

## **The Mayors Business Council 2008 Excellence in Public/Private Partnership Award**

### ***An Innovative Collaboration between the City of Alexandria, Virginia, and Potomac Yard Development, LLC, Yields a New Fire Station with Affordable and Workforce Rental Housing Above, While Meeting an Expedited Development Schedule***

When national home builders Pulte and Centex joined forces in late 2004 as Potomac Yard Development, LLC (PYD) in order to acquire and redevelop a 167- acre tract along Route 1 in Alexandria, they hoped to take advantage of Northern Virginia's very hot housing market by designing dense residential neighborhoods which would revitalize and transform the former regional rail center into a walkable urban village, and complement the future mixed-use development planned for other parts of the site, including office, retail, commercial and hotel space, as well as a town center, all proximate to multiple transportation modes. The City of Alexandria, with a great deal of community input, had spent nearly a decade articulating its vision for Potomac Yard so efficiently developing plans that conformed to the City's detailed preliminary concept seemed relatively straightforward to PYD--in fact, PYD hoped to create a residential design template that could be replicated, with minor revisions, throughout the Yard.

However, by the spring of 2006, when Alexandria City staff was reviewing PYD's initial submission, with three- and four-story townhomes and urban loft structures, it became apparent that the desired layout and size of the proposed development, with minimal building set-backs and narrow streets and alleys, would likely present challenges to the City's emergency services delivery system. In order to preserve the City's planned urban design concept and maintain its own phased development schedule, PYD offered a creative solution to improve response time for the large emergency vehicles that might need to navigate the Yard one day when it was built out: PYD would provide a parcel of land adjacent to the first neighborhood, as well as \$6.6 million, to construct Alexandria's first new fire station facility in more than 30 years. In subsequent meetings to discuss this proposal, City staff and PYD's project team collectively brainstormed a range of options to further maximize the use of the land being donated for the fire station, with the group jointly designing an innovative mixed-use structure that would combine first floor municipal use and a small retail element, with a four-story residential component above, containing 64 apartments. Between PYD and the City, it was agreed that \$6 million of the total \$10 million voluntary affordable housing trust fund contribution already proffered by PYD, should be used toward development of the residential facility, since these funds could be leveraged with other sources, such as low income housing tax credits and conventional financing, to produce 44 long term affordable rental units, and 20 apartments with rents affordable to the those working in the City, including first responders and teachers. Residents, fire personnel and retail customers would share two levels of parking below the building.

Once the economic feasibility of the project was confirmed, throughout the summer and early fall of 2006 the "Potomac Yard Fire Station-Affordable Housing" project concept was extensively vetted with the public at community meetings attended by City staff and members of PYD's project team. As a result of more than a dozen weekly outreach and information sessions, the project was unanimously endorsed by a mayor-appointed citizen task force in September. At the City's option, a fourth bay was added to the state-of-the-art fire station to accommodate an expanded stock of emergency and HAZMAT equipment gained by the City after 9/11 and in anticipation of future Fire and EMS departmental needs. The City agreed to supplement funding for the

fourth bay and for added costs associated with the fire facility achieving LEED certification. (The Leadership in Energy and Environmental Design/LEED Green Building Rating system is the nationally accepted benchmark for the design, construction and operation of high performance green buildings). Working closely together, even when the combined project team at weekly meetings numbered more than thirty persons, the City and PYD met every milestone required— by PYD’s development schedule and by the state’s competitive application process to obtain tax credit financing— during an expedited development review and approval process. Due to the diligence and commitment of the City-PYD team in identifying and working through all challenges and issues together, the complex project was enthusiastically, and unanimously, approved by both Alexandria’s Planning Commission and City Council in February, 2007.

In March, 2007, the Alexandria Housing Development Corporation (AHDC), a nonprofit housing entity designated by the City to develop, finance, own, operate and manage the residential portion of the project, and to maintain it as long term affordable rental housing, submitted a successful application for low income housing tax credits, and was awarded more than \$10 million in tax credit equity by the Virginia Housing Development Authority (VHDA), the state’s housing finance agency. Beside tax credit equity and the developer’s contribution, the balance of project financing required to construct the housing facility and first floor retail space will be provided through below-market mixed-use, mixed-income loans also secured from VHDA. In addition to AHDC, the City-PYD team has expanded to include multiple legal, design and construction professionals all committed to getting the project structured, engineered, built, commissioned and occupied, by December 31, 2009. Currently, construction is anticipated to start in mid-October.

While site control of the parcel and most of the day-to-day development responsibilities for The Station at Potomac Yard have now been conveyed by PYD to Alexandria Station, LLC, a special purpose entity comprised of the City and AHDC, to develop and construct “The Station at Potomac Yard”, the City’s successful collaboration with PYD continues to transform the Potomac Yard site. Among many other things, PYD is providing a number of significant upgrades and improvements to the City’s infrastructure, including construction of a new Monroe Avenue Bridge to more directly link Alexandria’s Old Town area with Crystal City in Arlington and improve traffic flow. Through a staffing agreement executed by the parties, dedicated staff are available to review plans as submitted, conduct inspections, and to facilitate other development processes, as needed, to help PYD maintain its multiphase building program. When fully redeveloped by PYD, the enhanced real estate values and personal property taxes generated from residents, combined with consumer and business tax revenues derived from increased economic development activities within the Yard are projected to yield more than \$17 million in new annual tax revenues for the City. PYD’s realization of the City’s vision of a vibrant urban village will likely provide new opportunities for substantial improvements to the existing public transportation/commuting systems, including bus rapid transit and perhaps, even a metro station within the Yard to serve residents and businesses.

The productive partnership between the City of Alexandria and PYD, forged through creation of The Station at Potomac Yard project, has achieved extraordinary results which benefit the whole community by enhancing public safety, meeting critical needs for new infrastructure and affordable housing, and by providing an excellent example of Smart Growth. In maximizing the use of donated land, incorporating green building design and principles in all components of the building, and in combining uses, including affordable housing close to shopping, amenities and public transportation, The Station is an outstanding model of sustainable design, construction and livability that Alexandria hopes to replicate again, possibly through other public-private collaborations.