even further by providing a net increase in public parking, creating high-quality retail spaces to strengthen King's Streets retail ambiance, and providing new residences to add more vitality as well as additional shoppers. The details of how we address these objectives are provided in this development plan.

Vision: A Node of Activity on Alexandria's Iconic Retail Street

The intersection of Patrick and King Streets is unique in Old Town as it bisects the distance between the King Street Metro stop and the Torpedo Factory. From that spot, one can walk about ½ mile east and reach the waterfront, or travel ½ mile west and board a train.

This fact means a resident living in this neighborhood is the rare beneficiary of a truly multi-modal transportation lifestyle - in addition to many of Old Town's amenities being within a 'walkable' distance as defined by urban planning experts, bicycle, bus/trolley and train services are readily available. Combine this with direct access by car to all of the area's major freeways through US Route 1 and it becomes clear that this intersection is excellently positioned to become a major center of activity in Alexandria. While the existing retail is prized by Alexandria residents and visitors alike, the neighborhood as a whole lacks the coherence, fluency and, critically, the concentration of uses needed to transform into a vibrant hub.

In order to realize the neighborhood's full potential, it needs substantial investment to elevate its profile and additional critical mass to both connect the businesses from Alfred to Henry Street and unlock further opportunity for growth north and south of King Street. The already more commercial-oriented Patrick and Henry Streets offer the perfect opportunity to build a node that evolves within a radius rather than in a strictly linear fashion as is more typical along King Street.

With this in mind, GCP's proposal is to construct a series of first class buildings that will fill in the gaps currently created by the existing surface lots at 116 S Henry, 912-920 King and 120-122 ½ N Patrick Streets. Our focus from a commercial standpoint will be not just on adding to the retail

landscape for residents, but also on attracting visitors and making this their desired starting point when coming to Old Town, serving as a destination for parking, meeting, relaxing and shopping. We look to complement this offering with a wide spectrum of residential units that will attract a diverse group of new residents, creating a truly special place to live and visit.

The Right Location to Offer A Concentration of Uses

To accomplish these goals, these properties must do more than simply present parking on one and by-right residential over retail on the others. A typical offering on these properties will do worse than fail to capitalize on a truly unique opportunity; not only do the recent sales and use tax data demonstrate the challenge facing retail in Old Town today, but creating a sustainable business environment relies as much on local, evening and weekend purchasers of goods and services as it does daytime visitors. A buildout that addresses the issues in half measures threatens to water down the retail landscape even further and harm both the City and its businesses. GCP and its team believe that the path to realizing the vision will rely heavily on building up a strong residential base to help support and complement the visitors we also aim to attract with our high capacity parking solution and first class retail additions to the neighborhood.

Our team is fully cognizant of the density allowed by-right through the CD and KR zones, however we also feel that holding to these allowances will not result in the highest and best solution that these properties seem destined for. After careful analysis, GCP has concluded it can deliver approximately 55 multifamily units of varying scale and serving a multitude of market segments including delivering some units below market rate, and that we can do so while respecting the mass and scale of neighboring properties, staying under all height limits, and meshing with the existing character and identity of upper King Street. Within these same confines, GCP plans to build nearly 150 parking spaces and between 10,000 and 15,000 square feet of high-quality retail. Though it may appear unusually ambitious given the site constraints, the contents of this proposal will demonstrate the plan's feasibility. The feasibility and eventual success of our proposal relies on the emerging consensus in the City that the mass and scale of a building is more important, particularly in urban areas, than arbitrary measures of density; our proposal posits a form-based design rather than relying on intricate calculations to bring unit counts in conformance. Ultimately, it is our goal to reshape this unique and valuable part of the City, and deliver real economic and lifestyle benefits to both the City and residents.

The Parking Solution: More Spaces in Less Space

To begin, the issue of parking must be addressed as this is arguably the most constraining aspect of the project. The construction of a traditional, concrete parking structure at 116 S Henry presents significant logistical and aesthetic challenges; for one, due to the relatively narrow site, a garage with the correctly sized ramps and turning radii will likely risk either encroaching into the alleyway or significantly reducing the number of spaces constructed. Encroaching into the alleyway will reduce the direction of traffic from two-way to one-way, causing difficulty for drivers attempting to enter and exit the garage and ultimately reducing use. On top of these issues, a traditional garage containing at least 130 spaces would take up the entire site, creating an unsightly facade visible from King Street - even if treated to a brick front, the blockface will still be dead.

After thoughtful consideration and analysis, GCP has devised a solution that should allow two-way traffic through the alley to remain and preserve several thousand square feet and the entire frontage of Henry Street for retail and commercial uses, all while delivering a capacity of nearly 150 parking spaces (the draft garage model shown on Exhibit 10 estimates 142 spaces, and we estimate at least an additional 6 surface-parked spaces created for a total likely exceeding 148). The key to achieving this is the installation of an automated parking garage, which uses tried and true industrial warehousing mechanisms and techniques for the purpose of storing cars in a fraction of the space as a traditional garage.

Automated garages have been plentiful in Europe for many decades, where space for car parking is always at a premium. However, they are also not unknown to the US market; developers in larger cities have begun implementing them in an effort to maximize square footage devoted to uses other than parking. A little known fact: Washington DC was actually the home of the world's first automated parking garage, the Park-O-Mat built in 1951, and much of the concepts relied upon then remain unchanged. That building ultimately converted to office use as a result of rising property values, however another property in the district has carried the torch more recently; the Camden Grand Parc apartment complex, located in McPherson Square, NW, was constructed with an underground, fully automated parking garage serving residents and monthly contract parking customers. It has been in use since 2002.

Automated garages have several advantages to traditional garages, both for consumers and the surrounding community:

- There is no need to spend time locating a space - just enter the entry bay, take a ticket and leave.

- There are no stairs to climb or descend, making the process extremely convenient for the elderly, disabled or those with small children.
- Risk of theft is drastically reduced due to the secure nature of the building and entry bays.
- The retrieval time for a car averages two minutes, less time than it takes to walk to the car and drive it to the exit.
- Engines are turned off before they are accepted by the system, completely eliminating auto emissions from the facility.
- With no auto emissions there is no need for noisy and power hungry ventilation systems
- No need for ramps, turn radii, bidirectional traffic lanes means more cars are parked using significantly less space.

In addition, GCP is able to house all spaces above grade, or create additional parking by creating one or multiple subgrade levels. Currently, our proposal calls for replacing all 85 parking spaces existing at 116 S Henry, 912-920 King and 120-122 ½ N Patrick, as well as providing one space for each of the 52 residential units proposed at 116 S Henry and 912-920 King, with at least 11 spaces to spare. However, initial analysis of the residential target audience and discussions with industry contacts reveals that a significant portion of residents will elect not to own a car, upwards of 30-40%. This makes even more sense for this location given the access residents will have to public transport by foot, availability of bicycle rental and the continuing rise of rideshare services. With this in mind, we believe that the garage will actually offer closer to 31 additional spaces for public use above the 85 spaces available today on the surface lots.

GCP has selected Westfalia Automated Parking, a division of Westfalia WFT-Fordertechnik GmbH & Co., as its system provider and support team. Westfalia is the world leader in the automated parking space, having over 45 years of experience in automated material handling and delivering automated parking systems since 2001. Westfalia has a base in York, PA, which will design and manufacture all parts for the system, as well as provide ongoing maintenance and support to the on-site parking staff. More about our parking provider can be found in the Development Team Details section of this proposal.

Another benefit of delivering a reliable and higher capacity garage in this location is that it should lower the volume of traffic on the residential streets in the immediate vicinity. While there will always be those who search for free, timed parking in the city, the added convenience and novelty of a robotic valet will drive some customers directly to the garage rather than spending valuable time searching for a parallel spot on a side street.

Perhaps the greatest advantage to the automated parking solution is what it doesn't do, rather than what it does; as a result of its space-saving efficiency, the system will not take up the full

site area, allowing for over 6,000 square feet of Henry Street-fronting building footprint to be devoted to other uses. With this area, GCP is proposing two retail bays of approximately 3,500 square feet between them, along with three floors dedicated to residential uses above. Though the final number has not been determined, in an effort to produce more affordable rents GCP has underwritten at least 22 units of varying sizes ranging from just over 400 square feet to approximately 900 square feet. Rounding out the Henry Street site plan, GCP plans to develop a townhouse-style commercial space on the sliver of land fronting on South Patrick Street. The intended use will likely be office above retail.

A New Face on King Street

Sitting on the main walking promenade, 912-920 King Street will be the face of the proposed new development. The elevations from every angle will evoke a marriage of the historic and contemporary, allowing it to join the King Street streetscape as if it had always been there. The ground floor will be able to accommodate a trophy retail tenant, with an estimated 6,700 square feet available and additional space available through either a below ground or mezzanine expansion. In addition, the plan accommodates up to 30 dwelling units above of varying sizes and designates a linear section running the eastern side of the property for the creation of a new multifunction alleyway. This feature will serve to house both the relocated bikeshare station and space for gathering, showcasing art and generally enjoying the outdoors off the sidewalk.

Though not traditionally large spaces, pocket parks and urban greenery serve a vital role in engaging residents and visitors with their surroundings. The small seating area and art installation at the intersection of Fayette and King Streets is a great example of this; though not much more than a stretch of widened sidewalk, it provides a place for pedestrians to rest, people watch or finish that cup of coffee or ice cream. One of the developer's past projects, Cameron Station, successfully implemented a multitude of pocket parks throughout the neighborhood, giving residents a place and a reason to spend more time outdoors interacting with their neighbors. It remains one of the community's most enduring features, as these spaces build community while simultaneously offering places for art and greenery along the street.

Radial vs Linear Development

Though 120-122 ½ N Patrick Street was not included in the RFP released by the City, it has been deemed surplus and is included as part of our proposal to purchase. We believe that its inclusion into our plan supports the idea of radial expansion associated with node development.

120-122 ½ N Patrick Street could be developed as three townhomes or as an additional mixed use multi-unit building. Townhomes would be relatively simple, and as GCP has recently demonstrated with its soon-to-be completed Ellsworth Row project at 204-212 South Patrick Street, our team has the expertise to bring high quality product to market and successfully manage the intricacies associated with infill development in the Old and Historic district.

Alternatively, we are interested to explore maintaining ground floor commercial uses on these properties, with either 3 residential or office units above. In concert with the S Patrick Street-fronting unit at 116 S Henry, this would contribute to a more radial development pattern and carry on the theme of node development. That said, significant challenges currently exist for retail off of King Street and this will be studied further should our proposal be selected. Regardless of the selected direction for 120-122 ½ N Patrick, GCP would commit to the same high quality standards and value creation as delivered at Ellsworth Row a few blocks to the south. More information on Ellsworth Row can be found in the Past Projects section of this proposal.

Meeting the Needs of All: Affordability through Scale

With respect to affordability, we believe it is vital to a thriving community to offer housing options for a diverse range of income profiles. While traditional below-market rate units are an important factor in this, GCP is also concerned with working professionals who make too much to qualify for those programs yet cannot afford the expensive market rate housing that typically marks urban redevelopment. We wish to meet this and other segments by offering 'affordability through scale'; bringing a number of smaller units to market in the 400-650 square foot range will allow those potential residents to pay market rents per square foot but less in total per unit. This market segment will suit a variety of age groups including students on the WAC campus to the south, recent college graduates and anyone looking for a simpler, pied-a-terre lifestyle.

In addition to meeting demand for more affordable market rate housing through scale, GCP proposes to offer 4 of its units to City education and emergency services employees at a drastic discount to market rent. We are open to discussing the format of how these tenants are selected and other procedural matters with the appropriate parties should our proposal be selected. We believe that our inclusive approach to housing at these sites create a more diverse and well rounded community for the benefit of the City.

Overall, 116 S Henry, 912-920 King and 120-122 ½ N Patrick will offer a centralized, reliable and stress-free parking experience, an abundance of new, class-A retail space, and approximately 55 new households. The retail landscape along King Street between Alfred and Henry Streets already offers some of the City's best dining and retail amenities. With this combination of these

new elements, GCP aims to elevate the block even further and set the intersection of Patrick and King Street as both a standard bearer for the City and a node of concentration and activity in Old Town.

Other thoughts under consideration:

Though somewhat beyond the scope of this proposal, we would like to share some additional thoughts that are under active consideration and will be further assessed should our proposal be accepted:

- The implementation of green initiatives for both buildings, including the use of green roofs, energy efficient fixtures and the installation of solar arrays, initially appears quite compelling. Utilizing the entire rooftop of 116 S Henry, for example, could potentially capture enough electricity to eliminate the common area electricity needs of the building.
- Given the potential number of retail spaces available, acquiring tenants with a common theme could add to the identity of the overall area. For example, the neighborhood boasts several of Old Town's standout food and drink offerings including Misha's, Killer ESP, Alexandria Cupcake, Hank's Oyster Bar, Blueprint Chocolatiers, Sam Phao, Majestic and Red Rocks. One idea would be help establish this area as Old Town's foodie destination by bringing in 4-5 additional fresh and unique establishments.
- We are open to reserving 2-3 of the retained surface spaces for services such as Car2Go, ZipCar or similar service.
- We are open to discussing a possible project in conjunction with the Friendship Firehouse, which sits diagonally across Downham way from the rear of 912-920 King.

Phasing Plan

GCP plans to proceed through the DSUP and permitting process for all projects simultaneously, but will commit to pulling permits on a staggered schedule in order to preserve existing parking spaces while construction is ongoing. Though this is more cash intensive in the early going than if the planning stages were staggered as well, we believe that this will benefit overall project efficiency and improve completion timelines.

Once approvals are granted, GCP will acquire the Henry Street property and immediately commence construction. During this phase, 912-920 King and 120-122 ½ N Patrick will remain under City ownership and open for public use. If possible, we will also preserve a number of the surface spaces on 116 S Henry nearest to Patrick Street for public use during this phase. GCP anticipates that the parking system will be complete and operational prior to the completion of

the mixed-use portion of the property. Following the completion of the parking system, permits for 912-920 King and 120-122 ½ N Patrick will be pulled, the properties will be purchased, and construction on those properties will commence.

Design and Materials

GCP believes as much in form as in function, and we prioritize aesthetically pleasing and well-balanced creations over those which simply maximize square footage. We also care deeply about sustainability and thoughtful use of open space. Some elements of our proposal that demonstrate this approach include:

- Street-facing terraces that push the height of each building back by several feet;
- Large windows that lighten the form of each building;
- A multi-use pedestrian-friendly alleyway along the east side of 912-920 King;
- Green rooftops, solar arrays, high quality insulation, energy efficient lighting and other green measures.

As far as materials are concerned, much can be derived from our attached illustratives; we anticipate all buildings to be primarily brick and stone, with specific attention paid to details around window and door openings. At the same time, we make every effort to avoid endless stretches of a single material, as evidenced by our suggestion of window-like brick patterns along the west-facing wall of 912-920 King.

Both the design and material selection process will be developed in tandem with City staff, as was the case with the Cameron Station and the recently completed Ellsworth Row. Our experience is that early stage meetings involving all stakeholders create positive and more efficient lines of communication, which in turn generate momentum and improve the speed of approvals. In this vein, we expect to spend significant time up front coalescing ideas into a unified development package that all parties can enthusiastically support.

SITE PLANS, RENDERINGS, AND FLOOR PLANS

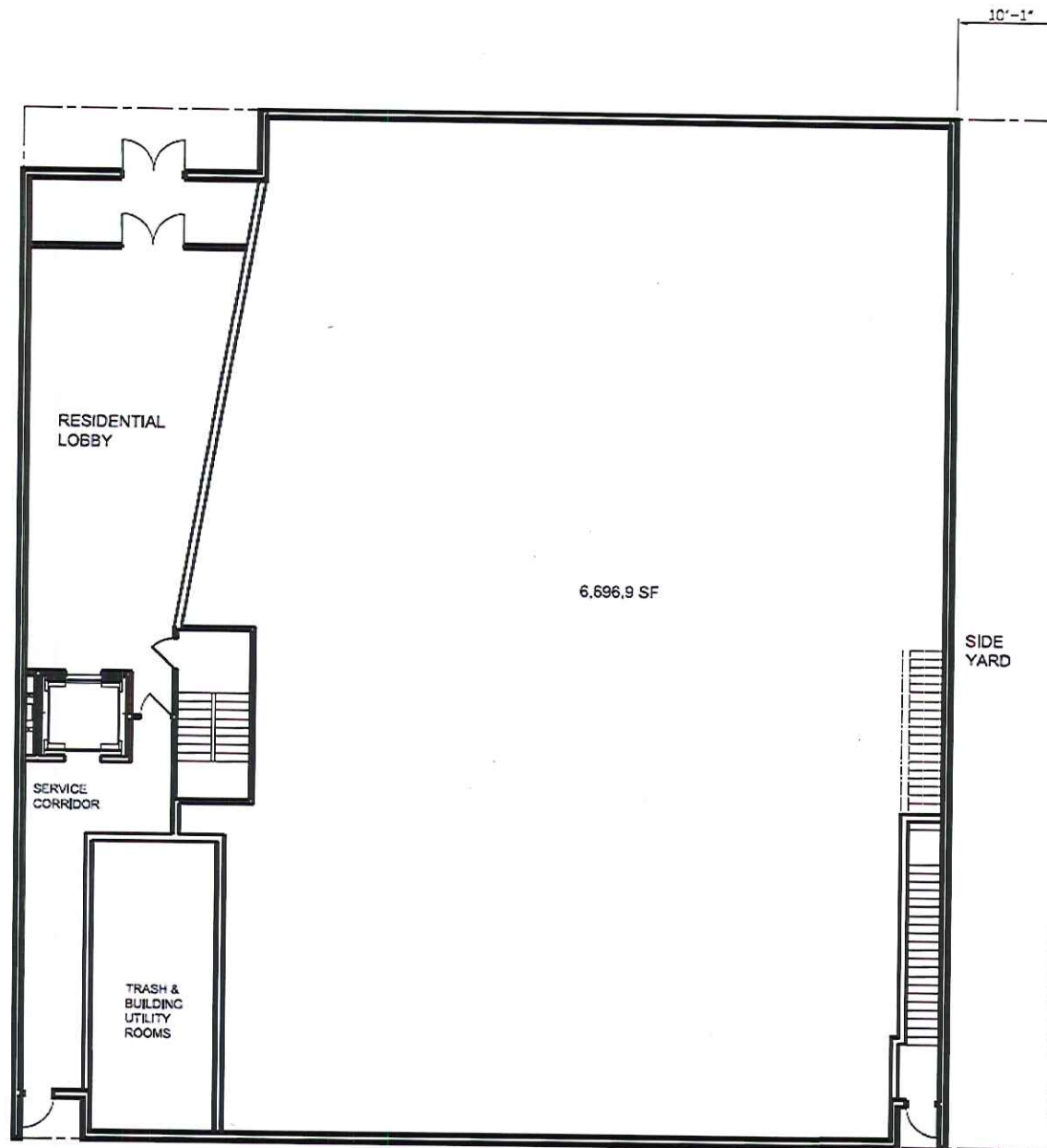
We have taken an imaginative approach to satisfying the City's parking requirements while providing attractive and economically feasible retail, residential, and complementary commercial uses on the sites. This approach is illustrated in the site plans and elevations contained in this section of the proposal. Note that all drawings included here are conceptual in nature, and are presented only to illustrate our development plans as well as to illuminate our thoughts about the appropriate and desirable development of these sites. Details and dimensions will be further discussed and refined after award of the sites.

- EXHIBITS BEGIN ON THE FOLLOWING PAGE -

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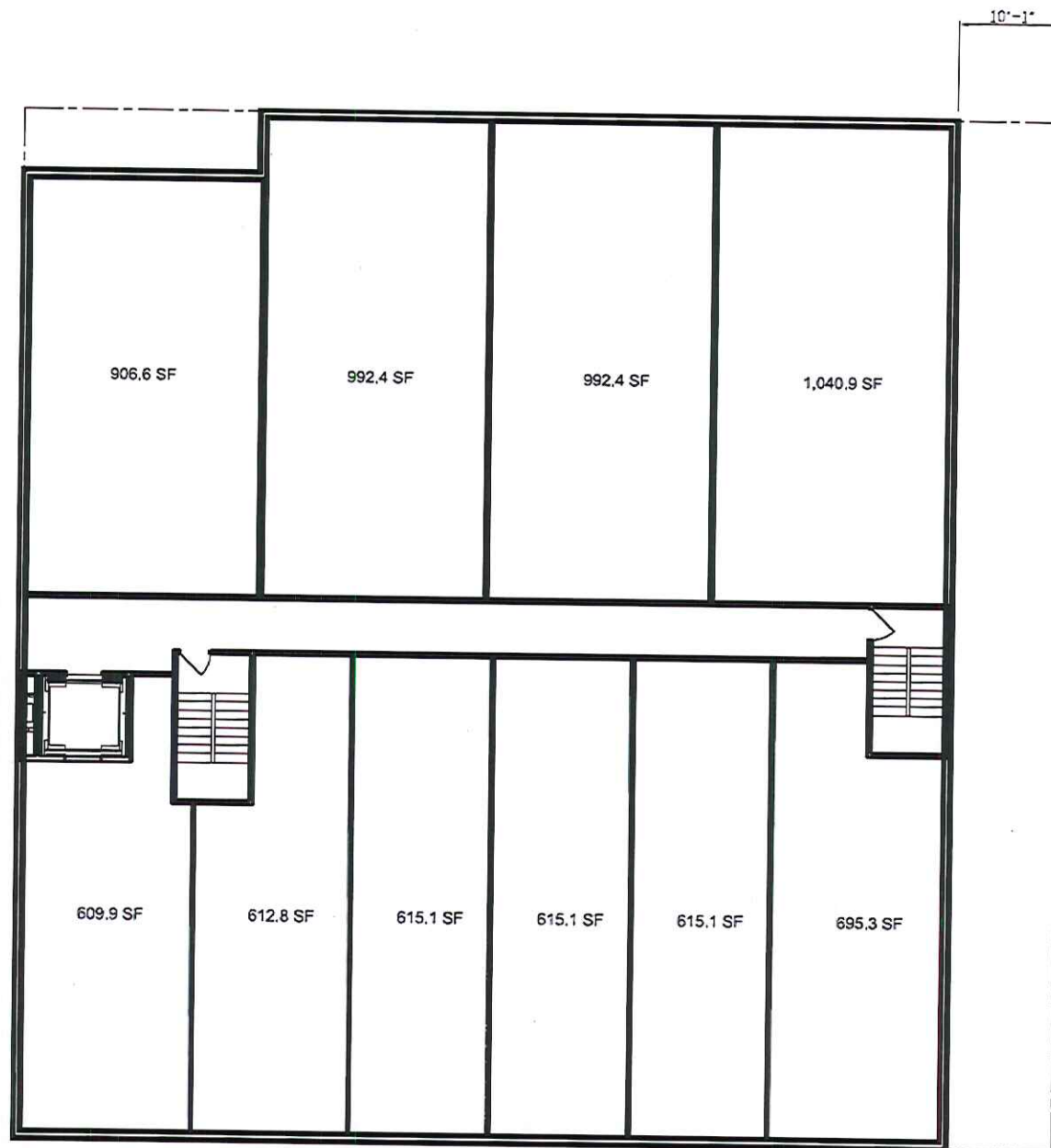


EXHIBIT 2
912-920 KING DRAFT
GROUND FLOOR



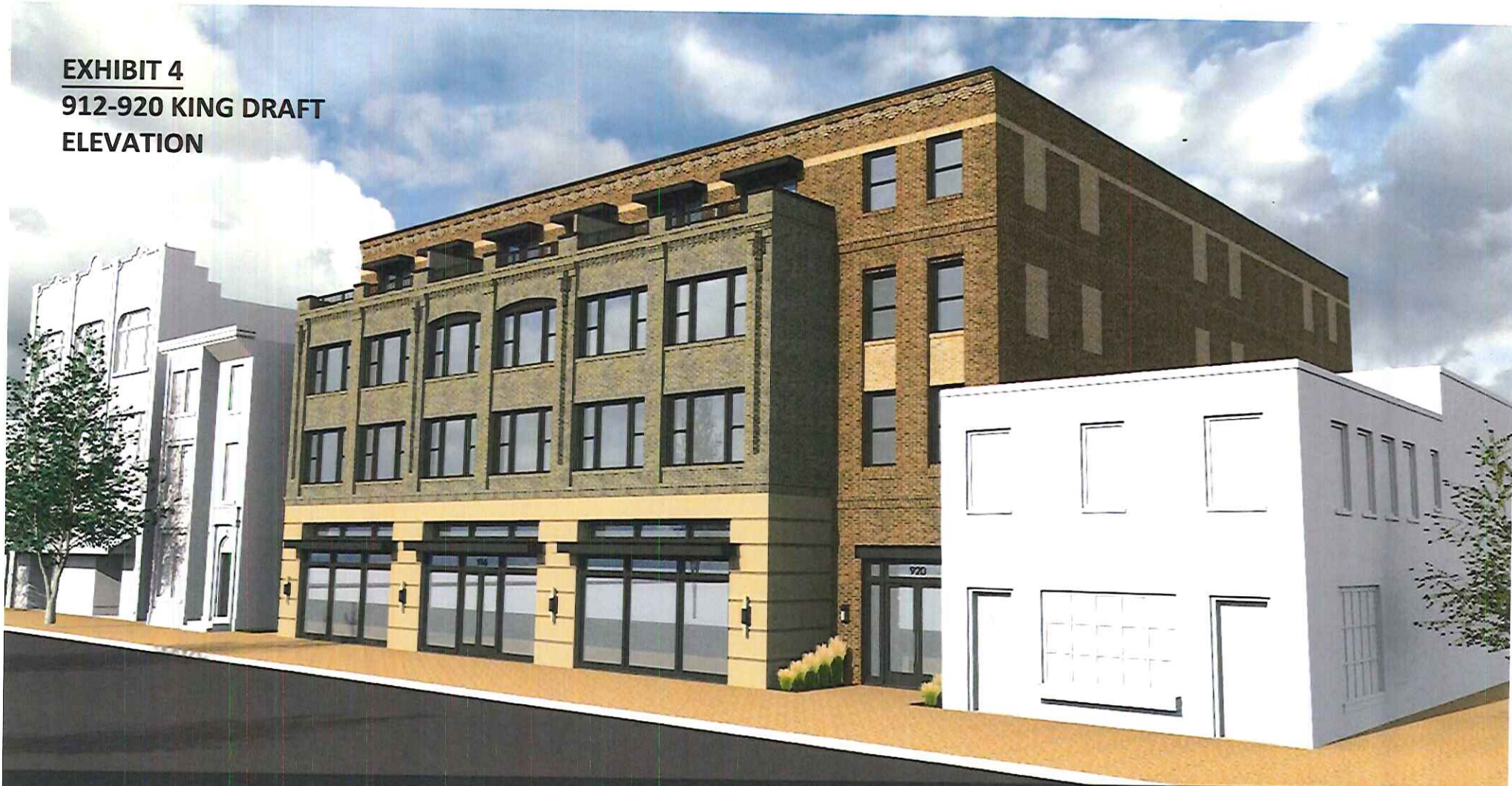
PRIVATE AND CONFIDENTIAL

EXHIBIT 3
912-920 KING
TYPICAL FLOOR PLAN



PRIVATE AND CONFIDENTIAL

EXHIBIT 4
912-920 KING DRAFT
ELEVATION



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EXHIBIT 5
912-920 KING DRAFT
ELEVATION



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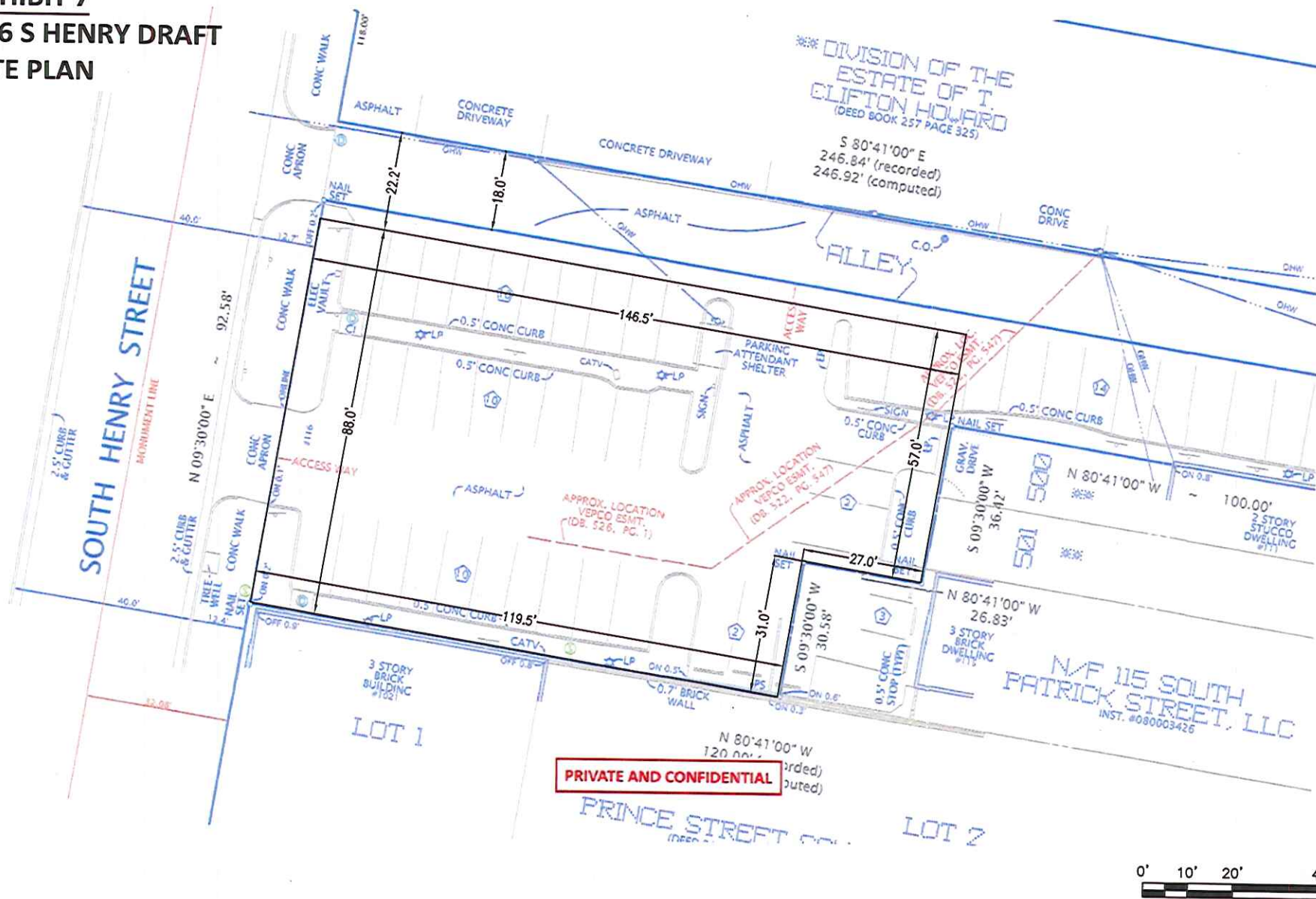
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912-920 KING DRAFT BLOCK FACE SCALE



EXHIBIT 7
116 S HENRY DRAFT
SITE PLAN



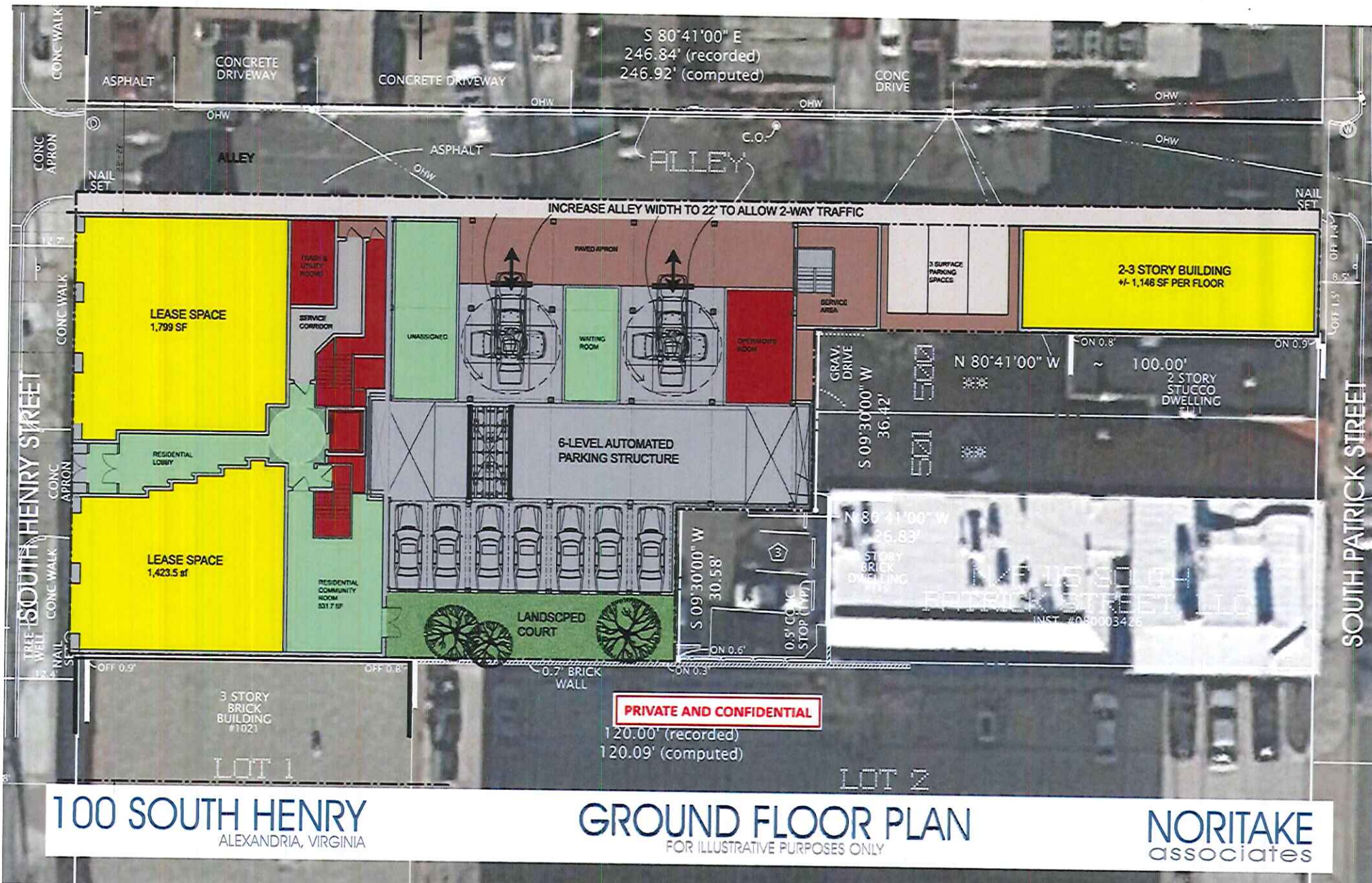
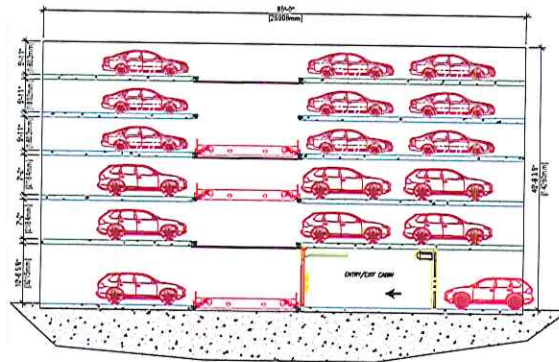




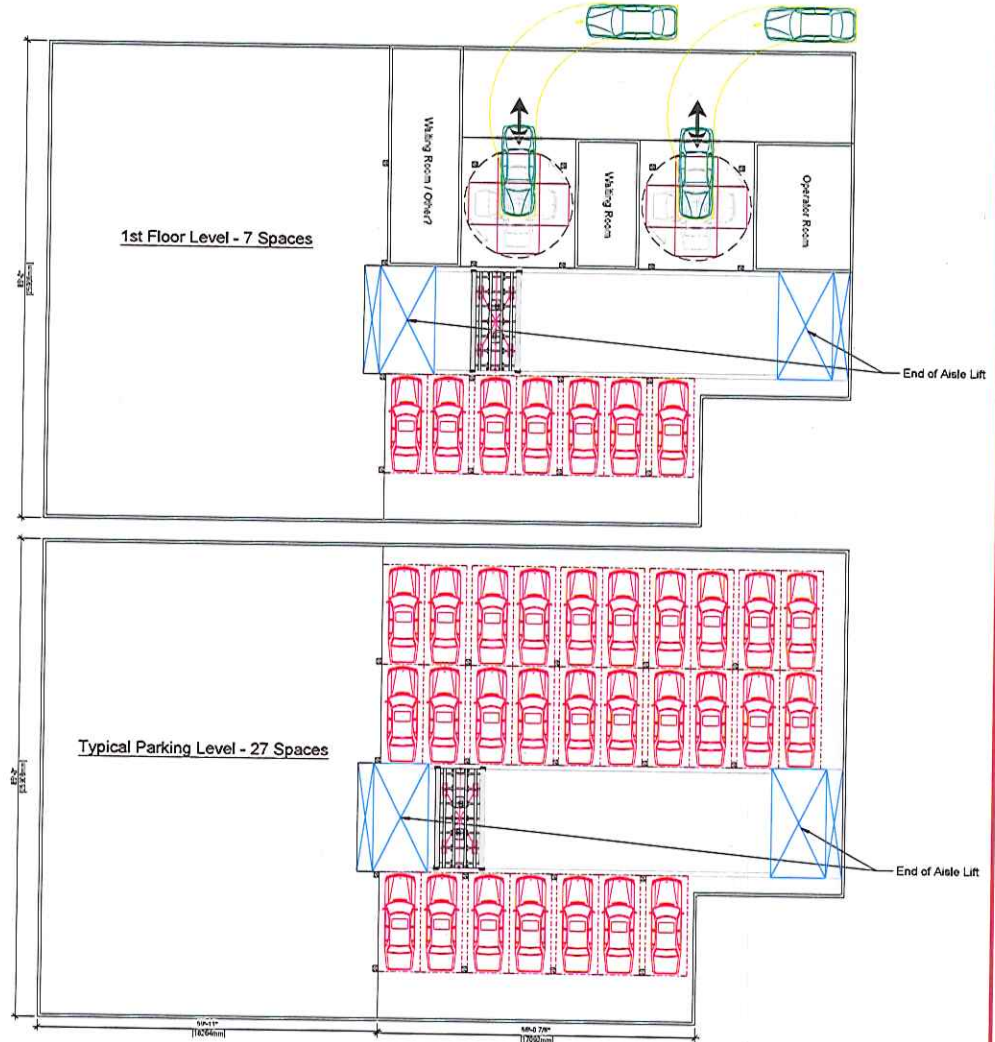
EXHIBIT 10 **116 S HENRY DRAFT** **PARKING LAYOUT**

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Typical Parking Section

- NOTES:
- ANY CONSTRUCTION JOINTS SHALL BE TIED TO PREVENT SEPARATION.
 - REFER TO WTI DRAWING B-41884 FOR FLOOR FLATNESS SPECIFICATIONS.



PARKING SYSTEM LAYOUT
 SCALE: 3/32" = 1'-0"



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SECTION	ADDED	BY	DATE
1	05/16/17		

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PROJECT: **PARKING SYSTEM LAYOUT**
 CLIENT: **GALENA CAPITAL PARTNERS**
 N/A

DATE: 05/16/17
 DRAWING NO.: **D**
 SHEET NO.: **N/A**
 TOTAL SHEETS: **1**
 REV: **C**



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EXHIBIT 11

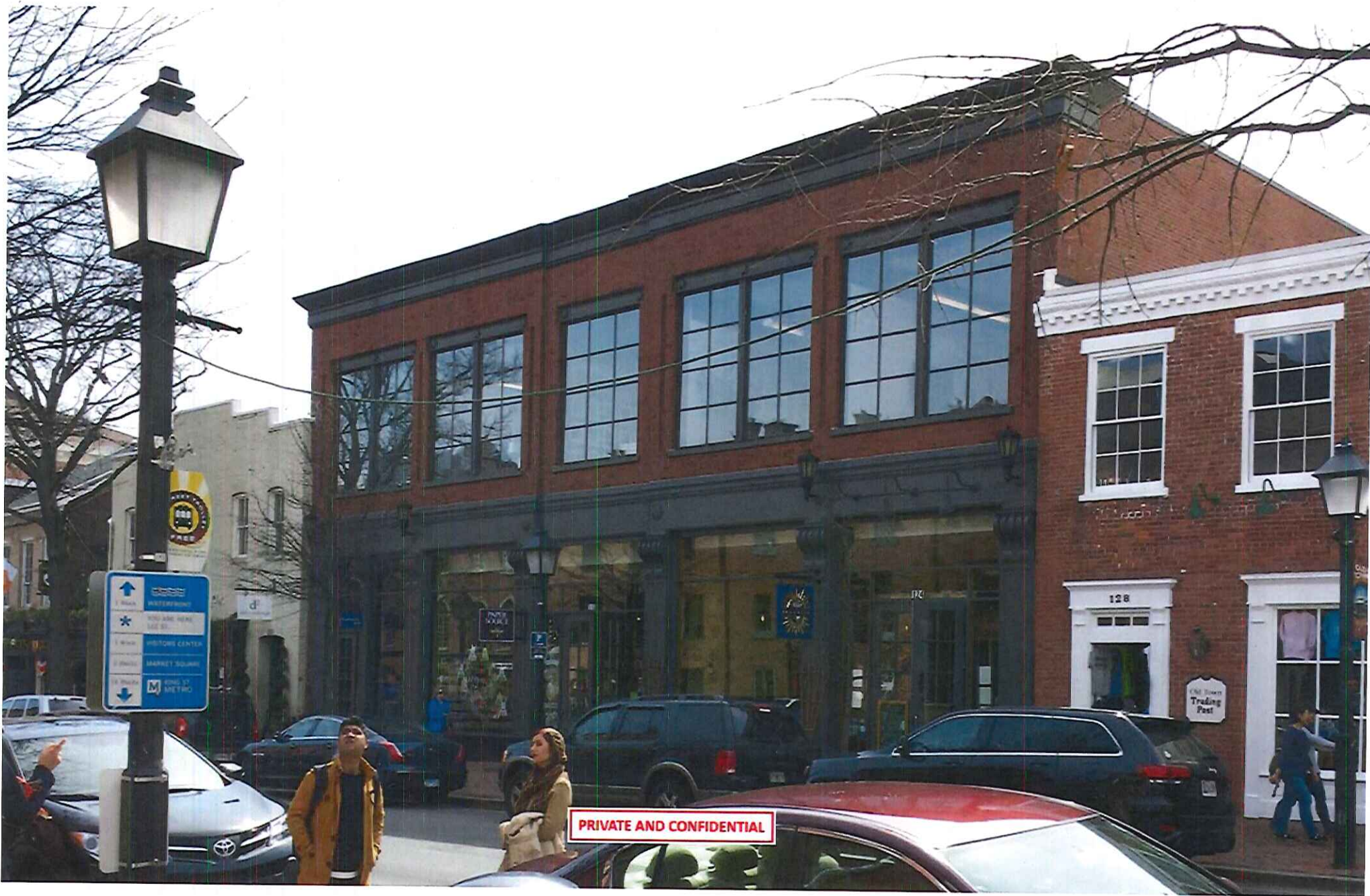


EXHIBIT 12 - 116 S HENRY INSPIRATION PHOTO 1



EXHIBIT 13 - 116 S HENRY INSPIRATION PHOTO 2

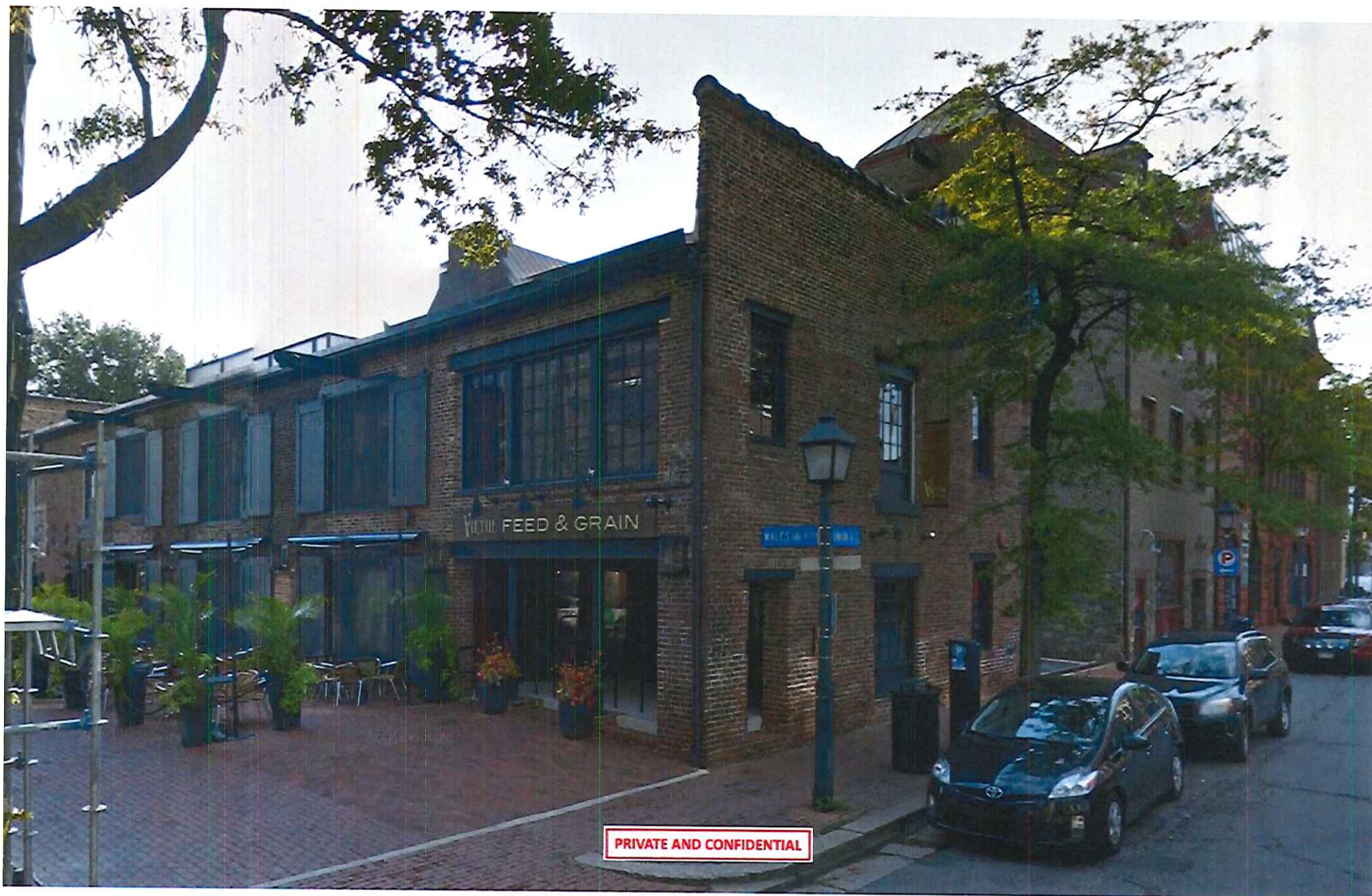


EXHIBIT 14 - 116 S HENRY INSPIRATION PHOTO

Project Schedule

NOTE: Schedule is draft and subject to change.

- EXHIBITS BEGIN ON THE FOLLOWING PAGE -