

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 9, 2018

TO: HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: KARL MORITZ, DIRECTOR OF PLANNING AND ZONING

SUBJECT: OLD TOWN NORTH SMALL AREA PLAN IMPLEMENTATION

Recommendation:

Revise the Old Town North developer contributions formula to exclude 530 First Street - Gables Old Town North (formerly ABC/Giant site) and amend the developer contribution rates for the 10 redevelopment sites to be \$9/sf if the cost of converting Montgomery Street to two-way is included, and to \$7.10/sf if the conversion of Montgomery Street is not included.

Background:

The staff report for Docket Item #10 on the Planning Commission's March 6 public hearing agenda includes a note that the developers of the 530 First Street expressed concern regarding the proposed developer contributions. Staff was able to have a discussion with these property owners this week, and the result of that discussion, along with a review of our own records, is that it became clear that there was no intent to have this contribution formula apply to the 530 First Street project.

While Condition 118, shown on the next page, is worded in a way that it could be interpreted to require 530 First Street to make the areawide contributions now being proposed, it is now clear that this was not the intent of either the staff nor the applicant. Rather, Condition 118 serves as an introductory paragraph to the five conditions that follow. The specific phrase in Condition 118 "as required herein" signals the intent of staff and the applicant that Condition 118 only apply to the specific contributions that follow in Conditions 119 through 123.

Staff has recalculated the developer contribution rates, reallocating private development's share of areawide improvements to the remaining 10 parcels. Those new rates are shown on revised Tables 1 and 3 (attached). The developer contributions for the NRG site and for the City are unchanged.

Contributions Conditions in the DSUP #2015-0019 for 530 First Street

W. CONTRIBUTIONS:

118. The Applicant(s) shall make monetary contribution(s) to a dedicated Old Town North Small Area Plan Implementation Fund to be established by the City to account for the developer contributions as required herein and as may be necessary for other properties within the Small Area Plan Area (hereinafter “Developer Contributions”). The Developer Contributions shall be paid prior to the release of the first Certificate of Occupancy, unless otherwise specified herein. (P&Z)
119. The monetary contribution shall be reviewed by City staff at any subsequent extensions of the project’s validity period and may be adjusted to account for changes such as the rate of inflation. Interest accrued shall remain in the fund to be utilized to implement public benefit improvements associated with the Old Town North Small Area Plan. (P&Z)
120. The applicant shall provide a monetary contribution in lieu of meeting the 25% crown coverage requirement of the Zoning Ordinance in an amount equal to \$7,000 prior to first Certificate of Occupancy. The contribution shall be dedicated to the Old Town North Small Area Plan Implementation Fund and specifically the installation of street trees on North Washington Street or other street tree installations within the Small Area Plan to the satisfaction of the Director of Planning & Zoning. *** (P&Z)
121. The applicant shall provide a monetary contribution in an amount equal to \$75,000 prior to first Certificate of Occupancy. The contribution shall be dedicated to the Old Town North Small Area Plan Implementation Fund and specifically for open space improvements within the Small Area Plan to the satisfaction of the Director of Planning & Zoning. *** (P&Z)
122. The applicant shall contribute \$50,000 to the city prior to Final Site Plan release to install a bike share station on their site frontage. Alternate locations may be approved by the Director of T&ES.* (T&ES)
123. The developer shall contribute \$50,000 for the installation of conduit and fiber optic cable to connect the traffic signal at N. Washington Street and First Street to the City’s broadband communications network to allow more efficient operation of the traffic signal. Payment shall be due prior to release of the final site plan. * (T&ES)

Table 1 - Old Town North Redevelopment Sites

| Site # | Site Name | Parcel Size | Existing Zone | Existing Maximum Allowable SF ¹ | Recommended Zone | Recommended Maximum Allowable SF | Net New SF from re-zoning ² |
|--------|--|--------------------|----------------------|--|-------------------------|-------------------------------------|--|
| 1 | 600 N Royal St - Bus Garage | 87,173 | RM | 130,760 | CRMU-X | 217,933 | 87,173 |
| 2 | 700 N Fairfax St | 43,485 | OC | 54,356 | CRMU-X | 108,713 | 54,356 |
| 3 | Port Royal ³ | 90,560 | RC | 113,200 | CRMU-X | 226,400 | 30,000 |
| 4 | 901 N Pitt St | 59,331 | OC | 74,164 | CRMU-X | 148,328 | 74,164 |
| 5 | 901 N Fairfax St (Crowne Plaza) ⁴ | 87,172 | OCM(50) | 130,758 | CRMU-X | 217,930 | 87,172 |
| 6 | Canal Center | 454,849 | W-1 | 909,686 | CRMU-H | 1,137,123 | 227,437 |
| 7 | Transpotomac Plaza | 60,123 | OCM(50) | 90,185 | CRMU-X | 150,308 | 60,123 |
| 8 | 1201 N Royal St - Craddock Site | 36,518 | CDX | 73,036 | CRMU-X | 91,295 | 18,259 |
| 9 | 1250 N Pitt St - National PTA | 44,214 | OC | 55,268 | CDX | 110,535 | 55,268 |
| 10 | 501 Bashford Ln - Foreign Car Service | 32,488 | OCM(50) | 48,732 | CDX | 64,976 | 16,244 |
| 11 | 530 First St (Gables)⁵ | 87,173 | CG | 65,380 | CDD#25 | 305,106 | 239,726 |
| | | | | | | | |
| | Total | | | | | | 710,196 |
| | | | | | | | |
| | Site Name | Parcel Size | Existing Zone | | Recommended Zone | Recommended Gross Floor Area | |
| 12 | Former Power Plant Site | 852,898 | UT | | CDD | 2,150,000 | |

¹ Maximum allowable FAR shown is based on the Subarea or preferred land use for the site.

² Total net new square footage from re-zoning is based on the development summary tables in the Old Town North Small Area Plan. Actual net new square footage achieved through re-zoning may differ based on development special use permit applications. The developer contribution is charged on Actual Net New square footage.

³ Port Royal Net additional square feet based on Illustrative Concept Plan in the Old Town North Small Area Plan

⁴ Assumes whole block including Perfect Pita

⁵ ~~Based on approved CDD #25~~

Table 3 – Proposed Developer Contribution for ~~530 First Street (Catalyst)~~ and Redevelopment Sites 1-10 (Non-Catalyst) - Including Montgomery Street Conversion

| Proposed Developer Contribution for Redevelopment Sites 1-10 and 530 First Street Project Including Montgomery Street Conversion | |
|---|--------------------------------|
| Total Cost of Improvements | \$11,433,528.00 |
| City Match | \$5,041,764.00 |
| Catalyst (530 First Street) | |
| Developer Contribution/SF⁶ | \$3.00⁷ |
| Applicable Total SF | 239,726⁸ |
| Subtotal | \$719,178.00 |
| Non-Catalyst (Development Sites 1-10) | |
| Developer Contribution/SF ⁶ | \$9.00 ⁷ |
| Applicable Total SF | 710,196 ⁹ |
| Subtotal | \$6,391,764.00 |
| Total Developer Contribution | |
| | \$6,391,764.00 |

Table 4 – Proposed Developer Contribution for ~~530 First Street (Catalyst)~~ and Redevelopment Sites 1-10 (Non-Catalyst) - Excluding Montgomery Street Conversion

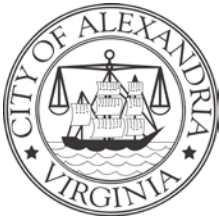
| Proposed Developer Contribution for Redevelopment Sites 1-10 and 530 First Street Project Excluding Montgomery Street Conversion | |
|---|--------------------------------|
| Total Cost of Improvements | \$10,083,528 .00 |
| City Match | \$5,041,764.00 |
| Catalyst Project (530 First Street) | |
| Proposed Developer Contribution/SF⁶ | \$2.30 |
| Applicable Total SF | 239,726⁸ |
| Subtotal | \$551,369.80 |
| Non Catalyst Projects (Development Sites 1-10) | |
| Proposed Developer Contribution/SF ⁶ | \$7.10 ⁷ |
| Applicable Total SF | 710,196 ⁹ |
| Subtotal | \$5,041,764.00 |
| Total Developer Contribution | |
| | \$5,041,764.00 |

⁶ Developer contributions will be paid prior to the release of the first certificate of occupancy permit.

⁷ The funding formula is subject to an escalation clause equivalent to the CPI for all Urban Consumers (CPI-U) Washington-Baltimore adjusted annually *on* January 1, starting *on* January 1, 2018; Developer contributions will be paid prior to the release of the first certificate of occupancy permit.

⁸ ~~530 First Street Square footage based on approved CDD #25~~

⁹ Total square footage is based on the development summary tables in the Old Town North Small Area Plan and Table 1 in this report. Actual square footage achieved through rezoning may differ based on development special use permit applications.



Old Town North Small Area Plan Implementation

Developer Contributions Policy

| | | |
|---|-------------------------------------|----------------|
| Issue: Old Town North Small Area Plan Implementation Fund and Developer Contributions Policy Public hearing and recommendation on establishment of an Old Town North Streetscape and Open Space Fund and a formula for developer contributions to implement the Old Town North Small Area Plan | Planning Commission Hearing: | March 6, 2018 |
| | City Council Hearing: | March 17, 2018 |
| Staff: <i>Planning and Zoning:</i> Karl Moritz, Director; Jeffrey Farner, Deputy Director; Carrie Beach, Division Chief, Robert Kerns, Division Chief, Heba ElGawish, Urban Planner | | |

PLANNING COMMISSION ACTION, MARCH 6, 2018:

On a motion by Commissioner Wasowski, seconded by Vice Chairman Macek, the Planning Commission recommended approval of the establishment of an Old Town North Streetscape and Open Space Fund and the developer contribution formula as proposed with the following amendments:

1. *A portion of the funds from the Old Town North Streetscape and Open Space Fund in an amount not to exceed \$150,000 may be used to fund elements such as public art improvements and/or art programming within the Old Town North Small Area Plan.*
2. *Add text to the policy that states that “redevelopment projects, not identified in Table 1, that proceed with a rezoning in the future will be subject to the developer contributions.” The final amount of the developer contribution will depend on the outcome of the Montgomery Street Conversion.*

The motion carried on a vote of 7 to 0

Old Town North Small Area Plan Implementation Fund and
Developer Contributions Policy

The Planning Commission agreed with the list of public amenities and improvements outlined in the staff report and that it is consistent with the recommendations in the Old Town North Small Area Plan.

Commissioner Macek stressed the importance of converting Montgomery Street from one-way to two-way which would be vital to the success of the existing and planned retail in Old Town North.

Speaker:

Kenneth Wire, Partner at McGuire Woods LLP, stated that the developer contributions should be directly related to the impacts of a given redevelopment project and that in some instances, they may not apply.

I. SUMMARY

The Old Town North Small Area Plan (Plan) recommends a variety of streetscape and open space enhancements to serve existing and future Old Town North residents, workers, and visitors. Recommended improvements include the conversion of the former rail corridor to a Linear Park, a 2- to 4-acre expansion of the waterfront park on the former power plant site, streetscape improvements, and the potential conversion of Montgomery Street from a one-way to two-way street. The Plan recommends establishing developer contributions to mitigate the impact of the added development. In addition to area-wide improvements, the Plan recommends site-related streetscape and infrastructure improvements to be implemented through redevelopment.

The developer contributions policy distributes the total cost of plan area improvements among the City and the redevelopment sites with added floor area as a result of the Plan recommended rezoning, and establishes a per square foot developer contribution rate for the redevelopment sites. Grants and City Capital Improvement Program funding are identified as City funding sources. The policy assigns responsibility for the Plan recommended improvements as follows:

- The former power plant site will fund or implement the Waterfront Park improvements/expansion and Segment 2 of the Linear Park. Future redevelopment of the site directly benefits from these improvements.
- The remaining redevelopment sites (through the developer contribution policy) and the City (through grant funding and competition for Capital Improvement Fund dollars) will fund the remaining improvements: Linear Park Segment 1, Conversion of Montgomery Street from one-way to two-way, and Streetscape Improvements. Total funding will be shared by the redevelopment sites and the City, with the City implementing Streetscape Improvements.

II. BACKGROUND

A. Plan Recommended Improvements

To implement the long-term vision for Old Town North, mitigate the impact of additional development, and ensure that adequate public amenities are in place as redevelopment occurs, the Plan recommends the following improvements.

a. Linear Park

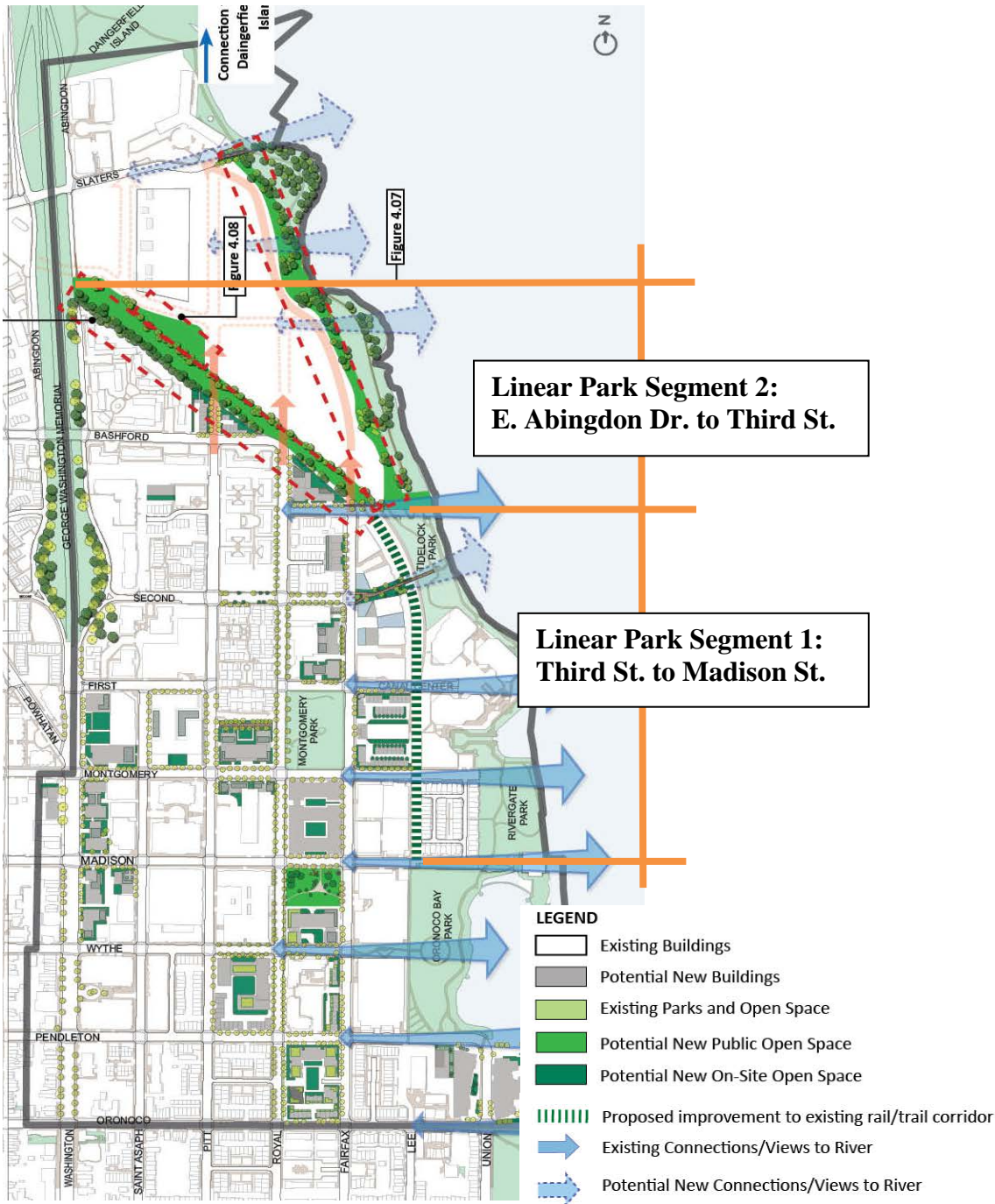
As part of the Plan's open space improvements, the Plan recommends conversion of the approximately 7-acre former rail corridor into a public Linear Park with a variety of passive and active recreational uses. The Linear Park will improve connections to existing trails, provide enhanced landscaping, seating and lighting, incorporate interpretive history, and include play areas. For the purposes of the developer contribution policy cost estimate, the Linear Park is divided into two segments as shown in Figure 1.

- Segment 1 - Portion between Madison Street and Third Street; this segment most directly serves the redevelopment sites in the mid-to southern section of the Plan area. Segment 1

is assumed to be funded/implemented by the redevelopment sites (excluding the former power plant).

- Segment 2 - Portion between Third Street and E. Abingdon Drive; directly fronting the former power plant site, this segment will be required to be funded and implemented as part of the redevelopment of the site.

Figure 1 – Illustrative Open Space Plan and Linear Park Segments 1 and 2



b. Waterfront Park

The Plan recommends the addition of 2 to 4 acres of open space (Figure 2) accessible to the public with a range of active and passive uses along the waterfront on the former power plant site. The open space will be designed in a way to connect and relate to the future redevelopment on the site and will widen the existing waterfront trail, include trail amenities, incorporate industrial elements of design, and maintain or increase views and access to the waterfront. This improvement will be a requirement of the redevelopment of the former power plant site.

Figure 2 – Expanded Waterfront Open Space



c. Montgomery Street Conversion

The Plan identifies Montgomery Street as a retail corridor and recommends evaluating the feasibility of converting the segment of the street between North Washington and North Fairfax Streets from a one-way operation to a two-way operation, with parking generally on each side of the street. This recommendation is based on best practice and market research which indicates that retail generally performs better with two-way circulation, providing better functional access to the retail, and creating a more pedestrian-friendly environment. It should be noted that the Braddock Plan also recommended conversion of Montgomery Street.

In addition, there is limited connectivity and access into the Plan area north of Madison Street. The conversion of Montgomery street to two-way will improve the street porosity within Old Town North which will allow better access to properties east of Washington Street, including North Fairfax Street which is recommended as an Arts Corridor in the Plan.

As directed by City Council during the June 2017 Plan adoption public hearing, staff will conduct additional outreach with the community prior to proceeding with the conversion. This community outreach will take place over the next 6 months in order to be completed prior to the issuance of a Certificate of Occupancy (CO) for two redevelopment projects, 530 First Street and Crowne Plaza. Both projects are approximately 12 months away or more from acquiring a CO, which is when developer contributions are typically paid.

Should the Montgomery Street Conversion not go forward as a recommendation, the proposed developer contribution policy includes an option without this cost estimate factored into the formula. All other public amenities/improvements are expected to proceed per the Plan's recommendations.

d. Streetscape Improvements

The Plan recommends a variety of streetscape improvements including undergrounding of utilities, enhanced landscaping and/or green infrastructure elements along designated "Green" Streets (N. Royal, Wythe, Second, and N. Washington Streets), enhanced tree canopy coverage, and improved pedestrian and bicycle connections. A portion of the recommended streetscape improvements will be site-specific, achieved with redevelopment of blocks, however, some critical gaps in streetscape will remain. Some of these improvements can be achieved through grant funding secured by the City. For example, the City is currently completing a green infrastructure demonstration project on Second Street with grant funding that will improve both sides of the street between N. Royal and N. Pitt Streets as shown in Figure 3. The demonstration project includes bio-retention elements, enhanced landscaping, and tree canopy.

The City will fund/implement the streetscape improvements, estimated at approximately \$5.0 million. The City's share comprises approximately 45-50% of the total cost of all improvements not covered by the power plant site. The range of 45-50% reflects the uncertainty as to whether Montgomery Street conversion will be included or not. City funding will need to be considered as part of the City budget and CIP process through the 20- to 25-year life of the Plan.

Figure 3 – Second Street green infrastructure project



III. STAFF ANALYSIS

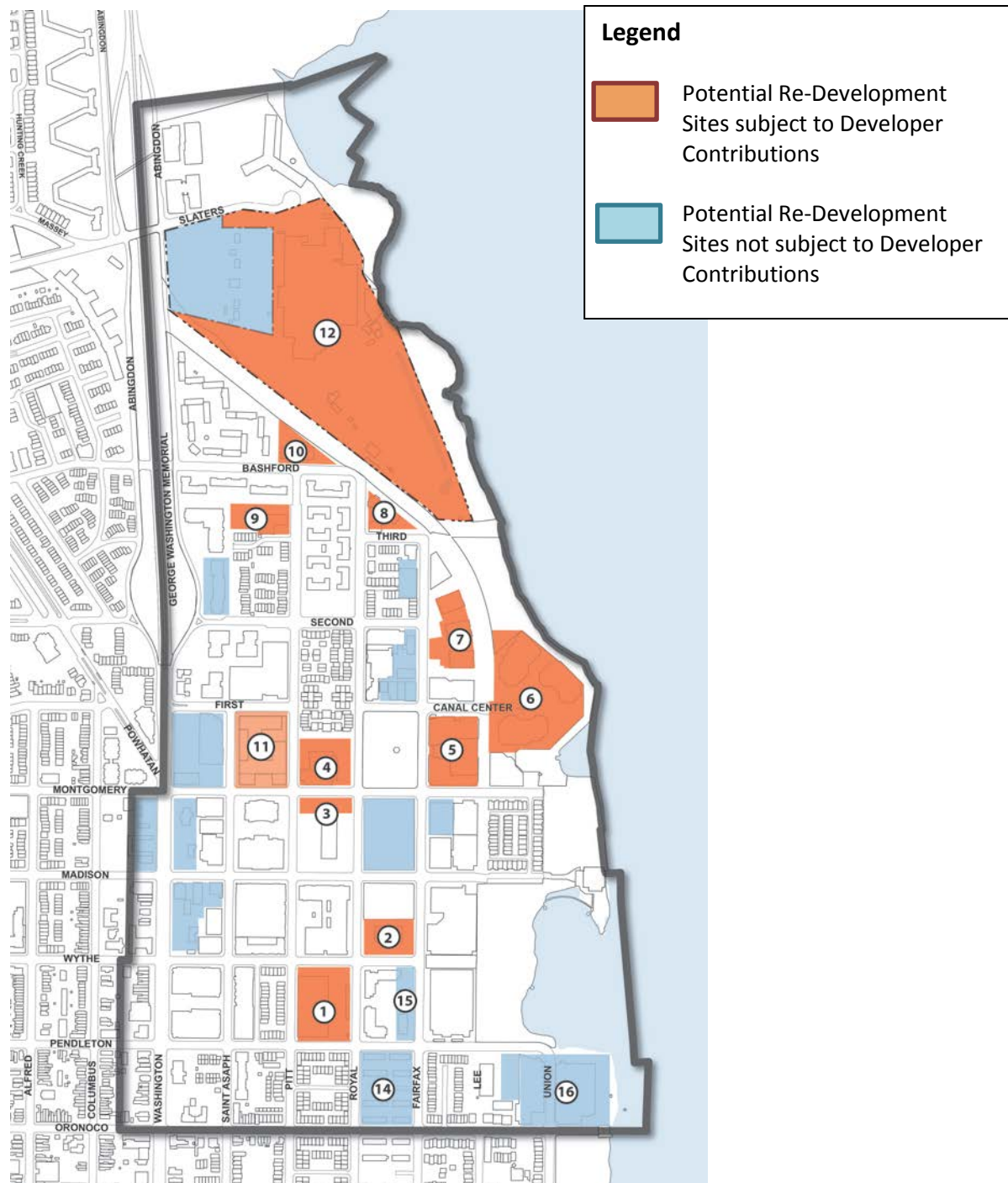
A. Applicability of Developer Contribution Policy

The redevelopment sites numbered 1-11 listed in Table 1, and shown in red in Figure 4, will be subject to the developer contribution policy.

It should be noted that some sites (shown in blue in Figure 4) were not recommended for additional floor area under the Plan. As such, these sites will not be required to provide developer contributions per the proposed formula. However, they will be required to implement recommendations of the Plan as part of redevelopment of the site. Required improvements will include undergrounding of utilities, if applicable, streetscape improvements and compliance with the Old Town North Urban Design Standards and Guidelines (Design Standards and Guidelines).

Additionally, staff recommends that the developer contribution policy not be applied to the Alexandria Redevelopment Authority (ARHA) owned sites (Block 14 and 15 in Figure 4). The significant public benefit that the ARHA blocks will be providing is affordable housing/mixed income communities recommended by the Plan. This approach is similar to the Braddock Implementation Funds. Redevelopment of the public housing sites will still be subject to streetscape improvements and the Design Standards and Guidelines as discussed above.

Figure 4 – Sites Subject to Developer Contributions



Old Town North Small Area Plan Implementation Fund and
Developer Contributions Policy

Table 1 - Old Town North Redevelopment Sites

| Site # | Site Name | Parcel Size | Existing Zone | Existing Maximum Allowable SF ¹ | Recommended Zone | Recommended Maximum Allowable SF | Net New SF from re-zoning ² |
|--------|--|--------------------|----------------------|--|-------------------------|-------------------------------------|--|
| 1 | 600 N Royal St - Bus Garage | 87,173 | RM | 130,760 | CRMU-X | 217,933 | 87,173 |
| 2 | 700 N Fairfax St | 43,485 | OC | 54,356 | CRMU-X | 108,713 | 54,356 |
| 3 | Port Royal ³ | 90,560 | RC | 113,200 | CRMU-X | 226,400 | 30,000 |
| 4 | 901 N Pitt St | 59,331 | OC | 74,164 | CRMU-X | 148,328 | 74,164 |
| 5 | 901 N Fairfax St (Crowne Plaza) ⁴ | 87,172 | OCM(50) | 130,758 | CRMU-X | 217,930 | 87,172 |
| 6 | Canal Center | 454,849 | W-1 | 909,686 | CRMU-H | 1,137,123 | 227,437 |
| 7 | Transpotomac Plaza | 60,123 | OCM(50) | 90,185 | CRMU-X | 150,308 | 60,123 |
| 8 | 1201 N Royal St - Craddock Site | 36,518 | CDX | 73,036 | CRMU-X | 91,295 | 18,259 |
| 9 | 1250 N Pitt St - National PTA | 44,214 | OC | 55,268 | CDX | 110,535 | 55,268 |
| 10 | 501 Bashford Ln - Foreign Car Service | 32,488 | OCM(50) | 48,732 | CDX | 64,976 | 16,244 |
| 11 | 530 First St (Gables) ⁵ | 87,173 | CG | 65,380 | CDD#25 | 305,106 | 239,726 |
| | | | | | | | |
| | Total | | | | | | 949,922 |
| | | | | | | | |
| | Site Name | Parcel Size | Existing Zone | | Recommended Zone | Recommended Gross Floor Area | |
| 12 | Former Power Plant Site | 852,898 | UT | | CDD | 2,150,000 | |

¹ Maximum allowable FAR shown is based on the Subarea or preferred land use for the site.

² Total net new square footage from re-zoning is based on the development summary tables in the Old Town North Small Area Plan. Actual net new square footage achieved through re-zoning may differ based on development special use permit applications. The developer contribution is charged on Actual Net New square footage.

³ Port Royal Net additional square feet based on Illustrative Concept Plan in the Old Town North Small Area Plan

⁴ Assumes whole block including Perfect Pita

⁵ Based on approved CDD #25

B. Cost Estimates

Staff developed planning level cost estimates (Table 2) for the recommended improvements identified in the Plan. These high-level cost estimates are based on current land values, estimated design, infrastructure and construction costs, and contingency.

C. Funding Sources

As discussed, there are three sources of funding for the plan recommended improvements. The first source includes Redevelopment Sites 1-11, those that are recommended for rezoning by the Plan to other existing zones. The second source of funding is the City, through grant and/or the City's Capital Improvement Program (CIP). Redevelopment Sites 1-11 will share the cost of the Linear Park Segment 1 and the Montgomery Street Conversion (if implemented), while the City will be responsible for the streetscape improvements that are not implemented through redevelopment. The City will utilize grant funding and/or the City's Capital Improvement Program (CIP) and funding will need to be considered as part of the City budget and CIP process through the 20- to 25-year life of the Plan. As mentioned, the City is currently improving Second Street with streetscape and green improvements as envisioned by the Plan as part of a grant program.

The third source of funding is the former power plant site (Redevelopment Site 12). This site will be responsible for funding Linear Park Segment 2, Waterfront Park, and other improvements required as part of the rezoning.

Table 2: Public Amenity/Improvements Funding Sources and Cost Estimates

| FUNDING SOURCES AND COST ESTIMATES | | |
|---|--|----------------------------------|
| | Public Amenity/Improvement | Cost Estimate⁶ |
| Funding Source | | |
| Redevelopment Sites 1-11 | Linear Park Segment 1 | \$5,041,764 |
| Redevelopment Sites 1-11 | Montgomery St. 2-Way Conversion ⁷ | \$1,350,000 |
| | Subtotal | \$6,391,764 |
| City Match | Plan-wide streetscape improvements | \$ 5,041,764 |
| | Subtotal | \$5,041,764 |
| | | |
| Former Power Plant Site | Waterfront Park | \$15,000,000 |
| Former Power Plant Site | Linear Park Segment 2 | \$6,560,000 |
| | Subtotal | \$21,560,000 |
| | | |
| | TOTAL | \$32,993,528 |

⁶ Cost estimates are based on 2018 dollars

⁷ East of Washington only

D. Developer Contribution Formula

a. Catalyst Project (Redevelopment Site 11 – 530 First Street - Gables Old Town North)

The 530 First Street (Gables Old Town North) Development Special Use Permit (DSUP) approval preceded both the Old Town North Plan approval and final discussion on the developer contributions rate. However, staff held early discussions with the applicant and a commitment to participate in the Old Town North Implementation Fund was memorialized in a DSUP condition requiring a contribution. In recent discussions, the applicant has expressed concern that the fee as proposed is significantly higher than anticipated, particularly on top of the other voluntary contributions being paid, including nine on-site affordable housing units valued at approximately \$2.4 million.

While there was early discussion of this project participating in the fund, the condition requiring a contribution was put in place without clarity on what the per square foot cost would be, and this does put Edens/Gable at a disadvantage, since they are already under construction. In light of these factors and the significant affordable housing contribution, Staff recommends that the 530 First Street project be considered a “Catalyst” project, and therefore pay a lower developer contribution rate of \$3.00/square foot of net new development. This equates to approximately 40% of the contribution rate of the non-catalyst sites (redevelopment Sites 1-10).

An alternative developer contribution rate exclusive of the cost of the Montgomery Street conversion is provided in Table 4.

b. Non-Catalyst Projects (Redevelopment Sites 1-10)

These ten redevelopment sites recommended for rezoning equate to 710,196 square feet of net new development. The proposed contribution rate for these sites is based on the cost estimate for Linear Park Segment 1 and the Montgomery Street conversion divided by the net new square footage these redevelopment sites achieve through rezoning per the Plan. This results in a per square foot contribution of \$7.99 as shown in Table 3.

Table 3 – Proposed Developer Contribution for 530 First Street (Catalyst) and Redevelopment Sites 1-10 (Non-Catalyst) - Including Montgomery Street Conversion

| Proposed Developer Contribution for Redevelopment Sites 1-10 and 530 First Street Project Including Montgomery Street Conversion | |
|---|-----------------------|
| Total Cost of Improvements | \$11,433,528.00 |
| City Match | \$5,041,764.00 |
| Catalyst (530 First Street) | |
| Developer Contribution/SF ⁸ | \$3.00 ⁹ |
| Applicable Total SF | 239,726 ¹⁰ |
| Subtotal | \$719,178.00 |
| Non-Catalyst (Development Sites 1-10) | |
| Developer Contribution/SF ⁸ | \$7.99 ⁹ |
| Applicable Total SF | 710,196 ¹¹ |
| Subtotal | \$5,672,586.00 |
| | |
| Total Developer Contribution | \$6,391,764.00 |

Table 4 – Proposed Developer Contribution for 530 First Street (Catalyst) and Redevelopment Sites 1-10 (Non-Catalyst) - Excluding Montgomery Street Conversion

| Proposed Developer Contribution for Redevelopment Sites 1-10 and 530 First Street Project Excluding Montgomery Street Conversion | |
|---|-----------------------|
| Total Cost of Improvements | \$10,083,528.00 |
| City Match | \$5,041,764.00 |
| Catalyst Project (530 First Street) | |
| Proposed Developer Contribution/SF ⁸ | \$2.30 ⁹ |
| Applicable Total SF | 239,726 ¹⁰ |
| Subtotal | \$551,369.80 |
| Non Catalyst Projects (Development Sites 1-10) | |
| Proposed Developer Contribution/SF ⁸ | \$6.32 ⁹ |
| Applicable Total SF | 710,196 ¹¹ |
| Subtotal | \$4,790,394.20 |
| | |
| Total Developer Contribution | \$5,041,764.00 |

⁸ Developer contributions will be paid prior to the release of the first certificate of occupancy permit.

⁹ The funding formula is subject to an escalation clause equivalent to the CPI for all Urban Consumers (CPI-U) Washington-Baltimore adjusted annually *on* January 1, starting *on* January 1, 2018; Developer contributions will be paid prior to the release of the first certificate of occupancy permit.

¹⁰ 530 First Street Square footage based on approved CDD #25

¹¹ Total square footage is based on the development summary tables in the Old Town North Small Area Plan and Table 1 in this report. Actual square footage achieved through rezoning may differ based on development special use permit applications.

c. Former Power Plant Site (Redevelopment Site 12)

The proposed contribution for the former power plant site is based on the total cost of improvements as outlined in Table 2 divided by the total square footage recommended for the site in the Plan. This results in a per square foot contribution of \$10.03 as provided in Table 4. This is intended to establish a base contribution for the former power plant site to fund the necessary open space improvements, with the understanding that additional contributions (for example contributions towards traffic and sewer mitigation, etc.) may be required as part of the future CDD zoning and special use permit for the site(s).

Table 4 – Proposed Developer Contribution for Former Power Plant Site

| Proposed Developer Contributions for Former Power Plant Site | |
|---|--------------|
| Total Cost of Improvements | \$21,560,000 |
| Applicable Total SF ¹² | 2,150,000 |
| Proposed Developer Contribution/SF ¹³ | \$10.03 |

Based on the total cost estimates and total amount of additional square footage discussed above, staff recommends a developer “fair share contribution” to implement the improvements identified in the Plan as shown in Table 5, below. A “credit” may be given to development proposals that provide in-kind improvements to one or more of the public amenities identified in this report. Consistent with previous implementation funds, the developer contribution rate will be adjusted for inflation annually based upon the Consumer Price Index for all Urban Consumers (CPI-U) for the Washington-Baltimore area.

Table 5: Proposed Developer Contribution Formula¹⁴ (With and without Montgomery St.)

| Site | Proposed Developer Contribution / SF |
|--|---|
| Redevelopment Sites 1-10 (Including Montgomery Street Conversion) | \$7.99 |
| Redevelopment Sites 1-10 (Excluding Montgomery Street Conversion) | \$6.32 |
| 530 First Street (Including Montgomery Street Conversion) | \$3.00 |
| 530 First Street (Excluding Montgomery Street Conversion) | \$2.30 |
| Former Power Plant Site | \$10.03 |

¹² Total square footage is based on the development summary tables in the Old Town North Small Area Plan and Table 1 in this report. Actual square footage achieved through rezoning may differ based on development special use permit applications.

¹³ Developer contributions will be paid prior to the release of the first certificate of occupancy permit.

¹⁴ The funding formula is subject to an escalation clause equivalent to the CPI for all Urban Consumers (CPI-U) Washington-Baltimore adjusted annually **on** January 1, starting **on** January 1, 2018; Developer contributions will be paid prior to the release of the first certificate of occupancy permit.

IV. STAKEHOLDER OUTREACH

Staff held meetings with property owners and their representatives to provide information and follow-up regarding the process for establishing the developer contribution formulas, answer questions, and garner feedback.

In the case of redevelopment sites such as Crowne Plaza and Craddock, stakeholders asked whether improvements implemented through redevelopment can count as credit towards their contribution. Staff has explained that a credit may be given to development proposals that provide in-kind improvements to one or more of the public amenities recommended in the Plan and described in this report if improvements are designed and implemented as intended in the Old Town North Small Area Plan. An example of this would be if the Crowne Plaza site constructs and improves the Linear Park adjacent to their site. Standard improvements expected as part of redevelopment, such as utility undergrounding or other site related improvements would not be credited.

V. FISCAL IMPACT

The developer contribution formula is estimated to generate up to \$27,951,764 (in 2018 dollars) to enable the implementation of the Old Town North Small Area Plan. Over time, and subject to competition for City capital funding in its annual Capital Improvement Program (CIP) process and competition for grant and other comparable funding sources, the City may also fund streetscape improvements over the anticipated 20 to 25-year life of the Plan.

VI. STAFF RECOMMENDATION

Staff recommends approval of the creation of the Old Town North Streetscape and Open Space Fund and the applicable developer contribution formulas subject to Table 6 and all applicable codes and ordinances. In the event the conversion of Montgomery Street is not supported by City Council, the developer contribution rate for Redevelopment Sites 1-10 will be reduced from \$7.99 to \$6.32 and for the 530 First Street project from \$3.00 to \$2.30 in 2018 dollars.

Old Town North Small Area Plan Implementation Fund and
Developer Contributions Policy

Table 6 – Recommended Developer Contribution Formula¹⁵ (With and without Montgomery St.)

| Site | Developer Contribution/SF |
|--|---------------------------|
| Redevelopment Sites 1-10 (Including Montgomery Street Conversion) | \$7.99 |
| Redevelopment Sites 1-10 (Excluding Montgomery Street Conversion) | \$6.32 |
| 530 First Street (Including Montgomery Street Conversion) | \$3.00 |
| 530 First Street (Excluding Montgomery Street Conversion) | \$2.30 |
| Former Power Plant Site | \$10.03 |

¹⁵ The funding formula is subject to an escalation clause equivalent to the CPI for all Urban Consumers (CPI-U) Washington-Baltimore adjusted annually *on* January 1, starting *on* January 1, 2018; Developer contributions will be paid prior to the release of the first certificate of occupancy permit.