



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 1, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES F. PARAION, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on First Reading of an Ordinance Authorizing the Disposition and Sale of City Vacant Land Located at 3700 Mount Vernon Avenue to the Alexandria Housing Development Corporation, and Request for Public Hearing, Second Reading and Final Passage.

ISSUE: Disposition and sale of a vacant City parcel, currently used as a public parking lot, located at 3700 Mount Vernon Avenue, to the Alexandria Housing Development Corporation (AHDC) to enable affordable housing development.

RECOMMENDATION: That City Council receive the attached land sale Ordinance on first reading and schedule it for second reading, public hearing, and final passage on February 12, 2022.

BACKGROUND: The City owns land, characterized as vacant land in Alexandria's tax records, located at 3700 Mount Vernon Avenue (Attachment 1). A portion of the parcel is paved, and currently offers surface parking at no cost to the public. The site was formerly owned by the Datatel Corporation, and the City acquired the property and demolished the building on it in 2002, with public parking provided as an interim use, pending redevelopment. The parcel was included as part of a property inventory study received by City Council at its legislative meeting on May 26, 2009, that was compiled by consultant firm, Jones Lang LaSalle (JLL), to identify City-owned real estate for potential disposition, sale, and (re) development. Regarding 3700 Mount Vernon Avenue, the JLL report recommended that City Council, "Revisit in the future. Property likely to become more valuable with denser development. Market studies show that this area has not yet developed to the point where it could support a denser development."

As envisioned in the 2009 report, and consistent with the newly-adopted Alexandria Chirilagua Plan Update, the City's parcel at 3700 Mount Vernon Avenue is now proposed to be part of a land assemblage, involving the neighboring, mostly vacant, former Safeway retail center, as well as other adjacent parcels. AHDC will undertake the development of a dense, mixed-use project that will include approximately 475 affordable housing units, as well as a variety of neighborhood-serving commercial spaces. The other properties in the assemblage are privately owned.

DISCUSSION: AHDC has had the opportunity to brief City Council regarding the mixed-use, affordable housing project concept and the proposed land assemblage, including use of the city parcel located at 3700 Mount Vernon Avenue, pursuant to two successful requests for predevelopment funding in September 2020 and May 2021.

AHDC's proposed mixed-use development will be built in multiple phases between 2022 to 2026 on a podium above shared underground parking that will serve all future building users. Residential development will consist primarily of rental housing, affordable to households with incomes ranging up to 40% to 80% of the area median income (AMI); however, one phase is

anticipated to offer approximately 59 multifamily for-sale housing units, probably condominiums, proposed to be affordable to households with incomes up to 80% AMI. Commercial uses will include neighborhood serving retail, potentially including some of the existing small businesses now operating within the boundaries of the proposed assemblage, as well as an affordable day care center, community medical and dental clinics, and flex space for various City agencies, as well as nonprofit administrative and program spaces.

The City's May 2010 real estate disposition policy created a carve out for AHDC, a nonprofit affordable housing development entity created by City Council in 2004, to bypass the typical disposition and sales process in anticipation of the potential use of City properties for affordable housing, when appropriate. The Alexandria 2021 Real Estate Assessment values the City parcel at just over \$1.1 million. AHDC has estimated its market value at \$1.75 million if the property were privately developed for non-affordable purposes.

For the City to buy or sell property, the City Planning Commission considers, per Section 9.06 of the City Charter, if such a transaction is consistent with the City's Master Plan. The Planning Commission acted on this matter at its meeting on January 4, 2022. Following a public hearing, City Council considered and approved the Mount Vernon-Glebe development on January 22, 2022. As part of the package of support that the City is providing for the AHDC project, and AHDC's upcoming low income housing tax credit application for the first phase of the development, City Council is now asked to approve the attached land sale Ordinance for 3700 Mount Vernon Avenue (Attachment 3).

It has been the City's policy to apply proceeds from the sale of City surplus land to fund the City's open space land acquisition fund which is used to acquire additional land for open space creation or preservation. AHDC has asked that the City accept a nominal fee (\$10) for 3700 Mount Vernon Avenue parcel in recognition of AHDC's substantial planned investment to create public accessible open space as part of the development. An improved interior space that spans the ground level of the property will be secured with a public park easement (Attachment 4), along with improvements to a property that AHDC expects to purchase for the assemblage located at 3608 Mount Vernon Avenue. Assuming AHDC completes its acquisition of 3608 Mount Vernon, Condition 14 of the Development Special Use Permit requires that, following completion of all utility work with in the 3608 parcel, AHDC improve it with a public playground and dedicate the parcel to the City as another publicly accessible open space (Attachment 5). AHDC's budget to acquire, design, and develop this second parcel consistent with the development conditions is projected to cost the nonprofit developer \$1.5 million. AHDC believes that these dedications and exchanges of land improved for open space and recreational purposes meet the spirit and intent of the City policy and substantially exceed the alternative monetary value of a contribution to the open space fund if the nonprofit were required to acquire it at its assessed or market values.

FISCAL IMPACT: Proceeds from sale of the City parcel will be nominal in exchange for value of improved open space to be dedicated by AHDC to the City for public purposes and use.

ATTACHMENTS:

1. Aerial view of AHDC land assemblage, with City parcel marked as "3"
2. Cover Sheet
3. Ordinance Approving and Authorizing the Sale of Property Owned by the City At 3700 Mount Vernon Avenue to the Alexandria Housing Development Corporation
4. Rendering of courtyard open space to be dedicated as a public park easement
5. Rendering of 3608 Mount Vernon Avenue Parcel as Playground and Park

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