DATE: July 11, 2006

SUBJECT: Consideration of the Memorandum of Understanding (MOU) with Owners of the Buckingham Villages 1, 2 and 3.

C.M. RECOMMENDATION:

Approve the attached Memorandum Of Understanding (MOU) and authorize the Chairman to sign it on behalf of Arlington County.

SUMMARY: The recommendation requests that the County enter into a Memorandum of Understanding (MOU) with 4319 North Pershing Drive Apartment Investors LLC (the owners of Buckingham Villages) to participate in a process that results in a redevelopment plan for Villages 1, 2 and 3 in the Buckingham community. The redevelopment plan will attempt to address four objectives:

- Preservation of as much affordable housing as possible within Buckingham Villages 1, 2, and 3 or in the immediate neighborhood, including Ballston Park; with a goal of no less than 300 committed affordable units;
- The ability of people who currently live in Buckingham Villages 1, 2 and 3 to continue to live in Buckingham Villages or in the immediate neighborhood, including Ballston Park;
- The historic preservation of Buckingham Village 3 and historically sensitive redevelopment of the other Villages 1 and 2; and,
- The incorporation of land values that approximate what could be achieved under by-right development.

Paradigm, the County and the community shall work for the period of the MOU (between now and March 1, 2007) in a good faith effort to craft a redevelopment plan that meets the above objectives

A companion report on the County Board’s July 12, 2006 agenda relates to the consideration of historic designation of Villages 1, 2 and 3 either as a landmark or local historic district under the County’s Zoning Ordinance.

DISCUSSION: The complex was acquired in the early 1990s by a partnership including the Paradigm Companies and UBS. Early in 2006, the owners determined that renovation of the property was not economically feasible, and proposed the redevelopment of the entire site that
would have resulted in the removal of all the existing historic buildings and a majority of the historic landscaping and trees. Villages 1 and 3 were proposed to be redeveloped under a special exception site plan (726 units) and Village 2 was proposed to be redeveloped by-right (69 units). The combined site plan proposal and by-right development could have resulted in up to 212 affordable rental units, but with no guarantee of preserving the existing tenant community or of any historic preservation.

Since Paradigm’s early 2006 site plan redevelopment proposal, the County and the community have engaged Paradigm to come up with an alternative plan that does a better job of meeting multiple community goals and objectives, first and foremost, providing a stronger affordable housing program. This process began in earnest in April and May after meetings of the Historic Arlington Landmarks and Review Board (HALRB) and Planning Commission to consider and recommend landmark designation and/or local historic district designation of Buckingham Villages 1, 2 and 3.

On June 2, 2006, the County Manager and County Board members Chris Zimmerman and Walter Tejada convened an ad-hoc working group that included Paradigm, members of the Save Buckingham Coalition, representatives from the Housing Commission and other housing and tenant advocate groups, tenants living at Buckingham, other community representatives, and staff. The group laid out goals that included the preservation of the existing tenant community; preservation of the affordable and historic housing units; preservation of the garden style design and layout; preservation of the open space and mature tree canopy; and, preservation of the community’s walk-ability and traffic flow. The outcome of the June 2 meeting was the formation of a smaller working group including County Board members Zimmerman and Tejada, the County Manager, representatives of the Housing Commission and HALRB, the Buckingham tenants, the Save Buckingham Coalition, and staff.

From June 14 to July 10, this smaller group met six times to discuss Paradigm’s proposed site plan and by-right redevelopment as well as other alternatives ranging from preserving and renovating all three villages as affordable rental units and other redevelopment scenarios to an all-by-right development (market-rate townhouses). In examining these alternatives, the group reviewed current land use and zoning patterns and regulations, financing mechanisms, including historic and low-income housing tax credits, for affordable housing (both rental and ownership), and other tools to achieve the group’s goals. After synthesizing input from all the interests represented by the group, the County Manager presented a hybrid redevelopment plan that proposed the following:

- Village 1 as part of a site plan of townhouses and affordable rental units (as in Paradigm’s original proposal consisting of 343 units);
- Village 2 as an historically sensitive by-right development (as in Paradigm’s original proposal for 69 townhouses);
- Village 3 as part of a site plan that preserves the buildings and the units as historic and affordable (a decrease in the number of units proposed by Paradigm from 383 to 140).

If achieved, this would result in an increase in affordable units from 212, as proposed, to 292. This number could go higher if other creative solutions are developed, such as seeking additional
affordable units at Historic Ballston Park. It would also result in the historic preservation of Village 3, and would allow Village 2 to move forward as a by-right development of 69 market rate townhouses. The total redevelopment would be reduced from 795 units to 552 units, with a projected County investment of approximately $16 million (or $55,000/unit of affordable housing). The attached Memorandum of Understanding represents the group’s overall agreement to develop a more detailed redevelopment plan for County Board consideration by March, 2007.

CONCLUSION: If Paradigm, the County and the community are successful between now and March, 2007 in creating a mutually satisfactory redevelopment plan for Buckingham Villages 1, 2, and 3, then all parties will have prevented an almost guaranteed loss of over 450 affordable rental units.

FISCAL IMPACT: None.