



# Virginia Square Condominiums

A DEVELOPMENT PROPOSAL

3901 North Fairfax Drive, Arlington, VA



PREPARED FOR MR. ED ELY; PRESIDENT, ELY INVESTMENTS  
MONDAY, APRIL 23<sup>RD</sup>, 2007  
A NORTH CAPITOL DEVELOPMENT PROJECT

APPENDIX B



## ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item  
Meeting of July 10, 2004

DATE July 2, 2004

- SUBJECT:**
- A. Z-2516-04-1 REZONING from "C-2" Service Commercial – Community Business Districts to "C-O-2.5" Commercial Office Building, Hotel and Apartment Districts; premises known as 3901 N. Fairfax Dr. (RPC #14-030-012, -013, -014)
  - B. SP #386 SITE PLAN AMENDMENT approx. approx. 135 dwelling units, ground floor retail, community black box theater, plaza, existing funeral home, with modification of use regulations for density, setbacks, exclusion of community facility space and below grade storage from calculation of GFA; 3901 N. Fairfax Dr. (RPC #14-030-012, -013, -014)

**Applicant:**

TCR Virginia Square Holdings L.C.

**By:**

Timothy Sampson  
Walsh, Colucci, Lubeley, Emrich & Terpak  
2200 Clarendon Boulevard, Suite 1300  
Arlington, VA 22201

**C.M. RECOMMENDATION:**

- A. Approve attached resolution to approve the rezoning request from "C-2" Service Commercial-Community Business Districts to "C-O-2.5" Commercial Office Building, Hotel and Apartment Districts.
- B. Approve the site plan ~~amendment~~ request, with modifications of use regulations for density, exclusion of community facility space and below grade storage from

County Manager: RC/GA

County Attorney: CWK

Staff: Lisa Maher, Planning Division, DCPHD  
Betts Abel, Housing Division, DCPHD  
David Robinson, Planning Division, DPW

51.

calculation of GFA, subject to the conditions in the staff report.

**ISSUES:** None.

**SUMMARY:** The applicant has designed a 12-story residential project consisting of 135 units, 128 MARKET RATE 2,648 square feet of ground floor retail, a black box theater, and a public plaza on the site of the Arlington Funeral Home, in the Virginia Square Metro Station Area. The proposal is consistent with goals and recommendations set forth in the *Virginia Square Sector Plan*. The proposed site plan is also consistent with the subject site's General Land Use Plan designation and with the proposed zoning designation for the site. The applicant has agreed to a number of improvements around and adjacent to the site to improve the pedestrian experience in the area. In addition, the applicant has proposed to provide a black box theater and a public plaza as recommended in the *Virginia Square Sector Plan*. The black box theater would be controlled by the County, and would be operated and used by local theater groups that currently need space. The applicant has requested additional density of 10% of the residential units and 0.25 FAR on the site's commercial density for provision of the theater, which meets the Zoning Ordinance requirement for this amount of additional density. The applicant has also agreed to provide seven on site affordable housing units, for a total of 15% additional residential density, which is another goal of the Sector Plan and of the County as a whole. While the proposed parking and loading access design is not ideal, its location is consistent with Sector Plan recommendations, existing and future vehicular and pedestrian traffic should remain relatively low on North Pollard Street, and the applicant has designed measures to minimize driveway widths and provide pedestrian refuges between the driveways. In addition, the proposed building's taper toward Central Library is less extensive than envisioned in the *Virginia Square Sector Plan*. However, the proposed project, overall, substantially meets the goals and recommendations in the *Sector Plan*, and the proposal includes many significant community amenities, including a fully finished theater, a public plaza in the preferred location, and a significant affordable housing package. Therefore, staff recommends that the County Board approve the attached rezoning resolution and the proposed site plan, with modifications of use regulations for density, exclusion of community facility space and below grade storage from calculation of GFA, subject to the conditions in the staff report.

**BACKGROUND:** The subject site is a block, on the north side of Fairfax Drive, that is currently developed with a funeral home and surface parking. The site is surrounded by the Arlington Central Library parking lot and Quincy Park across 10<sup>th</sup> Street North to the north, by a small commercial building and surface parking to the east across North Pollard Street, by small office buildings and a WMATA cooling tower (a residential site plan has been approved on the site) to the south across Fairfax Drive, and to the west across North Quincy Street by an office building.

The County Board adopted a revised *Virginia Square Sector Plan* in December 2002. That plan included many recommendations both for the Virginia Square Metro Station Area in general and for the subject site specifically. Among the recommendations was an amendment to the site's General Land Use Plan (GLUP) designation from "High-Medium Residential Mixed-Use" to "Medium" Office-Apartment-Hotel. The County Board approved this GLUP amendment in



April 2003. On December 6, 2003, the County Board denied a site plan for this site and accepted a withdrawal of a rezoning request.

**The following provides additional information about the site and location:**

Site: The roughly rectangular subject site comprises **45,508 square feet (1.04 acres)**. The Arlington Funeral Home and a large surface parking lot currently occupy the site. Uses adjacent to the site include the following:

To the north:	Arlington Central Library
To the east:	An office building and surface parking
To the west:	A highrise office building
To the south:	Small office buildings and WMATA cooling tower—a highrise residential site plan has been approved on the site

Zoning: "C-2" Service Commercial – Community Business Districts

Land Use: "Medium" Office-Apartment-Hotel

Neighborhood: Ballston-Virginia Square Civic Association, Ballston-Virginia Square Partnership

	Density Allowed By-Right	Maximum Development
Existing Zoning: "C-2"	1.5 FAR office/retail; or 7.26 units/acre residential	68,262 s.f. office/commercial; or 7 residential units
Proposed Zoning: "C-O-2.5"	By-right: 0.6 FAR office/retail; or single family residential at 7.26 units/acre By site plan: 2.5 FAR office/retail; or 115 units/acre residential; or 180 hotel rooms/acre	By site plan: 113,770 s.f. office/commercial; or 120 residential units; or 188 hotel rooms

**Proposed Development:** The following table sets forth the statistical summary for the project.

Site Area	45,508 s.f. (1.045 acres)
Allocated to Office	3,636.4 s.f.
Allocated to Retail	963.1 s.f.
Allocated to Residential	40,908.5 s.f. (0.939 acres)

<b>Density</b>	
<b>Total Space</b>	
Office (funeral home) GFA	10,000 s.f. <sup>1</sup>
(Max. permitted office GFA)	9,091 s.f.
Retail GFA	2,648 s.f.
(Max. permitted retail GFA)	2,408 s.f.
Residential Units (includes 25% res. bonus)	135
(Max. permitted residential units)	108
Cultural Facility GFA	8,193 s.f.
<b>FAR/Units per acre</b>	
Office (fun. home) FAR (incl. 0.25 FAR bonus)	2.75
(Max. permitted office FAR)	2.5
Retail (incl. 0.25 FAR bonus)	2.75
(Max. permitted retail FAR)	2.5
Residential units/acre (incl. 25% bonus)	143.75
(Max. permitted res. units/acre)	115 units/acre
Cultural Facility FAR	Request to exclude
<b>Height</b>	
Average site elevation	262 feet ASL
Main roof elevation	387 feet ASL
Height in feet to main roof	125 feet
Penthouse height	10 feet
Office height (funeral home)	2 stories
Residential height	12 stories
(Maximum height permitted in "C-O-2.5")	12 stories
(Max. permitted per Va. Square Sector Plan)	12 stories or 125 feet
(Max. penthouse height per Va. Sq. Sector Plan)	16 feet
Cultural Facility	Within building
<b>Parking</b>	
Total parking spaces (including tandem)	226
Total direct access spaces	225
Total Residential (direct access)	152
Total Non-residential parking (direct access) <sup>2</sup>	73
Total B1 level (including tandem)	74
(Min. by-right funeral home requirement)	120 by right <sup>3</sup>
(Min. by-right retail requirement)	5

<sup>1</sup> Excludes 1,002 s.f. of basement space in funeral home requested by applicant.

<sup>2</sup> Non-residential parking, on the B1 level, includes access to all spaces for the funeral home, shared with a minimum of 25 spaces for the theater, and a varying number, generally from approximately 38 to 64 spaces, for the retail space and the public, except for several hours, approximately 35 times per year, during peak funeral home use.

<sup>3</sup> The funeral home is currently subject to use permit approval that includes a requirement for 17 parking spaces.

(Min. by-right residential requirement)	152
(Min. by-right theater requirement)	25
<b>Parking Ratio (based on direct access spaces)</b>	
Office	1 sp./82 s.f. chapel or parlor area
Retail	Shared with other uses
Residential	1.126 spaces/unit
Cultural facility	25 sp./75 seats
(By-right funeral home parking ratio)	1 sp./50 s.f. chapel or parlor area
(By-right retail parking ratio)	1 sp./580 s.f.
(By-right residential parking ratio)	1.125 spaces/unit
(By-right theater parking ratio)	25 sp./75 seats
<b>Compact Ratio (based on direct access spaces)</b>	8.9%
(Maximum by-right compact ratio)	15%
<b>Coverage</b>	55%
<b>LEED Score</b>	21

**Density and Uses:** The applicant proposes to construct a highrise residential building incorporating a cultural facility, to house a black box theater and associated spaces, and ground floor retail, on the approximately rectangular subject site. The project would have a total of 135 residential units, 2,648 square feet of retail space, and the existing funeral home, located on the southeast corner of the block, which would remain. The applicant has requested 10% additional density on the residential units and 0.25 FAR on the commercial density, for provision of the theater, amounts that the County Board may approve according to Section 36.H.5.d. of the Zoning Ordinance. The applicant has also requested an additional 15% of residential density for the provision of affordable housing, for an overall total residential bonus of 25%. The project would have below ground parking to serve all the uses, and the height of the new building would be 12 stories and 125 feet.

**Site and Design:** The proposed "L" shaped highrise building would wrap around the existing funeral home at the southeast corner of the subject site, extending east along the central and eastern frontage of 10<sup>th</sup> Street North and south through the middle of the site. This would leave approximately ~~one-third of the site, oriented north-south along North Quincy Street, as open space.~~ The cultural facility (black box theater) would be located in the southwest and central portion of the ground floor of the proposed building, with frontage along Fairfax Drive and the elevation facing North Quincy Street. Adjacent to the theater to the east would be a retail/gallery space, and additional ground floor retail would be located just north of the theater on the elevation facing North Quincy Street. The open space would be designed as a public plaza, as recommended in the Virginia Square Sector Plan. The proposed residential building would be 12 stories and 125 feet high. The main residential entrance would be located at the northwest corner

of the building on 10<sup>th</sup> Street North facing the open space. The theater entrance would be at the southwest corner of the site on Fairfax Drive facing the open space. The facades of the building would be two colors of brick, with precast elements on the base and top sections of the building, and metal accents. A circular architectural feature would be located on the roof at the southwest corner of the building, above the theater entrance.

All parking and loading entrances would be accessed from North Pollard Street, as described in the Parking section below.

The proposed black box theater would accommodate up to 75 seats and would be built out by the applicant. The applicant has met with Cultural Affairs staff to ensure that the theater design would be appropriate for the intended small theater groups that would use it. Cultural Affairs staff has also discussed potential mechanisms for deciding which groups would be able to use the theater and how it would be operated without County funds.

**LEED Scorecard:** The applicant commits to achieving 21 LEED points in the proposed project. Condition #69 addresses the applicant's LEED scorecard and implementation of "green building" measures in the proposed project.

**Transportation:** The Master Transportation Plan – Part 1 classifies 10<sup>th</sup> Street North and North Pollard Street as neighborhood minor streets and North Quincy Street and Fairfax Drive as minor arterials. Adjacent to the site, Fairfax Drive provides two lanes in each direction, while North Quincy Street, 10<sup>th</sup> Street North, and North Pollard Street all provide one travel lane in each direction. On-street curb lane parking is currently allowed along both sides of 10<sup>th</sup> Street North and Fairfax Drive, and on the east side of North Pollard Street. Parking is currently prohibited along both sides of North Quincy Street adjacent to the site.

**Trip Generation:** A Traffic Impact Analysis (TIA) was prepared by a transportation consultant for the applicant to assess the impacts of the development on the adjacent street system. Future intersection Levels of Service (LOS) were evaluated for the weekday morning and evening peak hours for several intersections near the site. The subject residential building was estimated to generate approximately 21 AM and 29 PM peak hour vehicle trips, based on Institute of Transportation Engineers (ITE) Trip Generation Manual (6<sup>th</sup> Edition). The TIA found that all intersections would continue to provide an acceptable level of service in the future with the exception of the intersection of Fairfax Drive and North Quincy Street which is forecast to operate at LOS F. The intersection is currently operating at LOS F, and the impact of the proposed development is minimal.

**Parking:** The *Virginia Square Sector Plan* for the subject block recommends that all driveway entrances be located off of North Pollard Street. Together with the retention of the funeral home on the site and its requirement for a separate garage entrance to the first parking level (B-1) for funeral services and vehicle queuing for the funeral processions, the applicant proposes a second garage entrance for the residential building (B-2 and B-3 levels) and a third entrance for the project's loading dock. This results in an overall curb cut of approximately 60 feet in length

toward the northern end of North Pollard Street. Staff and the applicant have reviewed several alternative designs that are not desirable from either a public safety or funeral home operations perspective. The applicant is revising the plans to minimize the width of the travel lanes (ingress and egress) for the two garage ramps and the width of the loading dock to enhance pedestrian safety and embellish the appearance of the garage doors. Staff recommends that the applicant provide the loading dock entrance directly to the street between the two garage driveways to minimize street conflicts from traffic entering and exiting the garage. In addition, staff recommends that the applicant minimize the garage driveway and entrance widths to 18 feet each and provide a 12 foot wide loading dock driveway and entrance. Further, staff recommends that the applicant provide a minimum sidewalk pedestrian refuge between the loading driveway and each garage driveway of three feet.

The applicant proposes to provide 226 parking spaces on three levels below grade for the mixed use development. One of these spaces would be tandem. The first level of below grade parking would provide 74 parking spaces for the funeral home, the theater, the retail space, and for the public, including the tandem space. A minimum of 25 spaces would be allocated to theater use during times of theater performances. The applicant estimates that, based on past experience, the funeral home would need to use the entire top level of the garage approximately 35 times per year, precluding its availability for other uses, during which times signage would be provided to inform other potential users and to direct patrons to other nearby parking facilities. 152 residential parking spaces are located on the second and third parking levels, providing a parking ratio of 1.125 spaces per dwelling unit. The parking would include 20 compact spaces, for a compact ratio of 8.9%, compared to 15% permitted by right.

Streets: Fairfax Drive is currently constructed to a width of approximately 82 feet, to provide a four-lane street divided with a ten-foot wide median, with five-foot wide on-street bicycle lanes and on-street parking in both directions. No changes are proposed to the Fairfax Drive cross-section.

North Quincy Street is currently constructed to a width of approximately 51 feet between face of curbs, providing two southbound and one northbound travel lanes. On-street parking is currently prohibited along both sides of North Quincy Street adjacent to the site frontage. The northbound travel lane is approximately 19 feet wide and provides the transition from the two through lanes through the Fairfax Drive intersection to the single through lane approaching the 10<sup>th</sup> Street intersection. The southbound approach to Fairfax Drive similarly widens from a single southbound travel lane through the 10<sup>th</sup> Street intersection and widening to provide two southbound approach lanes (left/through lane, through/right turn lane) and a curb no parking lane for loading, deliveries, etc.. The curb to curb width of North Quincy Street would remain at 51 feet, however the travel ways would be narrowed to allow on-street parking along both sides of the street, with a northbound bike lane. The travel way would provide for a single northbound lane, and two southbound lanes providing for a separate left turn lane and a through/right turn lane. The proposed streetscape improvements also include the construction of curb extensions (nubs) on both sides of North Quincy Street at Fairfax Drive, as well as on the east side of North Quincy Street at 10<sup>th</sup> Street North.



The current width of 10<sup>th</sup> Street North is 36 feet, which provides one travel lane, and on-street parking, in each direction. The applicant has proposed to narrow 10<sup>th</sup> Street North by approximately 8-inches to provide a 13.67-foot-wide streetscape section along the site frontage. Staff supports this proposal, which would leave sufficient width for the current uses of the street.

North Pollard Street is currently 27 feet wide and provides one travel lane in each direction, with on-street parking on the east side of the street. There are no proposed changes to this roadway.

Transportation Demand Management (TDM) Program: Under this proposal the applicant would implement the TDM strategies that are briefly summarized below and detailed in the site plan condition #48:

1. **Transportation Coordinator:** Designate a member of the building management team as the Property Transportation Coordinator, to be a primary point of contact with responsibilities for completing and coordinating TDM obligations. In addition, provide an annual contribution to the County's Commuter Assistance Program (CAP) of \$1,500 per year for a period of ten (10) years.
2. **Transit Information Services:** Distribute transit information by providing a new-resident package to include site-specific transit-related information, mention ways to access Metro in promotional materials and advertisements for the property, provide information as part of the recruiting and employment materials regarding commute options and assistance services available, implement a transit advertising program that will distribute information four times per year to tenants, employees and visitors, and provide opportunities to participate in Ozone Action Days or other regionally sponsored clean air and traffic mitigation promotions.
3. **Parking Strategies:** Implement parking management strategies such as providing a Coordinated Area Parking Plan for both garage and surrounding on-street parking. In addition, provide a Parking Management Plan which includes a description of visitor parking arrangements and management.
4. **Transit Subsidy:** Provide or administer a sustainable commute benefit program for employees of the residential Property, (which program shall include, at a minimum, pre-tax employee contributions and/or at the developer's option, tax-free transit or vanpool contributions of at least \$40 per month) for the duration of the project. No subsidy is proposed for residents.
5. **Provide an opportunity for a car sharing service,** such as Zip Car or FlexCar to have access to no more than one conveniently located parking space located on the 1st level of the parking garage at no cost for two years after issuance of the master certificate of occupancy for the residential building. Thereafter the rate would be at market or at the discretion of the developer.

**Pedestrian Access:** The plan would provide a 20-foot wide sidewalk on Fairfax Drive, a 16-foot wide sidewalk along North Quincy Street, a 13-foot eight-inch wide sidewalk on 10<sup>th</sup> Street North, and a 13-foot wide sidewalk along North Pollard Street. However, the streetscape adjacent to the existing funeral home would be narrower due to the presence of the existing building. If the funeral home building were demolished, the developer would extend the streetscape adjacent to the new construction to complete the block; which may not happen for many years. Streetscape improvements also include:

- Crosswalk nubs along Fairfax Drive, North Quincy Street including the west side, and 10<sup>th</sup> Street North,
- Crosswalks and subsequent curb ramps for all corners of the site, with the exception of the crosswalks across Fairfax Drive, which are being installed by the Quincy Plaza site plan. The crosswalks across 10<sup>th</sup> Street North, would be raised to the level of the adjacent sidewalks to slow traffic next to Quincy Park and Central Library and to provide a connection between the subject site and the library/park.

**Public Transit:** The site is located approximately 1,200 feet east of the Ballston Metrorail Station, part of the Metrorail Orange Line. Metrobus service is also available nearby. Route 38 provides service on Washington Boulevard between Ballston and Farragut Square in the District of Columbia. Route 24 provides service on Wilson Boulevard between the Pentagon and Seven Corners. ART Route 53 provides service on North Quincy Street between the East Falls Church and Ballston Metrorail Stations.

**Bicycle Access:** An existing on-street bicycle route is located on 10<sup>th</sup> Street North adjacent to the site. The trail connects to the Custis Memorial Parkway Trail (I-66) to the north and to Arlington Boulevard and other routes to the south. Existing on-street bicycle lanes are located on Fairfax Drive adjacent to the site.

**Utilities:** Adequate water and sanitary sewer system capacity is available to serve the proposed residential development. To ensure adequate water pressure for fire protection and domestic use, staff recommends that the developer extend the water main off of the existing eight-inch water line in 10<sup>th</sup> Street North. For fire hydrant coverage, the existing fire hydrant located on the northwest corner of the intersection of Fairfax Drive and North Pollard Street needs to be connected to an eight-inch water line. The applicant should abandon the existing six-inch water line located in North Pollard Street, from Fairfax Drive to 10<sup>th</sup> Street North, and replace it with an eight-inch water line, along with all the subsequent appurtenances reconnected to the new line.

The applicant has agreed to remove or place underground all existing aerial utilities within and along the periphery of the site. The applicant also would make a contribution of \$52,236 (\$50,000 x 1.04472 acres) to the Underground Utility Fund.

## **DISCUSSION:**

**Rezoning:** The proposed "C-O-2.5" zoning district is consistent with recommendations for the subject site in the *Virginia Square Sector Plan* and is also consistent with the site's General Land Use Plan designation of "Medium" Office-Apartment-Hotel, which was approved for the site in April 2003 as part of the implementation of *Sector Plan* recommendations.

**Adopted Plans and Policies:** Both the General Land Use Plan and the *Virginia Square Sector Plan* guide development on the subject site.

**General Land Use Plan:** The proposed uses are consistent with the site's General Land Use Plan designation of "Medium" Office-Apartment-Hotel and with the proposed "C-O-2.5" zoning for the site. The proposed density for the project is 143.75 units per acre for the residential development and 2.75 FAR for the commercial development. These densities including additional density of 25% over the base site plan density of 115 residential units per acre and 2.5 FAR for commercial development.

**Virginia Square Sector Plan:** The *Sector Plan* makes a number of recommendations both for the Virginia Square Metro Station Area in general and for the subject site in particular. These goals and recommendations include:

**Overall site/uses:** These include commercial or cultural/educational/recreation, while not prohibiting residential use, as well as a redevelopment plan that addresses the entire site.

**Massing/design/architecture:** These recommendations include a build-to line; base, body, and top; maximum height of 12 stories or 125 feet; varied facades; special roofline/architectural embellishment; building transparency, particularly at the base of the building; multiple entrances; primary entrance on plaza/Fairfax Drive; retail on Fairfax Drive and corners; high quality materials and finishes; all visible elevations designed as fronts; prominent architecture; entrance into Virginia Square; and a building height taper to 10<sup>th</sup> Street North.

**Open Spaces and Urban Plazas:** The recommendations include a Fairfax Drive and North Quincy Street location that creates a connection and visibility from Fairfax Drive to Central Library/Quincy Park, with good pedestrian circulation and a flexible design.

**Streetscape Elements/Streets:** These recommendations include a continuous building edge apart from open space, with openings or breaks in building edge for public uses; standard sidewalk widths, special streetscape elements, and to integrate 10<sup>th</sup> Street North into the project design.

**Parking/Loading:** The *Sector Plan* recommends underground and street parking, minimizing entrances, which should be provided on North Pollard Street; adequate loading access that avoids major pedestrian routes, and opportunities for shared parking

**Community Facility/Public Art:** Recommendations include a cultural or performing arts

facility on site, as well as public art in the gateway site.

The applicant has strived to meet the goals of the *Sector Plan* and has addressed the great majority of the above items. The *Sector Plan* recommendations not met include retention of the funeral home and a significant taper down toward Central Library. The applicant has been able to design a building that meets the height limits recommended by the *Sector Plan* and that provides the public plaza envisioned in the *Plan*.

While the funeral home building does not meet the *Sector Plan*'s vision for massing of the site, the applicant has agreed to upgrade streetscape adjacent to the funeral home and has proposed a new building to replace the funeral home after the funeral home use ends. This replacement building would provide the same floor area as currently exists in the funeral home, while increasing the mass by providing tall floors, for an approximate height of 40 feet. Since this height would rise to the levels of second and third floor residential units that originally would be higher than the existing funeral home building, the proposed design should set the second floor away from these units to provide a minimum 40-foot horizontal separation from any windows in the residential building. The applicant is working to provide this separation and to design an attractive façade treatment of visible residential building walls that will ultimately be obscured by the replacement for the funeral home. The proposed design would be more in keeping with the design of the proposed residential building, and the height would give the impression of substantial height from the perspective of pedestrians. The ultimate buildout of the block would also present a better massing of the block than would be provided by the existing funeral home and would also include standard streetscape design around the entire block. Staff supports this concept.

The applicant has provided a small taper toward Central Library, stepping back the 10<sup>th</sup> Street North elevation by one to four feet at the second floor and an additional eight feet at the 12<sup>th</sup> floor. While this is not a substantial taper, it does break up the mass of the building as it faces Central Library. In concert with the additional design, use, and amenity elements proposed by the applicant, staff supports the design of the project as a whole as being consistent with the *Sector Plan* recommendations.

#### Issues:

Urban Design: The applicant has designed a project that meets many County goals for project design in the metro corridors. In addition to the *Sector Plan* goals and recommendations governing redevelopment of the site generally, the applicant has worked to provide visual interest and convenience to pedestrians, both in the building base and in the project as a whole. The proposed building's ground floor would have major entrances at the two most prominent corners of the building. Additional ground floor entrances would be provided on Fairfax Drive, with retail space and the funeral home, on North Quincy Street with retail space, on 10<sup>th</sup> Street North with two residential unit entrances, and on North Pollard Street with the ceremonial entrance to the funeral home. The project would have articulated facades and a roof line with special treatments at the theater and residential

entrances at the corners of the building. The proposal also includes a public plaza in a location recommended by the *Sector Plan*, with views to Central Library and Quincy Park. The retention of the existing funeral home, which was not contemplated in the *Sector Plan*, has placed constraints on the proposed building in terms of layout and massing of the building and has made the provision of parking and loading entrances, as well as adequate parking, difficult. However, the applicant has worked hard to compensate for these constraints, and has designed a building to replace the funeral home when that use ends. This building would be 40 feet high and would be designed consistently with the residential building design. Staff notes also that while the proposed building does not introduce the extent of tapering toward 10<sup>th</sup> Street North envisioned in the *Sector Plan*, on balance the proposal meets the *Plan*'s urban design goals.

Parking: The proposed parking meets all Zoning Ordinance standards for parking, except for the funeral home, which has a very high by-right parking requirement. Based on the existing funeral home's past experience, the proposed parking will be adequate to accommodate virtually all the funeral home's parking needs. In fact, the variable, and mostly light, parking demand for the funeral home has enabled the applicant to make extensive use of shared parking, with the theater, retail space, and the public sharing the first parking level with the funeral home. While the funeral home's needs may conflict with these other uses on occasion, staff supports the proposed shared parking as an efficient use of parking space that would meet nearly all the non-residential needs of the project, as well as provide significant public parking.

Affordable Housing: The applicant proposes to include committed affordable units (CAFs) in a market-rate project as part of a request for bonus density. The proposed CAFs would consist of a total of 7 units (1 one-bedroom, 2 two-bedroom and 4 three-bedroom units) to be provided out of a total of 16 bonus units. The 7 affordable units have 11,749 gross square feet, while the 9 market-rate bonus units have 11,866 gross square feet, for a 1:1 ratio on a gross square foot basis.

The housing reserve fund (HRF) contribution on the base for this project would be \$185,000 based on the previous percentage of construction cost formula. According to the interim guidelines approved by the County Board on December 6, 2003, the HRF contribution would be \$722,000. The applicant filed a site plan for this site in February 2003, the site plan was denied in December 2003, and this subsequent site plan was filed by the same applicant, with some of the same features, in April 2004. The timeline of this project has spanned three sets of affordable housing guidelines. Because this is, in effect, a transitional project between the various guidelines, the applicant has agreed to a contribution of \$400,000, which represents an intermediate amount.

The applicant's affordable housing plan proposes to offer the CAFs as for-sale condominiums affordable to households at or below 60% of area median family income (MFI). The annual income for households for these units would be \$43,920 to \$57,090. Staff has evaluated the developer's plan to ensure that the plan generally meets or exceeds the



County's guidelines for bonus density based on the zoning ordinance amendment approved by the County Board on October 13, 2001 as follows:

- **Minimum Term** – This will be established for the life of the project by deed covenant for initial and subsequent individual condominium buyers.
- **Eligible Income** – The plan would limit eligibility for purchasing the units to households with incomes at or below 60% of MFI.
- **Sale prices** - prices for all units will be affordable to households with incomes at or below 60% of MFI:

Bedroom Size	No. of Units	Proposed Sale Price	Income Served
1-bedroom	1	\$120,800	60% MFI
2-bedroom	2	\$135,900	60% MFI
3-bedroom	4	\$157,000	60% MFI

- **Unit/bedroom mix** – The plan provides 7 affordable units, with 17 bedrooms.
- **Location** – Affordable units will be dispersed throughout the building.
- **Design and layout** – Affordable units will be architecturally compatible with market rate units. Some flexibility in the level of finishes (i.e., trim, countertops) and sizes may be allowed. Households living in affordable units will have access to all building amenities equal to that of households in market rate units.

The recently approved Virginia Square Sector Plan states: "As new residential projects are proposed, it is expected that at least five percent of those units will be affordable, using existing resources and land use tools." This project is providing 5.2% of the total units and 5.9% of the total gross square feet as affordable, through the use of the bonus density mechanism. The sector plan further states a preference for on-site affordable units and two- and three-bedroom units in new residential development; this project provides six such units.

A deed covenant mechanism, as approved by the County Board on January 10, 2004, will effectively keep the units affordable in perpetuity. The developer, and subsequently each purchaser, will execute and record in the County's land records a deed covenant in favor of the County and assignable to a County-designated nonprofit housing sponsor. The covenant will specify the affordability period, how future appreciation will be calculated, and the resale prices of the units as well as provide for future sales to low and moderate income households. The covenant will address resale, refinancing, rental, foreclosure and related concerns. Additionally, a County deed of trust for the subsidy amount may be recorded on each unit.

Staff supports the developer's affordable housing plan (see Condition #66). The condition includes the following elements:

- **County/Developer Agreement/Affirmative Marketing Plan** – an agreement to all the terms and conditions outlined in the developer's Affordable Housing Plan.

- Affordable Sales Prices/Marketing Period— defines affordable sales prices and the marketing period for the affordable units.

Sales Price Increases and the Compliance Period will be provided in the covenant.

**Modification of Use Regulations:** The applicant has requested modifications of use regulations for; 1) additional density for black box theater; 2) additional density for affordable housing; 3) exclusion of the black box theater GFA from density calculations; and 4) exclusion of basement storage in the funeral home from density calculations.

- 1) **Additional Density for Black Box Theater:** The applicant has requested .25 FAR of additional density on the funeral home and retail space and 10% additional residential density for provision of the black box theater as a community facility. Section 36.H.5.d of the Zoning Ordinance provides additional density "not to exceed .25 floor area ratio (F.A.R.) in an office structure, or ten [10] percent in a motel or apartment structure, providing the county board judges that a contribution to required community facilities has been provided."

The applicant has proposed to provide to the County, as a community facility, a fully fit-out black box theater to justify a request for additional density of 10% on the residential development and 0.25 FAR on the commercial development. This space would be a condominium unit, sold to the County for the nominal price of one dollar, for the life of the project. This theater, designed in conjunction with County Cultural Affairs staff, would accommodate small theater groups that need performance space, and would permit up to 75 seats. Cultural Affairs staff and the applicant have also developed a scope of work to define the construction and fit-out of the space. A scope of work for the theater (attached to this report) and Condition #77 document the agreements and details regarding the black box theater. The *Virginia Square Sector Plan* has, as a goal, the continued development of the Virginia Square Metro Station Area as a cultural and educational center and has identified the subject site as one of two sites on which a cultural facility is recommended. The applicant has worked to provide this amenity for the community, and has designed and located it at the prominent southwest corner of the site, adjacent to the plaza and to Fairfax Drive to provide maximum visibility and access. Parking for nearly all performances would be provided in the first level of the below grade garage, with elevator access to Fairfax Drive. Staff believes that this proposal meets the *Sector Plan's* major goal for this site and supports the theater proposal and the applicant's request for additional density.

- 2) **Additional density for affordable housing:** The applicant has proposed to provide on-site affordable units for 15% additional density. Staff supports the proposal of seven affordable units to nine market rate units, with approximately an even split of GFA between affordable and market rate units, as well as a \$400,000 contribution to the Housing Reserve Fund, as described above and in Condition #66.

- 3) Exclusion of black box theater GFA from density calculations: This space would be provided to meet the Sector Plan recommendation for a cultural facility at this location. This space is proposed for community use and not as an amenity for the project itself. Therefore, staff would support exclusion of the black box theater from density calculations.
- 4) Exclusion of approximately 1,000 square feet of below ground storage in the funeral home from density calculations: Staff generally supports exclusion of below ground storage since it does not generally contribute to the intensity of use of a site. Consistent with this practice, staff would support this requested exclusion.

**Community Process:** The Site Plan Review Committee reviewed the project two times. Many of the site and development issues had been reviewed and discussed previously, with the earlier version of this site plan, which was denied by the County Board in December 2003. The Ballston-Virginia Square Civic Association has reviewed the proposed site plan and has had representation at the Site Plan Review Committee meetings but has not conveyed a formal position to staff. The Ballston-Virginia Square Partnership voted to approve the proposed project at its May 6, 2004 meeting, noting that most of its concerns regarding the earlier proposal have been ameliorated.

**Housing Commission Recommendation:** The Housing Commission reviewed the affordable housing proposal on June 22, 2004. At that time, the proposal was still under discussion between the applicant and staff, and the Commission voted to defer action to the July 8, 2004 meeting.

**Transportation Commission Recommendation:** The Transportation Commission heard this proposal on June 24, 2004. The Commission voted unanimously to approve the proposed site plan with the following recommendations: 1) add a left turn pocket to southbound North Quincy Street, and shift the North Quincy Street sidewalk five feet to the west to accommodate this change, 2) increase the transit subsidy per employee to \$65 per month, and 3) research further the ability to combine the two garage entrances.

**Staff Response:** Staff and the applicant have worked out a plan for North Quincy Street that would accommodate the left turn lane as recommended by the Transportation Commission without requiring a change to the curbs and sidewalks. The applicant has agreed to the increase in the employee transit subsidy, which is reflected in Condition #48. Finally, staff and the applicant evaluated several garage and loading designs as previously discussed in this report but were unable to agree on a design meeting the needs of the applicant and the funeral home. The proposed design minimizes the width of the driveway entrances and provides pedestrian refuges. The garage entry and door designs will also complement the architecture of the building, as required in Condition #80.

**Planning Commission Recommendation:** The Planning Commission voted eight to zero, with one abstention, to recommend approval of the rezoning and site plan requests. The

recommendation included a change to Condition #69, to offer "green" interior finish options to condominium unit purchasers. The applicant has agreed, and this language has been included. The Commission also noted that Condition #77, regarding details of the theater agreement with the County, is being revised. Finally, the applicant agreed to a request, not to be included in the motion to approve the site plan, to change the name of the project so as not to refer to Virginia Square.

**CONCLUSION:** The applicant has worked to design a project that meets nearly all the goals of the *Virginia Square Sector Plan* and is consistent with the existing General Land Use Plan designation and proposed zoning district for the subject site. The proposed project would enliven the street, with ground floor retail on the two most prominent frontages of the site, two major corner entrances for the residential building and a black box theater, and additional entrances on the more minor 10<sup>th</sup> Street North and North Pollard Street. The applicant has agreed to improvements to the adjacent streetscape and streets that would improve the pedestrian experience in the area. In addition, the applicant has proposed to provide the major County goals for this site of a black box theater, a public plaza, and on-site affordable housing. Finally, the applicant has proposed a design for a building that would provide a better design and massing to replace the funeral home building when the existing use ceases. The benefits provided by the proposed project more than compensate for the deficiencies in the project's taper toward 10<sup>th</sup> Street North and garage and loading entrance design. For these reasons among others, the proposed rezoning and site plan would promote and protect the public health, safety, and welfare.

Staff therefore recommends that the County Board adopt the attached resolution to approve the rezoning, and approve the site plan, with modifications of use regulations for additional density and exclusion of the theater and below ground storage from density calculations, subject to the following conditions.

- **The following Conditions of site plan approval (#1 through #12) are valid for the life of the site plan and must be met by the developer before issuance of the Clearing, Grading and Demolition Permit.**

1. The developer (as used in these conditions, the term developer shall mean the owner, the applicant and all successors and assigns) agrees to comply with the standard conditions set forth below and as referenced in Administrative Regulation 4.1 and the revised plans dated June 30, 2004 and reviewed and approved by the County Board and made a part of the public record on July 10, 2004, including all renderings, drawings, and presentation boards presented during public hearings, together with any modifications proposed by the developer and accepted by the County Board or vice versa.

This site plan approval expires three (3) years after the date of County Board approval if a building permit has not been issued for the first building to be constructed pursuant to the approved plan. Extension of this approval shall be at the sole discretion of the County Board. The owner agrees that this discretion shall include a review of this site plan and its conditions for their compliance with then current County policies for land use, zoning and special exception uses. Extension of the site plan is subject to, among other things, inclusion of amended or additional site plan conditions necessary to bring the plan into compliance with then current County policies and standards together with any modifications proposed by the owner and accepted by the County Board or vice versa.

2. The developer agrees to conduct a pre-construction meeting, and to coordinate participation in the pre-construction meeting by relevant County staff, including staff from the Departments of Community Planning, Housing and Development (DCPHD) Planning, Zoning, Inspection Services; Transportation (DOT); Parks, Recreation and Community Resources (DPRCR); Environmental Services (DES) and others as necessary, prior to the issuance of any permits for the site plan. The purpose of the pre-construction meeting is to discuss the requirements of the site plan conditions.
3. **Tree Protection and Replacement**
  - a. The developer agrees to complete a tree survey, which shows existing conditions of the site and locates and identifies all trees which are consistent with the Tree Replacement Guidelines. The survey shall include any tree on adjacent sites whose dripline extends onto the subject site.
  - b. The developer agrees to file and implement a tree protection plan for any trees proposed to be saved by the developer or specified to be saved by the approved site plan and shown on any filing in connection with this case. This plan shall include any tree on adjacent sites whose dripline extends onto the subject site. The tree protection plan shall be developed by a certified arborist or other horticultural professional with a demonstrated expertise in tree protection techniques on urban sites and shall be submitted and approved, and found by the



County Manager or his designee to meet the requirements of this site plan, before the issuance of the Clearing, Grading and Demolition Permit. At a minimum, this plan shall include:

- (1) A site grading plan at two (2) foot intervals, including the location of all proposed improvements and utilities.
- (2) Detailed specifications for any tree walls or wells proposed.
- (3) A description of how and where building materials and equipment will be stored during construction to ensure that no compaction occurs within the critical root zone of the trees to be saved.
- (4) Identification of tree protection measures and delineation of placement of tree protection.
- (5) Any tree which is 30% or more dead as determined by the County's Urban Forester shall be removed and replaced by the developer at his expense with the number of major deciduous and evergreen trees consistent with the Tree Replacement Guidelines and which meet the minimum size and other requirements of Condition #14 below.

c. The developer also agrees to replace all trees, as shown on the Tree Survey, that are removed as a result of the new construction in accordance with the Arlington County Tree Replacement Guidelines. The developer agrees to submit tree replacement calculations and a tree replacement plan in accordance with the Arlington County Tree Replacement Guidelines. The tree replacement calculations shall be developed by a certified arborist or other horticultural professional with a demonstrated expertise in assessing the condition of trees. Any replacement trees shall conform to the standards and specifications set forth in Condition #14a below and shall be installed on the project site or on County-owned land, determined by the County Manager or his designee. The developer agrees to submit and obtain approval of this plan by the County Manager or his designee as part of the final site development and landscape plan.

4. The developer agrees to produce a photographic record of development, starting with a record of the site as it appears before demolition is begun, including photographic records during construction, and ending with a photographic record of the development as it appears after completion of construction. These photographs shall comply with the following specifications:

All photographic records shall be taken using black and white film. Submission of a photo contact sheet and 8" x 10" prints on photographic paper shall be the minimum acceptable standard. Color photographs on compact disc must be submitted in addition to

black and white photographs and the photo contact sheet at the end of the project prior to the issuance of the Master Certificate of Occupancy.

The photographic record shall include the following:

- a. Before Clearing, Grading and Demolition of the site (shall be submitted before issuance of the Clearing, Grading and Demolition Permit)—Views of north, south, east and west facades, as location permits, of buildings to be demolished, as well as at least one photo of the site before any clearing or grading including the existing physical relationship with adjacent buildings and streets. The photographic record shall also include all historic aspects of the facades of the building to be demolished, consistent with the requirements described in Condition #51 below.
- b. Site Clearance (shall be submitted before issuance of the Footing to Grade Permit)—Views of cleared site facing north, south, east and west, as location permits, with adjacent buildings and streets included.
- c. Construction Phase (shall be submitted before issuance of the Shell and Core Certificate of Occupancy Permit)—At a minimum, views of the site: during excavation, upon completion of the first floor above grade, at topping out, and during the exterior cladding phase.
- d. Site Completion (shall be submitted before issuance of the Master Certificate of Occupancy)—North, south, east and west facades of completed building or buildings, as well as at least one view of completed project in context of adjacent buildings and streets.

The photographic record of the site as it appears before demolition shall be delivered to the Zoning Administrator prior to the issuance of a clearing, grading or demolition permit. The remaining records, including the completed compact disc with the entire photographic history, shall be delivered to the Zoning Administrator, before the issuance of a Master Certificate of Occupancy, for placement in the County archives.

If the developer uses the "Fast Track" Permit Process, the Site Clearance and Construction Phase photographs shall be submitted before the issuance of the Footing to Grade Structure Permit, or the first Building Permit, whichever comes first. The Construction Phase photographs, showing any construction to grade, shall be submitted before the Final Building Permit. The Construction Phase photographs showing all construction above grade and the Site Completion Photographs and completed compact disc showing the entire photographic history of the site shall be submitted before issuance of the Master Certificate of Occupancy.

5. In addition to funding and constructing the utility undergrounding work, the developer

agrees to contribute in the amount specified in Site Plan conditions to the County utility fund before the issuance of the Building Permit or prorated consistent with an approved phasing plan for the development. The total utility fund contribution for this site is \$52,236 (\$50,000 x 1.04472 acres). These funds may, but need not, be used by the County for the purpose of providing the undergrounding of utilities along the properties which are not redeveloping in this undergrounding district. If the area of the site plan is subdivided, the contribution to be made by each owner shall be based proportionally on the amount of site area allocated to each subdivided parcel. The contribution, if not obligated by the County to pay for utility undergrounding projects within 10 years from the date of payment, will be refunded without any accrued interest to the development owners of record at the time of any refund.

6. The developer agrees to develop a plan for temporary pedestrian and vehicular circulation during construction. This plan shall identify temporary sidewalks, interim lighting, fencing around the site, construction vehicle routes, and any other feature necessary to ensure safe pedestrian and vehicular travel around the site during construction. The developer agrees to submit this plan to, and obtain approval of the plan from, the County Manager or his designee as meeting these standards, before the issuance of the Clearing, Grading and Demolition Permit. The County Manager may approve amendments to the plan, if consistent with this approval.

7. Intentionally omitted.

~~The developer agrees to coordinate with the Arlington County Relocation Program Coordinator in order to provide each rental household living in either an apartment unit or a single family dwelling which is displaced by the construction of this site plan, except those who sign initial leases for a unit in the project after the date of this site plan approval, with at least the following:~~

- a. ~~A minimum of 120 days written notice to vacate.~~
- b. ~~Relocation payments, in accordance with the Arlington County Tenant Relocation Guidelines adopted by the County Board and in effect on \_\_\_\_\_, a copy of which are attached to the report of the County Manager for this site plan approval.~~
- c. ~~Relocation services in accordance with the Arlington County Tenant Relocation Guidelines adopted by the County Board and in effect on \_\_\_\_\_.~~

~~If the developer decides to limit relocation benefits to persons who executed initial leases before adoption of the site plan, the developer agrees to notify, in writing any tenant moving in after the date that the site plan is approved of his/her ineligibility for relocation payments and services. Any tenant who has not signed a waiver of rights to relocation assistance must receive the assistance. In cases where State law requires 120-day notice to vacate (displacement from multi-family buildings containing four or more units), notice cannot be waived, but may be reduced by mutual agreement in writing.~~

Compliance with this condition shall be shown before the issuance of the Clearing, Grading and Demolition Permit.

8. Intentionally omitted.

The developer agrees to coordinate with the Department of Economic Development in order to provide the following relocation assistance to all retail tenants under lease as of the date of the approval of the proposed site plan:

- a. ~~The developer agrees to keep all retail tenants informed of the redevelopment schedule by providing periodic updates with regard to material changes in the development program for the site, including the phasing of the project, anticipated schedules for eviction, construction and occupancy, and any anticipated material impacts on the tenants while they remain on the site, such as test borings, construction signs and fencing, asbestos removal, disruptions to customer parking and pedestrian paths, and the like.~~
- b. ~~The developer will assist the County to make available to all retail tenants, either directly or through the developer, information on available commercial space in the County, business counseling services and appropriate business courses.~~
- e. ~~The developer agrees to cooperate with the retail tenants by referring tenants who so request to private sources of professional assistance in regard to lease negotiation (i.e., understanding lease terms, trends and negotiation strategy), space planning and other related sources of help.~~
- d. ~~Except for provisions in any lease to the contrary, the developer agrees to maintain the site, structures and systems in good repair and in a businesslike appearance until the last retail tenant vacates or until the notice to vacate expires, whichever comes first.~~
- e. ~~The developer agrees to show compliance with the terms of this condition before the issuance of the Clearing, Grading and Demolition Permit.~~

9. The developer agrees to comply with all federal, state and local laws and regulations not modified by the County Board's action on this plan and to obtain all necessary permits. In addition, the developer agrees to comply with all of the agreed-upon conditions approved by the County Board as a part of this site plan approval. The County has the authority to take actions to include issuance of a stop work order when the developer is not in compliance with the agreed-upon conditions. Further, temporary Certificates of Occupancy will not be issued without approval by the Zoning Administrator.

10. The developer agrees to file three copies of a site plan and the tabular information form, and digital copies on compact disc in JPEG, PDF, and DXF formats, which complies with the final approval of the County Board and with Administrative Regulation 4.1, with the

Zoning Administrator within 90 days of the County Board approval and before the issuance of the Clearing, Grading and Demolition Permit.

11. The developer agrees to comply with the following before issuance of the Clearing, Grading and Demolition Permit and to remain in compliance with this condition until the Master Certificate of Occupancy is issued.
  - a. The developer agrees to identify a person who will serve as liaison to the community throughout the duration of construction. This individual or his designee shall be on the construction site throughout the hours of construction, including weekends. The name and telephone number of this individual shall be provided in writing to residents, property managers and business owners whose property abuts the site, and to the Zoning Administrator, and shall be posted at the entrance of the project.
  - b. Before commencing any clearing or grading of the site, the developer shall hold a meeting with inviting those whose property abuts the project to review the construction hauling route, location of construction worker parking, plan for temporary pedestrian and vehicular circulation, and hours and overall schedule for construction. The developer agrees to provide documentation to the Zoning Administrator of the date, location and attendance of the meeting before a Clearing, Grading and Demolition Permit is issued. Copies of plans or maps showing the construction hauling route, construction worker parking and temporary pedestrian and vehicular circulation shall be posted in the construction trailer and given to each subcontractor and construction vehicle operator before they commence work on the project.
  - c. Throughout construction of the project, the developer agrees to advise abutting property owners in writing of the general timing of utility work in abutting streets or on-site that may affect their services or access to their property.
  - d. At the end of each work day during construction of the project, the developer agrees to ensure that any streets used for hauling construction materials and entrance to the construction site are free of mud, dirt, trash, allaying dust, and debris and that all streets and sidewalks adjacent to the construction site are free of trash and debris.
  - e. The developer agrees that construction activity, except for construction worker arrival to the construction site and indoor construction activity, will commence no earlier than 7:00 a.m. and end by ~~6:30~~ 8:00 p.m. on weekdays; no earlier than 8:00 a.m. and end by 8:00 p.m. on Saturdays and federal holidays; and will commence no earlier than 10:00 a.m. and end by 6:30 p.m. on Saturdays, Sundays, ~~and~~ holidays. As of the first occupancy of the residential building on the south side of Fairfax Drive between North Pollard Street and North Quincy Street, construction



activity as defined above shall begin no earlier than 10:00 a.m. on Saturdays and federal holidays and shall end no later than 6:30 p.m. on all days. "Holidays" are defined as New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving, and Christmas. Indoor construction activity defined as activity occurring entirely within a structure fully enclosed on all sides by installed exterior walls, windows, and/or doors shall end at midnight each day, and any such activity that occurs after ~~6:30 p.m.~~ the stated time on each day shall not annoy or disturb reasonable persons of normal sensitivities. The developer agrees to place a minimum of one sign per street front indicating the permissible hours of construction around the construction site, to place one additional sign within the construction trailer containing the same information, and to provide a written copy of the permissible hours of construction to all subcontractors.

- f. Storage of construction materials, equipment and vehicles shall occur on the site or an approved off-site location, or as approved by the County Manager of his designee.

12. The developer agrees to provide a plan for diverting from landfill disposal the demolition, construction, and land clearing debris generated by the project. The plan should outline recycling and/or reuse of waste generated during demolition and/or construction. The plan should outline specific waste streams and identify the means by which waste will be managed (reused, reprocessed on site, removed by licensed haulers for reuse/recycling, disposal, etc.). The plan must include letters from contracted haulers, reprocessors, and recyclers indicating that they are able to manage waste from the project. The developer agrees to obtain the County Manager's approval of this plan prior to the issuance of the Clearing, Grading, and Demolition permit, and to implement the plan throughout demolition and construction of the project. Compliance with this condition may contribute to achieving LEED credits MR 2.1 and 2.2 (Construction Waste Management.)

- **The following Conditions of site plan approval (#13 through #32) are valid for the life of the site plan and must be met by the developer before issuance of the Excavation/Sheeting and Shoring Permit.**

- 13.. The developer agrees to submit to the Zoning Administrator and obtain approval from the County Manager a detailed final site development plan and a landscape plan prior to issuance of the Excavation/Sheeting and Shoring Permit. The final site development plan and landscape plan shall be submitted at a scale of 1 inch = 25 feet, in conjunction with the final site engineering plan as required in Condition #16 below, as well as a vicinity map with major streets labeled. The landscape plan shall be developed by, and display the professional seal of, a landscape architect certified to practice in the Commonwealth of Virginia. The developer further agrees that the final site development plan, the landscape plan, and the site engineering plan verify by means of survey that there are no conflicts between the street trees and utilities. The developer shall obtain approval by the

County Manager or his designee for both plans as meeting all requirements of the County Board's site plan approval and all applicable county laws and plans before the issuance of the Excavation/Sheeting and Shoring Permit. The plan shall be consistent with the conceptual landscape plan approved as a part of the site plan, and, at a minimum, shall conform to the landscaping requirements in Condition #14 below; the *Rosslyn-Ballston Corridor Streetscape Standards* if applicable; the Sector Plans if applicable; the County's landscaping, planting, and sidewalk and driveway construction specifications; and/or other applicable urban design standards approved by the County Board. In order to facilitate comparison with the final site engineering plan, the landscape plan shall be at a scale of 1 inch = 25 feet; the County may require more detailed plans appropriate to landscape installation at a larger scale. The County may permit minor changes in building, street and driveway locations and other details of design as necessitated by more detailed planning and engineering studies if such changes are consistent with the provisions of the Zoning Ordinance governing administrative approval and with the intent of the site plan approval. The landscape plan shall include a Street Tree Plan which shall be reviewed by DPRCR and DCPHD, and shall be accompanied by the site engineering plan. The installation of all plant materials shown on the final landscape plan shall take place before the issuance of the first Certificate of Occupancy for the respective phase of construction. The final site development and landscape plan shall include the following details:

- a. The location and dimensions of traffic signal poles and control cabinets, utility meters, utility vaults and boxes, transformers, mechanical equipment, fire hydrants, standpipes, storm water detention facilities, the location of all existing and proposed utility lines and of all easements. The location of traffic control cabinets shall be shown on the final site engineering plan and placed so as not to obstruct pedestrian travel or be visually obtrusive. Traffic control cabinets shall not be located in the public sidewalk. Transformers shall not be placed above grade in the setback area between the building and the street.
- b. Intake and exhaust garage ventilation grates may not be located within public sidewalks or streets, or within areas between the street curb and any building which is used as a walkway. The developer agrees to provide drawings showing how the garage will be ventilated prior to submission of the post-County Board Administrative Regulation 4.1 drawings required in Condition #10 above. Ventilation grates shall be located and/or screened so as not to be visible from public rights-of-way. The developer shall obtain approval from the County Manager or his designee on the location and screening of all ventilation grates as part of the review of the final site engineering plan and the final site development and landscape plan before issuance of the Footing to Grade Permit.
- c. The location, dimensions, materials, and pavement pattern, where applicable, for driveways and access drives, automobile drop-off areas, driveway aprons, service drives, parking areas, interior walkways and roadways, plaza areas and sidewalks,

as well as for address indicator signs. Brick or a concrete unit paver shall be used on the access drives, automobile drop-off areas, plaza areas, and interior walkways and roadways. Interior walkways shall have a minimum width of four (4) feet. All plaza areas shall contain special paver treatments that coordinate in design, color and materials with the treatment of the public sidewalk. The materials and colors used are subject to approval by the County Manager or his designee according to adopted Sector Plans or other urban design standards approved by the County Board as a part of review and approval of the final site development and landscape plan.

- d. The location and types of light fixtures for streets, parking, walkway and plaza areas, and associated utilities, as contained in the lighting plan required in Condition #50 below.
- e. Topography at two (2) foot intervals, and the finished first floor elevation of all structures, and top-of-slab elevation for any proposed underground structures.
- f. Landscaping for open space areas, plaza areas, courtyards, raised planters (including cross-sections of raised planters), surface parking areas, and service drives, including a listing of plant materials; details of planting, irrigation and drainage; and details of proposed furnishings for all areas, including but not limited to dimensions, size, style(s), materials(s), finish(s) and manufacturer(s) of seating, bollards, trash receptacles, bike racks, arbors, trellises, and water features, and other landscape elements or structures.
- g. The location and planting details for street trees in accordance with Department of Transportation Standards and Specifications for planting in public rights-of-way and as shown on the approved final site engineering plan.
- h. The limits of demolition and construction.

14. The developer agrees that all landscaping shall conform to Department of Transportation Standards and Specifications and to at least the following requirements:

- a. Plant materials and landscaping shall meet the then-current American Standard for Nursery Stock, and shall also meet the following standards:
  - (1) Major deciduous trees (shade or canopy trees such as Oaks, Maples, London Plane Trees, Japanese Zelkovas, etc.) other than street trees—a minimum caliper of 4 to 4 1/2 inches, except as indicated in Condition #18 below.
  - (2) Evergreen trees (such as Scotch Pines, White Pines, Hemlocks, etc.)—a minimum height of 7 to 8 feet.

- (3) Ornamental deciduous trees (such as Cherries, Dogwoods, Serviceberries, Hornbeams, etc.)—a minimum caliper of 3 to 3 1/2 inches. Multi-stem trees shall not be less than 10 feet in height.
  - (4) Shrubs—a minimum spread of 18 to 24 inches.
  - (5) Groundcover—in 2 inch pots.
- b. All new lawn areas shall be sodded; however, if judged appropriate by the County Manager or his designee, based on accepted landscaping standards and approved in writing, seeding may be substituted for sod. All sod and seed shall be state certified.
  - c. Exposed earth not to be sodded or seeded shall be well-mulched or planted in ground cover. Areas to be mulched may not exceed the normal limits of a planting bed.
  - d. Soil depth shall be a minimum of four (4) feet plus 12 inches minimum of drainage material for trees and tall shrubs and three (3) feet for other shrubs. This requirement shall also apply to those trees and tall shrubs in raised planters. Soil depth for raised planters shall be measured from the bottom of the planter to the top of the planter wall. The walls of raised planters shall be no higher than seat-wall height (2 1/2 feet, maximum) above the adjacent finished grade.
  - e. Finished grades shall not exceed a slope of three to one or the grade that existed before the site work began.
  - f. The developer agrees to maintain the site in a clean and well-maintained condition before the issuance of the Clearing, Grading and Demolition Permit and agrees to secure and maintain the site throughout the construction and phasing process. Further, the developer agrees to submit a maintenance agreement which shall ensure that all plaza areas and other landscaped areas located on private property are kept in a clean and well-maintained condition for the life of the site plan and to follow the terms of that maintenance agreement approved for that purpose by the Zoning Administrator, as required in Section 32A of the Zoning Ordinance.
  - g. The developer agrees to notify the DPRCR Urban Forester at least 72 hours in advance of the scheduled planting of any street trees in the public right-of-way and to be available at the time of planting to meet with staff of DPRCR to inspect the plant material, the tree pit and the technique of planting. Soil used in the tree pit must meet the specifications for street tree planting available from the DPRCR Urban Forester.

15. The developer agrees to contact all utility companies, including the electric, telephone and cable television companies, and offer them access to the site at the time of utility installation to install their underground cables. In order to comply with this condition the developer agrees to submit to the Zoning Administrator copies of letters from the developer to the utility companies offering them access as stated above.
16. The developer agrees to submit final site engineering plans to the Department of Transportation. The plans shall be drawn at the scale of 1 inch = 25 feet and be 24 inches by 36 inches in size. Neither the Excavation/Sheeting and Shoring permit nor the first Building Permit shall be issued until final site engineering plans which agree with the approved final site development and landscape plans, and the sequence of construction, has been approved by the Department of Transportation, as consistent with all site plan approval requirements and all County laws. Upon completion of the construction of a project, the developer agrees to submit one (1) set of as-built mylar plans for sanitary, storm sewer and water main construction to the Department of Transportation for recording.
17. The developer agrees to show on the final engineering plans pavement, curb and gutter along all frontages of this site in accordance with the then-current Arlington County Standard for concrete curb and gutter and the then-current standards for pavement and according to the following dimensions. The pavement, curb and gutter shall be constructed prior to issuance of the first Certificate of Occupancy for occupancy of the applicable phase of the project.
  - a. Provide crosswalks of concrete pavers or other materials as approved by the County, built per the Department of Public Works Construction Standards and Specifications then in effect, along with all adjacent curb ramps at the following locations:
    - (1) Across North Quincy Street at Fairfax Drive and 10<sup>th</sup> Street North,
    - (2) Across North Pollard Street at 10<sup>th</sup> Street North and Fairfax Drive;as shown on the final engineering plan approved by the County Manager or his designee.
  - b. Provide raised crosswalks at the elevation of the sidewalks at either end, constructed of concrete pavers or other materials as approved by the County, built per the Department of Public Works Construction Standards and Specifications then in effect, at the following locations:
    - (1) Across 10<sup>th</sup> Street North at North Quincy Street and North Pollard Street;as shown on the final engineering plan approved by the County Manager or his designee.
  - c. Construct intersection nubs at the following locations adjacent to the site:
    - (1) East and west sides of North Quincy Street at Fairfax Drive,
    - (2) East side of North Quincy Street at 10<sup>th</sup> Street North,

- (3) South side of 10<sup>th</sup> Street North at North Quincy Street and North Pollard Street,
  - (4) North side of Fairfax Drive at North Quincy Street and North Pollard Street;
- as shown on the final engineering plan approved by the County Manager or his designee.

d. All curb ramps are to be perpendicular to the face-of-curb.

All improvements to curb, gutter, sidewalks and streets for pedestrian and/or vehicular access or circulation shall be in full compliance with the Americans with Disabilities Act (ADA) and any regulations adopted thereunder, as well as any other applicable laws and regulations. The developer further agrees that all improvements to curb, gutter, sidewalks, crosswalks, and streets for pedestrian and/or vehicular access or circulation shall be as determined by the County Manager or his designee on the final Site Development and Landscape Plan and on the final Site Engineering Plan, in accordance with the Rosslyn-Ballston Corridor Streetscape Standards or other applicable urban design standards in effect at the time of final Site Engineering Plan Approval; provided, however, that the provision of such improvements shall not increase the projected cost anticipated for such improvements as shown on the site plan drawings dated June 30, 2004 unless the County provides additional funding to offset such increased cost.

18. The developer agrees that the final sidewalk pattern/design and final selection of materials and colors to be used shall be as determined by the County Manager or his designee on the final site development and landscape plan and final engineering plan, in accordance with the Rosslyn-Ballston Streetscape Standards or other applicable urban design standards approved by the County Board and in effect at the time of the final landscape plan approval. The developer further agrees to construct the sidewalk improvements detailed below prior to the issuance of the first Certificate of Occupancy for occupancy of the applicable phase of the project. The sidewalks along the street frontages of this development shall be paved with brick or an interlocking concrete paver and shall be placed on a properly-engineered base approved as such by the Department of Transportation. The sidewalk treatments shall continue across all driveway aprons for loading and garage entrances along all frontages of the site plan, and there shall be no barriers to impede the flow of pedestrian traffic. The sidewalks shall contain street trees placed in either tree pits, tree grates or planting strips, consistent with the *Standards for Planting and Preservation of Trees in Site Plan Projects*, and as specified below. Placement, planting and root enhancement options shall be consistent with the *Standards for Planting and Preservation of Trees in Site Plan Projects*, and as specified below. Street trees shall not be placed within the vision obstruction area. All public walkways shall be constructed to County Standard. The developer agrees to maintain and replace the street trees and sidewalks for the life of the site plan. The sidewalk sections and street tree species shall be as follows:

**Fairfax Drive adjacent to the new construction**—A minimum 20-foot wide sidewalk measured from the back of curb, including 5 feet by 12 feet tree pits planted with 4 to 4 ½ inch caliper Willow Oak street trees and such ground cover as *liriope muscarii*, *hypericum*, *calycinum* (Aarons Beard), or *juniperus conferta* (Shore Juniper), placed approximately 30 feet apart on center and a minimum of eight (8) inches back from the back of curb.

**Fairfax Drive adjacent to the existing funeral home**—Sidewalk with nub as shown on Plot and Location Plan dated June 30, 2004, including 5 feet by 12 feet tree pits planted with 4 to 4 ½ inch caliper Willow Oak street trees and such ground cover as *liriope muscarii*, *hypericum*, *calycinum* (Aarons Beard), or *juniperus conferta* (Shore Juniper), placed approximately 30 feet apart on center and a minimum of eight (8) inches back from the back of curb.

At such time as the funeral home building is demolished, the developer agrees to reconstruct the streetscape adjacent to the funeral home along Fairfax Drive to match that for the remainder of the block, subject to standards for streetscape and intersection nubs then in effect. The reconstructed streetscape shall be completed within six months of demolition of the funeral home building, except that if a building permit application has been filed for a new building on that site, the reconstructed streetscape shall be completed before issuance of the first Certificate of Occupancy for the building that replaces the funeral home.

**North Quincy Street**—A minimum 16-foot wide sidewalk measured from the back of curb, including 5 feet by 12 feet tree pits planted with 4 to 4 ½ inch caliper Red Maple street trees and such ground cover as *liriope muscarii*, *hypericum*, *calycinum* (Aarons Beard), or *juniperus conferta* (Shore Juniper), placed approximately 30 feet apart on center and a minimum of eight (8) inches back from the back of curb.

**10<sup>th</sup> Street North**—A minimum 13-foot eight-inch wide sidewalk measured from the back of curb, including 5 feet by 12 feet tree pits (or 4 feet wide planting strip) planted with 4 to 4 ½ inch caliper Zelkova street trees and such ground cover as *liriope muscarii*, *hypericum*, *calycinum* (Aarons Beard), or *juniperus conferta* (Shore Juniper), placed approximately 30 feet apart on center and a minimum of eight (8) inches back from the back of curb.

**North Pollard Street**—A minimum 13-foot wide sidewalk measured from the back of curb, including 5 feet by 12 feet tree pits (or 4 feet wide planting strip) planted with 4 to 4 ½ inch caliper London Plane street trees and such ground cover as *liriope muscarii*, *hypericum*, *calycinum* (Aarons Beard), or *juniperus conferta* (Shore Juniper), placed approximately 30 feet apart on center and a minimum of eight (8) inches back from the back of curb, where possible. The parking garage access driveways and building entrances for the new building shall be a maximum of 18 feet wide, and the loading access driveway and building entrance shall be a maximum of 12 feet wide. Sidewalk

pedestrian refuges with a minimum width of three feet shall be located between the loading access driveway and the garage access driveways.

North Pollard Street adjacent to the existing funeral home— Sidewalk as shown on Plot and Location Plan dated June 30, 2004, including 5 feet by 12 feet tree pits planted with 4 to 4 ½ inch caliper London Plane street trees and such ground cover as liriope muscarii, hypericum, calycinum (Aarons Beard), or juniperus conferta (Shore Juniper), placed approximately 30 feet apart on center and a minimum of eight (8) inches back from the back of curb.

At such time as the funeral home building is demolished, the developer agrees to reconstruct the streetscape adjacent to the funeral home along North Pollard Street to match that for the remainder of the block, except that the total sidewalk width shall be a minimum of 14 feet, subject to standards for streetscape and intersection nubs then in effect. The reconstructed streetscape shall be completed within six months of demolition of the funeral home building, except that if a building permit application has been filed for a new building on that site, the reconstructed streetscape shall be completed before issuance of the first Certificate of Occupancy for the building that replaces the funeral home.

19. The developer agrees that in order to accommodate the subsurface requirements of utilities and streetscape elements (including street trees), the final design of the project shall provide a structure-free zone under the public sidewalk along all street frontages, as required in the *Standards for Planting and Preservation of Trees in Site Plan Projects*. This zone shall be a minimum of five (5) feet deep and shall extend from the back of the street curb to the far edge of the public sidewalk. No subterranean structures (such as parking garages) shall intrude into this five foot deep zone. Within the zone, underground utilities and utility vaults shall not be located in a manner that interferes with the appropriate spacing and replacement of street trees, consistent with the approved final site and development and landscape plan. Utility lines shall not be located beneath street trees. The location of all existing and proposed utility lines shall be shown on both the final landscape plan and the final site engineering plan.
20. The developer agrees that the location of the water services will be determined at the time of the review of the final engineering plan in accordance with the following standards or as otherwise approved by the County Manager or his designee: water meter installations shall be located behind and adjacent to the curb line in an area clear of driveways, a minimum of five (5) feet clear of other utilities and a minimum of 10 feet clear of structures; a clear space 15 feet wide by 20 feet long by 10 feet deep shall be provided for three (3) inch and four (4) inch meter installations, and 20 feet wide by 25 feet long by 10 feet deep for six (6) inch and larger meter installations; and the building walls shall be adjusted as necessary to provide these clearances.



21. The developer agrees that, unless otherwise approved by the County Manager or his designee, all sanitary sewers and water mains, including water services, shall have a minimum of ten (10) feet horizontal clearance from each other and five (5) feet clearance from all other utilities, and shall have a minimum of 10 feet horizontal clearance from buildings and other structures. Water mains 16 inch and larger, and mains placed more than 10 feet deep shall have a minimum of 15 feet horizontal clearance from buildings and other structures; and sanitary sewers 15 inches and larger, or sewers placed more than 10 feet deep shall have 15 feet minimum clearance from buildings and other structures. All water mains and sanitary sewers shall meet County Standard design criteria.

The developer agrees that the minimum clear horizontal separation between each individual barrel of the storm sewer and proposed buildings or other permanent structures shall be as follows: 10 feet from the center line of storm sewer mains less than 27 inches in diameter and 10 feet or less in depth; 15 feet from the center line of storm sewer mains less than 27 inches in diameter and greater than 10 feet in depth; 15 feet plus half the diameter from the center line of storm sewer mains greater than 27 inches in diameter, at any depth.

22. The developer agrees that no existing water main or fire hydrant shall be taken out of service or made inaccessible without the prior approval of the Department of Transportation. This approval shall be obtained before the issuance of the Excavation/Sheeting and Shoring Permit.
23. The developer agrees to show, on the final engineering plans, water main improvements in accordance with the following. The water main improvements shall be constructed prior to the issuance of the Final Building Permit for the respective phases of construction.

The water meter connection shall be along 10<sup>th</sup> Street and tie into the existing eight-inch water line, as shown on the final engineering plan approved by the County Manager or his designee.

The developer agrees to upgrade the existing six-inch water main in Pollard Street, from the existing tie-in from the Georgetown Medical Office Building to the nearest junction with the existing 12-inch water main on the south side of Fairfax Drive, to an eight-inch water main, as shown on the final engineering plan approved by the County Manager, or his designee.

24. The developer agrees to show, on the final engineering plans, and to construct sanitary sewer main improvements in accordance with the following. The sanitary sewer main improvements shall be constructed prior to the issuance of the Final Building Permit.

The sanitary sewer main connection shall be on 10<sup>th</sup> Street to the existing 12-inch line, as shown on the final engineering plan approved by the County Manager or his designee.

The County will TV-Inspect the sanitary sewer lines serving the site and shall identify any improvements that are necessary to adequately service the development. The developer agrees to repair or replace any sections or appurtenances of the sanitary sewer serving the development that are found to be deficient or damaged by the developer, as identified by County staff and as shown on the final engineering plan approved by the County Manager or his designee.

25. The developer agrees to show, on the final engineering plan, horizontal standpipes or fire hydrants at intervals of not more than 300 feet in order to provide adequate fire protection. The County shall specify kind of service and locations at the time of the final site engineering plan approval based on applicable safety standards. The fire hydrants shall be installed prior to the issuance of the Final Building Permit and horizontal standpipes shall be installed prior to the issuance of the first Certificate of Occupancy.

The developer agrees to provide calculations to demonstrate the needed fire flow as defined in the Arlington County Department of Transportation Standards and Specifications. This information shall be clearly shown on the cover sheet of each plan set submitted.

26. The developer agrees to remove and replace any existing curb, gutter and sidewalk along the street frontages of this site which is in poor condition or damaged by the developer according to Arlington County standards and specifications, prior to the issuance of the first Certificate of Occupancy.

27. The developer agrees to show on the final engineering plans street lighting along all frontages of the site prior to the issuance of the Excavation/Sheeting and Shoring Permit. The plans shall include the height and color of the street light poles. The developer agrees, at its cost, to purchase and install approved Arlington County street lighting along the frontages of the site prior to the issuance of the Shell and Core Certificate of Occupancy. In addition, the developer agrees to furnish and install all conduit and junction boxes necessary for the lighting system. All construction shall meet Arlington County standards. Lighting shall be in accordance with the following:

- a. Double globe lights on Fairfax Drive, with globes parallel to the curb and
- b. Single globe lights on all other streets.

The developer agrees to purchase and install Virginia Power "Carlyle" standard street lights per the Virginia Square Sector Plan along all frontages of the site in accordance with adopted County Street Lighting Policy. The height of the street lights shall be 12 feet on North Pollard Street and on 10<sup>th</sup> Street North and 16 feet on Fairfax Drive and on North Quincy Street. The developer agrees to pay the cost of installing additional standard thoroughfare lights should the County decide that they are necessary to provide adequate lighting for street safety purposes.

28. The developer agrees to remove or place underground all existing aerial utilities within or along the periphery of the entire site plan site, as shown on the final site development and landscape plan and the final engineering plan approved by the County Manager or his designee. Any utility improvements necessary to provide adequate utility services to this development or utility work necessary to provide a terminus to the underground facilities shall be paid for by the developer and shall not result in the installation of any additional utility poles, or aerial devices. All utility relocation shall be completed prior to the issuance of the Shell and Core Certificate of Occupancy.
29. The developer agrees to provide off-street parking for all construction workers without charge to the workers. In lieu of providing parking, the developer may provide a subsidy for the construction workers in order that they may use Metro, provide a van for van pooling, or use another established method of transportation to provide for construction workers to arrive at the site. Compliance with this condition shall be determined based on a plan which shall be submitted to the Zoning Administrator before the issuance of the Excavation/Sheeting, and Shoring Permit. This plan shall set forth the location of the parking to be provided at various stages of construction, how many spaces will be provided, how many construction workers will be assigned to the work site, and mechanisms which will be used to encourage the use of Metro, carpooling, vanpooling, and other similar efforts. The plan shall also provide for a location on the construction site at which information will be posted regarding Metro schedules and routes, bus schedules and routes, and carpooling and vanpooling information. If the plan is found to be either not implemented or violated during the course of construction, a correction notice will be forwarded to the developer. If the violation is not corrected within ten (10) days, a "stop work order" will be issued, and construction halted until the violation has been corrected.
30. The developer agrees to install address indicator signs on the site which comply with Section 27-12 of the Arlington County Code or successor provision in a location visible from the street and as shown on the final site development and landscape plan.
31. The developer agrees that the design of the facade treatment for the buildings and the materials to be used on the facades shall be as specified and shown on the submitted drawings dated June 30, 2004, and as presented to the County Board and made a part of the public record on July 10, 2004, including all renderings, drawings, and presentation boards presented during public hearings. The developer agrees to submit colored drawings and renderings which label the materials and colors, and material samples, for review by the County Manager or his designee for consistency with this site plan approval prior to the issuance of the Footing to Grade Permit. The developer further agrees to obtain the approval of the County Manager or his designee of the facade treatment as being consistent with the County Board approval before the issuance of the Final Building Permit.

The developer agrees that all retail storefronts along public rights-of-way are required to have an overall minimum transparency of 50% as measured from floor to ceiling on the interior of the building. In addition, the portion of any retail storefront that is located between three and eight feet above grade (as measured on the exterior of the building) is required to be at least 80% transparent. The purpose of this condition is to allow pedestrians to view the activity within the retail establishment and to allow patrons and employees of the retail establishments to view the activity on the sidewalk and street, and the condition shall be interpreted to achieve that purpose. "Transparency" shall mean using glass or other transparent exterior material offering a view into an area of the retail establishment where human activity normally occurs and shall not be satisfied by views into areas blocked by display cases, the rear of shelving, interior walls, blinds, hallways, or anything else that will block the view to the interior.

32. All required public deeds of easement and deeds of dedication shall be submitted to the Department of Transportation prior to the issuance of the Excavation/Sheeting and Shoring Permit, and be approved and recorded among the land records of the Clerk of the Circuit Court of Arlington County, by the developer before the issuance of the Final Building Permit. The developer agrees that there shall be no building construction within the easement area without approval by the County Manager or the County Board. Dedications granted by the developer for street improvements shall be dedicated in fee simple to the County. Dedications granted by the developer for sidewalk improvements may be dedicated by easement to the County.

- **The following conditions of site plan approval (#33 through #41) are valid for the life of the site plan and must be met by the developer before issuance of the Footing to Grade Structure Permit.**

33. The developer agrees to submit one (1) plat, drawn at the scale of 1 inch = 25 feet and 24 inches x 36 inches in size, of the excavated area showing spot elevations which confirm that the construction drawings are consistent with the average site elevation, and with the building's ground floor elevation(s) at the building's lowest level(s), as approved by the County Board and as indicated in the plans referenced in Conditions #1 and #10 above.
34. Upon approval of the final site engineering plan the developer agrees to submit a performance bond estimate for the construction or installation of all facilities (to include street trees and all landscape materials) within the public rights-of-way or easements to the Department of Transportation for review and approval. Upon approval of the performance bond estimate by the Department of Transportation, the developer agrees to submit a performance bond in the approved amount of the estimate and agreement for the construction or installation of all these facilities (to include street trees and all landscape materials) within the public rights-of-way or easements to the Department of Transportation and this bond shall be executed by the developer in favor of the County before the issuance of the Final Building Permit.

Prior to the release of the public improvement bond, the developer agrees to submit as-built for all underground utilities (water, sanitary sewer, and storm sewer) that will be maintained by Arlington County.

35. The developer agrees that all new electrical transformers shall be placed underground in vaults which meet Virginia Power standards. These vaults may be placed in the street right-of-way or in driveways if approved by the County on the final site engineering plan. Ventilation grates may not be located within public sidewalks or streets, or within areas used as a walkway between the street curb and any building. The locations of the vaults shall be coordinated with other utility locations so as to have a minimum clearance of five (5) feet to conduits and manholes and a minimum clearance of 10 feet to water mains and sanitary sewers unless otherwise approved by the owner of that utility. The developer shall obtain approval from the County Manager or his designee on the location of all vault ventilation grates and utilities as part of the review of the final site engineering plan and the final site development and landscape plan before the issuance of the Footing to Grade Structure Permit.
36. The developer agrees that interior space shall be provided and used for the collection, storage, compaction, and removal of trash, as well as appropriate facilities for the recycling of reusable materials as defined by the County. The collection, storage, compaction, and removal of trash shall not occur outside the interior loading space. This space may not conflict with the use of a loading berth. Drawings showing compliance with this condition shall be approved by the Zoning Administrator before the issuance of the Footing to Grade Structure Permit.
37. The developer agrees that all loading spaces shall be in the interior of the building and shall also comply with the following requirements: minimum 12-foot clear width (including entrances), 30 foot-length and 14-foot height clearance. Any loading dock to be used for trash removal shall have a minimum interior height clearance of 18 feet. All loading docks shall contain roll-down doors. Use of the loading dock for deliveries or trash pick-ups, excluding moving vans, shall be limited to the hours from 8:00 a.m. to 6:00 p.m., seven (7) days a week. The loading dock door shall also be closed when the loading dock is in use, except when necessary for entry or exit of vehicles, venting of vehicle exhaust, or when required for similar operational or safety measures.
38. The developer agrees that new parking garages shall be designed to allow access and use by vans. At least 1% of the total new parking supply shall be accessible to vans, shall be conveniently located on the level of the garage closest to street level, and shall have a minimum clearance of 98 inches. All other areas of the garage shall have a minimum clearance of 84 inches. Compliance with this condition shall be determined by review of the building plans by the Zoning Administrator before the issuance of the Footing to Grade Structure Permit, which review shall not relieve the developer from constructing in accordance with this condition.

39. The developer agrees to ensure that all parking spaces comply with the requirements of Section 33 of the Zoning Ordinance. Unless otherwise approved by the County Board, the number of compact spaces may not exceed the Zoning Ordinance requirement. The developer shall submit drawings showing that these requirements are met, and shall obtain approval by the Zoning Administrator before the issuance of the Footing to Grade Structure Permit.
40. The developer agrees to provide, at no charge to the user, secure bicycle storage facilities in locations convenient to office, residential and retail areas on the following basis at a minimum:

**Office and Residential Bicycle Storage Facilities:**

One (1) employee bicycle parking space for every 7,500 square feet, or portion thereof, of office floor area and one (1) additional such visitor space for every 20,000 square feet, or portion thereof, of office floor area.

One (1) resident bicycle parking space for every three (3) residential units, or portion thereof, of residential units and one (1) visitor space for every 50 residential units, or portion thereof, of residential units.

Employee and resident bicycle parking facilities shall be highly visible to the intended users and protected from rain and snow within a structure shown on the site plan. The facilities shall not encroach on any area in the public right-of-way intended for use by pedestrians nor any required fire egress. The facilities for office users and resident bicycle parking must meet the acceptable standards for Class I storage space as contained in the Arlington Bicycle Transportation Plan, dated April 1994 with Amendments through March 2003, and be highly visible from an elevator entrance, a full-time parking attendant, a full-time security guard or a visitor/customer entrance. Visitor parking must be located within 50 feet of the primary building entrance. Any bicycle parking racks used on the site must conform to the Arlington County Standard or be approved by the Bicycle and Pedestrian Program Manager. Drawings showing that these requirements have been met shall be approved by the Zoning Administrator before the issuance of the Footing to Grade Structure Permit. Residential condominium covenants shall not prohibit the storage of bicycles in individual condominium units.

In addition, the developer agrees that for every 50,000 square feet or fraction thereof of office Gross Floor Area (GFA), one (1) shower per gender shall be installed, up to a maximum of three (3) showers per gender. Also, a minimum of one (1) clothes storage locker per gender shall be installed for every required employee bicycle parking space. The lockers shall be installed adjacent to the showers in a safe and secured area and both showers and lockers shall be accessible to all tenants of the building. The location, layout and security of the showers and lockers shall be reviewed by the Arlington County Police Department before issuance of the Footing to Grade Structure Permit. The developer agrees that an exercise/health facility containing a maximum of 1,000 square feet shall

not count as density (FAR) but shall count as GFA if this facility meets all of the following criteria: 1). The facility shall be located in the interior of the building and shall not add to the bulk or height of the project; 2). Showers and clothes lockers shall be provided as required above; 3). The lockers shall be installed adjacent to the showers in a safe and secured area within the exercise facility and both showers and lockers shall be accessible to all tenants of the project; 4). The exercise facility shall be open only to tenants of the project and shall not accept or solicit memberships from outside of the project. The exercise facility, including the showers and lockers, shall be open during normal working hours.

**Retail Bicycle Storage Facilities:**

Two (2) retail visitor/customer bicycle parking spaces for every 10,000 square feet, or portion thereof, of the first 50,000 square feet of retail floor area; one (1) additional retail visitor/customer space for every 12,500 square feet, or portion thereof, of additional retail floor area; and one (1) additional retail employee space for every 25,000 square feet, or portion thereof, of retail floor area. The retail visitor/customer bicycle spaces shall be installed at exterior locations that are convenient to the retail visitors/customers, and such locations shall be reviewed by the Department of Transportation. The developer agrees to obtain approval of the location, design and details of the retail visitor/customer bicycle spaces as part of the final site development and landscape plan. Facilities for retail visitors/customers must meet the County standards for bicycle racks, and be located close to retail visitor/customer entrances or the closest retail vehicle parking spaces.

41. The developer agrees to construct all plaza areas used for vehicular access and all surface parking areas to support the live load of any fire apparatus. Architecturally designed bollards or curbs shall be used on pedestrian plazas to separate the areas intended for emergency vehicle use from areas intended for pedestrian use. No above-grade structure shall be allowed to encroach in fire lanes. The requirements of this condition shall be incorporated in the drawings submitted for the Footing to Grade Structure Permit.
- **The following conditions of site plan approval (#42 through #46) are valid for the life of the site plan and must be met by the developer before the issuance of the Final Building Permit.**
42. The developer agrees to submit one (1) original and three (3) copies of a wall check survey to confirm its consistency with the plans approved by the County Board, as referenced in Conditions #1 and #10 above.
43. Mechanical equipment shall be screened so as not to be visible from public rights-of-way.
44. The use of any penthouse shall be limited to mechanical equipment and equipment maintenance space or telecommunication transmitter and/or receiver equipment as required in Condition #56 below.

45. The developer agrees to submit to the Zoning Administrator and the Operations Division of the Arlington County Police Department documentation that a Crime Prevention Through Environmental Design (CPTED) practitioner referred by the Police Department has reviewed and accepted the site plan for meeting CPTED design requirements.
46. The developer agrees to obtain from the Federal Aviation Administration (FAA), before the issuance of the final building permit, a written statement that the project is not a hazard to air navigation or that the project does not require notice to or approval by the FAA.
- **The following conditions of site plan approval (#47 through #53) are valid for the life of the site plan and must be met by the developer before the issuance of the First Certificate of Occupancy.**
47. The developer agrees to develop and submit a comprehensive sign plan and that all exterior signs (including identification and directional signage) shall be consistent with the guidelines contained in "Sign Guidelines for Site Plan Buildings and with Section 34 of the Zoning Ordinance. The Zoning Administrator shall determine whether the signs meet the standards of the guidelines and the Ordinance. No sign permits will be issued until a comprehensive sign plan is approved. The comprehensive sign plan shall be approved before the issuance of the first Certificate of Occupancy. All proposed rooftop signs, defined as all signs that are 35 feet or more above the ground, shall require a site plan approval or amendment.
48. The developer agrees to develop and implement a Transportation Demand Management (TDM) Plan in order to achieve a maximally efficient and sustainable use of transportation facilities. The developer agrees to obtain the approval of the County Manager or his designee for such plan before the issuance of the first Certificate of Occupancy for the building.

The Transportation Management Plan shall include a schedule and details of implementation and continued operation of the elements in the plan. The Transportation Management Plan shall include, but not be limited to, the following strategies:

- a. Program Participation and Funding
  - (1) Maintain membership in Arlington Transportation Partners (ATP), or successor entity, at no cost to the developer, on behalf of the residential property management company or Home Owners Association (HOA).
  - (2) Designate a member(s) of building management or HOA as Property Transportation Coordinator to be a primary point of contact and with responsibilities for coordinating and completing TDM obligations.



- (3) Appropriately train the residential Property Transportation Coordinator and other management personnel to provide rideshare, transit, and other information provided by Arlington County intended to assist with transportation to and from the site.
- (4) Contribute to the Arlington County Commuter Services program to sustain direct and indirect on-site and off-site services in support of TDM activities for this residential project as follows: \$ 1,500 per year for a period of ten (10) years. The first \$ 1,500 payment will be made before issuance of the first Certificate of Occupancy for any dwelling on the site. Subsequent payments will be due each year on the anniversary of the issuance of that certificate of occupancy.
- (5) Provide or administer a sustainable commute benefit program for employees of the residential Property, (which program shall include, at a minimum, at the developer's option, pre-tax employee contributions and/or tax-free transit or vanpool contributions of at least \$65 per month).

b. Physical Facilities and Improvements

- (1) Comply with requirements of Site Plan conditions to provide bicycle parking/storage facilities, a parking management plan and construction worker parking.
- (2) Provide effective directional signage subject to approval of a Comprehensive Sign Plan to direct residents and visitors to appropriate locations on the property, such plan to include provision for the items specified in the Parking Management Plan.
- (3) The property management company shall make the on-site office available, provided one is constructed, to support residents of the building who choose to work from home.

c. Parking Management Plan

In conjunction with the Department of Public Works, and subject to the approval by the County Manager or his designee, the developer shall prepare a plan regarding: taxi passenger loading and unloading; accessible paratransit pick-up, drop-off, access, and passenger waiting area; loading zones for short-term deliveries; bus stops; and on-and off-street parking for residents, employees, and visitors. Such plan shall include a schematic drawing depicting an area parking plan for all block faces abutting the site. Additionally, this plan will note restrictions as to times that various activities (such as deliveries and parking) are permitted in the respective spaces.

d. Promotions, Services, Policies

- (1) Provide in the residential lobby or business center a Transportation Kiosk or information display, the content/design/location of which shall be approved by the developer, (static display with printed materials or dynamic display with direct electronic link to CommuterPage.com<sup>TM</sup>) to provide transportation-related information to residents and visitors.
- (2) Provide an opportunity for a car sharing service, such as Zip Car or Flex Car to have access to no more than one conveniently located parking space located on the 1<sup>st</sup> level of the parking garage. Until such time as a car sharing service avails itself of this space, the parking may be used for resident, theater, retail, funeral home, or visitor parking.
- (3) Provide website hotlinks to CommuterPage.com<sup>TM</sup> under a "transportation information" heading from the developer and property manager's or homeowner's associations websites if such website is available.
- (4) Provide SmarTrip cards, at a maximum cost to the developer of \$5.00 per card, per person, for free to tenants signing leases during the initial lease-up or sale only.
- (5) Distribute transit and ridesharing information to residents and visitors (and extend requirement to on-site businesses) to include the following items:
  - i. Distribute in a new-resident package material provided that includes site-specific ridesharing and transit-related information to each person signing a lease.
  - ii. Place a reference to the nearest Metro Station and bus routes in promotional materials and advertisements.
  - iii. Distribute information in recruiting and employment materials regarding commute options and assistance services available.
  - iv. Cooperate with Arlington County to assist the County in implementing a transit-advertising program that will distribute information four times per year to all residents, tenants, employees, and visitors. This shall be at no cost to the developer.
  - v. Provide access to building or grounds at times acceptable to the developer to allow ATP to promote group riding among tenants of the building, by means acceptable to the developer.

- vi. Participate in Ozone Action Days and other regionally sponsored clean air, transit and traffic mitigation promotions by posting notice of such promotions in locations within the building acceptable to the developer.

e. Performance and Monitoring

- (1) The Property Transportation Coordinator will submit an annual letter to the County Manager describing the TMP related activities of the preceding year.
- (2) The Property Manager or Homeowner's Association in conjunction with all tenants and all residents of the property shall conduct a data gathering survey two years after issuance of the first Certificate of Occupancy and report findings to the County. Such report shall include a determination of mode split, average vehicle occupancy, daily person vehicle trips to and from the site, and all vehicle parking demand and availability by time of day for the site.

49. The intent of this condition is to ensure that at least one parking space is available in perpetuity for parking use by each residential unit in the project. Accordingly, the developer agrees to offer the use, for rental units, and the purchase or use for condominium units, of at least one parking space for each dwelling unit.

Further, for condominium units, the developer agrees to notify the Zoning Administrator at the time of the settlement of the last dwelling unit. If excess parking spaces are available at the time of settlement of the last dwelling unit, the number of excess parking spaces equaling the number of dwelling units which were sold without a parking space, shall first be offered exclusively for a period of twelve (12) months to the owners of those dwelling units which were sold without a parking space. Any other remaining spaces shall be offered to all dwelling unit owners or transferred to the condominium, cooperative or homeowners association. By the end of twenty four (24) months following the settlement of the last dwelling unit, the developer agrees to relinquish in writing to the condominium, cooperative or homeowners association any and all remaining interest in the parking spaces or garage and a copy shall be filed with the Zoning Administrator. The future purchase of any parking spaces shall be limited to the dwelling unit owners or condominium, cooperative or homeowners association of the building.

For both rental and condominium buildings, the use of the parking spaces on the B2 and B3 levels shall be limited to parking use by the residents of the building and their guests, unless otherwise permitted by the Zoning Ordinance, and shall not be converted to storage or other use without approval of a site plan amendment.

The developer agrees to submit to the Zoning Administrator a parking management plan which outlines how guest and visitor parking for the residential building, and parking for retail tenants' employees and customers, funeral home employees and visitors, and the public for retail located in the residential buildings, will be provided, where the parking will be located and how the above users of the parking spaces ~~guests and visitors, and retail employees and customers,~~ will be directed to the parking spaces. The developer further agrees to make the B1 level available for funeral home, theater, retail, and public parking per the provisions of Condition #64 and additionally to provide a minimum of four residential visitor parking spaces on the B2 and/or B3 residential levels, and — retail ~~tenant parking spaces, available within the residential garage.~~ The parking management plan shall be submitted to the Zoning Administrator, and reviewed and approved by the County Manager or his designee, prior to the issuance of the first Certificate of Occupancy for the first residential building.

50. The developer agrees to include a lighting plan for all internal and external public areas, including parking areas, as part of the final site development and landscape plan. This lighting plan shall be subject to review by the County Manager or his designee, including street lighting as described in Condition #27 above. The developer shall include in the site development and landscape plan certification that the lighting plan meets the minimum standards of the Zoning Ordinance, Section 2, Subsection H, and the Illumination Engineering Society of North America Standards. All lighting shall be installed and approved by the County Manager or his designee before the issuance of the First Certificate of Occupancy for occupancy of the applicable phase of the project.
51. The developer agrees to be responsible for documenting any historical artifact or historical natural feature uncovered during construction on the site. This documentation shall include written notation describing the artifact or natural feature, color photographs, and mapping of the location and/or depth of the site excavation at which the item was found. The developer agrees to submit a copy of this documentation to Arlington County before issuance of the First Certificate of Occupancy.

In the event an historical artifact or natural feature is found on the site, and is to be disturbed or removed from the site during construction, the developer agrees to contact the Arlington County Historic Preservation Program, Neighborhood Services Division before removing or disturbing the artifact or natural feature. Arlington County shall be given the opportunity to accept donation of the artifact or natural feature before the item is offered to any other organization or individual.

If historic buildings are located on the site, then photographic documentation shall be consistent with Historic American Building Survey (HABS) standards. Should the project be assessed as a possible archaeological site, the developer agrees to pursue, at a minimum, a level one and two archaeological study. The developer agrees to submit to the Arlington County Historic Preservation Program all written results of the level one and two archaeological study and all artifacts found on the site.

52. If the project includes a residential condominium or cooperative component, then the developer agrees that a copy of the conditions of this site plan approval shall be made available with the condominium's, cooperative's or homeowners association's bylaws or agreements. Documentation that this condition has been satisfied shall be provided to the County Manager or his designee before the issuance of the First Certificate of Occupancy. If the project includes a residential rental component that is converted to a condominium or a cooperative, then the developer agrees that a copy of the conditions of this site plan approval shall be made available with the condominium's, cooperative's, or homeowners' association's bylaws or agreements prior to the issuance of the first Certificate of Occupancy following the conversion.
53. The developer agrees to make a contribution to the County's Green Building Fund of \$5,823.18 (\$0.03 X 194,106 square feet). The payment shall be made to the Department of Environmental Services prior to the issuance of the first Certificate of Occupancy, and compliance with this condition shall be provided to the Zoning Administrator in the form of a letter at the time of payment.
- **The following condition of site plan approval (#54) is valid for the life of the site plan and must be met by the developer before the issuance of the Master Certificate of Occupancy.**
54. Before the issuance of the Master Certificate of Occupancy, the developer agrees to submit drawings certifying the building height as measured from the average site elevation to both the building roof and to the top of the penthouse roof.
- **The following condition of site plan approval (#55) is valid for the life of the site plan and must be met by the developer within 90 days of receipt of the partial Certificate of Occupancy for full occupancy of the building.**
55. The developer agrees to obtain a Master Certificate of Occupancy within 90 days of receipt of the partial Certificate of Occupancy for full occupancy of the building.
- **Post Certificate of Occupancy: the following Conditions of site plan approval (#56 through #61) are valid for the life of the site plan.**
56. In order to maintain the effectiveness of the County's public safety systems, the County reserves the right to install telecommunications transmitter and/or receiver equipment and conducting wire in or on the penthouse or top floor, and antennae and traffic monitoring systems on the roof of the proposed buildings at no charge to the County in a location and design that is acceptable to the County and the building owner based on a reasonable exercise of judgment by both upon request by the County. Upon request by the County, the developer agrees to provide access to electrical service separately metered, including auxiliary electrical power, and telephone radio control lines to the penthouse in the

defined area. Any radio transmitter or receiver equipment and antenna to be installed or used by others must not interfere with the emergency communication system of the County.

57. The developer agrees that any structural addition shall be subject to the approval of the Zoning Administrator consistent with Section 36.H.2.c of the Zoning Ordinance. If the Zoning Administrator determines that any proposed improvements have a significant impact on the site plan, or otherwise meet Zoning Ordinance requirements for site plan amendments that go to the County Board, a site plan amendment shall be required.
58. The developer or owner agrees to remove snow from all interior streets and interior and exterior sidewalks, including accessibility ramps and gutter areas within crosswalks, within a reasonable time after snow has stopped falling but in no case later than snow removal provided for vehicular access to the site.
59. If the project includes a residential component, then the developer agrees that the maintenance of the common area, walkways, private drives and parking areas which are tied to condominium units shall be provided for by the condominium's, cooperative's or homeowners association's bylaws or agreements consistent with Section 2.D.6 of the Zoning Ordinance.
60. The developer agrees to provide parking for each building according to the approved parking ratio; when this parking is not located within the parcel designation of each building but located within the overall project, it shall continue to be committed to the entire project for purposes of administering the Zoning Ordinance.
61. The density allocated for any new construction pursuant to the site plan on any subdivided parcel of the site shall be the same as the approved density for the entire site. No additional density shall be allowed on any individual parcel formed by subdivision of the site.
- **The following unique site specific conditions (#62 through #81) are valid for the life of the site plan and must be met before the issuance of the permit specified in each Condition.**
62. Retail Elements
  - c. The developer agrees to market the 2,648 square feet of retail space located on the first floor of the highrise building to uses consistent with the following:
    - (1) The approved Retail Action Plan for the Rosslyn-Ballston Corridor, dated January 2001. "Entertainment and Main Street Retail" may occupy space designated for "personal or business services".
    - (2) The Virginia Square Sector Plan, adopted in December 2002.Any proposal for retail uses or parking not consistent with the above must be

submitted to the Zoning Administrator as an application for administrative change. Any change in the use of the retail space from retail to office or other non-retail use shall require a site plan amendment.

- b. The retail spaces shall be designed and constructed to include interior and exterior improvements necessary to ensure that they are functional and attractive to prospective retailers and that they animate the street frontage. These elements shall include, but not be limited to: approximately 19-foot seven-inch floor to floor heights, as shown on the plans dated June 30, 2004; access to the service corridor/areas as shown on the architectural plans dated June 30, 2004; direct street frontage and access; provision for any venting systems required for any food preparation or restaurant use; and sufficient transparency of the building facade to achieve adequate street exposure.

The developer agrees to submit an application for administrative change for any proposal for retail uses or parking not clearly consistent with the above. Any change in the use of the retail space from retail to office or other non-retail use shall require a site plan amendment.

- 63. The developer agrees to engage an artist to be included in the design team for the final design of the public plaza. The final design shall include the location and design of hardscape and plantings, street furniture including benches, lights, trash receptacles, and any other aesthetic and functional elements to be located in the plaza, paving patterns, and the water feature shown near the corner of Fairfax Drive and North Quincy Street. The design team shall use the Site Plan dated June 17, 2004 in the plan submission dated June 30, 2004 as a starting point for the final design. The developer shall coordinate with the County Manager or his designee on the selection of the artist and the design, fabrication, installation, signage, and maintenance plan for the public plaza. The developer agrees that the final plaza design shall be reviewed by the Site Plan Review Committee prior to approval of the final site development and landscape plan for the site plan. Implementation of the approved landscape plan, including installation of all elements shown in the plan, shall be completed prior to issuance of the first Certificate of Occupancy for the new building. The developer agrees to maintain the plaza and all elements within the plaza, for the life of the site plan.
- 64. The developer agrees to make parking in the first level of the garage available for public parking seven days per week, from 8:00 a.m. until 12:00 midnight or until 30 minutes after the close of retail and/or theater operations in the building, whichever is later. The number of parking spaces available for such general public parking use shall be subject to the first right of the funeral home use to use the first level of the garage to meet funeral home demand, and the second right of the theater use to utilize up to 25 parking spaces for theater use. As between the funeral home use and the theater use, the funeral home use shall have first priority to the parking spaces on the first level of the garage.

The 25 parking spaces allocated specifically to theater use shall all be made available in a contiguous grouping and shall be appropriately signed for exclusive use by theater patrons (subject to the above-mentioned first right for funeral home use) from a minimum of one hour prior to each performance until 30 minutes after the end of each performance.

A minimum of 30 contiguous spaces, distinct from the theater spaces, shall be signed for short term, high turnover (maximum time limit of two hours) retail patron and public parking use prior to 6:00 p.m. on weekdays), and shall be appropriately so signed and/or metered. At such time as the funeral home ceases operation, the first right of the funeral home to use the parking will end. The public parking on the G1 level may be used to satisfy the parking requirement for any use that replaces the funeral home. Signage indicating the various uses for the parking spaces and directing vehicles to the appropriate areas of the garage shall be posted in locations easily visible to the intended users. Temporary signage indicating exclusive funeral home use of the first level of the garage and directing vehicles to alternative parking locations shall be posted the earlier of a minimum of two hours prior to such use or prior to a scheduled theater performance. The parking management plan required in Condition #48 shall be consistent with the provisions of this condition.

The developer agrees to file a parking utilization report to the Zoning Administrator annually. The Zoning Administrator may approve a reduction in the weekday, daytime hours for providing public parking based on this parking utilization data after submission of a request for administrative change by the developer.

65. Outdoor cafes shall be permitted in the public right-of-way or within public easements, including the public access easement described in Condition #70, along Fairfax Drive and North Quincy Street in accordance with the applicable provisions of the Zoning Ordinance, with a maximum seating area and all other applicable requirements as set forth in the Zoning Ordinance and as determined by the Zoning Administrator. A minimum of 10 feet of clear sidewalk width must be maintained along Fairfax Drive. Plans for all outdoor cafes shall be subject to prior administrative approval by the Zoning Administrator for consistency with County ordinances, regulations and policies. Any outdoor café shall be administratively reviewed one year following its approval to evaluate it after a season of operation. At that time, the Zoning Administrator may review the approval, impose conditions on the operation of the outdoor café, or revoke the prior approval.
66. The developer agrees to provide 7 committed affordable units (CAFs) for sale to households with incomes up to 60% of Median Family Income (MFI) and make a total contribution of \$400,000 to the County's Housing Reserve Fund (HRF). The payment shall be delivered to the Department of Community Planning, Housing and Development, and compliance with this condition shall be provided to the Zoning Administrator. The developer agrees that one-half of the total contribution (\$200,000) will be paid prior to the issuance of the final building permit and the balance (\$200,000) will be paid before the issuance of the first Certificate of Occupancy for the residential building.



Prior to the issuance of any permit for any activity on the site, the developer agrees to execute documents requested by the County to evidence agreement to all of the terms and conditions outlined in the developer's approved final Affordable Housing Plan as set forth in an attached letter dated June 24, 2004 from Cathy Puskar, Attorney, to Betts Abel, including, but not necessarily limited to, the following conditions:

- d. **County/Developer Agreement/Affirmative Marketing Plan:** The agreement shall include an Affirmative Marketing Plan in substantially that form as required by the U.S. Department of Housing and Urban Development (HUD) and including, at a minimum, the elements specified in the Developer's final Affordable Housing Plan and Affirmative Marketing Plan. The Affirmative Marketing Plan shall be in a form and substance acceptable to the County Manager, with the concurrence of the County Attorney, according to the County's criteria for such marketing plans.
- e. **Affordable Sales Prices:** The developer agrees that the affordable sales prices shall be those as defined in the Affordable Housing Plan, based on being affordable to households at up to 60% of MFI as published by HUD for MWSA in 2004. Seven units shall have such sales prices. These units shall be available for purchase by households with incomes at or below 60% MFI and that meet the criteria established by the County in consultation with the developer.
- f. **Marketing Period:** The developer agrees that the proposed marketing plan, as approved in a. above, shall call for the initial advertising and marketing of the affordable units to begin no earlier than 6 months prior to availability.
- g. **Compliance Period:** The developer agrees that the Affordable Housing Plan and County/Developer Agreement shall require that individual dwelling units have recorded security mechanisms in the form of a deed covenants which would effectively keep the dwelling units affordable for the life of the project, or through a site plan amendment. All deeds from the developer to initial transferees shall contain language providing that the units are subject to the affordability security mechanisms approved by the County Manager and further providing that such mechanisms will apply to future deeds transferring the individual units. The developer agrees that such security mechanisms shall be part of the condominium or other documents recorded among the land records of the Clerk of the Circuit Court of Arlington County, as determined by the County Manager to be reasonably necessary to protect the affordability of the units. The security mechanisms shall address resale, refinancing, rental, foreclosure, devaluation and other potential events related to the ownership and financing of the affordable units in order to retain them as affordable units.
- h. **Non-Sale/Rental Option:** In the event that the developer is unable to sell all the affordable units to qualified purchasers and/or determines to make some such

units in the project available as rentals, the developer shall submit a site plan amendment to the County for review and modification of the Affordable Housing Plan for such units in order to enable the County to decide how to handle any outstanding subsidy values.

- i. Accessible Units: three of the affordable units will be among the project's required fully accessible units.

The developer agrees, at all times, to fully comply with the requirements of such documents and the plan.

#### 67. Building Security Requirements

The developer agrees that it is the practice of the County to maintain the maximum number of on-street, unreserved, short-term use parking spaces around the perimeter of a site. Therefore, the developer agrees it will not remove or reduce the number of such unreserved on-street parking spaces around the perimeter of the site, excluding stopping/standing zones adjacent to the main building entrance, whether at the request of the developer, a unit owner, a tenant, or otherwise. Nothing in this agreement shall preclude the County from installing parking meters, at its sole option, on any of such on-street parking spaces. Accordingly, the developer agrees that it shall notify condominium unit owners or tenants of the aforesaid practice prior to execution of any sale or lease agreement with a tenant.

68. The developer agrees that no balconies, other than those identified in the approved site plan, shall be enclosed. Enclosure of any additional balconies shall constitute additional gross floor area and shall require a site plan amendment.

69. The developer agrees to hire a LEED certified consultant as a member of the design and construction team. The consultant shall work with the team to incorporate sustainable design elements and innovative technologies into the project so that numerous building components may earn the developer points under the U.S. Green Building Council's system for LEED certification. Specifically, the developer agrees to include sustainable elements in design and construction that are sufficient to meet the requirements for 21 LEED credits. The developer agrees to use commercially reasonable efforts to achieve additional LEED credits which would qualify the building for certified levels.

The developer agrees that all of the following types of appliances, fixtures, and/or building components used in the project shall have earned the U.S. EPA's Energy Star label: clothes washers, dishwashers, refrigerators, ceiling fans, ventilation fans (including kitchen and bathroom fans), light fixtures (halls and common areas), and exit signs. To further enhance energy efficiency, the developer shall choose two of the types of components listed and all of those two types of components installed or used in the project shall be Energy Star qualified: programmable thermostats (in residential units);

residential light fixtures; windows and doors; and HVAC systems. The developer shall submit to the County Manager a statement listing all Energy Star qualified components prior to issuance of the Shell and Core Certificate of Occupancy. The developer further agrees to offer to purchasers environmentally responsible, non-toxic, interior finish options. Examples of such options include carpet, flooring, paint, cabinetry, countertops, and water efficient fixtures.

The developer further agrees to submit, to the County Manager or his designee, a report prepared by the LEED consultant and documentation upon request to substantiate the report. Such report will be submitted prior to issuance of the following permits or certificates of occupancy for construction of the project and will summarize the efforts to date of the inclusion of the sustainable elements within the project:

- Demolition Permit
- Excavation, Sheet piling and Shoring Permit
- Footing to Grade Permit
- First Above Grade Building Permit
- Final Building Permit
- Shell and Core Certificate of Occupancy
- Certificate of Occupancy for occupancy of the last floor of space
- Master Certificate of Occupancy

In addition, prior to issuance of the first Certificate of Occupancy after the Shell and Core Permit, the developer will have its LEED consultant submit a certification to the County Manager or his designee that the elements to earn the above specified numbers of points have been included in the buildings.

70. The developer agrees to grant a permanent public access easement to the County Board of Arlington County providing for public access to the plaza area, entitled "Public Access Easement Exhibit." The final location of the easement may change with the preparation of the final building plans. The developer agrees to landscape this area, as shown on plans dated June 2004 and made a part of the public record on July 10, 2004. Final landscape design and installation shall be approved by the County Manager or his designee as part of the final site development and landscape plan. Landscaping of this area and granting of the public access easement shall be completed prior to issuance of the first certificate of occupancy for the building. The easement shall be granted by deed, in form and substance acceptable to the County Manager, and shall be recorded among the land records of the Clerk of the Circuit Court of Arlington County. The developer shall be responsible for maintaining this area.
71. The developer agrees to deliver all refuse, as defined by the Arlington County Code, to an operating refuse disposal facility designated by the County Manager. The developer further agrees to stipulate in any future lease or property sale agreements that all tenants or property owners shall also comply with this requirement. Any facility designated by

the County Manager will have competitive rates at or below other facilities in the region otherwise available to the developer.

72. The developer agrees to have, as a part of its parking management plan, provisions relating to the towing of impermissibly parked vehicles. Such provisions shall include, but not be limited to:
- a. Requirements for signage at the developer's parking lot(s) providing notice of all applicable parking restrictions enforced by towing, the location of the towing contractor(s)' impoundment yard, and the name and telephone number of the developer's on-site representative responsible for towing-related complaints, as well as the telephone number of the Arlington County Office of Citizen and Consumer Affairs;
  - b. Disclosure by the developer and its towing contractor(s), at the developer's parking lot(s), of all fees and charges for towing; and
  - c. Evidence that the developer has a contract with the towing contractor that requires the towing contractor to clearly display all fees and charges for towing.
73. The developer agrees to install speed bumps adjacent to the top of garage exit ramps at locations where ramps abut the pedestrian sidewalk, in order to slow vehicular traffic prior to vehicles crossing the sidewalk. The locations of the speed bumps shall be shown on the site engineering and building plans approved by the County Manager or his designee. The garage doors shall be setback from the sidewalk a minimum distance of six (6) inches.
74. The developer agrees to develop procedures, subject to approval of the County Manager, whereby uniformed Arlington County Police will be authorized to enter the parking areas for purposes of enforcing compliance with County ordinances and state laws applicable to resident's motor vehicles.
75. The developer agrees to install and maintain in operable condition, in a manner acceptable to the County Manager or his designee, an internal antenna/amplifier system that permits public safety radio communications to transmit in the 806-825 MHz frequency and to receive in the 851-870 MHz frequency from all areas within the building. The cost of installing the internal antenna/amplifier system shall not exceed \$15,000. The developer agrees to provide documentation in the approved electrical engineering drawings that adequate accommodations have been made in the building to meet this requirement.
76. The developer agrees to implement a loading management plan that will address peak hour restrictions for tenant move-in/out, deliveries, and refuse removal services.

77. [Condition regarding details of theater agreement with the County--to be completed for Supplemental Distribution]
78. Prior to the issuance of the first Certificate of Occupancy for the new building, the developer agrees to point-up the existing brick where necessary to repair worn or damaged mortar, replace missing shutters, and paint the exterior trim on the existing funeral home.
79. The developer agrees that at such time as the funeral home use ends, the funeral home building shall be put to no further use, and the funeral home building shall be demolished within two years of being vacated. The developer may construct, in place of the funeral home building, a new building as shown on the plans dated June 30, 2004, with a maximum GFA of 10,000 square feet and a height of 40 feet to the main roof. This new building may only be occupied by retail uses. The developer agrees to submit to the Zoning Administrator, and obtain approval by the County Manager or his designee of, plans and documentation for such new building that is consistent with the June 30, 2004 plans and meet the Administrative Regulations 4.1 requirements then in effect, prior to issuance of any permits for the site other than for demolition and clearing of the existing funeral home building. Any other use or any structural change inconsistent with the building to replace the funeral home building, shown on the plans dated June 24, 2004, shall require a site plan amendment. The developer further agrees to submit to the Zoning Administrator, and obtain approval by the County Manager or his designee of, a landscape plan for the land currently occupied by the funeral home building and the adjacent streetscape, consistent with Condition #18, prior to issuance of the demolition permit for the funeral home building. The developer agrees to implement the landscape plan within 30 days of demolition of the funeral home, except that if a building permit application has been filed for a new building on the site of the funeral home building, the developer shall clear, level, and seed the funeral home building site within 30 days of demolition, and the streetscape shall be completed before issuance of the first Certificate of Occupancy for the building that replaces the funeral home.
80. The developer agrees to design and implement a decorative treatment for the parking garage and loading dock doors that provides pedestrian interest and architectural compatibility with the surrounding building façade. This design shall be submitted as part of the façade plans as described in Condition #31
81. The developer agrees that ~~the~~ residential condominium's, cooperative's or homeowners' association shall ~~notify~~ residential unit purchasers or prospective tenants of the design, location, dimensions, and conditions of approval of the building to replace the funeral home building prior to execution of any sale or lease agreement of a unit or retail space.

## REZONING RESOLUTION

WHEREAS, TCR Virginia Square Holdings L.C. has requested a rezoning **FROM** the "C-2" Service Commercial – Community Business District, **TO** the "C-O-2.5" Commercial Office Building, Hotel & Apartment Districts of property located at 3901 N. Fairfax Dr. (RPC #14-030-012, -013, -014); and

WHEREAS, the County Manager has recommended approval of such rezoning; and

WHEREAS, the Planning Commission has recommended approval of the rezoning of the Property to "C-O-2.5", and

WHEREAS, the County Board finds that the rezoning, to "C-O-2.5" Commercial Office Building, Hotel & Apartment Districts will be consistent with the General Land Use Plan Designation for the Property, and with the *Virginia Square Sector Plan*; and

WHEREAS, the County Board finds that the rezoning to "C-O-2.5" Commercial Office Building, Hotel & Apartment Districts is required by public necessity, convenience, general welfare, and good zoning practice.

THEREFORE, be it resolved, that the Property located at 3901 N. Fairfax Dr. is hereby rezoned **FROM** "C-2" Service Commercial – Community Business District, **TO** "C-O-2.5" Commercial Office Building, Hotel & Apartment Districts, as shown on the attached map labeled "Z-2516-04-1 Rezoning".

PREVIOUS COUNTY BOARD ACTIONS:

July 9, 1983

Approved use permit (U-2380-83-2) for a cremation unit within a funeral home with a review in one year.

September 8, 1984

Continued use permit for a cremation unit within a funeral home with a review in three years.

September 12, 1987

Continued use permit for a cremation unit within a funeral home with no further review.

May 7, 1994

Approved use permit amendment for construction of a two-story garage and storage building, subject to all previous conditions, new conditions, and review in one year following issuance of a Certificate of Occupancy.

April 26, 2003

Approved General Land Use Plan amendment from "High-Medium Residential Mixed-Use" to "Medium" Office-Apartment-Hotel.

November 15, 2003

Deferred rezoning to "C-O-2.5" and site plan for approximately 140 dwelling units, community facility, public plaza, and retention of existing commercial use.

December 6, 2003

Denied site plan for approximately 140 dwelling units, community facility, public plaza, and retention of existing commercial use, and accepted withdrawal of rezoning to "C-O-2.5"

APPENDIX C







## ARLINGTON COUNTY, VIRGINIA

### County Board Agenda Item Meeting of April 24, 2004

**DATE:** April 23, 2004

**SUBJECT:** Affordable Housing Guidelines for Site Plan Projects

#### **C. M. RECOMMENDATIONS:**

1. Adopt the following "Affordable Housing Guidelines for Site Plan Projects in Metro Corridors:"
  - a. In residential or mixed-use development, a target of 10% of the gross floor area (GFA), exclusive of any bonus, shall be devoted to affordable housing units committed to remain at affordability levels no greater than 60% of the Washington area median family income for terms of no less than 30 years.
  - b. In commercial development, a monetary contribution, set by the County Board, is expected to be made to create or preserve committed affordable housing at the same affordability levels.
2. Set the monetary contribution for commercial development in Metro Corridors at \$4.00 per square foot of gross floor area, adjusted on July 1 of each year based on the change in average assessment of commercial property.
3. Adopt the following Affordable Housing Guidelines for Site Plan Projects Outside of the Metro Corridor:"
  - a. For residential projects, \$4.00 per square foot of gross floor area or \$4,500 per unit, whichever is greater, adjusted on July 1 of each year based on the change in average assessment of multi-family residential property.
  - b. For commercial projects, \$4.00 per square foot of gross floor area, adjusted on July 1 of each year based on the change in average assessment of commercial property.

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

Staff: Betts Abel, DCPHD, Housing Division, Ken Aughenbaugh, DCPHD, Housing Division  
David Cristeal, DCPHD, Housing Division,



4. Direct the County Manager to develop implementation procedures for the Affordable Housing Guidelines for Site Plan Projects.
5. Direct the County Manager to include a performance review of the Affordable Housing Guidelines for Site Plan Projects as part of the annual report on Housing Targets.

**ISSUE:** What contribution formula should be used in the negotiation of site plan projects to increase the supply of affordable housing while sustaining smart-growth investment?

**SUMMARY:** Arlington is committed to ensuring its long-term economic sustainability as a world-class urban community by planning and encouraging high-quality, mixed-use, smart-growth development. A critical element of this smart-growth philosophy is the achievement of new, committed affordable housing units or, alternatively, the long-term preservation of existing affordable units in a manner which will further mixed-income projects and mixed-income neighborhoods. To provide incentives for private investment to support this overall philosophy, Arlington developed a General Land Use Plan (GLUP) and special exception Site Plan Process that substantially increase development above by-right options, thereby adding significant value to such projects. The County creates this value in multiple ways, including increasing the amount of density permitted, allowing uses that are otherwise prohibited, and modifying parking requirements and other development standards. The enhanced density and value of some recent site plan projects have exceeded by-right options fivefold.

The success of Arlington's site plan process has resulted in recognition of Arlington as a premier smart-growth community, has provided a balanced tax base, and has enabled the County to rebuild much of its infrastructure through development. At the same time, the unintended consequence of rising land values has contributed to putting Arlington's affordable housing at great risk. Market-rate affordable rental housing dropped from 53% of the rental housing stock in 2000 to only 38% in 2002 (based on 60 percent of median income). Rental vacancy rates are well below the industry expectation of 5%. Arlington's federal Section 8 program and the locally funded Housing Grants program are fully subscribed. Increases in single-family home prices have been even more dramatic, with average sales prices rising to \$589,000 in the first quarter of 2004.

Unless significant action is taken, the long-term success of Arlington's smart-growth development is in jeopardy of losing the diverse, mixed-income population that provides the workforce to fill the range of jobs created and live where it works. In order to provide an economically diverse community and workforce, especially in the Metro corridor, and to support Arlington's continued growth, some of the added value created by the General Land Use Plan and Site Plan Process must be devoted to offsetting the unintended impact of rapidly increasing housing costs. The proposed Guidelines are a step in seeking to address the affordability of housing in Arlington, while continuing to provide high-value development opportunities, especially in the Metro corridors.

The "Affordable Housing Guidelines for Site Plan Projects" (Guidelines) clarify County goals for the Site Plan Process and, in so doing, should facilitate the review process and address the



full range of impacts of development. The guidelines also support Arlington's vision and commitment to a diverse and inclusive population, in a caring community in which each person is important.

**BACKGROUND:** Arlington's affordable housing guidelines have evolved over the years. The most recent guidelines were adopted on December 6, 2003, on an interim basis. The interim guidelines replaced guidelines that had been in effect since 2001. The guidelines proposed herein evolved out of a proposal from the Ad Hoc Affordable Housing Group, a coalition of community affordable housing advocates. The Ad Hoc Group proposed establishing affordable housing contributions for site plan projects based on 10% of a project's gross floor area (GFA). On February 21, 2004, the County Board adopted a resolution directing the County Manager to draft site plan guidelines after studying the Ad Hoc proposal.

In the context of the Site Plan Process, the Guidelines set forth aspirational goals to be achieved as part of a specific site plan project. They are not an inclusionary zoning regulation nor do they establish an absolute requirement. The Guidelines direct the negotiation of mutually agreed conditions incorporated in a special exception sought by a site plan applicant and are intended to provide the standards for such negotiation in order to achieve high levels of certainty, consistency, and fairness. The conditions are designed to ameliorate the impacts of a site plan project on the surrounding neighborhoods and to further the County's land use objectives, including, among others, achieving an attractive, harmonious, and economically diverse and sustainable community. Arlington considers maintaining housing for a mixed-income population essential to achieving these goals. All aspects of a site plan are considered in evaluating a site plan project, including the totality of the conditions, viewed as a unified, interrelated whole, not a collection of disparate provisions. All elements of the project are considered in the context of sound land use planning, good zoning practice, and the general welfare of the community.

The failure of a site plan application to achieve the goals in the Guidelines - or any other site plan guideline - does not necessitate the denial of the site plan application. The overall set of conditions, however, must sufficiently address the impacts of a site plan project and warrant the request for modification of zoning regulations. The failure of a project to achieve the affordable housing goals - or any other applicable community goals - would necessitate careful scrutiny of the site plan application to ensure that, on balance, the County's objectives are met.

The adoption of these Guidelines is also not intended to suggest implications for other planning processes or affordable housing tools. This includes use of bonus density in appropriate circumstances as the County Board may determine, such as the replacement or expansion of affordable housing beyond the Guidelines.

These Guidelines are intended to be consistent with the Affordable Housing Goals and Targets approved by the County Board on 12/6/03.



**DISCUSSION:** The following addresses issues related to each of the recommendations.

**1. Adopt the following “Affordable Housing Guidelines for Site Plan Projects in Metro Corridors:”**

- a) In residential or mixed-use development, a target of 10% of the gross floor area (GFA), exclusive of any bonus, shall be devoted to affordable housing units committed to remain at affordability levels no greater than 60% of the Washington area median family income for terms of no less than 30 years.
- b) In commercial development, a monetary contribution, set by the County Board, is expected to be made to create or preserve committed affordable housing at the same affordability levels.

**2. Set the monetary contribution for commercial development at \$4.00 per square foot of gross floor area, adjusted on July 1 of each year based on the change in average assessment of commercial property.**

There are two issues integral to the basic policy: (a) on what basis should the affordable housing contribution be calculated, and (b) how much should the contribution be? The interim guidelines are based on a contribution of a fixed amount per square foot of gross floor area or per residential unit, whichever is higher. The contributions in the previous guidelines were based on a percentage of construction costs. The challenge in revising the guidelines is determining an appropriate level that will effectively achieve the County’s goals while maintaining sufficient incentive for developers to continue investing in Arlington through the site plan process. After conducting a series of financial analyses, staff’s conclusion is that the future economic impacts of the Guidelines cannot be fully known since too many other variables influence development decisions, especially market demand and land prices. Based on reviews of recent projects and models of projects that are otherwise viable in the current market, it is clear that site plans offer substantial values above by-right options that should be sufficient to achieve the Guidelines.

**3. Adopt Affordable Housing Guidelines for Site Plan Projects Outside of the Metro Corridor:**

- a) For residential projects, \$4.00 per square foot of gross floor area or \$4,500 per unit, whichever is greater, adjusted on July 1 of each year based on the change in average assessment of multi-family residential property.
- b) For commercial projects, \$4.00 per square foot of gross floor area, adjusted on July 1 of each year based on the change in average assessment of commercial property.

These Guidelines are intended to provide an appropriate level of support to affordable housing goals relative to the impact different site plan projects have on affordable



**Abstract**

housing issues. Projects outside of the Metro Corridor are typically of a smaller scale and may not be as conducive to providing on-site or off-site units. To provide clear and consistent guidelines for these projects, monetary contributions are proposed in the amounts listed above. When feasible, however, developers are encouraged to use these resources to provide on-site housing or actual units off-site. The amounts are indexed to market changes in residential and commercial properties.

**4. Direct the County Manager to develop implementation procedures for the Affordable Housing Guidelines for Site Plan Projects.**

A number of implementation issues have been raised in the discussion of the Guidelines. Upon adoption of the Guidelines, staff will develop implementation procedures in consultation with the Housing Commission. Some of the major items to be developed with the Housing Commission are as follows:

- Off-Site Affordable Housing: The policy goal is to achieve newly committed affordable units. As an alternative to on-site units, preservation of newly committed off-site affordable units of equivalent value may be considered, especially if such units can be provided in perpetuity in partnership with non-profit housing providers. Factors that may be considered in evaluating off-site units include the following:
  - An ability to facilitate and expedite relocation of tenants from existing affordable housing on the development site and minimize disruption of their lives;
  - Excessive per-unit subsidy for committed affordable units, applied primarily to ownership products (such as subsidies greater than 100% of the affordable sales price);
  - Inefficiency of managing too few on-site units (such as fewer than 10 rental units);
  - An opportunity to advance other affordable housing goals, such as more units, permanent units, and a better unit mix.

It is preferred that off-site units be provided in the same Metro station area of the project; off-site units must be provided within the same Metro corridor in order to achieve the goal of mixed-income neighborhoods. The option of off-site units is intended to stimulate the development community to develop creative solutions for preserving limited, lower density affordable housing in the Metro corridors and to offer developers flexibility in meeting the Guidelines.

- Contribution In Lieu of New or Newly Committed Affordable Housing. In certain, exceptional circumstances, the County Board may determine that on-site or nearby off-site units are not appropriate and the County Board may consider accepting a

[illegible]

financial contribution at least equal to the value of on-site housing meeting the 10% GFA standard in the Metro Corridors .

A contribution received for affordable housing would be used for the creation of new or preserved units using the County's housing partners. When the County Board decides that it is in the best interest of the community to accept a contribution, preference for its use will first be in the same Metro station area as the project contributing the funds (or walking distance thereto) and secondly in the same transportation corridor as the development (or walking distance of that corridor). When there is a compelling opportunity to meet other affordable housing goals, the County Board may consider projects elsewhere in the County.

Determination of the contribution amount is subject to further review. Alternative methodologies will be reviewed with the Housing Commission and a report made to the County Board by July 1, 2004.

- GFA Calculation: The affordable housing GFA should have the same ratio of net leasable or net saleable area to total area as the market-rate component of the project, taking into account "normal" GFA exclusions in site plan projects. There has been a debate on whether to use gross or net GFA. The issue is moot as long as the same definition of gross floor area is used to calculate the overall building and affordable units.
- Transitional Projects: Guidelines adopted by the County Board should apply to site plan projects filed on or after April 22, 2004. An alternative affordable housing contribution will be negotiated for projects filed or considered prior to this date and Phased Development Site Plans (PDSPs).
- Alternative Community Benefits: While affordable housing is clearly established as the County's highest priority benefit, the County Board may conclude that other benefits are more compelling to the community for a limited number of projects that have been identified through the County's various planning processes. It is important to state explicitly that the County Board retains this discretion: For example, we are currently negotiating for a conference center in Pentagon City and expect to achieve a major park as part of Central Place in Rosslyn, a black box theatre as part of the Virginia Square sector plan, and a cultural center as part of the Court House sector plan. In adopting the Guidelines, the County Board is saying unambiguously that affordable housing is the County's top priority. At the same time, there may be a limited number of circumstances whereby the County Board, through its planning processes, determines that another community benefit may be more compelling for a specific project. Staff will develop a list of such circumstances as they are currently known (drawn primarily from Sector Plans) and submit a report to the County Board by July 1, 2004. This work will be done in consultation with the Planning Commission.



- Accessibility for Persons with Disabilities. Affordable units shall meet accessibility requirements no less than that required under the Fair Housing Act and Virginia law.

**5. Direct the County Manager to include a performance review of the Affordable Housing Guidelines for Site Plan Projects as part of the annual report on Housing Targets.**

All of the County's affordable housing targets are reviewed annually to assess performance. These Guidelines will be included in this annual review, beginning with the annual report for Fiscal Year 2005, due in late 2005.

**FINANCIAL ANALYSIS:** Based on an analysis of current market conditions by Bay Area Economics (BAE), the Guidelines should not affect the market viability of projects. Their models suggest that only condominium and townhouse projects are economically viable at this time, regardless of affordable housing guidelines. Likewise, residential rental projects and commercial projects are not viable in the current market, also regardless of affordable housing guidelines. How the market may respond in the future is, at best, speculative. How and if the Guidelines will impact the overall market is not clear since affordable housing will be only one of the economic variables in determining the overall economic viability of a project. Other major variables include the following:

- Cost of land. This is considered the most elastic variable, the value of which has risen dramatically in the past several months, to a level that is not likely to be sustained over time. It appears that land will be the variable most affected by higher site plan contributions. Current land values are estimated at \$65 per square foot of GFA. In 2002 prices were around \$28, rising to the \$36-40 range in 2003, and going off the chart in 2004. How this element in the market responds to the Guidelines is critical to their success. According to BAE, land prices can typically fluctuate 20 percent over a twelve month period.
- Income produced. This includes sale prices of condos and townhouses, rental rates of apartments, and lease rates of commercial property. Ownership products will be affected by supply and demand and by interest rates. Rental and leasing rates will be affected by supply and demand.
- Interest rates for the financing of development.
- Construction costs.
- Operating costs.
- Rate of return to developers and their investors.

Analyses testing the different variables do not provide a basis for predicting future market responses to the Guidelines or other variables. Over the years, Arlington's site plan processes



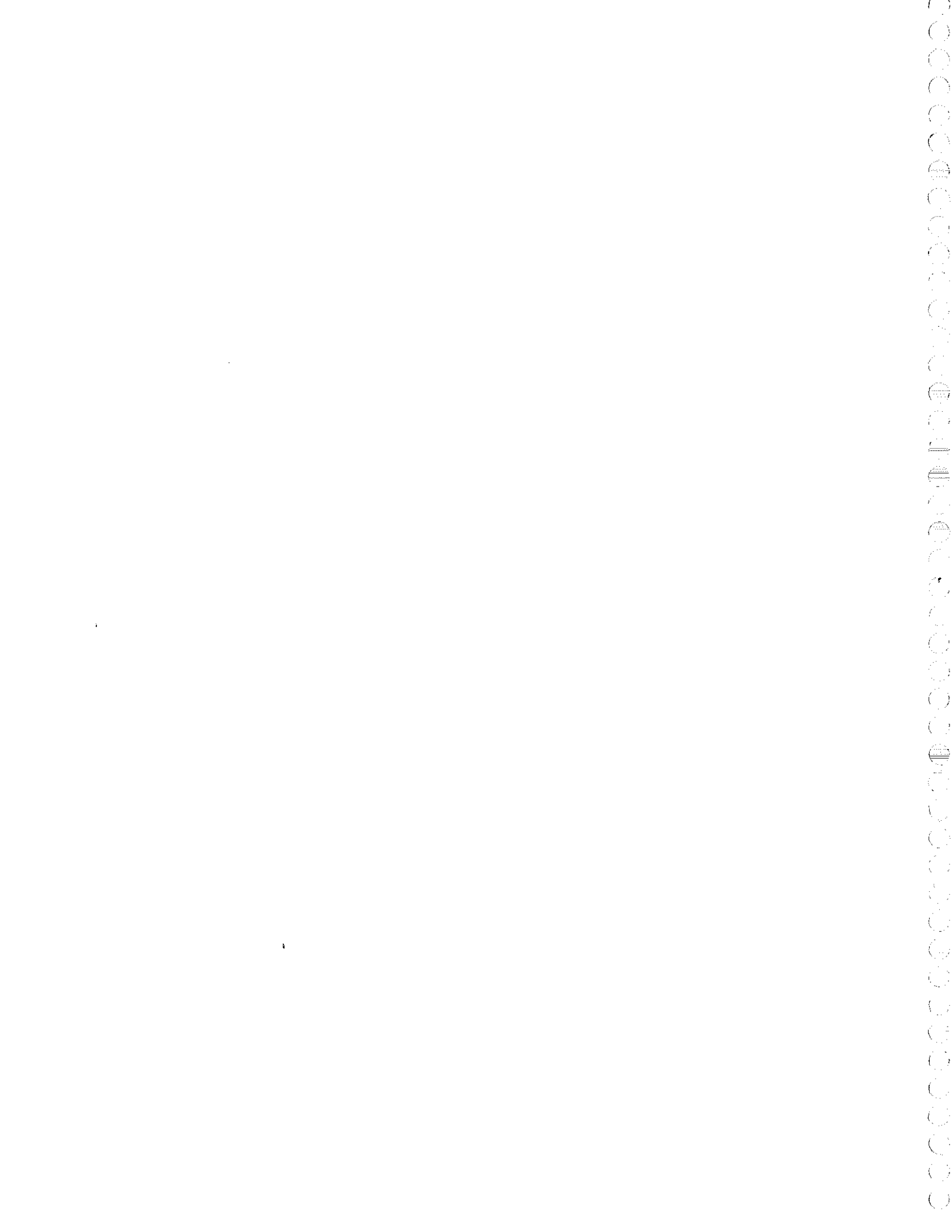
have changed based on evolving economic conditions in the County. The same will be necessary going forward.

**PROCESS:** The County Board directed that the County Manager convene roundtable meetings to discuss the Ad Hoc proposal, working with the Housing Commission and the Planning Commission. Representatives of these commissions worked with the Manager and staff as a planning group for the roundtable meetings. They made extensive contributions to the management of the process and the development of recommendations. Roundtable meetings included the Ad Hoc Affordable Housing Group, the Alliance for Housing Solutions, the Arlington Affordable and Workplace Housing Coalition, the Civic Federation, the Economic Development Commission, and non-profit housing providers. All meetings were open and attended by a number of people from the public, who were given opportunities to participate in the roundtable proceedings. The roundtable met three times during March and held a final meeting on April 3 to review and comment on a "straw man" set of guidelines incorporating the 10% of GFA proposal. A financial committee was also formed and met several times with BAE and staff on specific financial topics, and reported their results back to the full roundtable group for consideration of the related policy issues. The roundtable meetings provided a valuable forum for information sharing, but time was not adequate to forge a consensus recommendation.

The Housing Commission, Planning Commission and other interested parties reviewed a staff draft of this report. Substantial revisions were made to the staff draft and subsequent working drafts to address issues raised by the Commissions and others. This final report is an effort to frame the broadest possible consensus that achieves the objectives identified by the Board.

**FISCAL IMPACT:** The exact fiscal impacts of the Affordable Housing Guidelines for Site Plan Projects are not fully known at this time and will depend on market forces. If the 10% GFA proposal is successful, affordable housing will be significantly increased with no negative impact. In any event, the market will continue to fluctuate and evolve in the future, as it has in the past. Arlington's core land use plan, however, continues to offer a sound road map to smart growth and a diverse, economically sustainable community.





## **ARLINGTON COUNTY**

The Arlington County Board adopted the following  
Housing Principles and Housing Goals on December 9, 2000.

### **HOUSING PRINCIPLES**

1. Affordable housing should be a County priority.
2. Market rate affordable housing should be the primary means of providing affordable housing. The County should continue to support efforts to maintain and preserve that affordable housing supply and the surrounding neighborhoods.
3. A range of housing choices should be available throughout the County to accommodate households of all income levels, sizes and needs.
4. In providing housing assistance, priority should be targeted to the lowest-income households – low income households with children and low income households with members who are elderly or have disabilities.
5. Affordable housing should be used to help prevent homelessness and promote a diverse community.
6. Equal housing opportunity should be a reality. Housing discrimination should not exist in Arlington.
7. Households with children should never be homeless.

### **HOUSING GOALS**

The County Board is striving to achieve the following goals in full partnership with the state and federal governments and with the expectation that these partners will place a priority on funding affordable housing programs.

- I. Balance support for the elderly and persons with disabilities with a transitional safety net for working families with children.
- II. Ensure through all available means that all housing in Arlington County is safe and decent.
- III. Permit no net loss of committed affordable housing, and make every reasonable effort to maintain the supply of affordable market rate housing.
- IV. Reduce the number of households in serious housing need (defined as those earning below 40% of median income who pay more than 40% of their income in rent).
- V. Increase the number of housing units with two or more bedrooms in order to match the needs of households with children.
- VI. Distribute committed affordable housing within projects, within neighborhoods and throughout the County.
- VII. Increase the rate of home ownership throughout the County, and increase homeownership opportunities for low and moderate income households.
- VIII. Ensure, through all available means, that housing discrimination is eliminated.
- IX. Provide housing services effectively and efficiently.



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# Project Schedule

## SECTION 7

# Project Schedule

	2007												2008												2009											
DEVELOPMENT SCHEDULE	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12			
PREDEVELOPMENT																																				
Feasibility																																				
Final Design Work																																				
Land/Loan Closing																																				
Issued for Construction Drawings																																				
CONSTRUCTION																																				
Project Construction Start																																				
Demolition of Existing Conditions																																				
Foundations																																				
Vertical Concrete Structure																																				
Topping Out																																				
Interior Work																																				
Project Completion																																				
Marketing'																																				
Presales Begin																																				
Grand Opening (open sales office)																																				
Regular Sales Period																																				
Closings Begin																																				
Closing Period																																				
Closings End																																				



# Project Financials

## SECTION 8



## Project Financials

### SUMMARY OF FINANCIAL RETURNS:

The project has been financially analyzed in detail. A snapshot of the returns that we anticipate for the overall project can be found on this page below. Individual returns will be discussed in detail in this financial section as well.

FINANCIAL	
Net Proceeds	\$9,906,532
Project IRR	31.63%
Multiple of Capital	1.79x
Equity	\$12,588,289
Debt	\$50,353,158
Equity Partner	90%
North Capitol Development	10%

Based on previous development experience in Arlington County we are confident that the projected project costs on the development and soft cost side are accurate. With respect to hard costs, we have worked with Bovis Lend Lease construction company on many projects in the past (both with NCD and in previous development companies) and have found their estimates to be accurate. Although Bovis is sometimes considered one of the more expensive general contractors in the area, we believe that the peace of mind and security that comes from a high quality contractor, especially during the construction of condominiums, is worth the 2-3% higher construction costs.

### CONSTRUCTION GUARANTEE:

Developer will personally guarantee the completion of the development. This guarantee is based on the balance sheet of the principals and value of the development pipeline of the LLC.

## Project Financials

### FINANCIAL STRUCTURE:

**Equity:** The total equity investment in the project is \$12,588,298. The primary investor in this project will be responsible for 90% of the equity and Developer will be responsible for the remaining 10%. All equity will receive a pari passu preferred return of 15%. Beyond a 15% return, the proceeds will be split 50/50 between the equity partner and the Developer.

**Debt:** The development plan has received preliminary finance committee approval from Corus Bank for 80% of the total cost of the project. The period of the loan is 30 months. All development activities will be funded from the loan on a monthly basis following the submission and approval of payment requisitions. The bank has required that \$406,000 be held back as "Additional Debt Service" in the event that construction or sales/closings are delayed. Those scenarios with respect to returns are investigated later in this report.

### SOURCES AND USES:

<b>SOURCES</b>	
Construction/Development Loan (80%):	\$50,353,158
Investor Equity (18%)	\$11,329,460
Developer Equity (2%)	\$1,258,829
<b>TOTAL</b>	<b>\$62,941,447</b>
<b>USES</b>	
Land Purchase Price	\$7,680,000
Construction/Improvements	\$45,527,500
Other Development Costs	\$8,483,946
Development/Const. Mgmt. Fee (NCD)	\$1,250,000
<b>TOTAL</b>	<b>\$62,941,446</b>

## Project Financials

### PROJECT AND EQUITY PARTNER RETURNS:

The equity partner can expect to receive a 26.73% return based on the most probable return scenario. This represents a 1.65 times return to capital invested. Total Project Net Proceeds in this scenario are \$9,906,553 on an initial investment of \$11,329,460 in fall of 2007. The return of capital is anticipated to occur by December of 2009.

At closing the equity partner and Developer will be responsible to fund 72% of the total equity. The remaining equity will be funded monthly as development funds are needed. All equity funds must be paid prior to lender funding development draws.

EQUITY PARTNER RETURNS				
		TOTAL	AT CLOSING	POST CLOSING
Total Equity Required	\$	12,588,289	\$ 9,116,432	\$ 3,471,857
Equity Partner (90%)	\$	11,329,460	\$ 8,204,789	\$ 3,124,671
Developer (10%)	\$	1,258,829	\$ 911,643	\$ 347,186
Project IRR		31.63%		
Project Net Proceeds	\$	9,906,533		
Equity Partner IRR		26.73%		
Equity Partner Net Proceeds	\$	7,314,294		
Multiple of Capital		1.65		

## Project Financials

### SENSATIVITY ANALYSIS:

The following four sensitivity analyses demonstrate the changes in returns to the project on equity depending on various changes in the market and particular project changes.

**SCENARIO #1:** In the first analysis, we look at the effects of a construction delay varying in length from two to six months. As you can see, a delay has a rather dramatic effect on all metrics of success in the development. A six month delay in construction completion reduces the equity partner's IRR by 31%. We believe we can reduce the danger of a delay through liquidated damages clauses in the General Contractor's contract. Delays are a danger in every development project and through vigorous construction management oversight the development team will work to reduce this risk.

Scenario #1 - Construction Delay				
Construction Delays	PROJECTED	2 - Month Delay	4 - Month Delay	6 - Month Delay
Net Proceeds	\$9,906,532	\$9,163,772	\$8,416,068	\$7,663,425
Projected Project IRR	31.63%	26.90%	22.90%	19.45%
Multiple of Capital	1.79x	1.72x	1.65x	1.59x
Equity Partner IRR	26.73%	23.45%	20.70%	18.35%

**SCENARIO #2:** In this analysis we investigate the effects of a slow sales and or closing schedule. The calculations vary from a two to twenty month delay in closings. Obviously, we will be forced to adjust pricing if the sales rate is not adequate. The possibility of reduced pricing and a slow sales rate is investigated in the fourth scenario below. However, as you can see below, delays in the closing schedule have a dramatic effect on the returns to the project and equity.

Scenario #2 - Closing Delays				
	PROJECTED			
Settlements Per Month	25	15	10	5
Net Proceeds	\$ 9,906,532	\$ 9,225,243	\$ 8,317,516	3,893,412
Projected Project IRR	32%	26%	20%	7%
Multiple of Capital	1.79x	1.73x	1.64x	1.31x
Equity Partner IRR	27%	23%	19%	6.95%
Resulting Delay	0 Months	2 Months	7 Months	20 Months

## Project Financials

SCENARIO #3: A reduction in the sales pricing due to market changes is the most damaging possible scenario. As you can see from the table below, a reduction in the sales price of \$25/SF from the projected return of \$475 to \$450, reduces the equity return by 28%. Assuming a major market shift, a reduced sales price of \$425 has a dramatic effect on the returns to the project and the equity.

Scenario #3 - Sales Pricing Changes				
Sales Price/SF	PROJECTED			
	\$500/SF	\$475/SF	\$450/SF	\$425/SF
Net Proceeds	\$13,606,755	\$9,906,532	\$6,206,310	\$2,500,314
Projected Project IRR	41.67%	31.63%	20.77%	8.84%
Multiple of Capital	2.08x	1.79x	1.49x	1.20x
Equity Partner IRR	33.83%	26.73%	19.23%	8.84%

SCENARIO #4: Finally, to investigate the effect of a slow sales rate and a reduced sales price, we have included the below scenario. As is usually the case, a slow sales rate results in the need to reduce pricing. We are confident however that a 10 unit/month closing rate at \$450 per square foot is a near worst case scenario. This would result in a 12% return on project cost and equity IRR return. While this is not an acceptable return, we believe this scenario is unlikely.

Scenario #4 Combined - Sales Price and Closing Delay					
Sales \$/SF	Projected				
	\$500/SF	\$475/SF	\$425/SF	\$450/SF	\$425/SF
Settlements Per Month	25	25	15	10	7
Net Proceeds	\$13,606,755	\$9,906,532	\$9,225,243	\$4,548,490	\$761,277
Projected Project IRR	41.67%	31.63%	26.05%	11.83%	2.12%
Multiple of Capital	2.08x	1.79x	1.73x	1.35x	1.06x
Equity Partner IRR	33.83%	26.73%	22.86%	11.83%	2.12%

## Project Financials

### INTEREST RATE HEDGE:

In order to avoid interest rate increases we are able to purchase an interest rate hedge ensuring a fixed interest rate of the course of the original period of the loan (30 months). Following that period the interest rate can fluxuate.

### FULL ANALYSIS SPREADSHEETS:

The following pages include all investment analyses involved in this investigation. If the above information as well as the following spreadsheets leave some questions unanswered we are happy to respond to meet to discuss the projected returns and possible scenarios.

**ASSUMPTIONS**  
**NCD LLC; Virginia Square Condominiums**  
**Arlington Virginia**

SITE BUILDING INFO	
Lot Size (Land SF)	45,508 SF
Gross Building Area (excluding Garage)	207,642 SF
Residential GFA	196,505 SF
Residential Saleable SF	167,160 SF
Service / Loading Dock GFA	8,489 SF
Retail Saleable SF	2,648 SF
Total Saleable SF	169,808 SF
Residential Efficiency	85%
Average Unit Size	1,238 SF
Total Number of Units	135
GFA Per Parking Space	460 SF
Structured Parking Spaces	226

SALES REVENUE		TOTAL	PSF
Unit Sales	167,160 SF	\$76,202,099	\$455.86 /psf
Unit Upgrade Profit	135 Units	\$405,000	\$2,42 /psf
Unit Parking	135 Spaces	\$0	\$0.00 /psf
Funeral Home/Retail/Theater	74 Spaces	\$0	\$0.00 /psf
Additional Parking	17 Spaces	\$340,000	\$2.03 /psf
M/R TIF Participation		\$0.00 /psf	\$0.00 /psf
Less: Cost of Sale	5.00%	(\$3,847,355)	(23.02) /psf
Financing Exit Fee	0.50%	(\$251,766)	(1.51) /psf
<b>NET SALES REVENUE</b>		<b>\$72,847,978</b>	<b>\$435.80 /psf</b>

FINANCIAL	
Net Proceeds	\$9,906,532
Project IRR	31.63%
Multiple of Capital	1.79x
Equity	\$12,588,289
Debt	\$50,353,158
Equity Partner	90%
North Capital Development	10%

SALES CALC.		GROSS	PSF	PSF
MARKET RATE UNITS		\$75,368,725	\$475	158.671
AFFORDABLE (ADU) UNITS		\$848,900	\$100	8.489
RETAIL (NET PROCEEDS)		\$1,191,600	\$450	2.648
TOTAL / AVERAGE		\$77,409,225	\$456	169.808

CONSTRUCTION SCHEDULE		FROM	CUM.
Acquisition Date		01-Sep-07	ACQ.
Acquisition to Loan Closing		0 Months	Month 0
Construction Loan Closing		01-Sep-07	Month 0
Pre-Design Period		01-Sep-07	Month 0
Project Start		01-Sep-07	Month 0
Pre-Construction Period		31-Oct-07	Month 2
Construction Start		31-Dec-07	Month 2
Construction Draw Beg		20 Months	Month 4
Construction to 1st Settlement		30-Jun-09	Month 22
1st Settlement Date		31-Oct-09	Month 26
1st Settlement to Last Settlement		30-Nov-09	Month 27
Construction Completion		24 Months	Month 27
Construction Draw End			
Construction Draw Period			

SALES SCHEDULE		FROM	CUM.
1st Settlement Date		01-Sep-07	Month 22
Pre-Sales Percentage		75%	
Settlements Per Month		25	
Sales Period Post Completion		6 Units Per Month	Month 28
Sales End Date		31-Dec-09	Month 28

**OTHER DATES/PERIODS**  
 Requisition No. 1 Due 30-Sep-07  
 Final Sitework Requisition  
 Final Construction Requisition Due  
 Permanent Loan Closing

**DEVELOPMENT BUDGET**  
**NCD LLC; Virginia Square Condominiums**  
**Arlington Virginia**

REFERENCE	
GROSS FAR	N/A
SELLABLE SF	169,808
NO. UNITS	135

		Sep-07						
		CLOSING	DEVELOPMENT	TOTAL	\$/UNIT	\$/SF		
<b>Land Costs</b>								
Land/Building Purchase	\$60,000/Market Unit	\$7,680,000	\$0	\$7,680,000	\$56,889/Unit	\$45.23/SF		
Broker Commission	3.00%	\$230,400	\$0	\$230,400	\$1,707/Unit	\$1.36/SF		
Settlement Cost		\$96,000	\$0	\$96,000	\$711/Unit	\$0.57/SF		
Feasibility Studies		\$30,000	\$27,000	\$57,000	\$422/Unit	\$0.34/SF		
Deposit Land Interest Applied		\$0	\$0	\$0	\$0/Unit	\$0.00/SF		
Assignments / Proffers		\$0	\$972,000	\$972,000	\$7,200/Unit	\$5.72/SF		
<b>Total Land Costs</b>		<b>\$8,036,400</b>	<b>\$999,000</b>	<b>\$9,035,400</b>	<b>\$66,929/Unit</b>	<b>\$53.21/SF</b>	<b>14%</b>	
<b>Hard Costs</b>								
Demolition		\$0	\$75,000	\$75,000	\$556/Unit	\$0.44/SF		
PRECON (GC)		\$32,000	\$0	\$32,000	\$237/Unit	\$0.19/SF		
GMP - Contract		\$0	\$41,700,000	\$41,700,000	\$308,889/Unit	\$245.57/SF		
GMP - Tower - NOT USED		\$0	\$0	\$0	\$0/Unit	\$0.00/SF		
GMP - Upgrade Adjustment		\$0	\$243,000	\$243,000	\$1,800/Unit	\$1.43/SF		
General Contractor Bond	0.00%	\$0	\$0	\$0	\$0/Unit	\$0.00/SF		
Other Construction		\$0	\$250,000	\$250,000	\$1,852/Unit	\$1.47/SF		
Testing, Inspection & Quality Control		\$0	\$100,000	\$100,000	\$741/Unit	\$0.59/SF		
Change Orders/Contingency	7.5%	\$0	\$3,127,500	\$3,127,500	\$23,167/Unit	\$18.42/SF		
<b>Total Hard Costs</b>		<b>\$32,000</b>	<b>\$45,495,500</b>	<b>\$45,527,500</b>	<b>\$337,241/Unit</b>	<b>\$268.11/SF</b>	<b>72%</b>	
<b>Soft Costs</b>								
Architectural, MEP & Structural		\$25,000	\$250,000	\$275,000	\$2,037/Unit	\$1.62/SF		
Civil Engineering		\$15,000	\$25,000	\$40,000	\$296/Unit	\$0.24/SF		
Other Consultants		\$15,000	\$200,000	\$215,000	\$1,593/Unit	\$1.27/SF		
Design Reimbursables		\$0	\$75,000	\$75,000	\$556/Unit	\$0.44/SF		
Surveys/Subdivision		\$65,000	\$50,000	\$115,000	\$852/Unit	\$0.68/SF		
Legal & Accounting		\$200,000	\$100,000	\$300,000	\$2,222/Unit	\$1.77/SF		
Prof Fees: Misc. Admin.		\$15,000	\$30,000	\$45,000	\$333/Unit	\$0.27/SF		
Prof Fees: Contributions		\$10,000	\$15,000	\$25,000	\$185/Unit	\$0.15/SF		
Bonds, Permits & Fees	1.00%	\$5,000	\$455,275	\$460,275	\$3,409/Unit	\$2.71/SF		
Insurance		\$2,000	\$100,000	\$102,000	\$756/Unit	\$0.60/SF		
Real Estate Taxes		\$0	\$350,000	\$350,000	\$2,593/Unit	\$2.06/SF		
Development Fee	1.99%	\$0	\$1,250,000	\$1,250,000	\$9,259/Unit	\$7.36/SF		
Operating Deficit		\$0	\$246,182	\$246,182	\$1,824/Unit	\$1.45/SF		
Soft Cost Contingency	5.00%	\$0	\$184,129	\$184,129	\$1,364/Unit	\$1.08/SF	<b>6%</b>	
<b>Total Soft Costs</b>		<b>\$352,000</b>	<b>\$3,330,586</b>	<b>\$3,682,586</b>	<b>\$27,278/Unit</b>	<b>\$21.69/SF</b>		
<b>Financing Costs</b>								
Additional Debt Service		\$0	\$406,153	\$406,153	\$3,009/Unit	\$2.39/SF		
Financing Fees	1.00%	\$503,532	\$0	\$503,532	\$3,730/Unit	\$2.97/SF		
Loan Recordation		\$172,500	\$0	\$172,500	\$1,278/Unit	\$1.02/SF		
Accrued Interest First Year			\$0	\$0	\$0/Unit	\$0.00/SF		
Interest Rate Hedge		\$20,000	\$0	\$20,000	\$148/Unit	\$0.12/SF		
Debt Service		\$0	\$2,707,688	\$2,707,688	\$20,057/Unit	\$15.95/SF		
<b>Total Financing Costs</b>		<b>\$696,032</b>	<b>\$3,113,841</b>	<b>\$3,809,873</b>	<b>\$28,221/Unit</b>	<b>\$22.44/SF</b>	<b>6%</b>	
<b>Marketing Costs</b>								
Marketing	1.00%	\$0	\$753,687	\$753,687	\$5,583/Unit	\$4.44/SF		
Commercial Unit TI Allowance	\$50.00 PSF	\$0	\$132,400	\$132,400	\$981/Unit	\$0.78/SF		
<b>Total Marketing Costs</b>		<b>\$0</b>	<b>\$886,087</b>	<b>\$886,087</b>	<b>\$6,564/Unit</b>	<b>\$5.22/SF</b>	<b>1%</b>	
<b>GRAND TOTAL</b>		<b>\$9,116,432</b>	<b>\$53,825,015</b>	<b>\$62,941,446</b>	<b>\$466,233/Unit</b>	<b>\$370.66/SF</b>	<b>100%</b>	
<b>PROFIT MARGIN / RETURN ON COST</b>					<b>14.9%</b>	<b>17.6%</b>		

**SOURCE OF FUNDS**

Equity	\$9,116,432	\$3,471,837	\$12,588,289	20%
Debt	\$0	\$50,353,158	\$50,353,158	80%
	\$9,116,432	\$53,825,015	\$62,941,447	



ANNUAL CASH FLOW  
NCD LLC; Virginia Square Condominiums  
Arlington Virginia

	1-Sep-07	Aug-08	Aug-09	Aug-10	Aug-11
	0	1	2	3	4
Pre-Sales		0	101	0	0
Monthly Sales		0	11	23	0
Cumulative Sales		0	113	135	135
Percent of Sales Completed		0%	83%	100%	100%

**SALES REVENUE**

Unit Sales	0	0	42,334,500	33,867,600	0
Unit Upgrade Profit	0	0	225,000	180,000	0
Unit Parking	0	0	0	0	0
Funeral Home/Retail/Theater	0	0	0	0	0
Additional Parking	0	0	188,889	151,111	0
MR TIF Participation	0	0	0	0	0
Less: Cost of Sale	0	0	(2,137,419)	(1,709,936)	0
Financing Exit Fee	0	0	(202,045)	(49,721)	0
<b>NET SALES REVENUE</b>	0	0	40,408,924	32,439,054	0

**Pay Down Construction Loan**

0	0	(40,408,924)	(9,944,233)	0
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**EQUITY CONTRIBUTIONS**

Equity Partner	(8,204,789)	(3,124,672)	0	0	0
North Capitol Development	(911,643)	(347,186)	0	0	0
<b>NET PROPERTY CASH FLOW</b>	(9,116,432)	(3,471,857)	0	22,494,821	0

**PROJECT IRR** 31.63%

**NET PROCEEDS** 9,906,532

**MULTIPLE OF CAPITAL** 1.79x

**CASH FLOW DISTRIBUTION**

Equity Partner					
1 - Up to 15.0% IRR	(8,204,789)	(3,124,672)	0	15,440,585	0
2 - Above 15.0% IRR		0	0	3,203,170	0
<b>TOTAL CASH FLOW</b>	(8,204,789)	(3,124,672)	0	18,643,754	0

**INTERNAL RATE OF RETURN** 26.73%

**NET PROCEEDS** \$7,314,294

**MULTIPLE OF CAPITAL** 1.65x

**North Capitol Development**

1 - Up to 15.0% IRR	(911,643)	(347,186)	0	1,715,621	0
2 - Above 15.0% IRR	0	0	0	2,135,446	0
<b>TOTAL CASH FLOW</b>	(911,643)	(347,186)	0	3,851,067	0

**INTERNAL RATE OF RETURN** 67.83%

**NET PROCEEDS** \$2,592,238

**MULTIPLE OF CAPITAL** 3.06x

DRAWN SCHEDULE  
NCD LLC, Virginia Square Condominiums  
Arlington Virginia

	TOTAL	Acquisition									
		1-Sep-07	30-Sep-07	31-Oct-07	30-Nov-07	31-Dec-07	31-Jan-08	29-Feb-08	31-Mar-08	30-Apr-08	31-May-08
		0	1	2	3	4	5	6	7	8	9
<b>Land Costs</b>											
Land Building Purchase	7,680,000	7,680,000	0	0	0	0	0	0	0	0	0
Broker Commission	230,400	230,400	0	0	0	0	0	0	0	0	0
Settlement Cost	96,000	96,000	0	0	0	0	0	0	0	0	0
Feasibility Studies	57,000	30,000	0	27,000	0	0	0	0	0	0	0
Deposit Land Interest Applied	0	0	0	0	0	0	0	0	0	0	0
Assignments / Profits	972,000	0	0	972,000	0	0	0	0	0	0	0
<b>Total Land Costs</b>	<b>9,035,400</b>	<b>8,036,400</b>	<b>0</b>	<b>999,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Hard Costs</b>											
Demolition	75,000	0	0	0	0	3,125	3,125	3,125	3,125	3,125	3,125
PRECON (GC)	32,000	32,000	0	0	0	0	0	0	0	0	0
GMP - Contract	41,700,000	0	0	0	0	280,427	522,535	846,506	1,400,393	1,139,125	1,294,144
GMP - Tower - NOT USED	0	0	0	0	0	0	0	0	0	0	0
GMP - Upgrade Adjustment	243,000	0	0	0	0	0	0	0	0	0	0
General Contractor Bond	0	0	0	0	0	0	0	0	0	0	0
Other Construction	280,000	0	0	0	0	10,417	10,417	10,417	10,417	10,417	10,417
Testing, Inspection & Quality Control	100,000	0	0	0	0	4,167	4,167	4,167	4,167	4,167	4,167
Change Orders Contingency	3,127,500	0	0	0	0	130,313	130,313	130,313	130,313	130,313	130,313
<b>Total Hard Costs</b>	<b>45,527,500</b>	<b>32,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>428,448</b>	<b>670,555</b>	<b>994,527</b>	<b>1,548,413</b>	<b>1,287,146</b>	<b>1,442,165</b>
<b>Soft Costs</b>											
Architectural, MEP & Structural	275,000	25,000	100,000	100,000	0	2,083	2,083	2,083	2,083	2,083	2,083
Civil Engineering	40,000	15,000	12,500	12,500	0	0	0	0	0	0	0
Other Consultants	215,000	15,000	100,000	100,000	0	0	0	0	0	0	0
Design Reimbursables	75,000	0	30,000	30,000	0	625	625	625	625	625	625
Surveys Subdivision	115,000	65,000	0	25,000	0	0	0	0	0	0	0
Legal & Accounting	300,000	200,000	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545
Prof Fees: Misc. Admin.	45,000	15,000	0	0	0	1,250	1,250	1,250	1,250	1,250	1,250
Prof Fees: Contributions	25,000	10,000	0	15,000	0	0	0	0	0	0	0
Bonds, Permits & Fees	460,275	5,000	0	455,275	0	0	0	0	0	0	0
Insurance	102,000	2,000	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545
Real Estate Taxes	350,000	0	15,909	15,909	15,909	15,909	15,909	15,909	15,909	15,909	15,909
Development Fee	1,250,000	0	0	0	0	52,083	52,083	52,083	52,083	52,083	52,083
Operating Deficit	246,182	0	0	0	0	0	0	0	0	0	0
Soft Cost Contingency	184,129	0	0	0	0	7,672	7,672	7,672	7,672	7,672	7,672
<b>Total Soft Costs</b>	<b>3,082,586</b>	<b>352,000</b>	<b>267,500</b>	<b>762,775</b>	<b>25,000</b>	<b>88,714</b>	<b>88,714</b>	<b>88,714</b>	<b>88,714</b>	<b>88,714</b>	<b>88,714</b>
<b>Financing Costs</b>											
Additional Debt Service	406,153	0	0	0	0	0	0	0	0	0	0
Financing Fees	503,532	503,532	0	0	0	0	0	0	0	0	0
Loan Recordation	172,500	172,500	0	0	0	0	0	0	0	0	0
Accrued Interest First Year	0	0	0	0	0	0	0	0	0	0	0
Interest Rate Hedge	20,000	20,000	0	0	0	0	0	0	0	0	0
Debt Service	2,707,688	0	0	0	0	0	0	0	7,741	19,606	29,704
<b>Total Financing Costs</b>	<b>3,809,873</b>	<b>696,032</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,741</b>	<b>19,606</b>	<b>29,704</b>
<b>Marketing Costs</b>											
Marketing	753,687	0	0	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147
Commercial Unit TI Allowance	132,490	0	0	0	0	0	0	0	0	0	0
Commissions Leasing	0	0	0	0	0	0	0	0	0	0	0
<b>Total Marketing Costs</b>	<b>886,097</b>	<b>0</b>	<b>0</b>	<b>30,147</b>	<b>30,147</b>	<b>30,147</b>	<b>30,147</b>	<b>30,147</b>	<b>30,147</b>	<b>30,147</b>	<b>30,147</b>
<b>GRAND TOTAL</b>	<b>62,941,446</b>	<b>9,116,432</b>	<b>267,500</b>	<b>1,791,922</b>	<b>55,147</b>	<b>547,309</b>	<b>789,417</b>	<b>1,113,388</b>	<b>1,675,016</b>	<b>1,425,613</b>	<b>1,590,730</b>
<b>CHECKS TOTAL COSTS</b>	<b>62,941,446</b>	<b>9,116,432</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY</b>											
Beginning Balance		9,116,432	9,383,932	11,175,854	11,231,002	11,778,311	12,567,728	12,588,289	12,588,289	12,588,289	12,588,289
Additional Contributions (Distributions)		9,116,432	267,500	1,791,922	55,147	547,309	789,417	20,562	0	0	0
Ending Balance	12,588,289	9,116,432	9,383,932	11,175,854	11,231,002	11,778,311	12,567,728	12,588,289	12,588,289	12,588,289	12,588,289
<b>DEBT (Construction Loan)</b>											
Beginning Balance		0	0	0	0	0	0	1,092,826	2,767,842	4,193,455	
Additional Contributions		0	0	0	0	0	0	1,092,826	1,675,016	1,425,613	1,590,730
Paydown		0	0	0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	1,092,826	2,767,842	4,193,455	5,784,184

MONTHLY CASH FLOW  
NCD LLC, Virginia Square Condominiums  
Arlington Virginia

	0	0	0	0	0	0	0	0	DONE
	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
	20	21	22	23	24	25	26	27	28
Pre-Sales	0	0	101	0	0	0	0	0	0
Monthly Sales	0	0	0	6	6	6	6	6	6
Cumulative Sales	0	0	101	107	113	118	124	129	135
Settlements	0	0	25	25	25	25	24	6	6
Cumulative Settlements	0	0	25	50	75	100	124	129	135
Percent of Settlements	0%	0%	19%	37%	56%	74%	92%	96%	100%
Operating Expenses									0
Condo Association Fees	0	0	(57,444)	(44,389)	(31,333)	(18,278)	(5,875)	(2,938)	0
Taxes	0	0	(30,899)	(23,800)	(16,800)	(9,800)	(3,150)	(1,575)	0
Parking Income									
Miscellaneous Income									
(Collection Loss)									
Capitalized Income	0	0	(88,244)	(68,189)	(48,133)	(28,078)	(9,025)	(4,513)	0
SALES REVENUE									
Unit Sales	0	0	14,111,500	14,111,500	14,111,500	14,111,500	13,405,925	3,175,087	3,175,087
Unit Upgrade Profit	0	0	75,000	75,000	75,000	75,000	71,250	16,875	16,875
Unit Parking	0	0	0	0	0	0	0	0	0
Funeral Home/Retail/Theater	0	0	0	0	0	0	0	0	0
Additional Parking	0	0	62,963	62,963	62,963	62,963	59,815	14,167	14,167
MIR TIF Participation	0	0	0	0	0	0	0	0	0
Less: Cost of Sale	0	0	(712,473)	(712,473)	(712,473)	(712,473)	(676,549)	(160,306)	(160,306)
Financing Exit Fee	0	0	(67,348)	(67,348)	(67,348)	(43,661)	(2,571)	(1,458)	(2,031)
NET SALES REVENUE	0	0	13,469,641	13,469,641	13,469,641	13,493,329	12,857,569	3,044,365	3,043,792
Pay Down Construction Loan	0	0	(13,469,641)	(13,469,641)	(13,469,641)	(8,732,185)	(514,278)	(291,616)	(406,153)
EQUITY CONTRIBUTIONS									
Equity Partner	0	0	0	0	0	0	0	0	0
North Capital Development	0	0	0	0	0	0	0	0	0
NET PROPERTY CASH FLOW	0	0	0	0	0	4,761,143	12,343,291	2,752,749	2,637,639

PROJECT IRR

NET PROCEEDS

EQUITY DISTRIBUTION

Equity Partner  
North Capital Development

CASH FLOW DISTRIBUTION

Equity Partner	0	0	0	0	0	4,285,029	11,108,961	46,594	0
1 - Up to 15.0% IRR	0	0	0	0	0	0	0	1,620,586	1,582,583
2 - Above 15.0% IRR	0	0	0	0	0	4,285,029	11,108,961	1,667,181	1,582,583
TOTAL CASH FLOW	0	0	0	0	0	4,285,029	11,108,961	1,667,181	1,582,583

INTERNAL RATE OF RETURN

NET PROCEEDS

PREFERRED RETURN CHECK

North Capital Development	0	0	0	0	0	476,114	1,234,329	5,177	(4)
1 - Up to 15.0% IRR	0	0	0	0	0	0	0	1,080,391	1,055,055
2 - Above 15.0% IRR	0	0	0	0	0	476,114	1,234,329	1,085,568	1,055,055
TOTAL CASH FLOW	0	0	0	0	0	476,114	1,234,329	1,085,568	1,055,055

INTERNAL RATE OF RETURN

NET PROCEEDS

PREFERRED RETURN CHECK

DRAWN SCHEDULE  
NCD LLC, Virginia Square Condominium  
Arlington Virginia

	30-Jun-08	31-Jul-08	31-Aug-08	30-Sep-08	31-Oct-08	30-Nov-08	31-Dec-08	31-Jan-09	28-Feb-09	31-Mar-09	30-Apr-09
	10	11	12	13	14	15	16	17	18	19	20
<b>Land Costs</b>											
Land Building Purchase	0	0	0	0	0	0	0	0	0	0	0
Broker Commission	0	0	0	0	0	0	0	0	0	0	0
Settlement Cost	0	0	0	0	0	0	0	0	0	0	0
Feasibility Studies	0	0	0	0	0	0	0	0	0	0	0
Deposit Land Interest Appraisal	0	0	0	0	0	0	0	0	0	0	0
Assignments / Profits	0	0	0	0	0	0	0	0	0	0	0
<b>Total Land Costs</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Hard Costs</b>											
Demolition	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125
PRECON (GC)	0	0	0	0	0	0	0	0	0	0	0
GMP - Contract	1,504,900	1,873,899	2,536,034	2,448,945	2,556,936	3,124,757	3,845,854	4,173,309	3,788,376	3,669,934	3,006,316
GMP - Tower - NOT USED	0	0	0	0	0	0	0	0	0	0	0
GMP - Upgrade Adjustment	0	0	0	0	0	0	0	0	0	0	0
General Contractor Bond	0	0	0	0	0	0	0	0	0	0	0
Other Construction	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417
Testing, Inspection & Quality Control	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
Change Orders Contingency	130,313	130,313	130,313	130,313	130,313	130,313	130,313	130,313	130,313	130,313	130,313
<b>Total Hard Costs</b>	1,652,920	2,023,920	2,684,055	2,596,966	2,704,957	3,272,778	3,993,875	4,321,330	3,936,396	3,817,955	3,154,336
<b>Soft Costs</b>											
Architectural, MEP & Structural	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
Civil Engineering	0	0	0	0	0	0	0	0	0	0	0
Other Consultants	0	0	0	0	0	0	0	0	0	0	0
Design Reimbursement	625	625	625	625	625	625	625	625	625	625	625
Surveys/Subdivision	0	0	0	0	0	0	0	0	0	0	0
Legal & Accounting	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545
Prof Fees: Misc. Admin.	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Prof Fees: Contributions	0	0	0	0	0	0	0	0	0	0	0
Bonds, Permits & Fees	0	0	0	0	0	0	0	0	0	0	0
Insurance	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545	4,545
Real Estate Taxes	15,909	15,909	15,909	15,909	15,909	15,909	15,909	15,909	15,909	15,909	15,909
Development Fee	52,083	52,083	52,083	52,083	52,083	52,083	52,083	52,083	52,083	52,083	52,083
Operating Deficit	0	0	0	0	0	0	0	0	0	0	0
Soft Cost Contingency	7,672	7,672	7,672	7,672	7,672	7,672	7,672	7,672	7,672	7,672	7,672
<b>Total Soft Costs</b>	88,714	88,714	88,714	88,714	88,714	88,714	88,714	88,714	88,714	88,714	88,714
<b>Financing Costs</b>											
Additional Debt Service	0	0	0	0	0	0	0	0	0	0	0
Financing Fees	0	0	0	0	0	0	0	0	0	0	0
Loan Recordation	0	0	0	0	0	0	0	0	0	0	0
Accrued Interest First Year	0	0	0	0	0	0	0	0	0	0	0
Interest Rate Hedge	0	0	0	0	0	0	0	0	0	0	0
Debt Service	40,971	53,812	69,371	89,716	109,589	130,367	155,315	185,517	218,312	248,583	278,230
<b>Total Financing Costs</b>	40,971	53,812	69,371	89,716	109,589	130,367	155,315	185,517	218,312	248,583	278,230
<b>Marketing Costs</b>											
Marketing	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147
Commercial Unit TI Allowance	0	0	0	0	0	0	0	0	0	0	0
Commissions Leasing	0	0	0	0	0	0	0	0	0	0	0
<b>Total Marketing Costs</b>	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147	30,147
<b>GRAND TOTAL</b>	<b>1,812,753</b>	<b>2,196,593</b>	<b>2,872,287</b>	<b>2,805,544</b>	<b>2,933,407</b>	<b>3,522,006</b>	<b>4,268,051</b>	<b>4,625,738</b>	<b>4,273,570</b>	<b>4,185,400</b>	<b>3,551,428</b>
<b>CHECKS TOTAL COSTS</b>											
<b>EQUITY</b>											
Beginning Balance	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289
Additional Contributions (Distributions)	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289
<b>DEBT (Construction Loan)</b>											
Beginning Balance	5,784,184	7,596,937	9,793,530	12,665,817	15,471,361	18,404,767	21,926,773	26,194,824	30,820,562	35,094,132	39,279,532
Additional Contributions	1,812,753	2,196,593	2,872,287	2,805,544	2,933,407	3,522,006	4,268,051	4,625,738	4,273,570	4,185,400	3,551,428
Paydown	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	7,596,937	9,793,530	12,665,817	15,471,361	18,404,767	21,926,773	26,194,824	30,820,562	35,094,132	39,279,532	42,830,960

**DRAWNCHEDULE**  
**NCD LLC, Virginia Square Condominium**  
**Arlington Virginia**

	31-May-09	30-Jun-09	31-Jul-09	31-Aug-09	30-Sep-09	31-Oct-09	30-Nov-09	31-Dec-09	31-Jan-10
	21	22	23	24	25	26	27	28	29
<b>Land Costs</b>									
Land Building Purchase	0	0	0	0	0	0	0	0	0
Broker Commission	0	0	0	0	0	0	0	0	0
Settlement Cost	0	0	0	0	0	0	0	0	0
Feasibility Studies	0	0	0	0	0	0	0	0	0
Deposit Land Interest Applied	0	0	0	0	0	0	0	0	0
Assignments / Profits	0	0	0	0	0	0	0	0	0
<b>Total Land Costs</b>	0	0	0	0	0	0	0	0	0
<b>Hard Costs</b>									
Demolition	3,125	3,125	3,125	3,125	3,125	3,125	3,125	0	0
PRECON (GC)	0	0	0	0	0	0	0	0	0
GMP - Contract	1,743,524	1,137,384	804,703	0	0	0	0	0	0
GMP - Tower - NOT USED	0	0	0	0	0	0	0	0	0
GMP - Upgrade Adjustment	0	0	60,750	60,750	60,750	60,750	0	0	0
General Contractor Bond	0	0	0	0	0	0	0	0	0
Other Construction	10,417	10,417	10,417	10,417	10,417	10,417	10,417	0	0
Testing, Inspection & Quality Control	4,167	4,167	4,167	4,167	4,167	4,167	4,167	0	0
Change Orders/Contingency	130,313	130,313	130,313	130,313	130,313	130,313	130,313	0	0
<b>Total Hard Costs</b>	1,891,544	1,285,404	1,013,474	208,771	208,771	208,771	148,021	0	0
<b>Soft Costs</b>									
Architectural, MEP & Structural	2,083	2,083	2,083	2,083	2,083	2,083	2,083	0	0
Civil Engineering	0	0	0	0	0	0	0	0	0
Other Consultants	0	0	0	0	0	0	0	0	0
Design Reimbursements	625	625	625	625	625	625	625	0	0
Surveys/Subdivision	0	0	0	0	0	25,000	0	0	0
Legal & Accounting	4,545	4,545	0	0	0	0	0	0	0
Prof Fees: Misc. Admin.	1,250	1,250	1,250	1,250	1,250	1,250	1,250	0	0
Prof Fees: Contributions	0	0	0	0	0	0	0	0	0
Bonds, Permits & Fees	0	0	0	0	0	0	0	0	0
Insurance	4,545	4,545	0	0	0	0	0	0	0
Real Estate Taxes	15,909	15,909	0	0	0	0	0	0	0
Development Fee	52,083	52,083	52,083	52,083	52,083	52,083	52,083	0	0
Operating Deficit	0	88,244	68,189	48,133	28,078	9,025	4,513	0	0
Soft Cost Contingency	7,672	7,672	7,672	7,672	7,672	7,672	7,672	0	0
<b>Total Soft Costs</b>	88,714	176,958	131,903	111,847	91,791	97,739	68,226	0	0
<b>Financing Costs</b>									
Additional Debt Service	0	0	0	0	0	0	0	406,153	0
Financing Fees	0	0	0	0	0	0	0	0	0
Loan Recordation	0	0	0	0	0	0	0	0	0
Accrued Interest First Year	0	0	0	0	0	0	0	0	0
Interest Rate Hedge									
Debt Service	303,386	319,775	236,989	151,371	59,304	0	0	0	0
<b>Total Financing Costs</b>	303,386	319,775	236,989	151,371	59,304	0	0	406,153	0
<b>Marketing Costs</b>									
Marketing	30,147	0	0	0	0	75,369	75,369	0	0
Commercial Unit TI Allowance	0	0	0	0	0	132,490	0	0	0
Commissions/Leasing	0	0	0	0	0	0	0	0	0
<b>Total Marketing Costs</b>	30,147	0	0	0	0	207,769	75,369	0	0
<b>GRAND TOTAL</b>	<b>2,313,792</b>	<b>1,782,138</b>	<b>1,387,366</b>	<b>471,989</b>	<b>359,866</b>	<b>514,278</b>	<b>291,616</b>	<b>486,153</b>	<b>0</b>
<b>CHECKS TOTAL COSTS</b>									

**EQUITY**

Beginning Balance	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289
Additional Contributions (Distributions)	0	0	0	0	0	0	0	0	0
Ending Balance	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289	12,588,289

**DEBT (Construction Loan)**

Beginning Balance	42,830,960	45,144,752	33,457,248	21,369,972	8,372,319	0	0	0	0
Additional Contributions	2,313,792	1,782,138	1,387,366	471,989	359,866	514,278	291,616	406,153	0
Paydown	0	(13,459,641)	(13,459,641)	(13,459,641)	(8,732,185)	(514,278)	(291,616)	(406,153)	0
Ending Balance	45,144,752	33,457,248	21,369,972	8,372,319	0	0	0	0	0

MONTHLY CASH FLOW  
KCD LLC, Virginia Square Condominiums  
Arlington Virginia

	0	0	0	0	0	0	0	0
	1-Sep-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
	0	1	2	3	4	5	6	7
	0	0	0	0	0	0	0	0
Pre-Sales		0	0	0	0	0	0	0
Monthly Sales		0	0	0	0	0	0	0
Cumulative Sales		0	0	0	0	0	0	0
Settlements		0	0	0	0	0	0	0
Cumulative Settlements		0	0	0	0	0	0	0
Percent of Settlements		0%	0%	0%	0%	0%	0%	0%
Operating Expenses		0	0	0	0	0	0	0
Condo Association Fees	\$0.42/SF/Month	0	0	0	0	0	0	0
Taxes	\$0.23/SF/Month	0	0	0	0	0	0	0
Parking Income								
Miscellaneous Income								
(Collection Loss)								
Capitalized Income		0	0	0	0	0	0	0

SALES REVENUE		0	0	0	0	0	0	0
Unit Sales		0	0	0	0	0	0	0
Unit Upgrade Profit		0	0	0	0	0	0	0
Unit Parking		0	0	0	0	0	0	0
Funeral Home/Retail/Theater		0	0	0	0	0	0	0
Additional Parking		0	0	0	0	0	0	0
MR TIF Participation		0	0	0	0	0	0	0
Less: Cost of Sale		0	0	0	0	0	0	0
Financing Exit Fee		0	0	0	0	0	0	0
NET SALES REVENUE		0	0	0	0	0	0	0
Pay Down Construction Loan		0	0	0	0	0	0	0

EQUITY CONTRIBUTIONS								
Equity Partner	(8,204,789)	(240,750)	(1,612,730)	(49,633)	(492,578)	(710,475)	(18,506)	0
North Capitol Development	(911,643)	(26,750)	(179,192)	(5,515)	(54,731)	(78,942)	(2,056)	0
NET PROPERTY CASH FLOW	(9,116,432)	(267,500)	(1,791,922)	(55,147)	(547,309)	(789,417)	(20,562)	0

PROJECT IRR	31.63%
NET PROCEEDS	9,906,533

1.79x

EQUITY DISTRIBUTION	Contribution	% Equity
Equity Partner	11,329,460	90%
North Capitol Development	1,258,829	10%
	12,588,289	100%

CASH FLOW DISTRIBUTION								
Equity Partner								
1 - Up to 15.0% IRR	1.25%	(8,204,789)	(240,750)	(1,612,730)	(49,633)	(492,578)	(710,475)	(18,506)
2 - Above 15.0% IRR	69%	0	0	0	0	0	0	0
TOTAL CASH FLOW		(8,204,789)	(240,750)	(1,612,730)	(49,633)	(492,578)	(710,475)	(18,506)

INTERNAL RATE OF RETURN	26.73%
NET PROCEEDS	57,314,294

1.65x

PREFERRED RETURN CHECK 15.0%

North Capitol Development								
1 - Up to 15.0% IRR	1.25%	(911,643)	(26,750)	(179,192)	(5,515)	(54,731)	(78,942)	(2,056)
2 - Above 15.0% IRR	40%	0	0	0	0	0	0	0
TOTAL CASH FLOW		(911,643)	(26,750)	(179,192)	(5,515)	(54,731)	(78,942)	(2,056)

INTERNAL RATE OF RETURN	67.83%
NET PROCEEDS	52,592,238

3.06x

PREFERRED RETURN CHECK 15.0%



# Project Management Team

## SECTION 9



## Project Management Team

### DEVELOPER:

Martin Ditto is the president and co-founder of North Capitol Development LLC, a well respected planning and development firm in the Washington, DC area. Before starting NCD Mr. Ditto had been involved as the development manager for four \$100,000,000+ multi-use development projects in the Washington area including:

- Spinnaker Bay Development (Baltimore, MD; Harbor East)
  - 315 Apartments
  - 32 Luxury Condos
  - 50,000 square foot retail
- Annapolis Towne Center (Annapolis, MD; Parole Mall Site)
  - 250 Rental Apartments
  - Two-story retail condominium below
- Shirlington Village (Arlington, VA; Shirlington Village)
  - 270 Rental Apartments
  - Ground Floor Retail in 3 podium buildings
- The Odyssey (Arlington, VA; Courthouse Metro)
  - 273 Luxury Condominiums
  - Two Retail Spaces

Developer has extensive experience in multifamily and multi—use development in Arlington County which should be an asset in the development of the Virginia Square Condominiums. Please find Mr. Ditto's resume on the following page.

### PROJECT MANAGEMENT:

All aspects of the development process including construction management, financial analysis, permitting, reporting, and other aspects of the development process will be the responsibility of NCD. The fee to complete this work is included in the development for the project as seen in the Development Cost Spreadsheet. The organizational in this section shows a reporting flowchart to better illustrate the project management organization.

## RAYMOND MARTIN DITTO

17 Q STREET, NE WASHINGTON, DC 20002

[martinditto@gmail.com](mailto:martinditto@gmail.com) • (202) 549-0920

### EDUCATION

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**Johns Hopkins University** – Expected Graduation, May 2007  
School of Professional Studies, Masters of Science in Real Estate Washington, DC

**Vanderbilt University, BA** – Graduation, 2001  
College of Arts and Science, Bachelor in Economics Nashville, TN

**St. Andrew's Episcopal School** –1997 Jackson, MS

### EXPERIENCE

- 5/05 – present**      **North Capitol Development, Washington DC**  
*Principal:* Put together \$100+ million projects in multifamily, commercial, and retail. Managing municipal entitlement, financing, design, pricing, marketing, schedule and business plan development. Currently developing one high rise for-sale residential (277 units), one class-A office (400,000 square feet) and one suburban land redevelopment project (1,500 units over 6 years).
- 10/03 – 5/05**      **The Bozzuto Group, Washington, DC**  
*Development Manager:* Managed the development process including acquisition, entitlement, contract negotiation, construction management, and oversight of marketing/lease-up process.  
*Development Associate:* Assisted in management of multi-family housing projects ranging from \$30-100 Million.  
*Construction Manager:* (10/03 – 1/04) Construction oversight of multi-family developments.
- 10/02 - 10/03**      **Office of the Deputy Mayor for Planning and Economic Development (Executive Office of the Mayor): Washington, DC**  
*Commercial Development Specialist:* Provided development assistance to district businesses and working with DC developers, property owners, and business owners to revitalize DC's neighborhood commercial corridors.
- 1/02 - 7/02**      **StateStreet Group LLC, Jackson, MS**  
*Assistant Asset Manager:* Managed commercial properties, computer database systems, and provided market research for the metropolitan Jackson area.
- 6/01 - 12/01**      **Canadian Educational Services, Valencia, Venezuela**  
*English Language Instructor:* Taught English to Venezuelan business professionals.

### ACTIVITIES

---

**DCBIA – DC Building Industry Association** *Member:* Local Real Estate educational and networking organization.  
**ULI – Urban Land Institute** *Member:* Participant in Young Leaders Group; Spring 2007.  
**Vanderbilt Alumni Board – Washington DC:** Organize & promote activities for 5,000+ alumni living in DC area.  
**Vanderbilt in England:** University of Leeds Business School Student. Spring 2000  
**Boy Scouts of America:** Eagle Scout

### OTHER INFORMATION

I have a working knowledge of MAC OS 10, MS Windows, Excel, Word, Outlook, Adobe Photoshop, Adobe Illustrator. I have traveled extensively during the two years I have lived abroad and I am proficient in Spanish having lived nine months in Spanish speaking countries. I enjoy running, biking, tennis/racquetball, traveling abroad, and ongoing construction on my town home in DC.

## Project Management Team

### ARCHITECT:

Conceptual design work has been completed by WDG Architects, one of the premiere hi-rise architects in the DC area. With offices in Washington DC and Dallas, Texas, the firm is known for its market-driven designs and attention to detail. The firm is well versed in designing projects that are successful from a market perspective and from an economic perspective.

Developer has worked with WDG on multiple projects in the past and expects to continue the relationship both in the residential market and the commercial office market.

Much of their recent work has been multifamily housing with many projects similar to the scale and quality of the Development. Below are a few examples of WDG's work in the Washington area.



## Project Management Team

### CONDOMINIUM SALES

Sales and Marketing will be done by the Mayhood Company (<http://www.mayhoodcompany.com>). The Developer has worked with David Mayhood on three previous projects and has been happy with the attention to detail and service from the company.

Below is a brief description of the Mayhood Company:

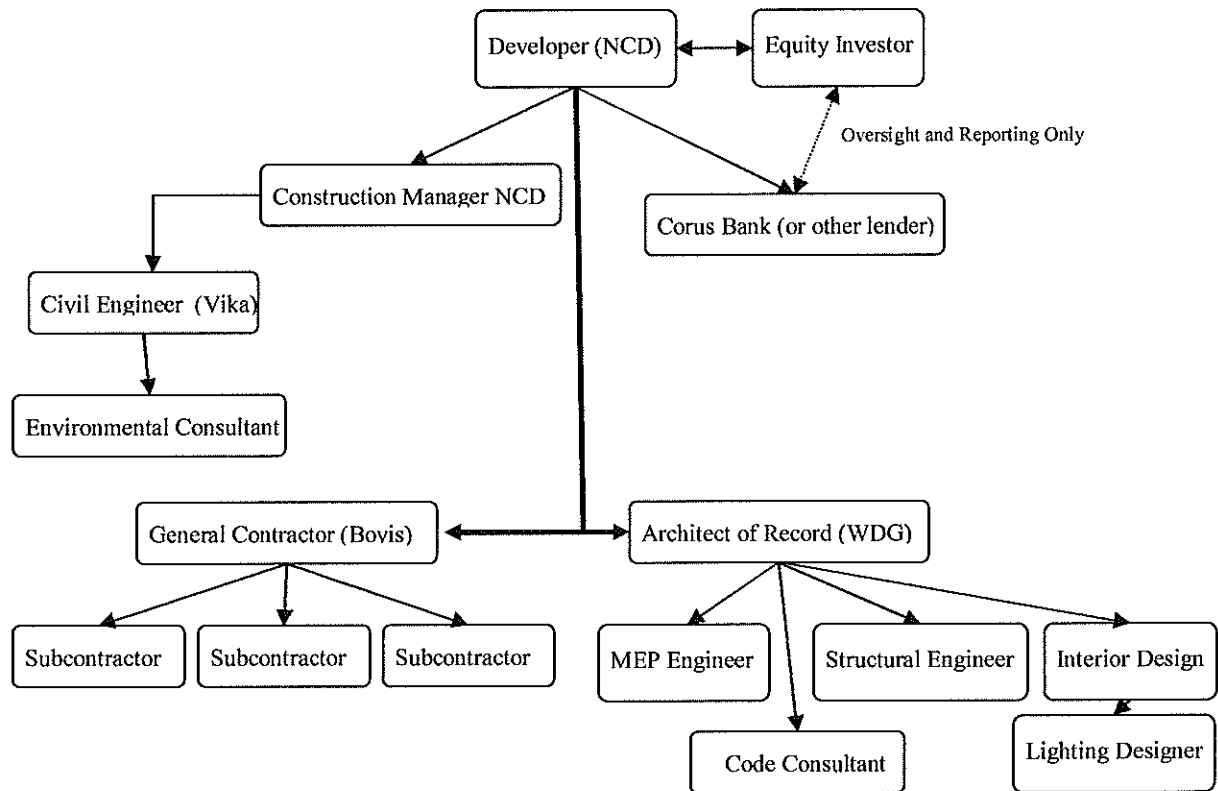
Mayhood is the top condominium marketing and sales firm in the Greater Washington, DC area, and among the most experienced in the nation. The reasons for our reputation for excellence and sales success rate are our involvement in every step of the new condominium marketing process long before a property is introduced to the buying public, and our adaptability to any market condition.

Mayhood is far more than a condominium sales and marketing agency. We are a condominium development and positioning consulting firm, teaming with clients from the concept stages of a property until the last new homeowner goes to settlement. At Mayhood, we make our clients' goals our own – and then exceed those goals with an unmatched set of services and expertise.

- \* Architectural and Design Input
- \* Naming, Positioning and Market Research
- \* Sales Strategy and Implementation
- \* Experienced, Focused Sales Agents
- \* Comprehensive Sales Lead Tracking
- \* Prospect Follow-Up and Long-Term Communication
- \* Responsibility from Sale Through Settlement

# Project Management Team

## ORGANIZATIONAL CHART:



## Project Management Team

### BOVIS LEND LEASE:

Bovis Lend Lease is one of the world's leading project management and construction companies, using industry best practices when working with clients to create high quality, sustainable property assets. The Group has a presence in over 40 countries, spearheaded by regional hubs in the UK, Australia and the US.

Key sectors include commercial, retail, residential, communications, industrial and pharmaceutical. Bovis Lend Lease has also established a presence in the growing European Private Finance Initiatives (PFI) and Public Private Partnerships (PPP) markets, particularly in the UK. This business is focused on a number of sectors including health, education, defence estates and selected Government office accommodation.

Repeat business constitutes a large part of our order book and we enjoy close relationships with a large number of long term clients around the world. These include multinational clients such as BP, Nokia and HSBC.

Our key skills include construction management, project and program management, design management, design engineering, procurement and facilities management.



# Conclusions and Recommendations

## SECTION 10



## Conclusions and Recommendations

The Arlington Funeral Home site is often referred to as one of the best two non-assemblage parcels in the Rosslyn/Virginia Square sectors. The completion of this development completes an already vibrant streetscape on North Fairfax Drive and the uniqueness of the building location, uses, and unit finishes/size make the 128 market rate units at the Development very attractive.

Returns to capital invested in the Washington DC market have thinned over the past few years due to an oversupply of vanilla housing that has catered to the middle market buyer. This has been seen in the office, industrial and residential sectors evidenced by compressing CAP rates. At the proposed sale price per square foot of \$475, the unit prices are below the current new sales average prices but with a higher quality finish and larger units. The building therefore caters to a more mature user, and at time of delivery, it will have no comparable competition. The sensitivity analyses confirm that our predictions allow for room with respect to reduction in pricing and an increase in the closing and or construction schedule.

One concern that is clear in the spreadsheet is the relatively tight spread between total cost and net revenue. But, the proposed sales numbers are conservative and the market appears to be stabilizing at the very least but more likely returning. The next few months should provide good market information as to the health of the multi-family market in the coming 12-months. The decision to close on the land can be made before the anticipated fall closing and the decision to stick shovels in the ground can be made at some point in the future before construction start.

Therefore, based on the expected 36.63% project IRR and the 1.79 times return of capital Developer suggests equity participation in this development project. The downside risks can be hedged by the ability to adjust pricing and the upside risk of the development holds substantial returns to dollars invested.

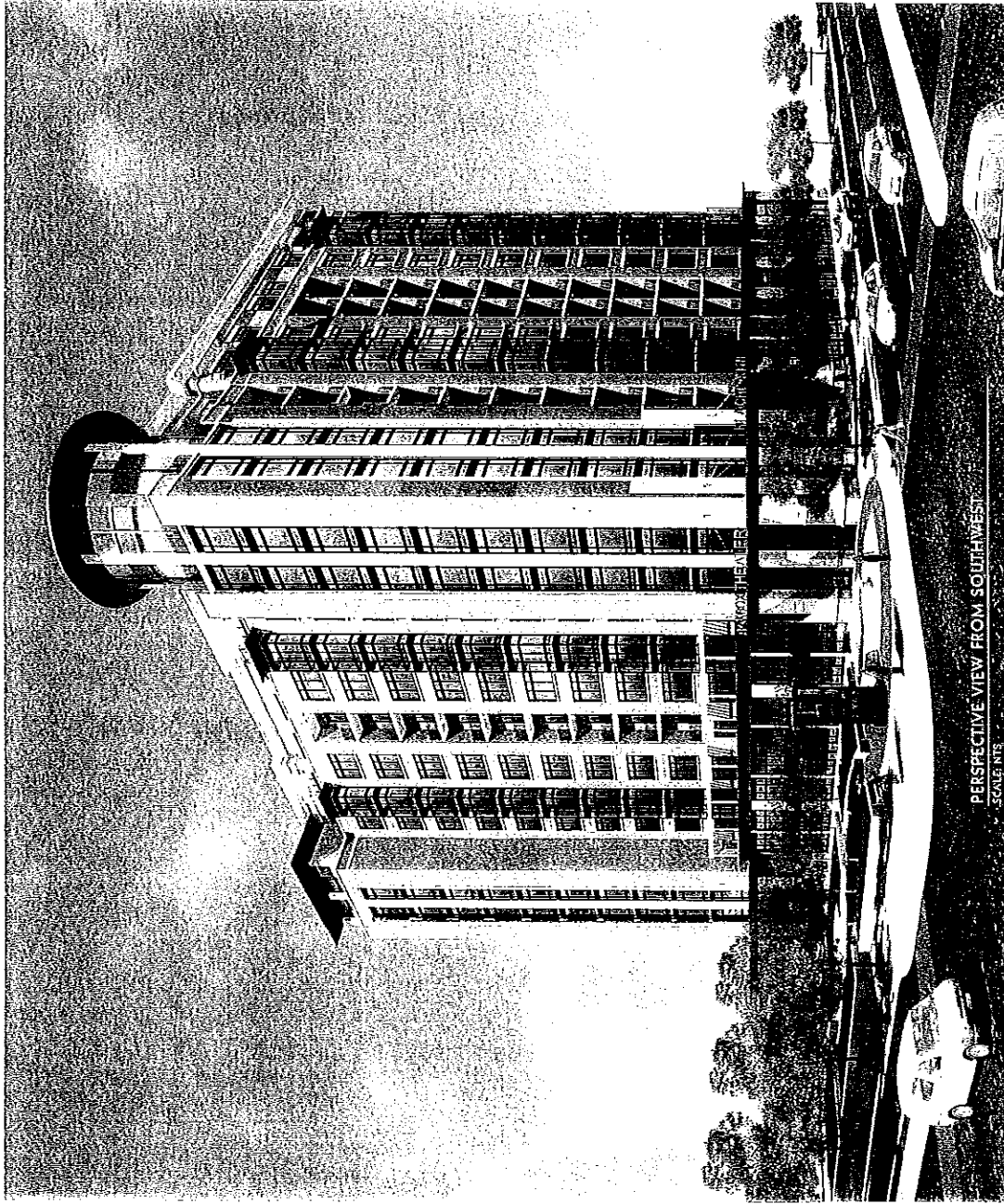


# Appendices

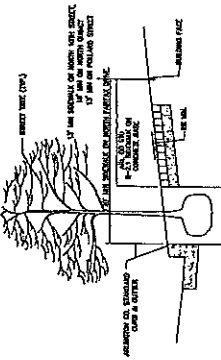
## SECTION 11

- A. Building Plans
- B. County 4.1 Site Plans Approval
- C. Arlington ADU Information

APPENDIX A



PERSPECTIVE VIEW FROM SOUTHWEST  
SCALE: 1/8" = 1'-0"



TYPICAL STREETScape DETAIL  
NOT TO SCALE

PARKING TABULATIONS:

PARKING PROVIDED	1
TOTAL	1
STANDARD	195
HANDICAPPED	5
TOTAL	200

NOTES:

1. UTILITY INFORMATION OBTAINED FROM AVAILABLE RECORDS AND FIELD SURVEY.
2. DATUM: SEE ORIENTED SURVEY PLAT SHEET C-1.
3. CONTIGUOUS INTERVALS 2 FOOT ENDING.
4. THE SUBJECT PROPERTY SHOWN HEREON IS BOUNDARY ON ARRLINGTON COUNTY, VIRGINIA TAX MAP PAGE 33-3 AS PER 14-000-012, 14-000-013, AND 14-000-014.
5. ONE(1) BLOCKING WALL TO BE LOCATED AT N. QUINCY STREET.
6. AVERAGE SITE ELEVATION = 32.15'
7. LOT AREA 45,508 SF OR 1.0472 ACRES
8. SITE COVERAGE 28.02% MIN OR 0.08

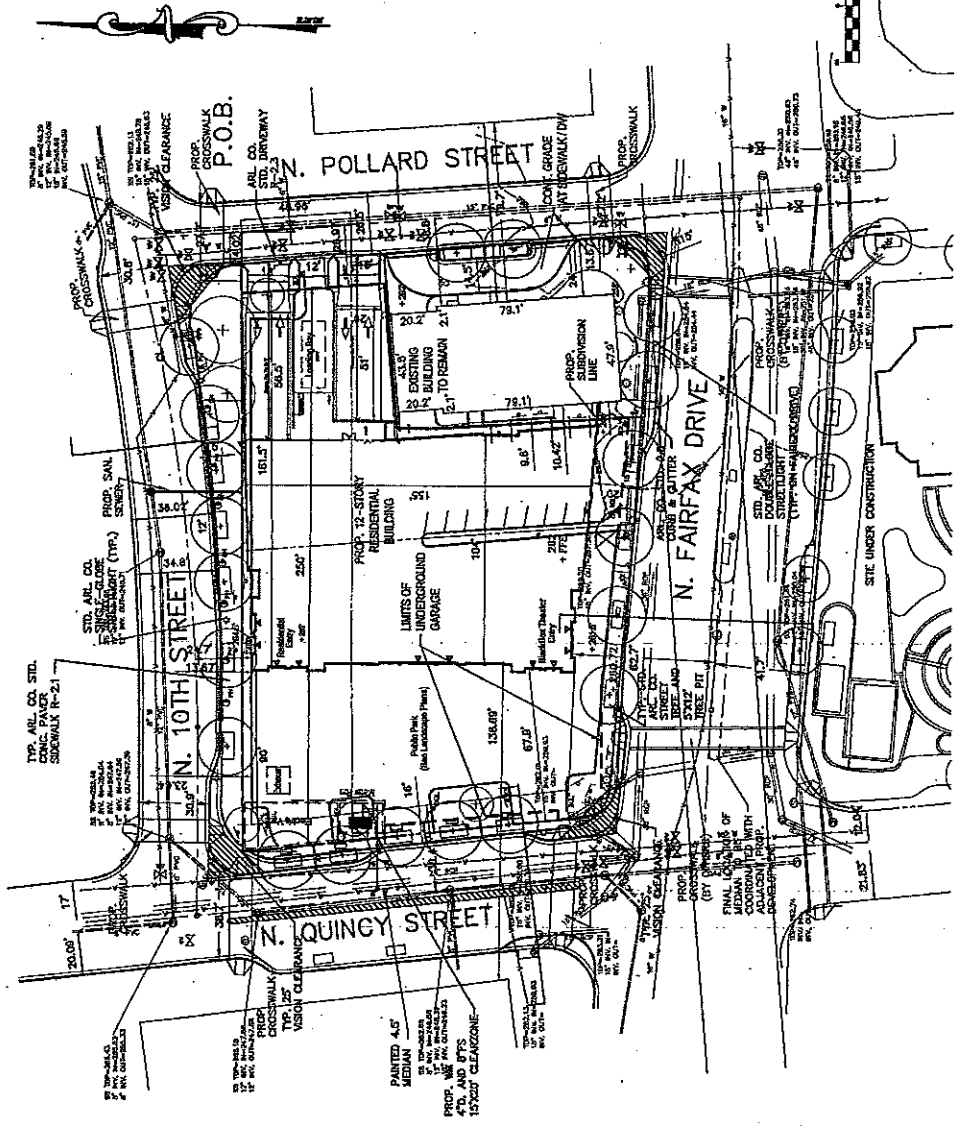
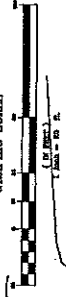
UTILITY NOTE:

THE UNDERGROUND UTILITY LOCATIONS SHOWN ON THIS SURVEY INFORMATION, ARE NOT GUARANTEED BY THE SURVEYOR. THE SURVEYOR MAKES NO GUARANTEE, THAT THE UTILITY LOCATIONS SHOWN ON THIS SURVEY INFORMATION, ARE THE ACTUAL LOCATIONS OF THE UTILITIES. THE SURVEYOR HAS CONDUCTED A VISUAL SURVEY OF THE AREA, AND HAS NOT CONDUCTED A FIELD SURVEY OF THE UTILITIES. THE SURVEYOR HAS NOT CONDUCTED A FIELD SURVEY OF THE UTILITIES. THE SURVEYOR HAS NOT CONDUCTED A FIELD SURVEY OF THE UTILITIES.

STORMWATER MANAGEMENT NOTE:

STORMWATER MANAGEMENT TO BE PROVIDED IN A PROPOSED URBAN BMP FACILITY IN THE CANAL AND WILL BE Piped INTO THE EXISTING 30" STORM PIPE AT FAIRFAX DRIVE.

GRAPHIC SCALE



REVISIONS

REV.	DATE	DESCRIPTION
REV. 1	12-15-03	1. SITE PLAN
REV. 2	12-15-03	2. SITE PLAN
REV. 3	12-15-03	3. SITE PLAN
REV. 4	12-15-03	4. SITE PLAN
REV. 5	12-15-03	5. SITE PLAN
REV. 6	12-15-03	6. SITE PLAN
REV. 7	12-15-03	7. SITE PLAN
REV. 8	12-15-03	8. SITE PLAN
REV. 9	12-15-03	9. SITE PLAN
REV. 10	12-15-03	10. SITE PLAN

REVISIONS

REV.	DATE	DESCRIPTION
REV. 1	12-15-03	1. SITE PLAN
REV. 2	12-15-03	2. SITE PLAN
REV. 3	12-15-03	3. SITE PLAN
REV. 4	12-15-03	4. SITE PLAN
REV. 5	12-15-03	5. SITE PLAN
REV. 6	12-15-03	6. SITE PLAN
REV. 7	12-15-03	7. SITE PLAN
REV. 8	12-15-03	8. SITE PLAN
REV. 9	12-15-03	9. SITE PLAN
REV. 10	12-15-03	10. SITE PLAN

REVISIONS

REV.	DATE	DESCRIPTION
REV. 1	12-15-03	1. SITE PLAN
REV. 2	12-15-03	2. SITE PLAN
REV. 3	12-15-03	3. SITE PLAN
REV. 4	12-15-03	4. SITE PLAN
REV. 5	12-15-03	5. SITE PLAN
REV. 6	12-15-03	6. SITE PLAN
REV. 7	12-15-03	7. SITE PLAN
REV. 8	12-15-03	8. SITE PLAN
REV. 9	12-15-03	9. SITE PLAN
REV. 10	12-15-03	10. SITE PLAN

REVISIONS

REV.	DATE	DESCRIPTION
REV. 1	12-15-03	1. SITE PLAN
REV. 2	12-15-03	2. SITE PLAN
REV. 3	12-15-03	3. SITE PLAN
REV. 4	12-15-03	4. SITE PLAN
REV. 5	12-15-03	5. SITE PLAN
REV. 6	12-15-03	6. SITE PLAN
REV. 7	12-15-03	7. SITE PLAN
REV. 8	12-15-03	8. SITE PLAN
REV. 9	12-15-03	9. SITE PLAN
REV. 10	12-15-03	10. SITE PLAN

REVISIONS

REV.	DATE	DESCRIPTION
REV. 1	12-15-03	1. SITE PLAN
REV. 2	12-15-03	2. SITE PLAN
REV. 3	12-15-03	3. SITE PLAN
REV. 4	12-15-03	4. SITE PLAN
REV. 5	12-15-03	5. SITE PLAN
REV. 6	12-15-03	6. SITE PLAN
REV. 7	12-15-03	7. SITE PLAN
REV. 8	12-15-03	8. SITE PLAN
REV. 9	12-15-03	9. SITE PLAN
REV. 10	12-15-03	10. SITE PLAN

REVISIONS

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REV. 1	12-15-03	1. SITE PLAN
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REV. 3	12-15-03	3. SITE PLAN
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REV. 8	12-15-03	8. SITE PLAN
REV. 9	12-15-03	9. SITE PLAN
REV. 10	12-15-03	10. SITE PLAN





# THE

[illegible]

ARLINGTON, VIRGINIA  
DEPARTMENT OF PUBLIC WORKS

**VIRGINIA SQUARE PARK CONDOMINIUM**  
QUINCY STREET AND FAIRFAX DRIVE  
**STRIPING PLAN**

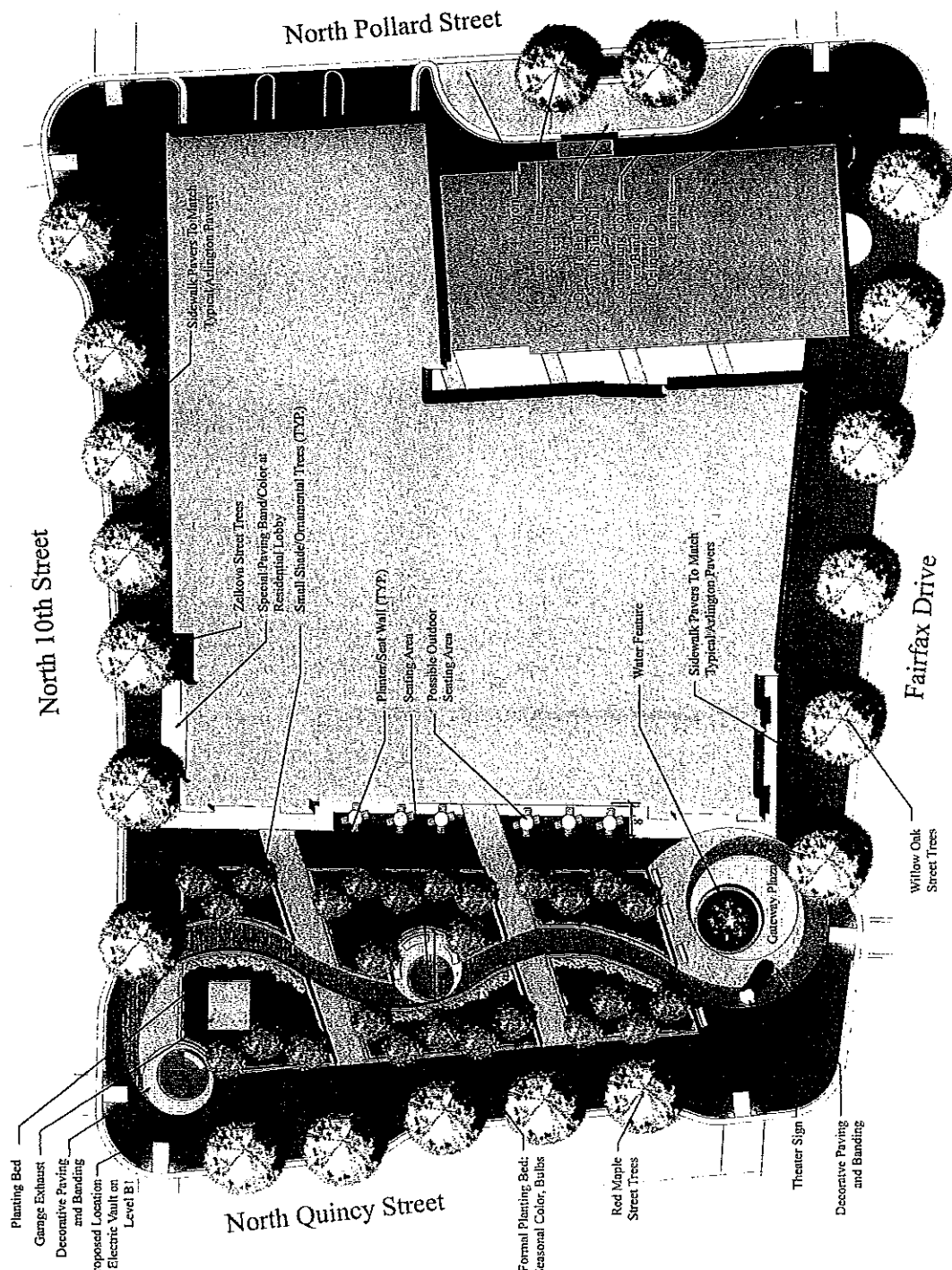
SCALE: 1/8" = 1'-0"	DESIGNED BY: M/A	NOTED BY: M/A	APPROVED BY: M/A	DATE: JUNE 17, 2004	PROJECT: CHIEF PLUMBING DIVISION	CONTRACT NO.: C-5
QUANTITY: 100	APPROVED: M/A	CHIEF PLUMBING DIVISION	CHIEF PLUMBING DIVISION	CHIEF PLUMBING DIVISION	CHIEF PLUMBING DIVISION	CHIEF PLUMBING DIVISION

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# Virginia Square Park

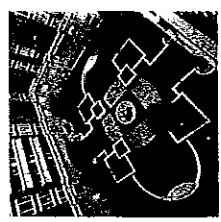
Arlington County, Virginia



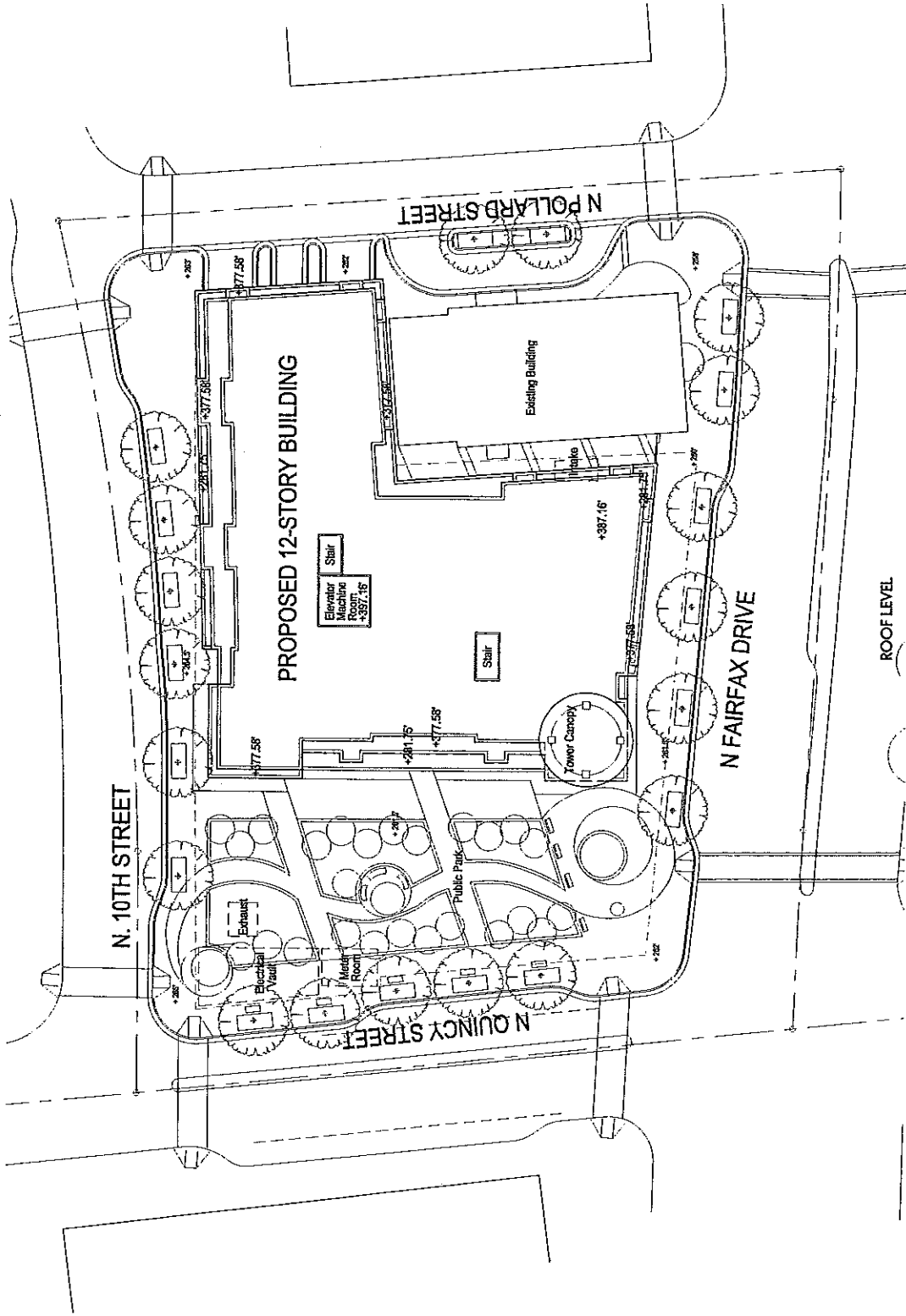
**TCR**  
 TRAMMILL CROW RESIDENTIAL  
 6111 North 10th Street  
 Arlington, VA 22202  
 (703) 481-4975 FAX (703) 481-4975

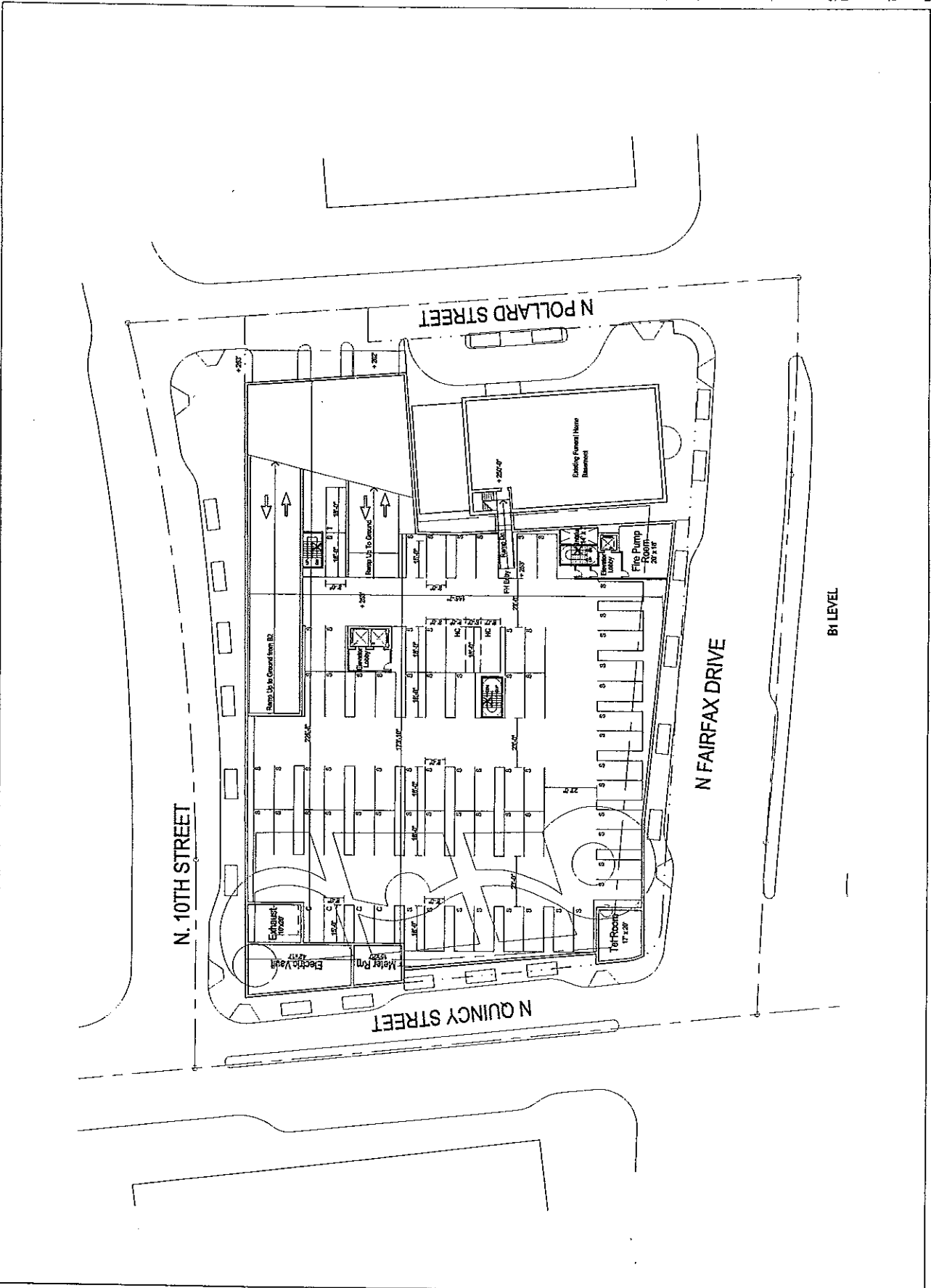
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 0 10 20  
 July 1, 2004

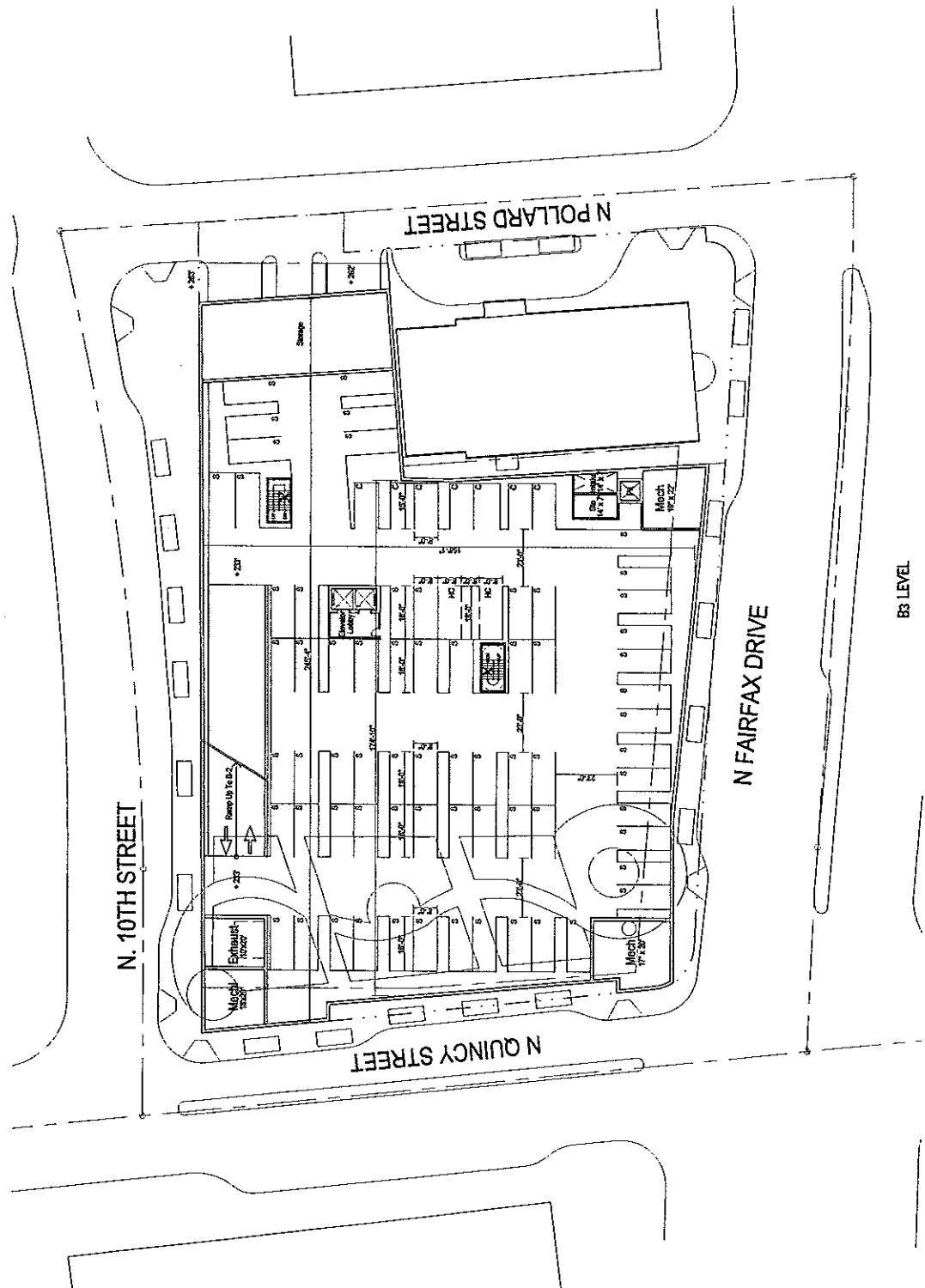
## SITE PLAN



Land

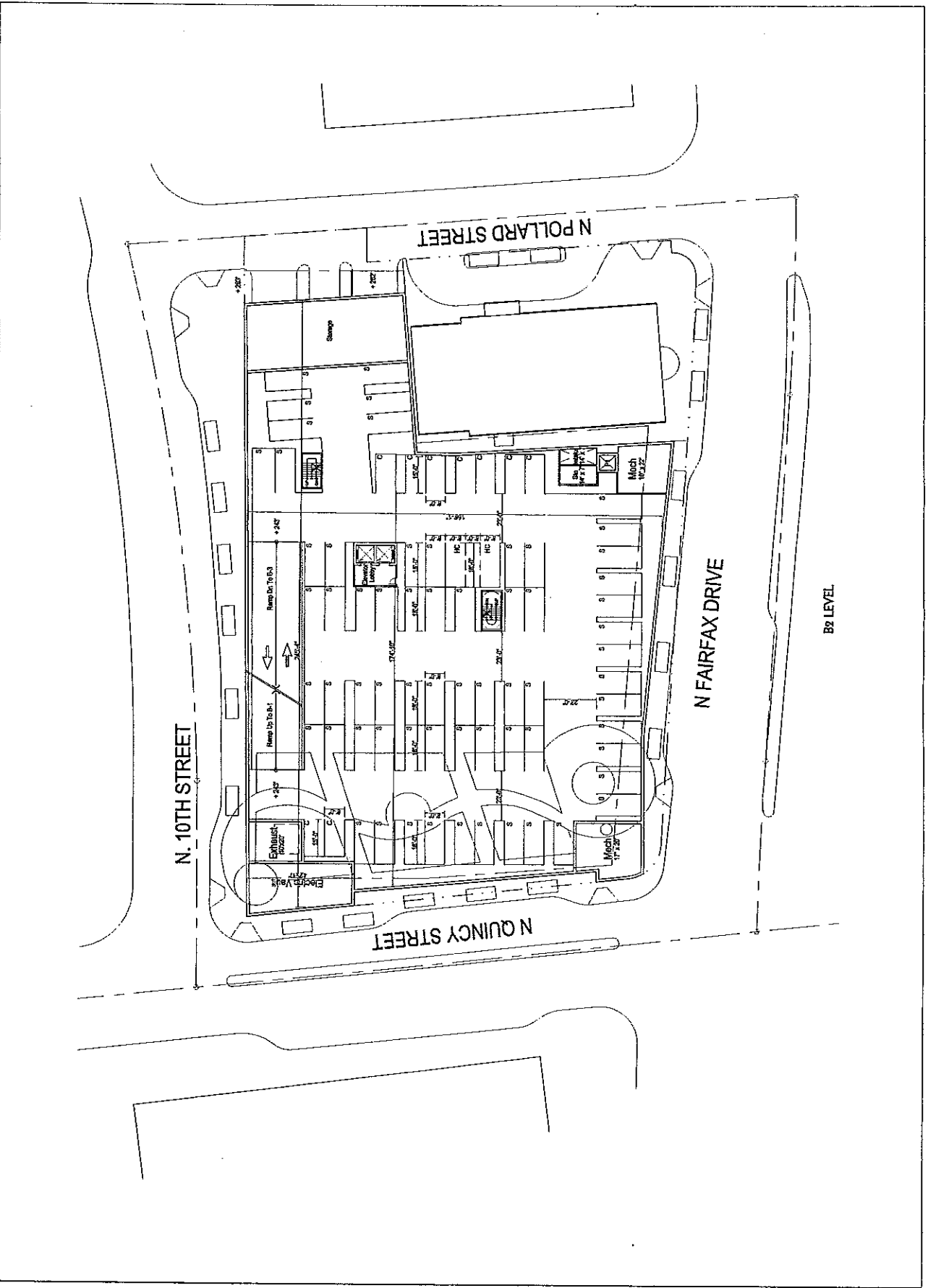




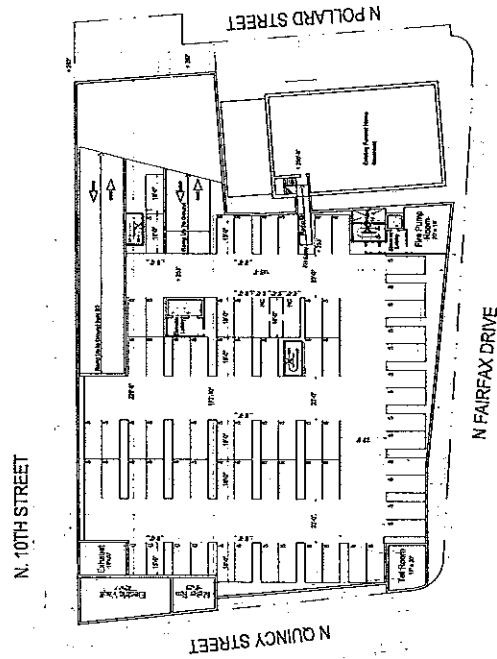


### TEA7 LEVEL

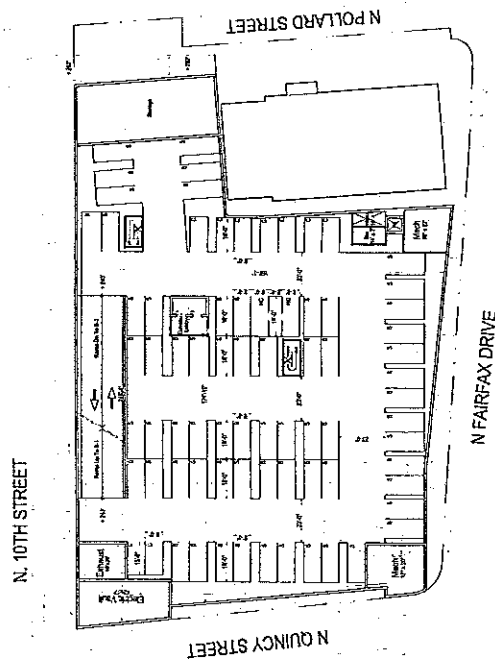
Room	Area (sq. ft.)	Notes
101	1,000	Unit 101
102	1,000	Unit 102
103	1,000	Unit 103
104	1,000	Unit 104
105	1,000	Unit 105
106	1,000	Unit 106
107	1,000	Unit 107
108	1,000	Unit 108
109	1,000	Unit 109
110	1,000	Unit 110
111	1,000	Unit 111
112	1,000	Unit 112
113	1,000	Unit 113
114	1,000	Unit 114
115	1,000	Unit 115
116	1,000	Unit 116
117	1,000	Unit 117
118	1,000	Unit 118
119	1,000	Unit 119
120	1,000	Unit 120
121	1,000	Unit 121
122	1,000	Unit 122
123	1,000	Unit 123
124	1,000	Unit 124
125	1,000	Unit 125
126	1,000	Unit 126
127	1,000	Unit 127
128	1,000	Unit 128
129	1,000	Unit 129
130	1,000	Unit 130
131	1,000	Unit 131
132	1,000	Unit 132
133	1,000	Unit 133
134	1,000	Unit 134
135	1,000	Unit 135
136	1,000	Unit 136
137	1,000	Unit 137
138	1,000	Unit 138
139	1,000	Unit 139
140	1,000	Unit 140
141	1,000	Unit 141
142	1,000	Unit 142
143	1,000	Unit 143
144	1,000	Unit 144
145	1,000	Unit 145
146	1,000	Unit 146
147	1,000	Unit 147
148	1,000	Unit 148
149	1,000	Unit 149
150	1,000	Unit 150
151	1,000	Unit 151
152	1,000	Unit 152
153	1,000	Unit 153
154	1,000	Unit 154
155	1,000	Unit 155
156	1,000	Unit 156
157	1,000	Unit 157
158	1,000	Unit 158
159	1,000	Unit 159
160	1,000	Unit 160
161	1,000	Unit 161
162	1,000	Unit 162
163	1,000	Unit 163
164	1,000	Unit 164
165	1,000	Unit 165
166	1,000	Unit 166
167	1,000	Unit 167
168	1,000	Unit 168
169	1,000	Unit 169
170	1,000	Unit 170
171	1,000	Unit 171
172	1,000	Unit 172
173	1,000	Unit 173
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178	1,000	Unit 178
179	1,000	Unit 179
180	1,000	Unit 180
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182	1,000	Unit 182
183	1,000	Unit 183
184	1,000	Unit 184
185	1,000	Unit 185
186	1,000	Unit 186
187	1,000	Unit 187
188	1,000	Unit 188
189	1,000	Unit 189
190	1,000	Unit 190
191	1,000	Unit 191
192	1,000	Unit 192
193	1,000	Unit 193
194	1,000	Unit 194
195	1,000	Unit 195
196	1,000	Unit 196
197	1,000	Unit 197
198	1,000	Unit 198
199	1,000	Unit 199
200	1,000	Unit 200



**B2 LEVEL**



## B1 LEVEL

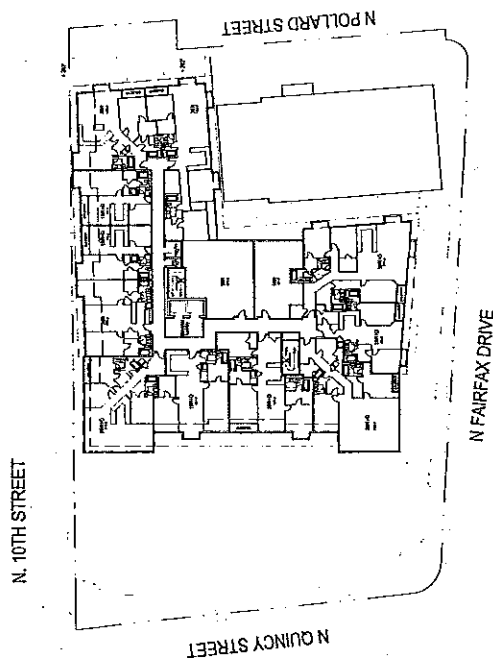


B2-B3 LEVEL

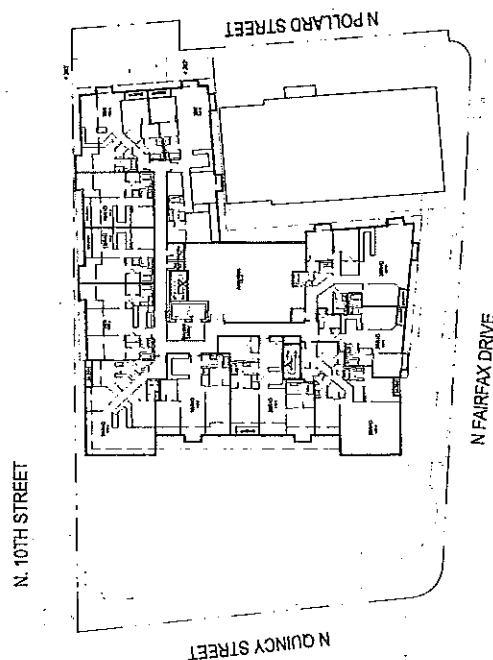
NOTE: SEE A08 & A09 FOR NOTES

[illegible]

PERCENT URBAN - VARIABLE		PERCENT URBAN - CONSTANT		PERCENT URBAN - TOTAL	
Urban	Rural	Urban	Rural	Urban	Rural
1.00	0.00	1.00	0.00	1.00	0.00
0.90	0.10	0.90	0.10	0.90	0.10
0.80	0.20	0.80	0.20	0.80	0.20
0.70	0.30	0.70	0.30	0.70	0.30
0.60	0.40	0.60	0.40	0.60	0.40
0.50	0.50	0.50	0.50	0.50	0.50
0.40	0.60	0.40	0.60	0.40	0.60
0.30	0.70	0.30	0.70	0.30	0.70
0.20	0.80	0.20	0.80	0.20	0.80
0.10	0.90	0.10	0.90	0.10	0.90
0.00	1.00	0.00	1.00	0.00	1.00



### THIRD & FOURTH FLOOR PLAN

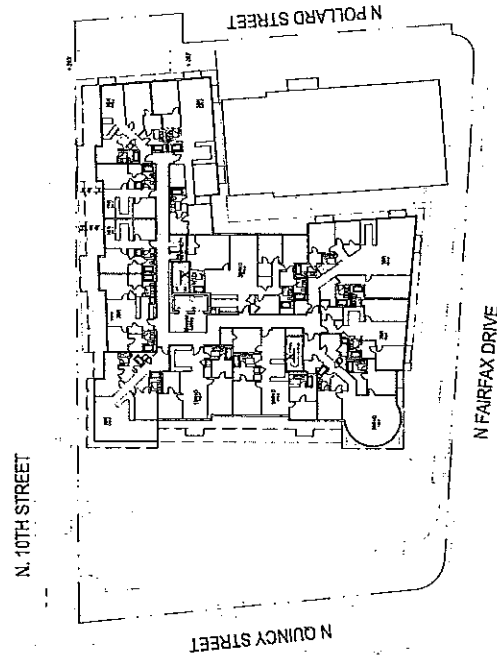


## SECOND FLOOR PLAN

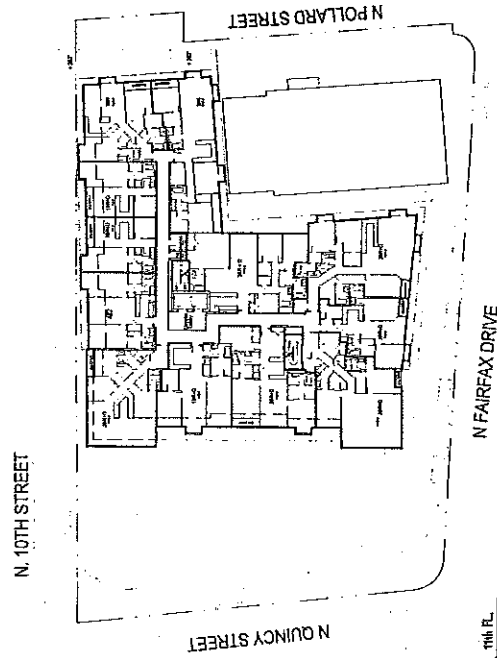


WEEK	MANUFACTURING	OFFICE	TRUCKS*	TOTAL	TOTAL OFFER
1	4,142	3,760	3,760	7,902	7,902
2	4,142	3,760	3,760	7,902	7,902
3	4,142	3,760	3,760	7,902	7,902
4	4,142	3,760	3,760	7,902	7,902
5	4,142	3,760	3,760	7,902	7,902
6	4,142	3,760	3,760	7,902	7,902
7	4,142	3,760	3,760	7,902	7,902
8	4,142	3,760	3,760	7,902	7,902
9	4,142	3,760	3,760	7,902	7,902
10	4,142	3,760	3,760	7,902	7,902
11	4,142	3,760	3,760	7,902	7,902
12	4,142	3,760	3,760	7,902	7,902
Total	49,704	45,120	45,120	94,824	94,824

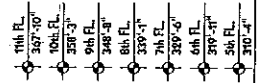




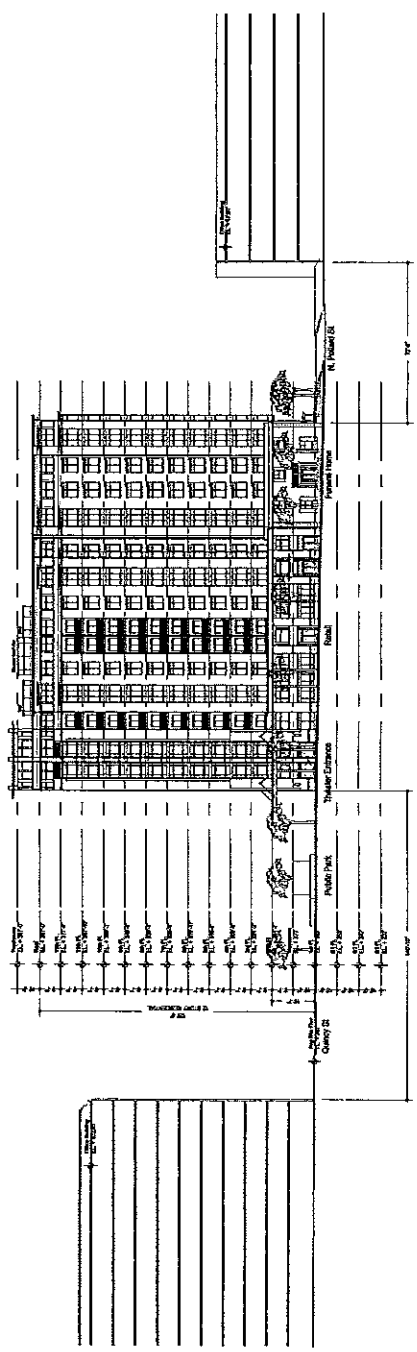
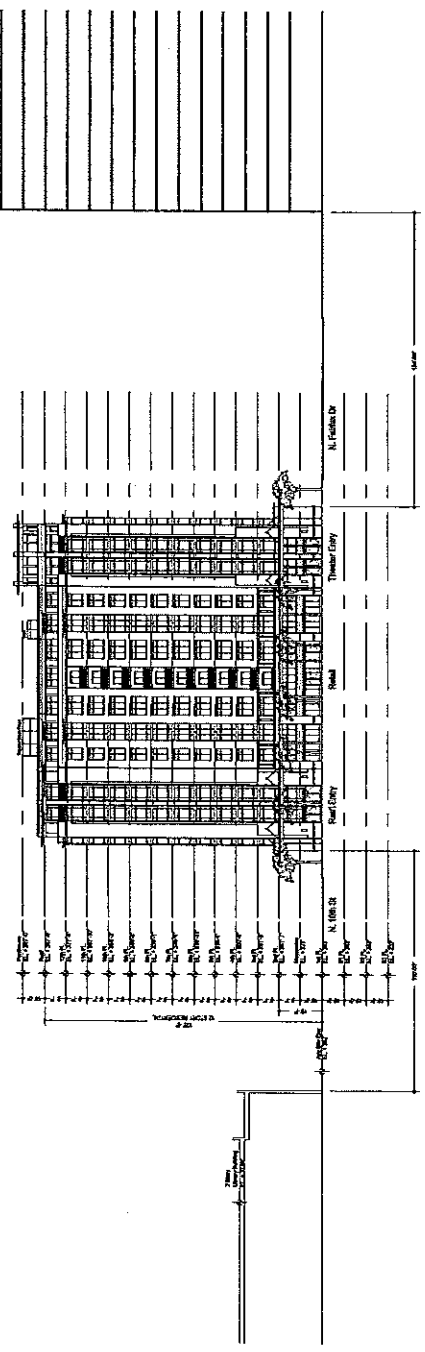
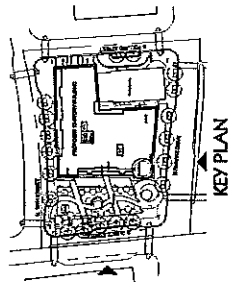
**PENTHOUSE FLOOR 12**



TYPICAL FLOORS 5-11



Sales		Manufacturing		DPA		Threats		Retail		Total OPA	
Concrete	2,164	2,164	3,336	3,336	2,260						
Regrt	1,745	1,745	3,586								
5	17,554	17,554									
6	17,554	17,554									
7	17,554	17,554									
8	17,554	17,554									
9	17,554	17,554									
10	17,554	17,554									
11	17,554	17,554									
12	17,554	17,554									
Total	146,606	146,606	2,164	2,260							





WDG Architecture, LLC  
1000 West 10th Street  
Suite 100  
Anchorage, Alaska 99501  
Tel: 907.561.1234  
Fax: 907.561.1235  
www.wdgarch.com

Old Engineer  
New Engineer  
Architect  
Interior Designer  
Mechanical Engineer  
Electrical Engineer  
Civil Engineer  
Structural Engineer  
Landscape Architect  
Planner

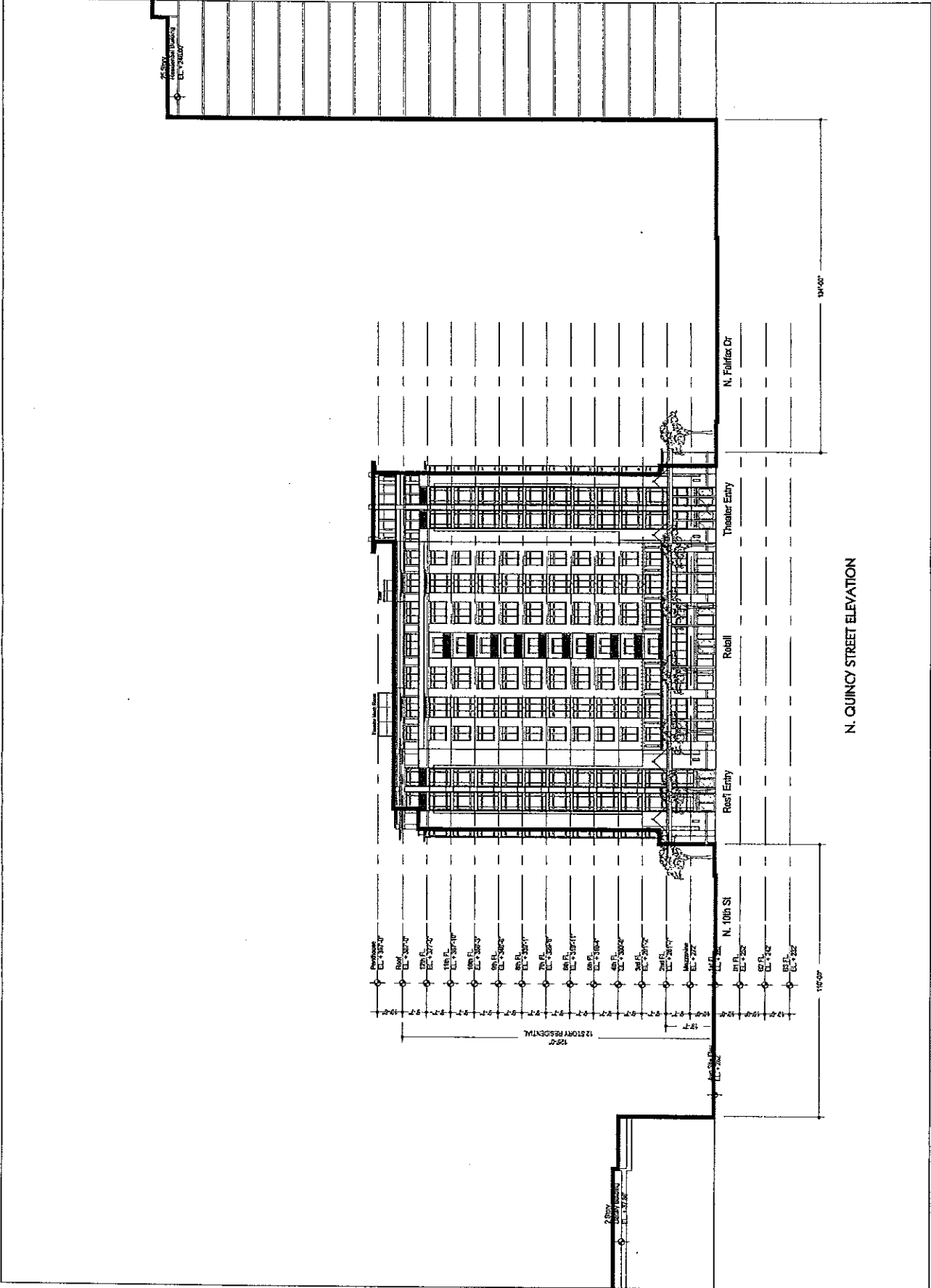
# Virginia Square Park Condominiums

Project No. 1000  
Date: 10/10/10

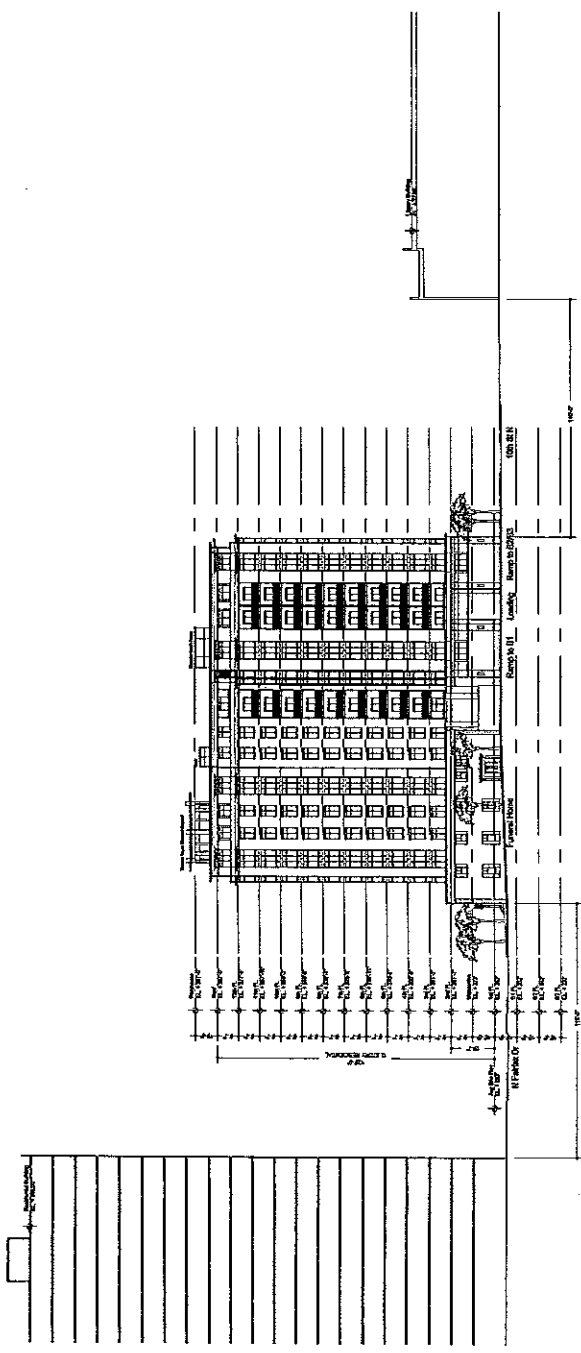
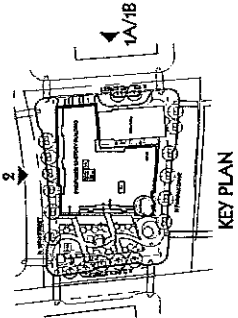
Architect	WDG Architecture, LLC
Interior Designer	WDG Architecture, LLC
Mechanical Engineer	WDG Architecture, LLC
Electrical Engineer	WDG Architecture, LLC
Civil Engineer	WDG Architecture, LLC
Structural Engineer	WDG Architecture, LLC
Landscape Architect	WDG Architecture, LLC
Planner	WDG Architecture, LLC

Scale: 1/8" = 1'-0"  
N. Quincy Street  
Site Elevation

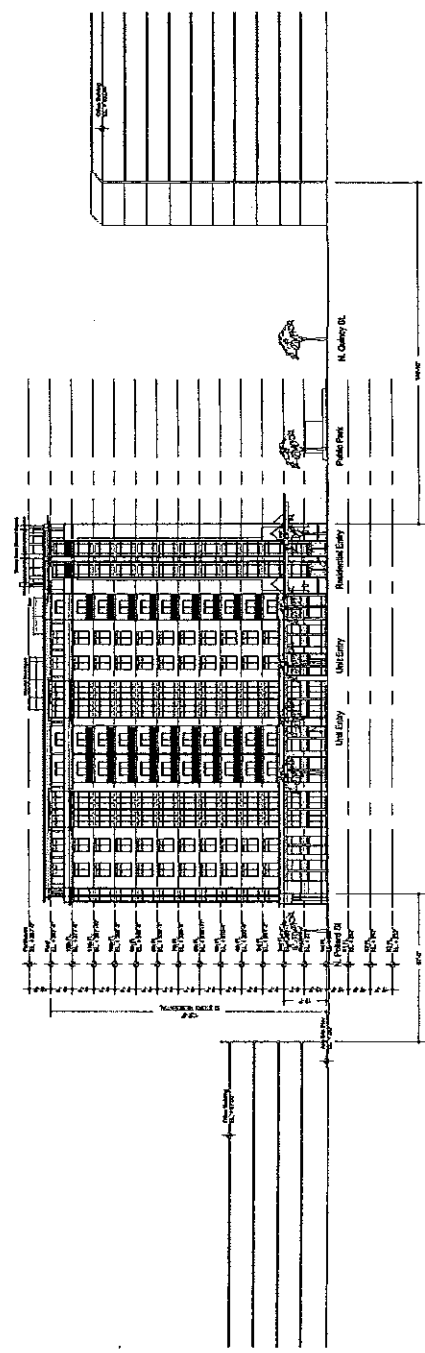
A06E



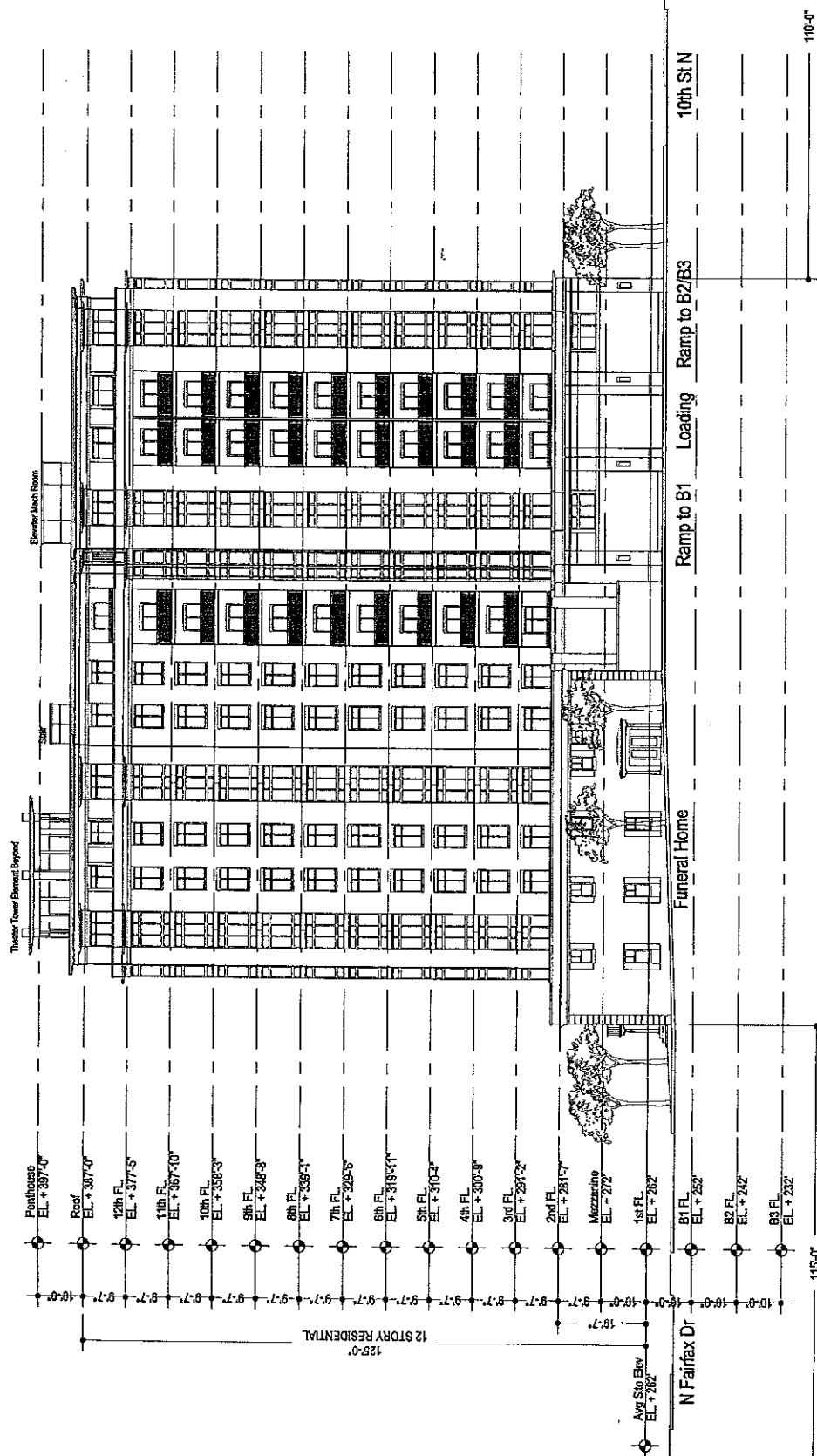
Project Name	Virginia Square Park Condominiums
Project No.	1000
Client	1000 Commonwealth Blvd
Location	1000 Commonwealth Blvd
Architect	WDG Architecture
Architect's License No.	1000
Project Manager	1000
Project Engineer	1000
Project Designer	1000
Project Draftsman	1000
Project Checker	1000
Project Approver	1000
Project Date	1000



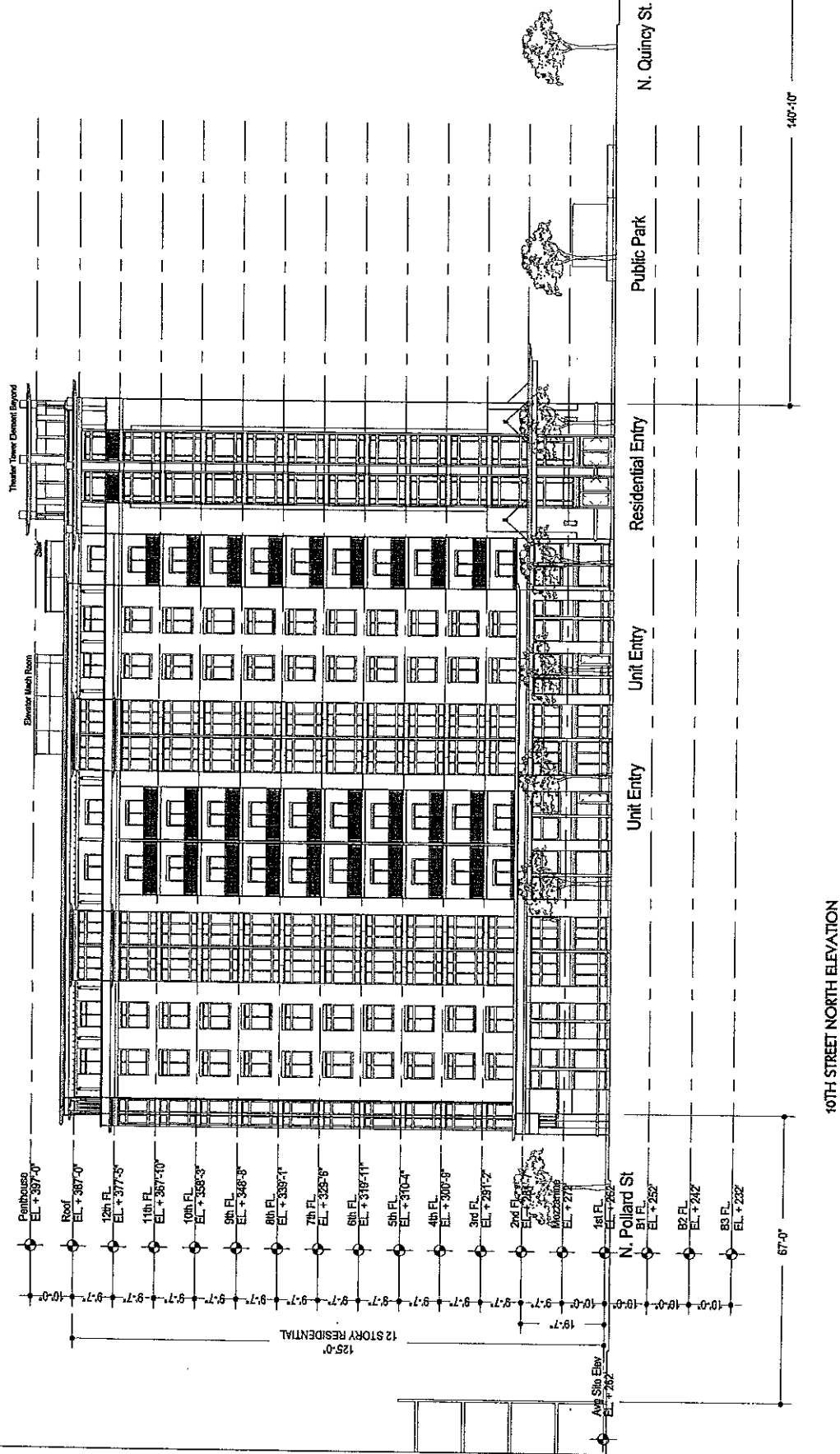
1B. N. POLLARD STREET ELEVATION



2. 10th STREET NORTH ELEVATION



N. POLLARD STREET ELEVATION



10TH STREET NORTH ELEVATION



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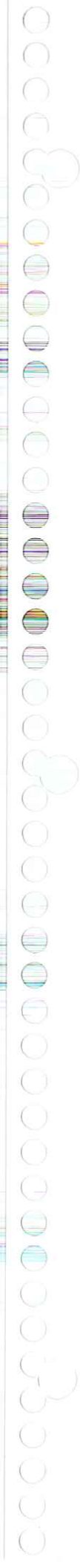
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6. Development Costs	63
7. Schedule	67
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10. Conclusion and Recommendations	92
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MARTIN DITTO



# Executive Summary

## SECTION 1

## Executive Summary

### GENERAL OVERVIEW

This development involves the acquisition and development of an existing site currently consisting of a funeral home and an underutilized surface parking lot in Virginia Square submarket of Arlington, Virginia. The development has been site planned approved by Trammell Crow Residential and is currently being offered for sale.

North Capitol Development (NCD; <http://www.northcapdev.com>) will purchase the existing land at 3901 North Fairfax Drive for \$7,680,000. The development will consist of the construction of 135 total residential units (128 market units and 7 affordable dwelling units), a community black box theater, and parking for these uses. In addition, the existing funeral home will be incorporated into the new development. The development will take approximately 27 months to complete from land acquisition to projected sellout.

### PROPERTY ADDRESS:

3901 North Fairfax Drive  
Arlington, VA 22203

### LOCATION:

The proposed development (Development) is located on the site of the existing Arlington Funeral Home (3901 Fairfax Drive), at the northeast corner of Fairfax and North Pollard Street in Arlington, Virginia. It is located equidistant from the Virginia Square and Ballston Metro stations on the Orange Line. The neighborhood is considered Arlington's cultural heart and home to the county's top residential developments as well as being adjacent to many public and private sector community amenities.

### THE DEVELOPER:

North Capitol Development (Developer) was founded in 2003 by Johns Hopkins graduate school classmates as a company devoted to creative problem solving and community involvement. Its principal has experience in international development, DC government economic development, and national multi-family experience. The ability of the Developer to work with the public/private partnerships involved in this project is an asset to the project and the investment.

## Executive Summary

SITE BUILDING INFO	
Lot Size (Land SF)	45,508 SF
Gross Building Area (excluding Garage)	207,642 SF
Residential GFA	196,505 SF
Residential Saleable SF	167,160 SF
Service / Loading Dock GFA	8,489 SF
Retail Saleable SF	2,648 SF
Total Saleable SF	169,808 SF
Residential Efficiency	85%
Average Unit Size	1,238 SF
Total Number of Units	135
GFA Per Parking Space	400 SF
Structured Parking Spaces	226

**COST SUMMARY:** The total development cost of the project is approximately \$63 million. This total includes \$45.5 million in hard (construction) costs, a total land cost of \$9.0 million (including land, commissions, closing costs, and proffers), and soft/other costs of approximately \$8.3 million.

DEVELOPMENT COST BREAKDOWN			
	TOTAL	\$/Unit	\$/SF
Hard Cost	45,527,500	337,241	268
Land Cost	9,035,400	66,929	53
Soft Costs	3,682,586	27,278	22
Financing Cost	3,809,873	28,221	22
Marketing Costs	886,087	6,564	5
<b>TOTALS</b>	<b>62,941,446</b>	<b>466,233</b>	<b>371</b>
* SF/Unit calculations made with sellable SF and Market DU's			

**REVENUE SUMMARY:** Based on the anticipated sales and financial exit fees and including all direct and ancillary income from sales, the projected Net Sales Revenue is \$72,847,978.

SALES REVENUE		TOTAL		PSF
Unit Sales	167,160 SF	\$456 PSF	\$76,202,099	\$455.86 /psf
Unit Upgrade Profit	128 Units	\$3,000 /unit	\$405,000	\$2.42 /psf
Residential Parking Incl.	135 Spaces	\$0 /space	\$0	\$0.00 /psf
Funeral Home/Theater	74 Spaces	\$0 /space	\$0	\$0.00 /psf
Additional Res. Parking	17 Spaces	\$20,000 /space	\$340,000	\$2.03 /psf
Less: Cost of Sale	5.00%		(\$3,847,355)	(23.02) / psf
Financing Exit Fee	0.50%		(\$251,766)	(1.51) / psf
<b>NET SALES REVENUE</b>			<b>\$72,847,978</b>	<b>\$435.80 /psf</b>



## Executive Summary

**FINANCIAL SUMMARY:** Based on net revenue projections and total development cost projections, the anticipated net proceeds from the Development is \$9,906,532. This represents a project IRR of 31.63% and a 1.79 times return of capital. Please see the chart below for details:

<b>FINANCIAL</b>	
Net Proceeds	\$9,906,532
Project IRR	31.63%
Multiple of Capital	1.79x
Equity	\$12,588,289
Debt	\$50,353,158
Equity Partner	90%
North Capitol Development	10%

**SOURCES AND USES:** The following sources and uses chart illustrates a summary breakdown of the costs of the project and the sources of those funds. The equity partner will invest \$11,329,460 and the Developer will invest \$1,258,829 for a total equity investment of \$12,588,289.

<b>SOURCES</b>	
Construction/Development Loan (80%):	\$50,353,158
Investor Equity (18%)	\$11,329,460
Developer Equity (2%)	\$1,258,829
<b>TOTAL</b>	<b>\$62,941,447</b>
<b>USES</b>	
Land Purchase Price	\$7,680,000
Construction/Improvements	\$45,527,500
Other Development Costs	\$8,483,946
Development/Const. Mgmt. Fee (NCD)	\$1,250,000
<b>TOTAL</b>	<b>\$62,941,446</b>

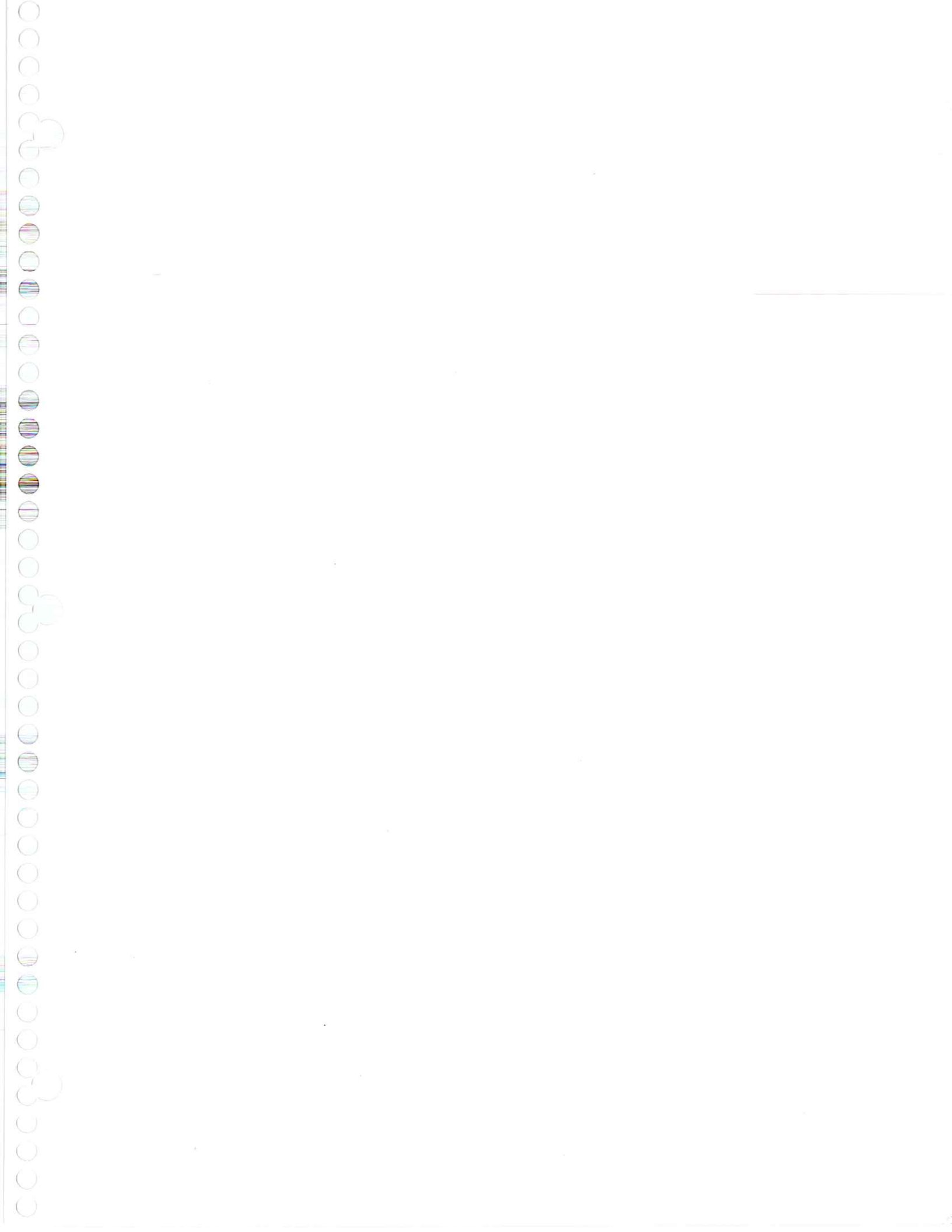
## Executive Summary: Pros and Cons

### PROS

- Proximity to mass transit options - WMATA Metro trains and buses
- Building amenities - public park, black box theater, and neighborhood serving retail
- Area amenities - Arlington Central Library, athletic fields, retail
- Strong public support – approved development plan won unanimous support from county and neighbors
- Delivery should occur during lull in condominium pipeline delivery
- Mixed-use nature of building is attractive to many buyers
- Complete building plans allow for near immediate application for building permits upon land/loan closing

### CONS

- Condominium market currently weaker than recent years in terms of sales velocity and pricing
- Adjacent funeral home may not be attractive to some potential buyers
- Mixed use nature of building complicates design and future operations
- Shared parking structure could present marketing problems and operations issues
- Likely that retail space sale will represent negative return on cost
- Possibility of cost overruns in non-residential garage and theater space
- Arlington County permits and inspection delays could increase costs
- Potential problems related to required improvements to funeral home façade
- Existing construction set included in purchase price does not allow changes to plan without approval by Arlington County





# Development Program

## SECTION 2

## Development Program

### DEVELOPMENT SUMMARY:

The Development will consist of a 12-story, 125-foot tall concrete hi-rise building. The total square footage of the development will be approximately 207,000 square feet of which 196,000 square feet are devoted to residential, 8,000 square feet are devoted to the community black box theater, and 3,000 square feet are devoted to neighborhood serving retail. The total residential component includes a total of 135 condominium units of which 128 are market rate and 7 are to be sold as a block and rented as Affordable Dwelling Units (see appendix for Arlington County's ADU program details).

The structure will be reinforced post-tension concrete construction on a standard concrete mat foundation. The building will include three levels of underground parking with a total of 225 parking spaces. Finishes in the building will be DC luxury condominium standard with marble countertops, high-end wood veneer appliances, and standard stone tile in kitchens and baths. Remaining finish specifications can be found in the "finishes" page of the Development Program section.

### THE PROJECT INCLUDES:

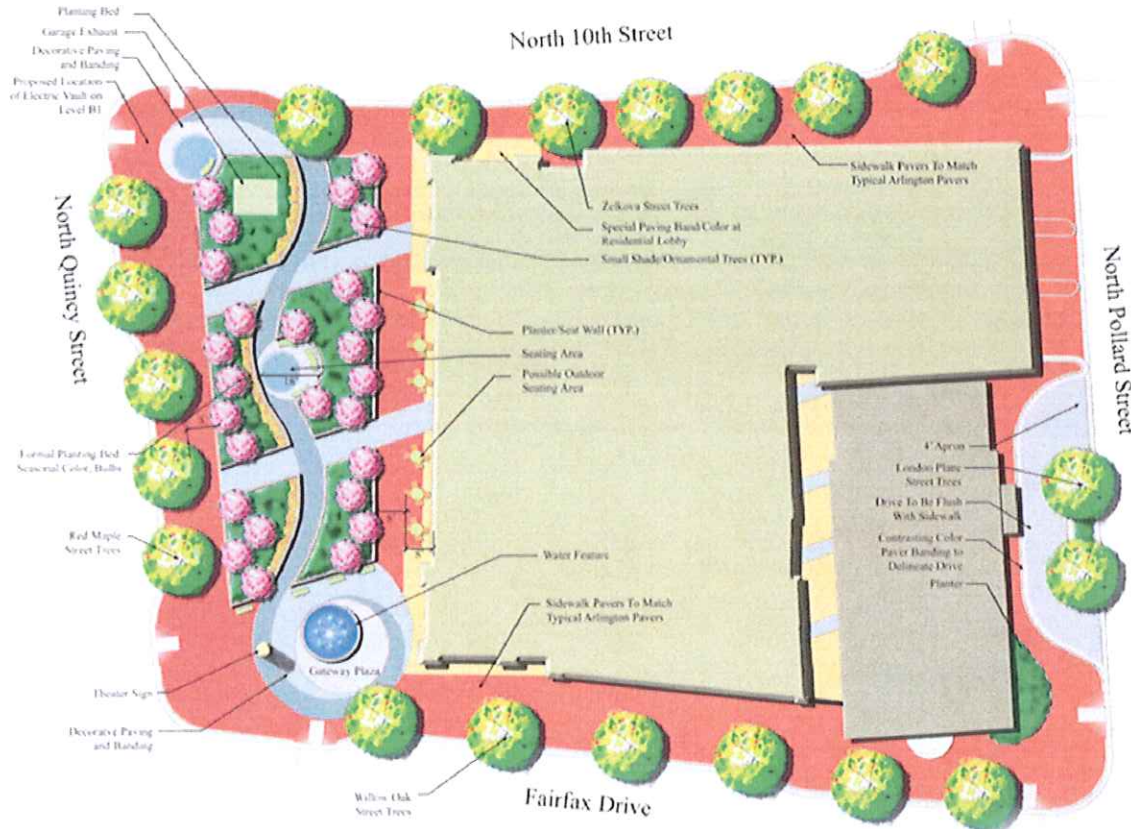
- 128 market rate residential condominiums
- 7 Affordable Dwelling Units
- Two retail condominium units (2,648 square feet total)
- Black box theater – first floor and mezzanine space (theater to be maintained by community 501(c)3 organization)
- 225 Parking Spaces (includes reserved parking for theater and funeral home) – includes two separate entrances
- Underground garage connection to funeral home for garage use
- City park feature over underground parking (west side of site)

### PHASING:

The project will be completed in one phase, with the completion of the residential units shortly after the delivery of the black box theater for tenant fit out. Some funeral home façade work will be completed according to a mutually agreed upon schedule between the Developer and the funeral home owner. This work will be managed by the Developer but funded by the funeral home.

## Development Program

The 12-story tower sits on a lobby/mezzanine level which houses the residential lobby, 2,648 square feet of retail, the black box theater and a few residential units. The building is "L" shaped as it wraps around the existing funeral home at the southeast of the site.



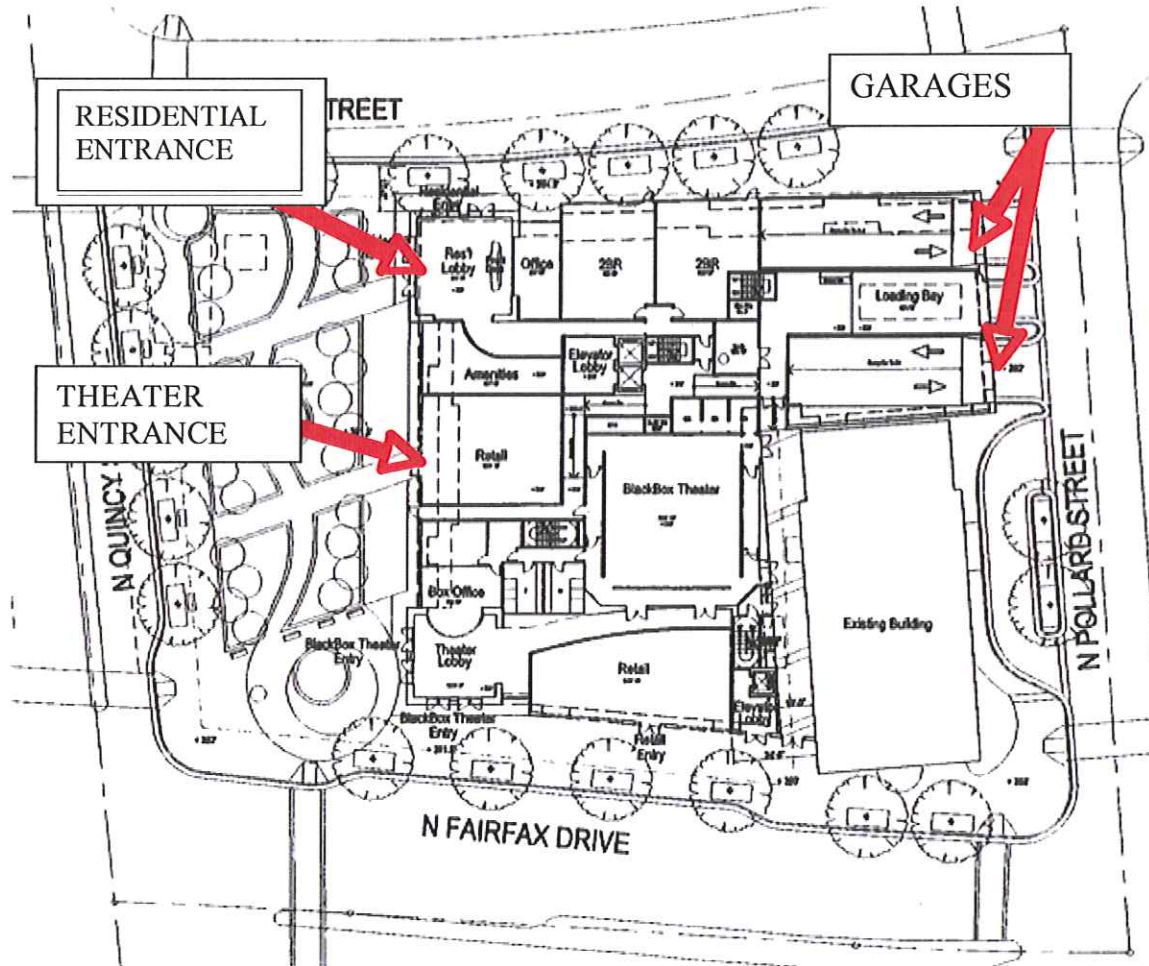
### BUILDING DETAILS:

The first floor façade effectively separates the uses of the building by surrounding the southwest corner theater entrance with two separate retail spaces. The pedestrian residential access is provided by the northwest corner entrance adjacent to the county library. Vehicular traffic into the parking garage enters the building using separate ramps accessing the various segregated levels of the garage on the northeast corner of the site off North Pollard Street.



## Development Program

Please see the following first floor diagram:



The two garage entrances are located on either side of the loading dock which services one retail space, the theater and the residential units.

### ACCESS AND EGRESS:

The site is accessed for construction purposes and for permanent access via the northeast corner of the lot. This will also be the location of the garage entrances.

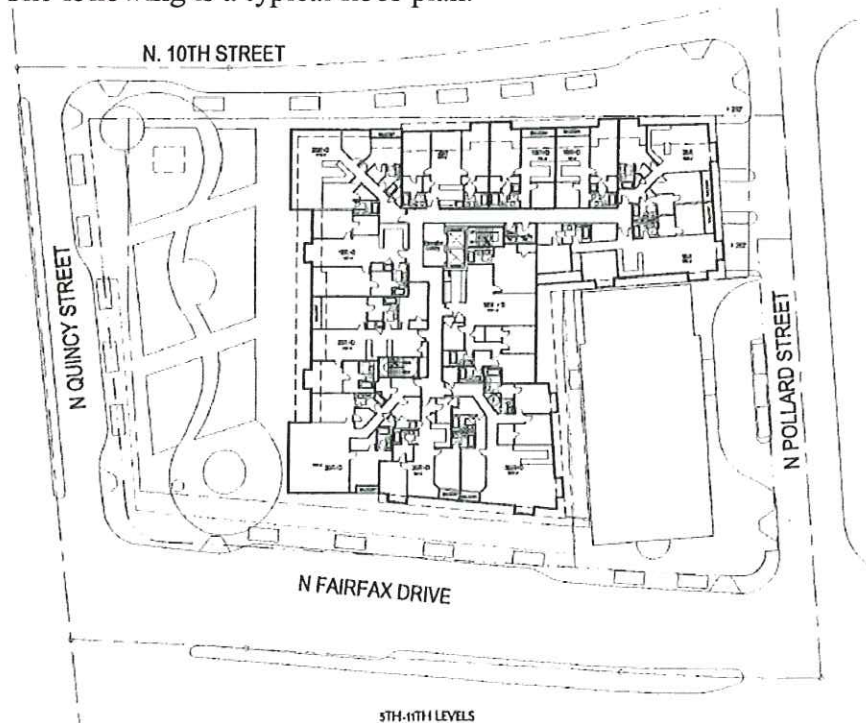
## Development Program

### SITE PLAN:

The west side of the site is planned to have a public park facility over the western portion of the underground parking structure. The park will include a serpentine walkway within the landscaped area with seating areas for the public. The public area can also be used for outdoor seating assuming a possible use by the retail user. The southwest corner of the site contains a water feature just in front of the theater entrance. The southeast corner of the site contains the existing funeral home with vehicular drive. There is a brick wall connection between the funeral home and the Development. Vehicular access to the parking garage and loading dock is provided on the northeast corner of the building. The two separate entrances provide segregated parking between the commercial and residential uses.

While the first floor contains the entrances and public uses, the second floor is exclusively residential with units and amenity area. Floors three and four are identical and the remaining floors (5-11) are all identical. There are efficiencies in construction gained in the stacking of similar units and vertical juxtaposition of plumbing and building utility elements. For these reasons the structure itself will be relatively more efficient and therefore less expensive to build than competing projects.

The following is a typical floor plan:





## Development Program

### BUILDING ARCHITECTURE:

The approved building plan is a contemporary hi-rise residential design incorporating a modern tower design element leading from the ground floor theater entrance to the roof.

As you can see from the below architectural elevation rendering, the façade consists of masonry brick, precast concrete masonry elements, glass, aluminum and some steel elements. There are multiple curtainwall sections creating dramatic interior views of the cityscape which are included in many of the units. Also, balconies are present in all elevations but are subdued and not a dramatic element of the design.



The streetscape is designed within the Arlington County guidelines with custom pavers in front of the theater and residential entrances. Due to the relatively unattractive façade of the existing funeral home building, the building will undergo a modest façade improvement as well to incorporate the structure into the development.

## Development Program

FINISHES: The following finishes demonstrate the quality of the units.

### GENERAL:

- Spacious Floor Plans
- Floor-to-Ceiling Window Walls (in some units)
- Designer Lighting Fixtures from DWR Lighting
- Mecho-Shade Window Treatments

### MILLWORK:

- Canadian custom cabinetry with various finishes
- Crown molding in all common area of units
- Hardwood flooring—sand and finish in place
- 5" Wood trim around doors and windows
- 7" Wood base trim throughout

### KITCHENS:

- Sub-Zero Refrigerator
- Viking Oven, Warmer Drawer and Microwave
- Wolf Gas/Electric Integrated Cooktops
- Sub-Zero Wine Chiller
- Bosch Dishwasher
- Sterling Kitchen Sink

### WET BAR:

- Sub-Zero Undercounter Refrigerator/Ice Maker
- Kohler Beverage Faucet
- Kohler Beverage Sink

### BATH:

- Kohler Faucet
- Kohler Shower Faucet
- Kohler Tub Filler
- Jacuzzi Soaking Tub

### LAUNDRY:

- Miele Washer
- Miele Dryer

## Development Program

## UNIT MIX:

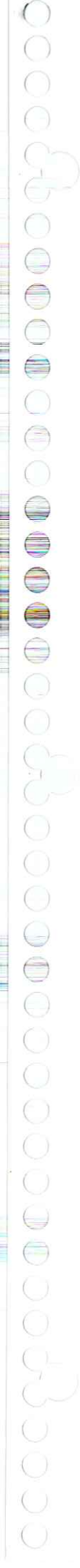
The residential building is targeted at the mature, “empty nest” buyer. Both in terms of unit/common area finishes and unit/amenity programming, the Development will offer prospective Virginia Square buyers a larger, better finished unit than competing projects. Due to the smaller nature of the building, attractive neighborhood, and high level of surrounding amenities, this product will have the exclusive feel of a boutique condominium community aiming for the upper income brackets with an average unit size of 1,230 square feet.

## Total Unit Mix Summary

Unit Type	Unit SF	# of Units	%/Total	Total SF
1 Bedroom	890	18	13%	16,020
1 Bedroom+Den	1,070	17	13%	18,190
2 Bedroom	1,170	42	31%	49,140
2 Bedroom+Den	1,328	28	21%	37,195
3 Bedroom	1,508	19	14%	28,659
3 Bedroom+Den	1,632	11	8%	17,956
<b>TOTALS</b>	<b>1,238</b>	<b>135</b>	<b>100%</b>	<b>167,160</b>

While the largest units will have fewer potential purchasers, the larger size of these units will attract buyers who are unable to find acceptably sized units elsewhere. The majority of the units will be liberally sized two bedroom and two bedroom + den units ranging in size from 1,170 to 1,308. These units are popular in the market at this time and most likely will continue to be attractive to the target demographic.





# Site and Property Description

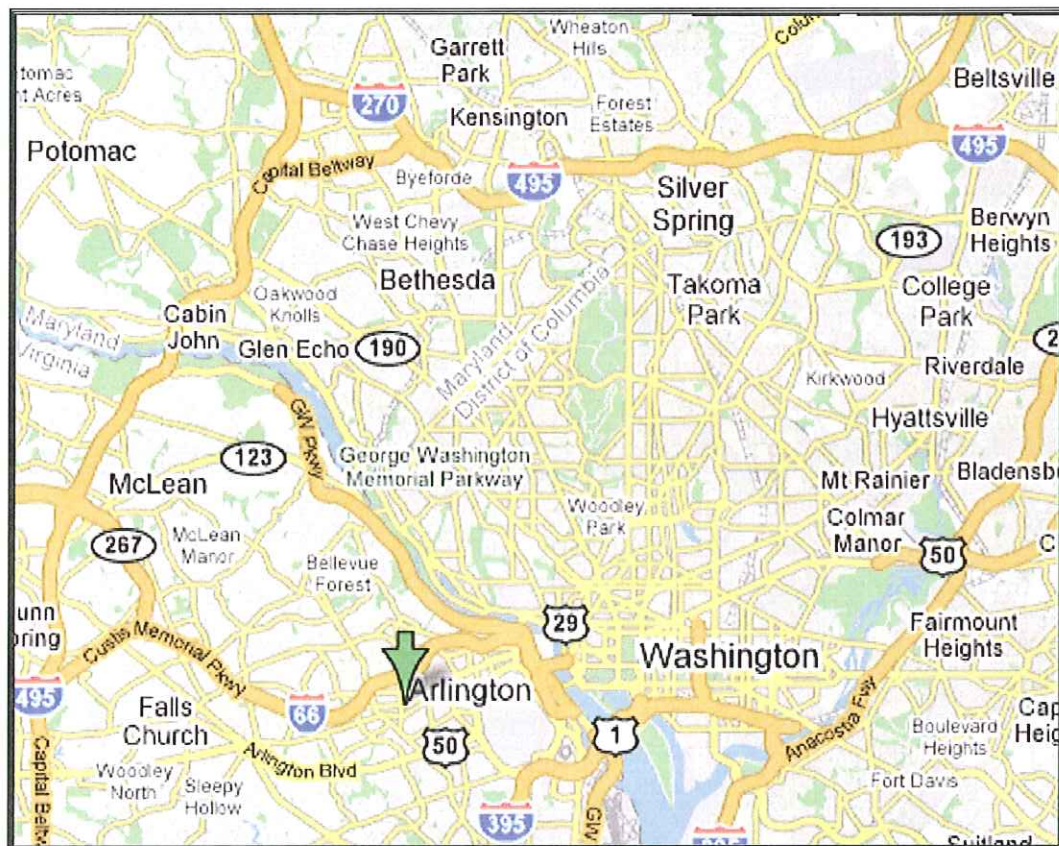
## SECTION 3

## Site and Property Description

### SITE SUBMARKET:

The Development site is located in Arlington County Virginia, an urban county of about 26 square miles across the Potomac River from Washington, DC. The site is located just five miles from downtown Washington, six miles from Ronald Reagan National Airport, nine miles from Tyson's Corner, and ten miles from central Bethesda, Maryland.

Because of Arlington's central location with respect to the entire DC metro area, its ease of access by car and public transportation, and its highly skilled labor force, the area is considered one of the most attractive places to live in the metropolitan area. Arlington is nationally renowned for its urban planning program, which dictated a great deal of the final plans for the Development.





## Site and Property Description

### NEIGHBORHOOD AND SUBSECTOR:

The site is located in the Virginia Square sector of the Rosslyn Ballston corridor, an area of Arlington county master planned to higher density due to the proximity to the WMATA Orange Metro line.

The corridor is anchored to the west by the denser sub-sector of Ballston which was planned to combine office, retail, residential and government uses into one convenient area. While Virginia Square itself is home to a mix of uses including neighborhood-serving retail and office, it was planned to be more residential in feel than the surrounding sectors. To the east of Virginia Square is Clarendon and Courthouse which each have greater office, retail and higher density residential. Finally, the corridor is anchored to the east by Rosslyn which is the highest density office sector of the county with a small but growing number of residential development projects.

**VIRGINIA SQUARE:** Officially located in the Virginia Square area of the Arlington Sector Plan. This sector is technically defined as "...the rough triangular area starting with 10<sup>th</sup> Street North and North Kirkwood Road on the east, extending westward bounded by Washington Boulevard on the north and Wilson Boulevard on the south, and ending at North Quincy Street in the west."<sup>1</sup>

Designed to be the center of cultural, educational, and recreational activities for Arlington County, the Virginia Square vision began in 1983 with the adoption of the sector plan. The plan called for the following usage in the sector:

Land Use Category	GLUP Designations	Area Percentage
Low/Medium Density Residential	Low Residential (1-10 du/ac) Low Residential (11-15 du/ac) Low-Medium Residential (16-36 du/ac)	43.6%
Medium/High Density Residential	Medium Residential (37-72 du/ac) High Residential (4.8 FAR)	12.1%
General Commercial/Commercial Industrial	Service Commercial	2.3%
Mixed Use Commercial/Residential	Low Office-Apartment-Hotel (1.5 FAR) High Office-Apartment-Hotel High-Medium Residential Mixed Use	20.4%
Public and Semi-Public	Public Semi-Public Government and Community Facilities	21.6%

<sup>1</sup> Arlington County Planning; Virginia Square Sector Plan; 2002

## Site and Property Description

The majority of the land area was intended to be left as low density residential (11-15 units/acre). The development site is allowed a maximum of 115 units/acre as it is approved as a high density mixed use development.

The following chart from the sector plan shows the lot area in the Virginia Square sector and how the land is divided amongst the various zoning designations:

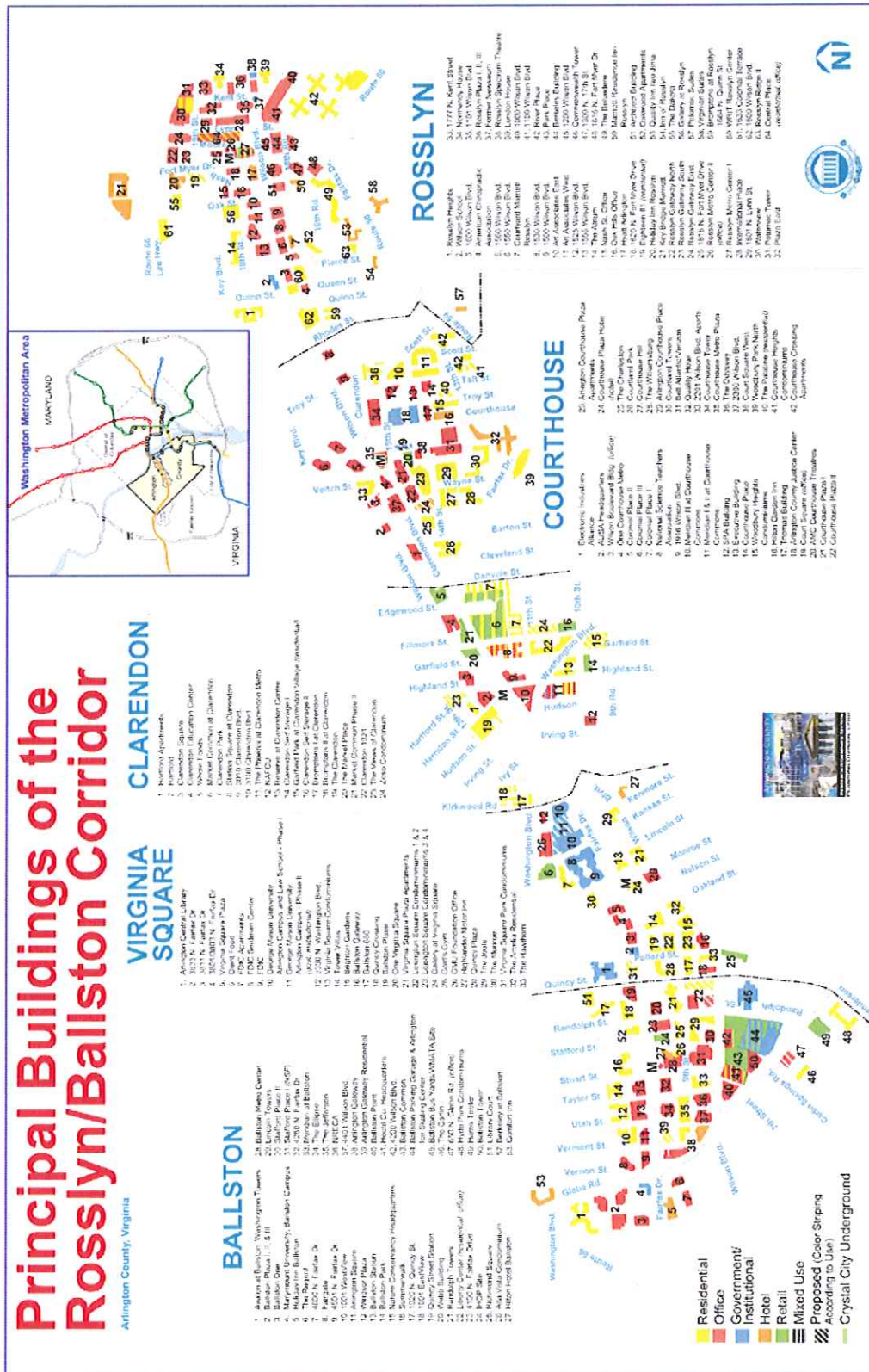
<b>Zoning Designation</b>	<b>Lot Area (Acres)</b>	<b>Lot Area (SF)</b>	<b>Percent</b>
C-2	21.1	919,904	14.2%
C-3	5.4	236,794	3.7%
C-O	10.1	441,813	6.8%
CM	1.9	84,939	1.3%
CO1.0	2.2	93,927	1.5%
CO1.5	3.3	144,719	2.2%
R-5	1.9	80,674	1.2%
R-6	39.8	1,731,900	26.8%
R2-7	7.0	305,661	4.7%
RA6-15	1.6	71,738	1.1%
RA8-18	17.9	780,578	12.1%
RAH3.2	6.8	295,620	4.6%
RC	8.5	3,691,756	5.7%
S-3A	21.0	913,646	14.1%
<b>Total</b>	<b>148.6</b>	<b>6,471,089</b>	<b>100.0%</b>

The proposed Virginia Square Condominium development achieves the goals of the sector plan by incorporating a community use (black box theater) and neighborhood serving retail. Additionally, the site also serves the community needs by including a public park on the west side of the property.

The map on the following page shows details of the Rosslyn-Ballston corridor:



# Site and Property Description



## Site and Property Description

### SITE LOCAL AREA:

The proposed site is currently a surface parking lot serving the Arlington Funeral Home located at 3901 Fairfax Drive, in Arlington, Virginia. The current 1.045 acre site (45,520 square feet) is currently underutilized with a two story funeral home and surface parking lot which is used sporadically.

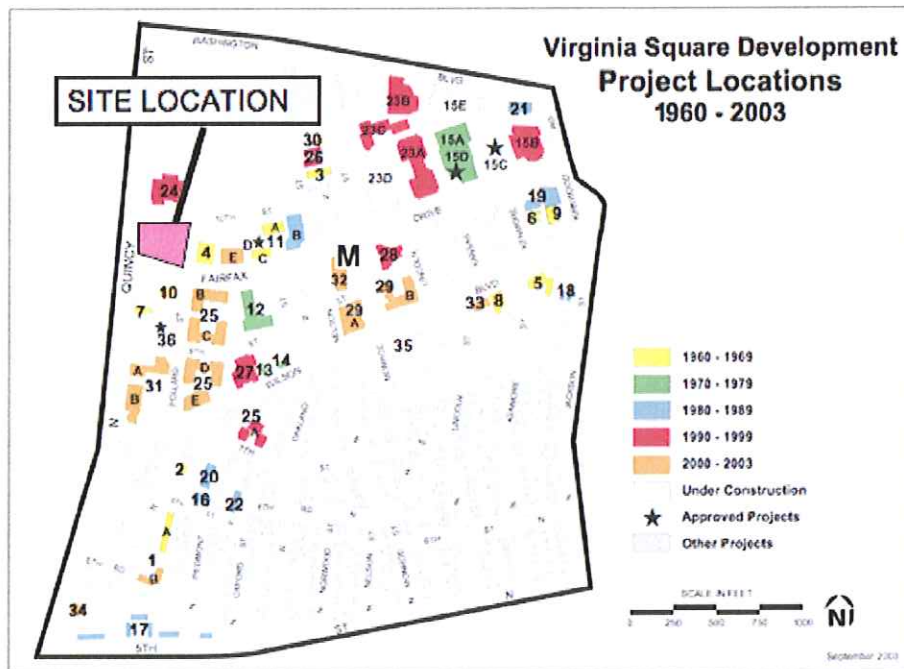
The site is surrounded by the Arlington Central Library to the north, office buildings to the east and west, and a small office building and WMATA cooling tower to the south. In the below aerial photograph you can see the funeral home structure located on the southeast corner of the site and the site surrounded by North 10<sup>th</sup> Street to the north, North Pollard to the east, North Quincy to the west, and North Fairfax to the south.



Although Arlington County officially considers the property in the Virginia Square Submarket, the site is in between the Virginia Square and Ballston Submarkets. This area is defined by the Arlington Office of Planning as the area's center for culture, education and residential development. The following graphic shows the location of the site.



## Site and Property Description



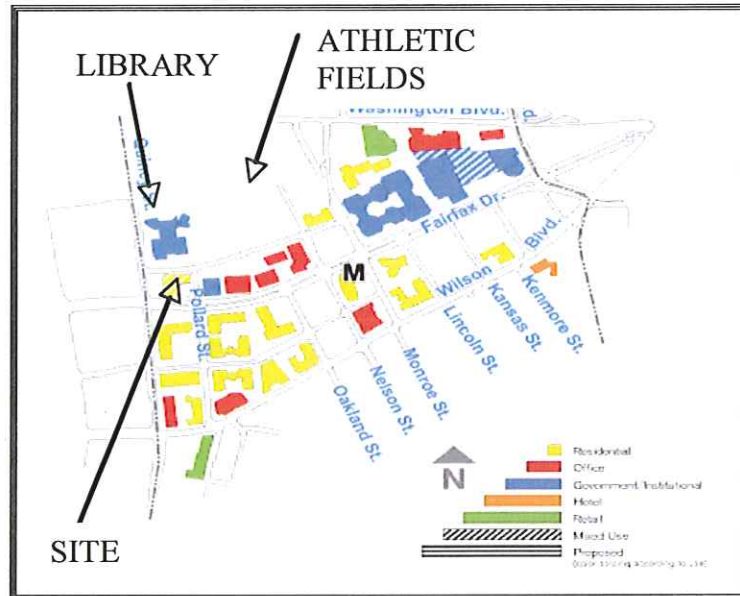
From a residential standpoint the location is considered a very desirable place to live based on the adjacent amenities and transportation options. The area is affluent and those attracted to the area anticipate that the cost of housing in this area will be among the highest options in the DC metropolitan area.

The site itself is located two blocks from both the Virginia Square and Ballston metro stations. There is regular bus service on Fairfax drive that services adjacent metros and other local routes in the immediate area. The site is adjacent to a city athletic park facility as well as the Arlington main library to the north of the site. Planners intended the area immediately around the site to be convenient to public and private amenities while also protected from the densest development allowed under the county master plan.



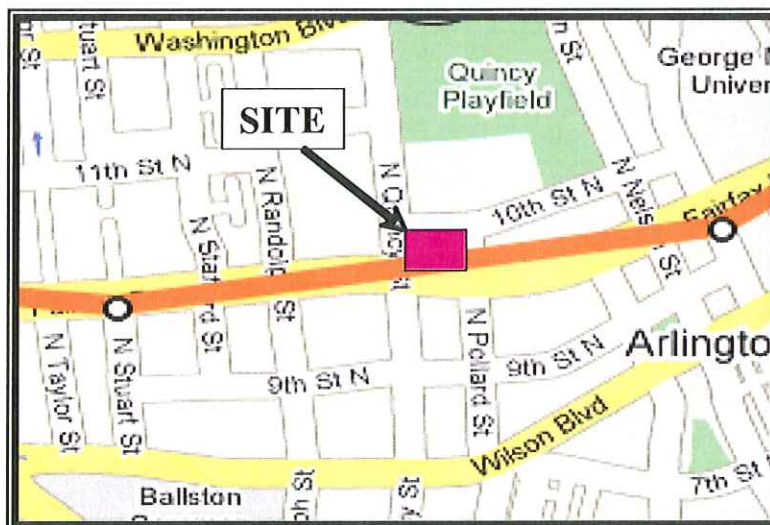
## Site and Property Description

The below “use map” illustrates the uses of adjacent properties:



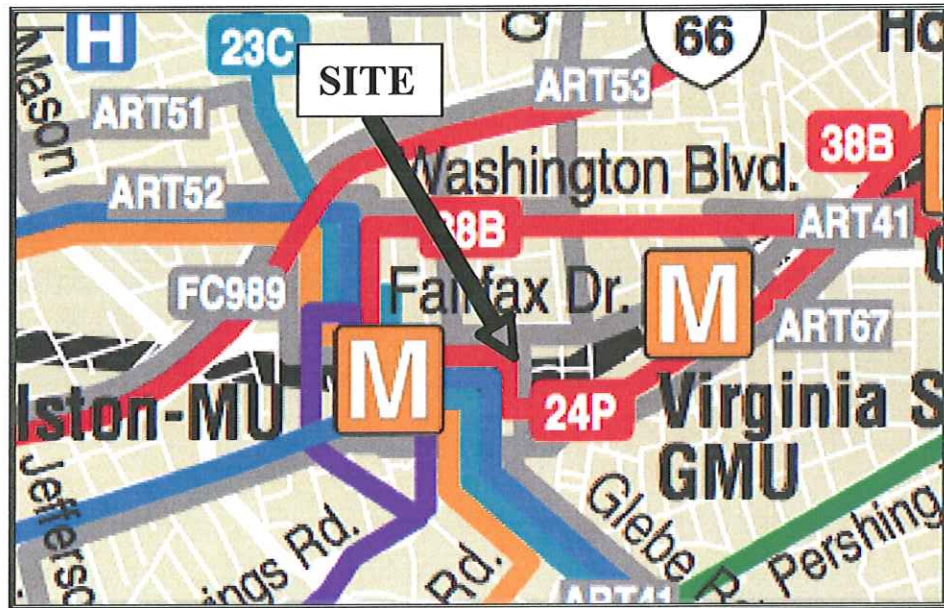
From a transportation standpoint the site is extremely convenient for use of both personal and mass transit options as the site is 2 blocks from two Metro stations and ½ mile from I-66 which runs from the District of Columbia to West Virginia.

The below map illustrates the proximity to the nearest Washington Metro Area Transit Authority (WMATA) Metro train stations. The west (left) station is Ballston and the east (right) station is Virginia Square.



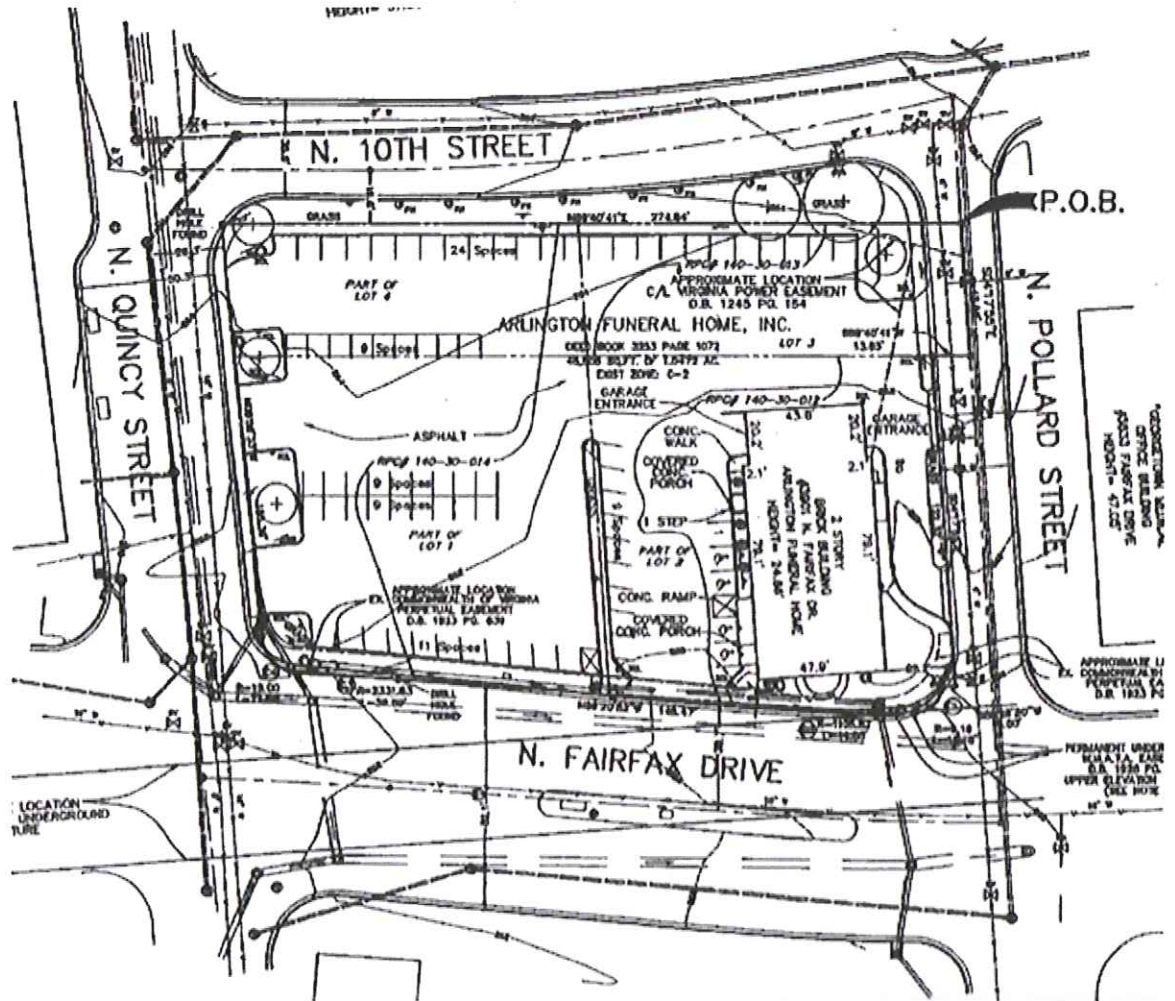
## Site and Property Description

The site is well served by the WMATA metro bus lines as you can see from the site bus proximity map below:



## Site and Property Description

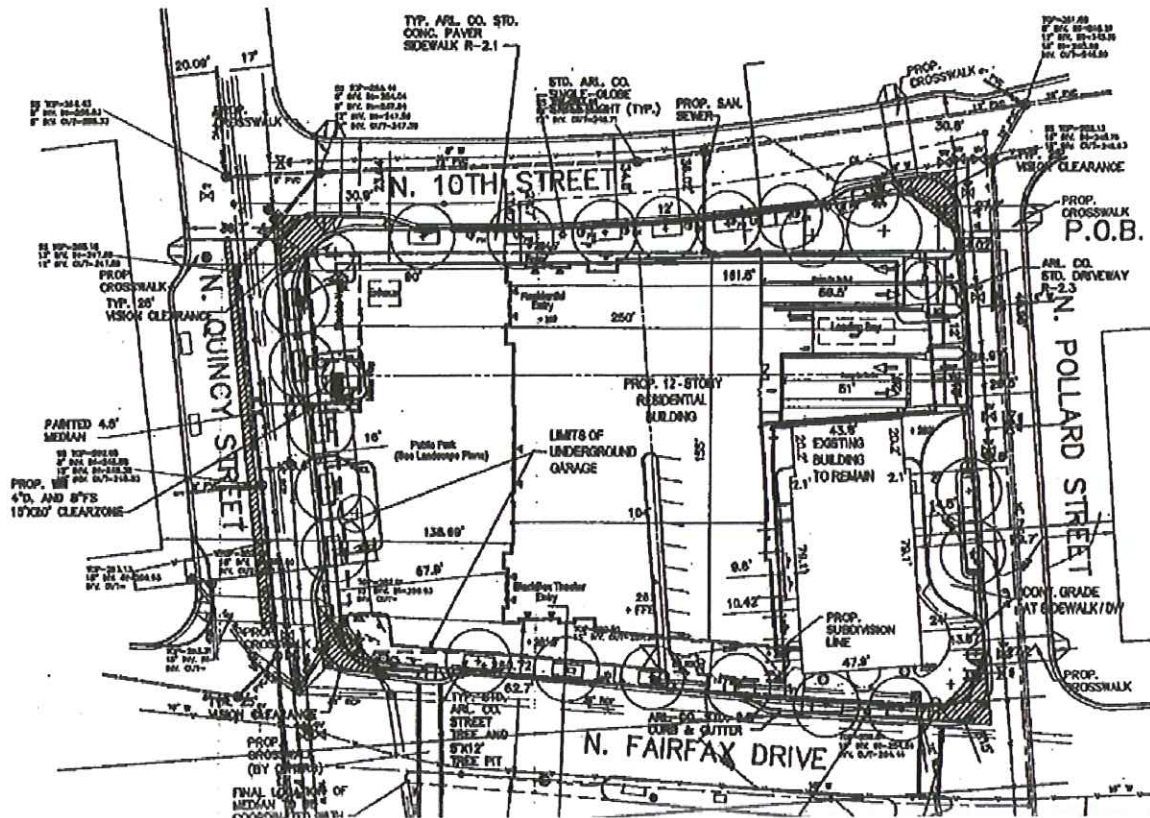
The below plan shows the existing condition of the site. There is currently only one structure on the site (funeral home) that will stay in place permanently and be integrated into the Development. The site is flat, contains only minimal hardscape items and very little vegetation. Demolition of the site will be easy and relatively quick.





## Site and Property Description

The following drawing shows the outline of the Development over the existing site. This illustrates how the below grade garage will occupy the space below the public park shown on the landscaping drawing. Additionally, the property subdivision line between the residential building and the funeral home is shown.



## Site and Property Description

### ZONING:

The property was zoned C-2 which allowed for a max density of 1.5 FAR office/retail or 7.26 units of residential or 68,262 square feet of office/commercial. Although the Sector Plan suggests a more dense development, in order to control certain aspects of the design and development of the building, the county requires that developers/land-owners work with the Arlington county planning staff to develop a request for rezoning through a "Site Plan Amendment."

Though an initial attempt to rezone the site failed, after design revisions, the final plan, as presented in this proposal, was approved by the county on July 10<sup>th</sup>, 2004. The changes included the affordable housing element, design modifications concerning building entrances, garage entrances, design treatment of the funeral home, and other minor issues that the Developer changed to allow passage of the site plan amendment.

### APPROVED PLAN

The approved plan called for 135 residential units (128 market rate, 7 ADU), 2,648 square feet of retail, a black-box theater, and a public plaza on the site. The site received a site density bonus of 10% and a 0.25 FAR bonus density on the commercial area for the provision of the theater. The site was also allowed an additional 5% bonus housing density in return for the construction of 7 ADU's.

The following chart from the site plan application sets forth the allowable statistics for the development:

<b>Site Area</b>	<b>45,508 s.f. (1.045 acres)</b>
<b>Allocated to Office</b>	<b>3,636.4 s.f.</b>
<b>Allocated to Retail</b>	<b>963.1 s.f.</b>
<b>Allocated to Residential</b>	<b>40,908.5 s.f. (0.939 acres)</b>



## Site and Property Description

<b>Density</b>	
<b>Total Space</b>	
Office (funeral home) GFA	10,000 s.f. <sup>1</sup>
(Max. permitted office GFA)	9,091 s.f.
Retail GFA	2,648 s.f.
(Max. permitted retail GFA)	2,408 s.f.
Residential Units (includes 25% res. bonus)	135
(Max. permitted residential units)	108
Cultural Facility GFA	8,193 s.f.
<b>FAR/Units per acre</b>	
Office (fun. home) FAR (incl. 0.25 FAR bonus)	2.75
(Max. permitted office FAR)	2.5
Retail (incl. 0.25 FAR bonus)	2.75
(Max. permitted retail FAR)	2.5
Residential units/acre (incl. 25% bonus)	143.75
(Max. permitted res. units/acre)	115 units/acre
Cultural Facility FAR	Request to exclude
<b>Height</b>	
Average site elevation	262 feet ASL
Main roof elevation	387 feet ASL
Height in feet to main roof	125 feet
Penthouse height	10 feet
Office height (funeral home)	2 stories
Residential height	12 stories
(Maximum height permitted in "C-O-2.5")	12 stories
(Max. permitted per Va. Square Sector Plan)	12 stories or 125 feet
(Max. penthouse height per Va. Sq. Sector Plan)	16 feet
Cultural Facility	Within building
<b>Parking</b>	
Total parking spaces (including tandem)	226
Total direct access spaces	225
Total Residential (direct access)	152
Total Non-residential parking (direct access) <sup>2</sup>	73
Total B1 level (including tandem)	74
(Min. by-right funeral home requirement)	120 by right <sup>3</sup>
(Min. by-right retail requirement)	5
(Min. by-right residential requirement)	152
(Min. by-right theater requirement)	25
<b>Parking Ratio (based on direct access spaces)</b>	
Office	1 sp./82 s.f. chapel or parlor area
Retail	Shared with other uses
Residential	1.126 spaces/unit
Cultural facility	25 sp./75 seats
(By-right funeral home parking ratio)	1 sp./50 s.f. chapel or parlor area
(By-right retail parking ratio)	1 sp./580 s.f.
(By-right residential parking ratio)	1.125 spaces/unit
(By-right theater parking ratio)	25 sp./75 seats
<b>Compact Ratio (based on direct access spaces)</b>	8.9%
(Maximum by-right compact ratio)	15%
<b>Coverage</b>	55%
<b>LEED Score</b>	21

## Site and Property Description

SITE PHOTOS: The following photos were taken in and around the Development site at 3901 North Fairfax in Arlington. The next four photos show various corners of the development site:



Northeast corner of site. View of back of Funeral Home.



Northwest corner of site. View across North Fairfax drive to local restaurant



## Site and Property Description



Southwest corner of site. Park will be located on the west side. View towards funeral home. Theater entrance will be on this corner.



Southeast corner of site. View of front and side of funeral home. Funeral home to stay in current location with façade improvements.



## Site and Property Description



View of office building to the east of development site.



View of southwest corner of public library. Green space in front of library will line up with public park on west side of development site.

## Site and Property Description



View of building south of site with fountain/WMATA cooling tower in front.  
View of construction activities two blocks south of site.



View east along Fairfax Drive towards Virginia Square Metro Station.



## Site and Property Description



View of Virginia Square Metro.



View of Ballston Metro Station two blocks west of site.



# Market Analysis

## SECTION 4

## Market Analysis

### MARKET INFORMATION:

#### Washington Metro Area:

The metro Washington DC region is expected to remain strong over the foreseeable future with continued high GDP growth in 2008 and target inflation rates. Mortgage rates are not expected to increase over the next 24-months which should help revive the current slump in condominium pricing and sales velocity. The region continues to see higher than average population growth which creates pent up demand due to the lack of movement in home sales in the region. Economists suggests this demand will begin to positively affect condominium sales in the 6-12 month term and will have a positive effect on prices in the next 12-24 months.

#### Arlington County:

Condominium unit sales in the Washington Metro area have been cut nearly in half from 2005 to 2006, and the news in Arlington County was similar. From 2005 to 2006 Arlington County saw new condo sales drop from 2,020 to 241 per year. This fall in condominium sales volume is attributable to an inflated market in 2005 in which speculators and investors bid square foot prices to \$900/sf in some cases<sup>2</sup>.

Sales activity has returned to Arlington County this spring with mild but consistent traffic allowing developers to shed units at newly corrected market levels. This trend will be explored in more depth in the Market section of this proposal.

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<sup>2</sup> This square foot sales price was achieved at the Odyssey Condominium.

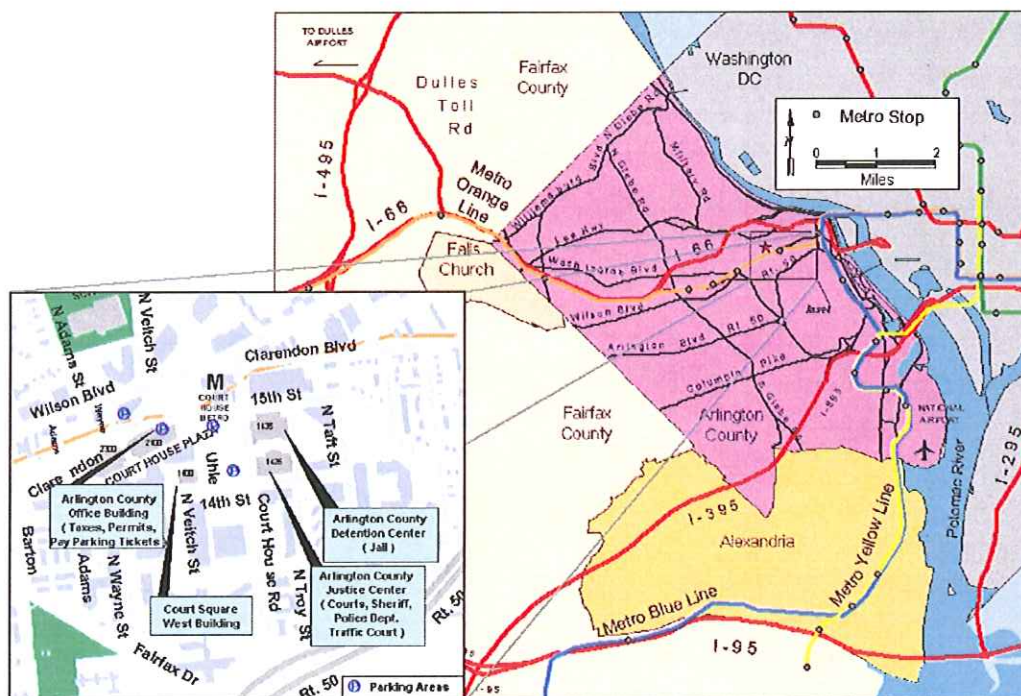


# Market Analysis

## OVERVIEW

This market analysis of the Virginia Square area will address the following issues concerning the site: state of the local and national economy with respect to creating an environment for new housing; demographics of the perspective buyers in the area and demographic trends facing the regional and immediate area; and the supply/demand for housing both nationally and more specifically as it relates to the site's market area.

**Market Area:** The market area for this project is considered to be Arlington County and more specifically the development area along and around the metro corridors from Rosslyn to Ballston. This area is amongst the highest density residential areas in the country with approximately 7,860 persons per square mile. Arlington County has an estimated 200,000 jobs and a larger private office inventory than downtown Boston, Dallas, Denver and Los Angeles. The population is expected to grow by 15,000 over the next 3-5 years and by 40,000 over the next 25 years.



## Market Analysis

### ECONOMIC OUTLOOK:

**National Economy:** Most experts are tepidly optimistic about the state of the US economy. Many of the vital signs concerning job growth, inflation, and income are positive but these assessments are countered with what appears to be a cooling off of general economic growth along with signs that trouble may be around the corner. Obvious concerns include, possible inflation caused partially by rising oil prices, the cost of the Iraq War and US effort to fight terrorism. Concerns that the housing sector is facing major declines in home starts and a decreased sale velocity have caused some to forecast a correction in the housing industry if not an economy wide recession. The following paragraphs will address economic indicators of the US economy followed by specific submarket based information on the Development site.

**Employment Growth:** Nationally, the economy continues to add jobs but the pace of job creation has slowed. The majority of those jobs are being created in the service sector while the manufacturing sector is contracting<sup>3</sup>. Those growing sectors were: construction, retail trade, and health care. Essentially, non-farm jobs rose by 180,000 in March 2007 while the unemployment rate was unchanged at 4.4%.

**Household Income:** While household income in 2007 has been rising, these increases have been modest and the consumer debt continues to loom large over the heads of most Americans. Average hourly earnings for non-farm employees is up 0.3% in March and now averages \$17.22 per hour or about \$34,440 annually. Over the past 12 months earnings have increased by about 4% annually or slightly higher than the annualized current inflation of 2.42%<sup>4</sup>. However, while consumers have seen modest increases in income, Americans continue to struggle with debt. Consumers owe more than 2.4 trillion dollars, up 1.5 percent (annual rate) in February of 2007. That's about \$22,000 per household which does not include real estate mortgages. This consumer debt figure is up more than 20% since 2002<sup>5</sup>.

<sup>3</sup> Delta and Associates; "Year-End 2006 Report: Mid-Atlantic Class A Apartment and Condominium Markets," December 31, 2006.

<sup>4</sup> [http://inflationdata.com/Inflation/Inflation\\_Rate/CurrentInflation.asp](http://inflationdata.com/Inflation/Inflation_Rate/CurrentInflation.asp); "Current Inflation Rate" Chart.

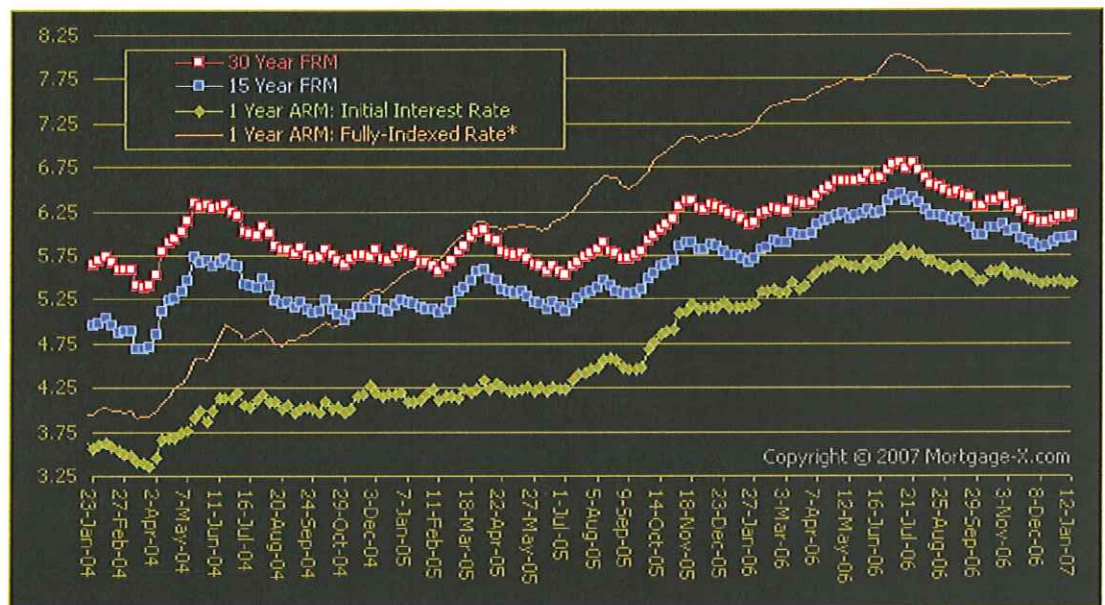
<sup>5</sup> <http://www.federalreserve.gov/releases/g19/current/default.htm>; "Federal Reserve Statistical Release; Consumer Credit."



## Market Analysis

**Population:** The current US population is about 301 million people with average growth of around 1.5% annually. At this rate of growth, the US gains about 4.5 million residents each year.

**Interest Rates:** After reaching historically low average mortgage interest rates in 2003/2004 of about 5.5%, the past three years have seen steady increases in the cost of borrowing for home purchases. Current average mortgage rates for a 30-year mortgage have increased 18% in the past two years to an average of 6.5%<sup>6</sup>. Consumers often perceive the current rates to be high but historically interest rates are relatively low.



Three year trends of mortgage rates: 30-Year FRM, 15-Year FRM, 1-Year ARM

\* Fully-Indexed Rate = index (1-year CMT) + margin (assuming a 2.75% margin)

SOURCE: Mortgage Information Service: <http://mortgage-x.com/trends.htm>

Problems in the sub-prime lending markets have been tumultuous for some major financial institutions and there is the possibility that the sub-prime lending problems may affect average home prices. Experts expect 30-year mortgage rates to rise approximately 0.25% over the next six months or simply to stabilize.

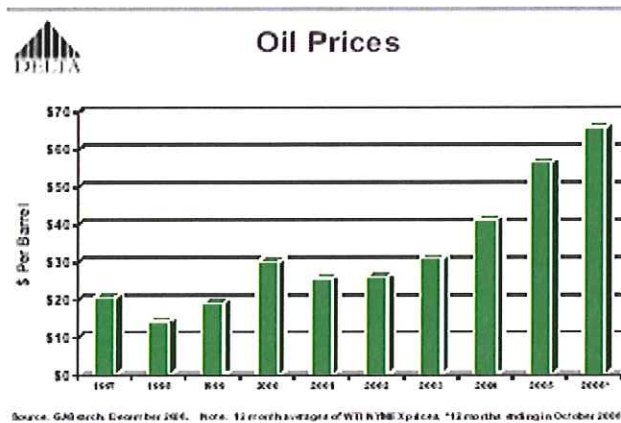
Inflation is considered to be under control and recent tightening of monetary policy by the Federal Reserve should serve to maintain current rates. During the twelve months ending October 2006, prices increased 1.3% on the national level.

<sup>6</sup> <http://www.hsh.com/today.html>; "Average Interest Rates."

## Market Analysis

**Construction Costs:** Even as housing starts decline construction costs continue to rise. Following a period of stable inflation adjusted construction pricing, the past few years have seen significant construction cost increases from 2004 to the present. In 2006 alone there was a 10.6% increase in the average construction cost index. This only accounts for project hard cost increases and not land, labor (non hard-cost) and financing costs which have also been increasing.

**Oil:** Oil prices have been one major driver of the material cost and overall construction cost increase. Since Hurricane Katrina oil prices have not dipped below a 6-month average of \$65 per barrel. Please see historic oil prices in the chart below:



Steel and concrete cost increases over the past 12 months are 9.6% and 6.0% respectively. These two inputs account for at least 50% of the overall hard cost construction pricing (with respect to total subcontract values). Because the industry estimates that construction costs will continue to increase throughout 2007 we feel as if taking advantage of bid pricing that we have received will mitigate construction cost increase risk going forward.

Nationally, economic indicators suggest realistic, sustainable growth over the next 12 months. The stock market has returned to its all time record high, consumer sentiment is increasing, and the policies of the Federal Reserve should serve to manage inflation. But few metropolitan areas in the country are as confident as the nation's capital.



## Market Analysis

### METRO WASHINGTON DC:

The Washington DC metro area economy is still on a market high. While this region also has seen a cooling in the rate of job growth, income growth, and housing starts, relative to other parts of the country the economy are still healthy. Job growth in the DC area equaled 2.2% or 65,000 jobs over a twelve month period and with unemployment below 3%, even a cooling DC economy is a good economy.

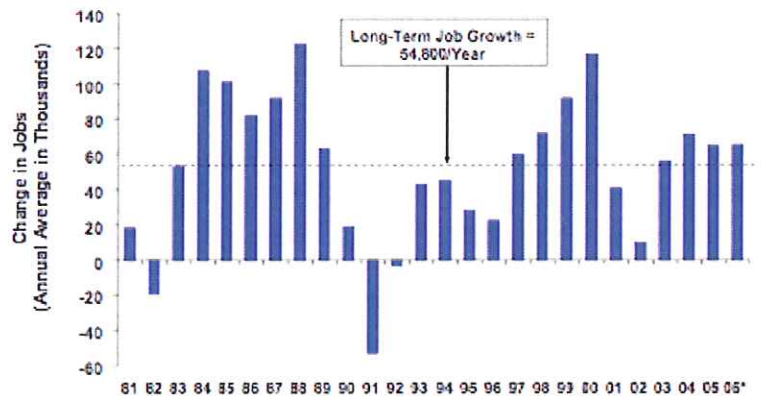
<b>Key Economic Indicators <sup>1</sup></b> <b>Washington Metro Area</b>	
	<b>At October 2006</b>
"Payroll" Employment	3,019,700
12-Month Job Growth	65,100
Unemployment Rate	2.9%
Coincident Index <sup>2/</sup>	119.4
Leading Index <sup>2/</sup>	110.9
<sup>1/</sup> BLS redefined the Washington metro area in March 2005. Current data is not precisely comparable with data reported previously. <sup>2/</sup> At September 2006.	

Source: Bureau of Labor Statistics, GMU-CRA; December 2006.

Employment Growth: While DC is not experiencing 2004-2005 job growth similar to that of Phoenix, LA, Houston and Dallas, the growth is still 19% over the long term average and eventually results in a greater demand for housing.



### Payroll Job Growth Washington Area 1981 Through October 2006



\*12 months ending in October 2006.  
 Note: Data related since 2002 consistent with redefinition of metro area in March 2005.

Source: Bureau of Labor Statistics; December 2006.

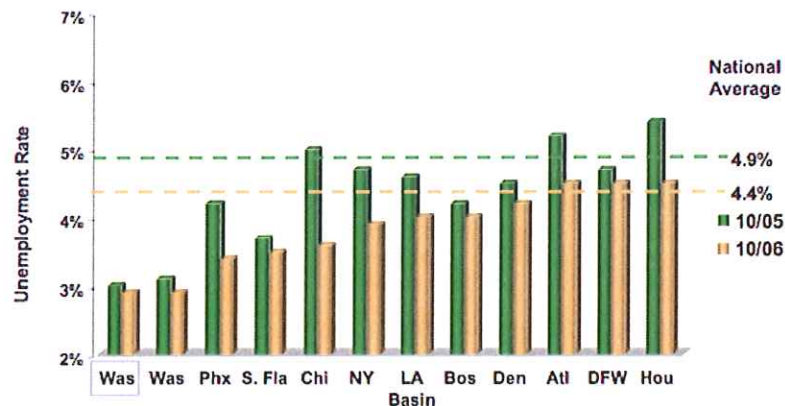
## Market Analysis

Of the areas in the DC region creating the jobs, Northern Virginia (51%) ranks highest before Suburban Maryland (34%) and the District of Columbia (15%). While the Base Realignment and Closure measure passed in 2005 was expected to have a major impact on the Northern Virginia office and housing market, the private sector has moved in to occupy a great deal of the vacated space that many feared would stand vacant. In fact, the turnover has created jobs and activity surrounding the transformation of those building in preparation of the private sector.

The current unemployment rate of 2.9% in the metro area is the lowest of any major metro area in the country and significantly lower than the 4.0% national average<sup>7</sup>.



**Unemployment Rates  
Large Metro Areas  
October 2005 vs. October 2006**



Source: Bureau of Labor Statistics; December 2006.

One cause for concern is the healthy job growth and current limited labor pool which will most likely increase labor costs for companies operating in the metro area.

<sup>7</sup> Delta and Associates; "Year-End 2006 Report: Mid-Atlantic Class A Apartment and Condominium Markets," December 31, 2006.

## Market Analysis

### SUBMARKET:

Demographics: Arlington County is one of the strongest submarkets in the region when considering job growth, income growth, and housing demand. More than 65% of the population has attained a college education or higher while 90% have a high school diploma.

The median household income is \$84,800 while the per capita income is \$63,500. The aggregate effective buying income of the area is \$6.52 billion. The unemployment rate in the county is 1.9% compared to the low regional average of 2.9%. The diversity of jobs ranges from government (the largest employer) to construction and retail trade. Below please see the employment industry chart for 2007:

The estimated population within a 1-mile radius is 32,000 people while the 5-mile radius increases the nearby residents to over 500,000 people. Additionally, over the next five years the population is expected to increase 6.77% or 2,200 people just within the 1-mile radius. This increase has the ability to absorb all the existing stock plus existing pipeline projects in the vicinity assuming market conditions are stable.

<b>Pop Facts:</b>	<b>3901 Fairfax Dr</b>	<b>3901 Fairfax Dr</b>	<b>3901 Fairfax Dr</b>
<b>Demographic Snapshot (Part 1)</b>	<b>0.00 - 1.00 mi</b>	<b>0.00 - 3.00 mi</b>	<b>0.00 - 5.00 mi</b>
<b>Population</b>			
2011 Projection	35,016	213,815	556,020
2006 Estimate	32,796	210,875	549,385
2000 Census	30,659	211,409	550,833
1990 Census	24,891	186,163	508,656
Growth 2006-2011	6.77%	1.39%	1.21%
Growth 2000-2006	6.97%	-0.25%	-0.26%
Growth 1990-2000	23.17%	13.56%	8.29%

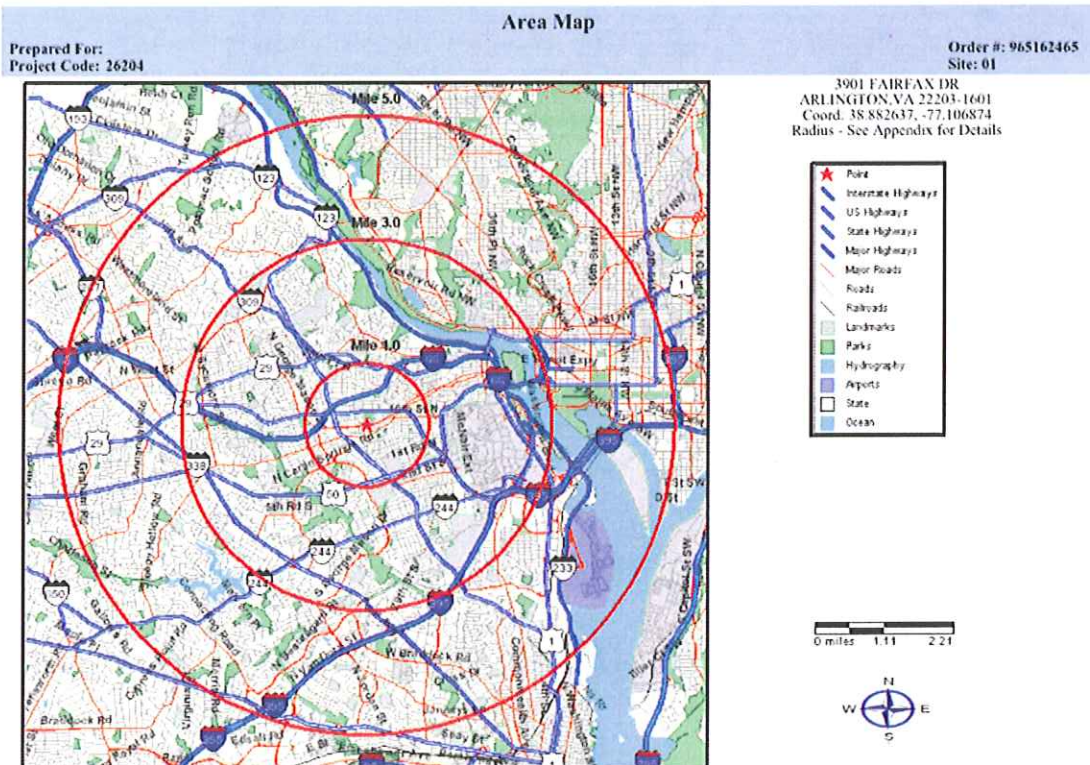
Household incomes are similarly strong. Although grossly inaccurate for DC, using the adage that housing values should be approximately three times household income, nearly 20% of the households within a 1-mile radius could afford the average unit at the project.



## Market Analysis

2006 Estimated Households by Household Income	15,813		90,425		253,658	
Less than \$15,000	858	5.43%	6,756	7.47%	22,179	8.74%
\$15,000 to \$24,999	796	5.03%	5,165	5.71%	14,904	5.88%
\$25,000 to \$34,999	886	5.60%	6,221	6.88%	18,156	7.16%
\$35,000 to \$49,999	1,583	10.01%	11,473	12.69%	32,801	12.93%
\$50,000 to \$74,999	3,010	19.03%	17,161	18.98%	46,897	18.49%
\$75,000 to \$99,999	2,494	15.77%	12,744	14.09%	33,733	13.30%
\$100,000 to \$149,999	3,173	20.07%	15,575	17.22%	41,376	16.31%
\$150,000 to \$249,999	2,155	13.63%	10,595	11.72%	28,114	11.08%
\$250,000 to \$499,999	594	3.76%	3,149	3.48%	9,947	3.92%
\$500,000 or more	264	1.67%	1,586	1.75%	5,551	2.19%
2006 Estimated Average Household Income	\$107,098		\$99,342		\$100,271	

The healthy economic demographic data above demonstrates why condominium sales have been such a strong force in the past few years and why the market will return as confidence returns. With increases in population, income, and quality of life, the immediate area surrounding the proposed site is a prime location for luxury housing. The following map illustrates the various radii with respect to the Development location.

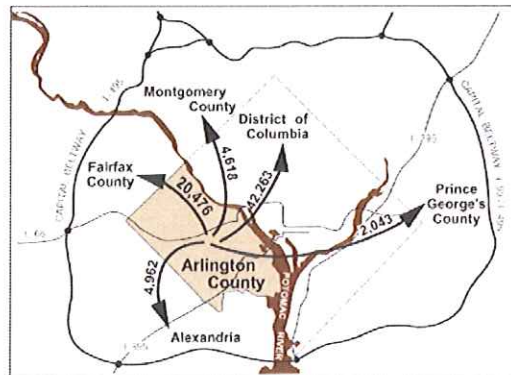


## Market Analysis

### COMMUTING PATTERNS:

There are 42,263 residents of Arlington County who commute to the District of Columbia each day, mostly by bus and train service. Another 20,476 commute to Fairfax county, the majority of whom work in Tyson's Corner, one of the top ten office markets in the country. Another 20,000 people work in other parts of the metro area or commute out of the area for work. The below map illustrates the daily commute for Arlington residents working outside of the county.

#### RESIDENTS WORKING IN OTHER JURISDICTIONS (2000)

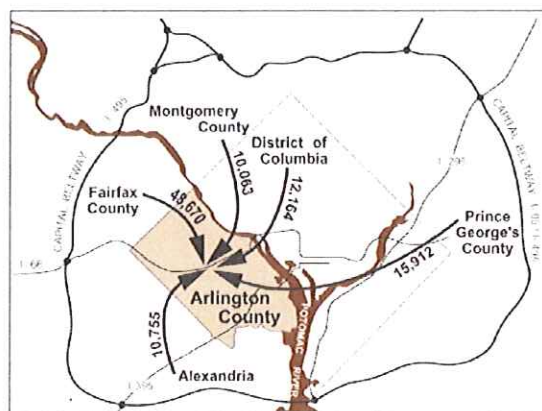


To Prince William Co., VA	648
To Loudoun Co., VA	1,230
To other places in VA	3,264
To other places in MD	917
To other states	1,047

Source: U.S. Census Bureau.

Arlington is not a bedroom community for the DC area office markets. Each day more than 100,000 commuters travel into Arlington County to work. While the majority of those commuters come from Fairfax and Alexandria, a significant number of DC and Maryland workers also call Arlington their home during the workday. The map below shows the movement of workers into Arlington County each day.

#### RESIDENTS OF OTHER JURISDICTIONS WORKING IN ARLINGTON (2000)



From Prince William Co., VA	10,108
From Loudoun Co., VA	2,671
From other places in VA	8,272
From other places in MD	8,178
From other states	2,474

Source: U.S. Census Bureau.



## Market Analysis

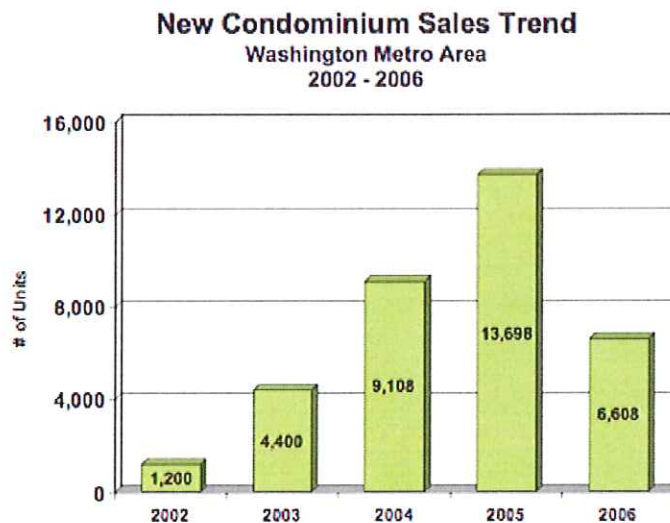
### WASHINGTON METRO CONDO MARKET

The Washington DC condominium market is less than one half the size of the multifamily rental market. In 2006 alone the market delivered approximately 3% of the entire condominium portfolio in the metro area. The for-sale multifamily residential market is not brand new, but it has seen a 15% increase in total units in the past four years. While the market has been receptive to the arrival of these new units, condominium sales (and resale) activities has slowed dramatically in the past four quarters. However, following the conversion of thousands of units from for-sale product to rental apartments, demand for new condominium units should reach parity with supply during the near future.

On the supply side, the outer suburb areas have recently seen political support for reduced development rights. Loudon, Prince William, and Montgomery Counties have passed or are working on moratoriums or restrictions of future housing development over concern that urban sprawl was negatively affecting their communities. Loudon has restricted the overall number of new houses allowed to be constructed, Prince William has placed a one year moratorium on residential projects starting January 2007 and Montgomery County is grappling with the right policy to encourage high density growth and limit less dense projects not already approved. It is likely that these policies will, in the next 3-5 years, have an upward pushing effect on housing prices and overall will be helpful to those projects which are developed in the area.

## Market Analysis

The changing market conditions have resulted in the removal of 13,000 housing units from the market during 2006. Delta and Associates reports that in March 2006 the 36-month condominium pipeline peaked at over 53,000 units, but that it has been reduced by 14% following the cancellation of thousands of units. Those condominium units that were removed from the pipeline were either switched to rental either before or after sales began, cancelled altogether, or shelved until developers feel the market can handle additional inventory. Sales volume tanked during the fourth quarter of 2006 and into the first quarter of 2007. The below new condominium sales trend chart demonstrates the dramatic change from 2005 to 2006.

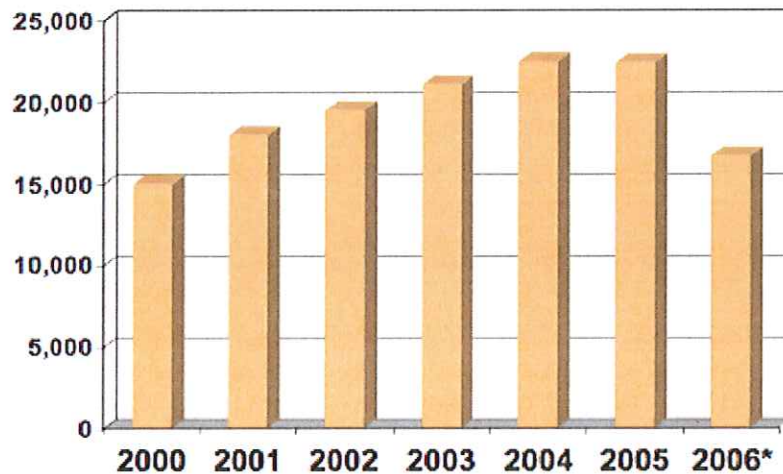


Source: Delta Associates; December 31, 2006.

## Market Analysis

The condominium sales slow down did not just affect new condominium sales. The below chart shows condominium re-sales from 2000 to 2006.

**Condominium Resale Activity  
Washington Metro Area  
2000 - 2006**



Source: Delta Associates; December 31, 2006.

\* Through November 2006

The result is that the inventory of unsold (new) and for-sale (existing) condominiums has reached records levels.

### MARKET TRENDS

The projects that are successfully selling units in today's market have set themselves apart from their competition. On the lower end of the market this has been done with creative unit design including internal bedrooms and efficient (small) units. On the upper end developers have begun to differentiate themselves with larger units and more uniquely luxurious finishes. The days of standard granite countertops and marble tile are gone. Today, buyers are looking for exclusive imported stones whether or not they know just how exclusive those materials are. The Development is unique because of its relatively small number of units, the high end finishes, and the much larger than average size units.

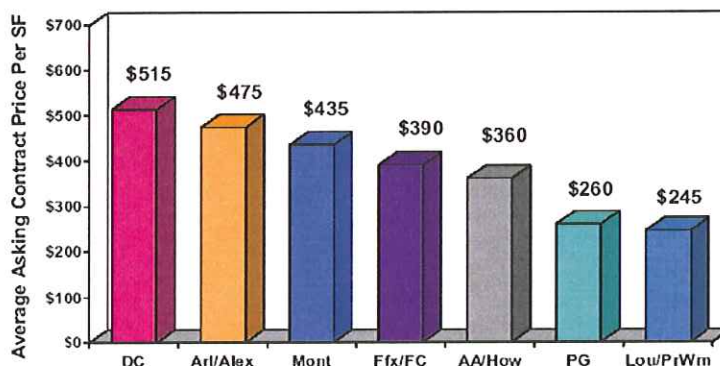


## Market Analysis

### ARLINGTON CONDDO MARKET:

Arlington County has been hit hardest by contract cancellations from investors and (soon to be) owner-occupiers as well following the discovery that contract prices are above market prices. During the fourth quarter of 2006 there was a net loss of 228 contracts in the Arlington/Alexandria area. The inner suburbs are most likely feeling a larger share of the cancellations because of the greater number of units delivering in DC and the inner suburbs<sup>8</sup>.

**New Condominium Prices Per SF \***  
**Washington Metro Area**  
 Year-End 2006



\* Reflects prices of condo projects currently selling, so averages should not be compared from quarter to quarter since locations of projects change each quarter.

Source: Delta Associates; December 31, 2006.

The slowing sales pace has affected pricing. Both in terms of nominal pricing and concessions, consumers are purchasing units at lower rates today than in the first quarter of 2006. Some developers have been forced to cut prices up to 15% on units in Arlington.

Arlington prices are still relatively high with an average sales price of \$475 per square foot. While prices in Arlington have fallen slightly, prices in the District, Montgomery County and Prince George's County have increased.

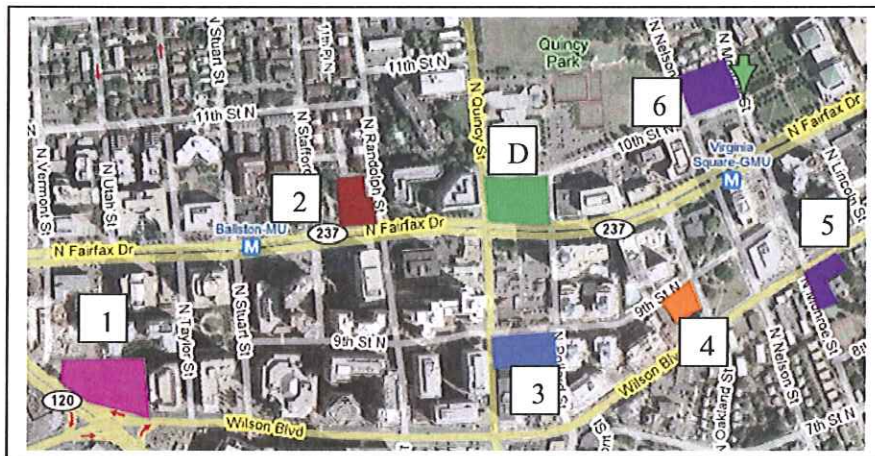
<sup>8</sup> Delta and Associates; "Year-End 2006 Report: Mid-Atlantic Class A Apartment and Condominium Markets," December 31, 2006.

## Market Analysis

### SUPPLY/PIPELINE:

The average price point of the condominiums that have been delivering is aimed at mid-market buyers. Sales activities for high end units and lower end units have continued to sell relatively well. In November 2006, the median condominium sale in Arlington was \$366,000. The Development's condominiums average over \$500,000 with an average size of about 1,300 square feet.

The following map shows the location of the projects that the Development would be competing against were it being marketed and sold at this time:



The Numbers on the Map correspond to the following developments:

1. The Continental	851 Glebe Road
2. Berkely	1000 Randolph Street
3. Ballston 880	880 Pollard Street North
4. Lexington Square	3835 9 <sup>th</sup> Street North
5. Virginia Square	901 Monroe Street North
6. The Monroe	3625 10th Street North
D. Proposed Development	3901 North Fairfax

## Market Analysis

### MARKET COMPARABLES:

We are hesitant to rely on historic pricing to determine market pricing today. Pricing analysis from May 2006 reviewed today, show inaccurate data. This is due to the fact that the market at that point was moving so dramatically that a snapshot in time gave inaccurate data. It has been difficult to pick one particular set of competitors because there are many buildings that are newly built, and the quality of those developments ranges wildly. However, the building most similar to the Development is The Monroe which also catered to Empty Nesters with large units and single family style interiors.

The following charts will list each development and their closings during the past four months. We feel as if only the most current data provides a clear picture of where the market is at this point. We feel as if even these numbers are conservative however when considering the pent up demand for housing as discussed previously in the market study.

#### 1. The Continental; 851 Glebe Road

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
1817	1172	238	03/30/07	\$590,000	\$503	2	2
520	1328	10	03/27/07	\$567,500	\$427	2	2
1219	1188	81	03/23/07	\$568,000	\$478	2	2
1303	752	8	03/23/07	\$383,000	\$509	1	1
1311	1,296	58	02/28/07	\$535,000	\$413	2	2
2011	1,295	16	02/21/07	\$560,000	\$432	2	2
1701	898	224	02/16/07	\$405,000	\$451	1	2
206	870	19	02/16/07	\$385,000	\$443	1	1
505	1,120	43	02/05/07	\$512,000	\$457	2	2
414	688	6	01/31/07	\$352,500	\$512	1	1
703	752	29	01/23/07	\$374,900	\$499	1	1
AVERAGE	1,033			475,718	466	1.55	1.64

#### 2. Berkely; 1000 Randolph Street

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
103	1,030	96	03/28/07	\$525,000	\$510	2	2
709	1,557	91	01/22/07	\$765,000	\$491	2	2
207	1,050	69	12/27/06	\$499,900	\$476	2	2
402	700	14	12/27/06	\$365,000	\$521	1	1
AVERAGE	1,084			538,725	\$ 500	1.8	1.8



## Market Analysis

### 3. Ballston 880; 880 Pollard Street North

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
607	840	21	03/29/07	\$420,000	\$500	1	2
924	1,050	0	01/26/07	\$505,000	\$481	2	2
1021	0	0	12/29/06	\$405,000		1	1
1027	650	75	12/20/06	\$336,000	\$517	1	1
AVERAGE	635			416,500	499	1.3	1.5

### 4. Lexington Square; 3835 9<sup>th</sup> Street North

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
907E	877	5	03/30/07	\$495,000	\$564	2	2
609E	892	45	03/29/07	\$475,000	\$533	2	2
205W	626	14	03/23/07	\$335,000	\$535	1	1
706W	860	8	03/15/07	\$397,500	\$462	1	1
1005W	1,502	102	02/27/07	\$690,000	\$459	2	2
107E	626	61	01/10/07	\$325,000	\$519	1	1
707E	627	76	12/08/06	\$330,000	\$526	1	1
608E	693	167	12/01/06	\$340,000	\$491	1	1
AVERAGE	838			423,438	511	1.4	1.4

### 5. Virginia Square; 901 Monroe Street North

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
303	919	189	03/29/07	\$523,000	\$569	2	2
502	705	62	01/16/07	\$350,000	\$496	1	1
602	705	26	12/28/06	\$342,500	\$486	1	1
AVERAGE	776			405,167	517	1.3	1.3

### 6. The Monroe; 3625 10th Street North

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
305	1,758	146	02/09/07	\$810,000	\$461	2.5	2
403	1,350	126	12/29/06	\$699,000	\$518	2.5	2
708	1,236	0	12/21/06	\$677,500	\$548	2	2
904	1,855	374	12/19/06	\$1,177,000	\$635	2.5	2
AVERAGE	1,550			840,875	540	2.4	2.0



## Market Analysis

### COMPARABLE SUMMARY:

Based on recent sales from the abovementioned projects, the average sale prices for units sold between December 2006 and March 2007 is \$508 per square foot. However, this average is based on smaller, average units, rather than larger, finer units. Typically, while larger units do sell for slightly lower square foot prices, the Development's prime competition in today market has an average sales price of \$540/SF.

Average Condominium Sales Prices (December 2006 to March 2007)		
Development	\$/SF	Address
Ballston 880	\$ 490	880 Pollard Street North
Berkely	\$ 501	1000 Randolph Street
Lexington Square	\$ 512	3835 9th Street North
The Continental	\$ 466	851 Glebe Road
The Odyssey	\$ 569	2001 15th Street North
Virginia Square	\$ 517	901 Monroe Street North
The Monroe	\$ 540	3625 10th Street North
<b>AVERAGE</b>	<b>\$ 508</b>	

## Market Analysis

### SALES PRICING:

The anticipated gross sales pricing is \$475 per square foot or an average of \$589,000 per unit. With an average square footage of approximately 1,240 square feet, the units of the Development are larger than competing projects where the average size is around 900 square feet. The intent of larger unit sizes is to market to an underserved market segment which is unable to find suitable sized residential units in the area.

We have priced the development conservatively on a square footage basis compared with the units that have sold in the Virginia Square area in the last four months. The average condo pricing for a 900 square foot condominium in the Arlington Rosslyn-Ballston corridor for units that have closed in the past four months is over \$500 per square foot.

Below is the proposed unit mix and pricing schedule:

#### Market Unit Mix Summary

Unit Type	Unit SF	# of Units	Sale Price Per Unit	Sale Price Per SF
1 Bedroom	890	16	\$ 433,798	\$ 487
1 Bedroom+Den	1,070	16	\$ 516,182	\$ 482
2 Bedroom	1,170	41	\$ 558,573	\$ 477
2 Bedroom+Den	1,328	27	\$ 627,546	\$ 472
3 Bedroom	1,508	18	\$ 705,039	\$ 467
3 Bedroom+Den	1,632	10	\$ 754,836	\$ 462
<b>TOTALS</b>	<b>1,240</b>	<b>128</b>	<b>\$ 588,156</b>	<b>\$ 474</b>

## Market Analysis

### INCENTIVES:

The marketing effort for the development will begin in spring of 2008. While developers are offering significant incentives now, it is too early to tell what the incentive market will be when the units begin selling. The sales team has suggested that the units be marketed with approximately 5% flexibility with respect to target pricing. This pricing flexibility can be allocated to various incentives such as closing costs, unit upgrades, and reduction in pricing.

### ABSORPTION:

The proforma anticipates presales of 75% based on the limited number of units in the development and pent up demand for housing. Upon certificate of occupancy, closings are anticipated at 25 units per month. The financial analysis section of the proposal addresses the sensitivity of unit closings.

## Market Analysis; The Continental (851 Glebe Road)



Unit	Square Feet	DOM	List Price	PSF	Baths	Beds
710	638	13	\$334,900	\$525	1	1
1116	654	44	\$415,000	\$635	1	1
807	750	14	\$399,999	\$533	1	1

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
1817	1172	238	03/30/07	\$590,000	\$503	2	2
520	1328	10	03/27/07	\$567,500	\$427	2	2
1219	1188	81	03/23/07	\$568,000	\$478	2	2
1303	752	8	03/23/07	\$383,000	\$509	1	1
1311	1,296	58	02/28/07	\$535,000	\$413	2	2
2011	1,295	16	02/21/07	\$560,000	\$432	2	2
1701	898	224	02/16/07	\$405,000	\$451	1	2
206	870	19	02/16/07	\$385,000	\$443	1	1
505	1,120	43	02/05/07	\$512,000	\$457	2	2
414	688	6	01/31/07	\$352,500	\$512	1	1
703	752	29	01/23/07	\$374,900	\$499	1	1
1820	1,328	118	12/27/06	\$550,000	\$414	2	2
1321	953	87	12/22/06	\$415,900	\$436	1	2
409	927	105	12/15/06	\$424,900	\$458	1	2
1404	1,145	127	12/15/06	\$529,900	\$463	2	2
308	750	171	10/31/06	\$375,000	\$500	1	1
2021	953	113	10/27/06	\$437,000	\$459	1	2
215	688	105	10/20/06	\$330,000	\$480	1	1
401	898	15	10/20/06	\$419,100	\$467	1	2
805	1,165	70	10/17/06	\$535,000	\$459	2	2



## Market Analysis; Berkely (1000 Randolph Street)

Unit	Square Feet	DOM	List Price	PSF	Baths	Beds
808	1,359	21	\$756,000	\$556	2	3

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
103	1,030	96	03/28/07	\$525,000	\$510	2	2
709	1,557	91	01/22/07	\$765,000	\$491	2	2
207	1,050	69	12/27/06	\$499,900	\$476	2	2
402	700	14	12/27/06	\$365,000	\$521	1	1
104	663	229	12/08/06	\$350,000	\$528	1	1
208	671	82	12/15/06	\$335,000	\$499	1	1

## Market Analysis; Ballston 880 (880 Pollard Street North)



Ballston 880 Condominium

Unit	Square Feet	DOM	List Price	PSF	Baths	Beds	
505	945	200	\$499,000	\$528	2	2	
224	1,041	39	\$539,900	\$519	2	2	*\$10K off

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
607	840	21	03/29/07	\$420,000	\$500	1	2
924	1,050	0	01/26/07	\$505,000	\$481	2	2
1021	0	0	12/29/06	\$405,000		1	1
1027	650	75	12/20/06	\$336,000	\$517	1	1
1025	1,040	87	10/27/06	\$465,500	\$448	2	2
222	835	73	10/02/06	\$373,000	\$447	1	2
321	815	77	09/22/06	\$377,500	\$463	1	2
202	815	253	06/06/06	\$370,000	\$454	1	1
706	0	0	01/28/06	\$408,900		1	1
1002	0	0	01/28/06	\$432,200		1	1

Market Analysis; Lexington Square (3835 9<sup>th</sup> Street North)

Unit	Square Feet	DOM	List Price	PSF	Baths	Beds
703E	954	15	\$515,000	\$540	2	2
303W	953	17	\$529,999	\$556	2	2

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
907E	877	5	03/30/07	\$495,000	\$564	2	2
609E	892	45	03/29/07	\$475,000	\$533	2	2
205W	626	14	03/23/07	\$335,000	\$535	1	1
706W	860	8	03/15/07	\$397,500	\$462	1	1
1005W	1,502	102	02/27/07	\$690,000	\$459	2	2
107E	626	61	01/10/07	\$325,000	\$519	1	1
707E	627	76	12/08/06	\$330,000	\$526	1	1
608E	693	167	12/01/06	\$340,000	\$491	1	1
806E	834	50	11/30/06	\$390,000	\$468	1	1
706W	869	8	11/28/06	\$385,000	\$443	1	1
506E	834	127	11/23/06	\$409,500	\$491	1	1



## Market Analysis; Virginia Square (901 Monroe Street North)



Unit	Square Feet	DOM	List Price	PSF	Baths	Beds
1305	1,538	14	\$799,000	\$520	2.5	3

Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
303	919	189	03/29/07	\$523,000	\$569	2	2
502	705	62	01/16/07	\$350,000	\$496	1	1
602	705	26	12/28/06	\$342,500	\$486	1	1
813	705	76	10/06/06	\$364,900	\$518	1	1
1014	857	94	09/29/06	\$420,000	\$490	1	2

## Market Analysis; The Monroe (3625 10th Street North)



ACTIVE	Unit	Square Feet	DOM	List Price	PSF	Baths	Beds	
	907	1,350	55	\$849,000	\$629	2.5	2	*\$25K off
	303	1,350	84	\$775,000	\$574	2.5	2	
	401	1,178	15	\$735,000	\$624	2.5	2	
	306	1,890	49	\$1,100,000	\$582	2.5	2	*\$50K off
	403	0	57	\$749,900		2.5	2	*\$20K off
	502	1,389	83	\$829,900	\$597	2	2	
	404	1,539	1	\$779,000	\$506	2.5	2	

SOLD	Unit	Square Feet	DOM	Close Date	Close Price	PSF	Baths	Beds
	305	1,758	146	02/09/07	\$810,000	\$461	2.5	2
	403	1,350	126	12/29/06	\$699,000	\$518	2.5	2
	708	1,236	0	12/21/06	\$677,500	\$548	2	2
	904	1,855	374	12/19/06	\$1,177,000	\$635	2.5	2
	306	1,700	0	12/01/06	\$982,928	\$578	2	2
	402	1,339	0	11/20/06	\$829,422	\$619	2.5	2
	806	1,700	0	11/07/06	\$870,000	\$512	2	2
	705	1,758	0	11/03/06	\$894,922	\$509	2.5	2
	508	0	0	11/03/06	\$875,835		2.5	2
	401	1,178	0	09/29/06	\$699,540	\$594	2.5	2
	503	1,350	71	09/29/06	\$678,400	\$503	2.5	2



# Development Issues

## SECTION 5



## Development Issues

The approved site plan for the Development allows for (assuming compliance with the approved plan) application of building permits immediately. Because the sale of this property includes 95% Construction Drawings, issues with respect to land use regulations, storm water management, neighborhood issues, and off-site improvements are resolved. These issues were addressed and solutions agreed upon during the site plan approval process. The proposed site underwent a rather long site plan approval process and at least two plans were submitted before the final plan was approved.

Utility provisions for the site are adequate both with respect to adequacy and approval by the state and Arlington regulatory authorities.

There is one small issue related to an environmental concern of a minority of neighborhood activists. This relates to possible pollution caused from embalming procedures and chemicals used on the site while processing corpses. Our lawyers at Holland and Knight have opined that, based on the phase 2 environmental studies and subsequent investigations by our environmental engineering firm (KTA), the levels of chemical presence in the ground surrounding the funeral home will be easily removed during the garage excavation process. Additionally, while the cost of disposing of these saturated soils is not expected to exceed \$15,000, the entire burden is borne by the funeral home owner. An agreement as to the payment process will be included in the final closing documents.

Although the site is approved, our experience in Arlington County is that county officials will add cost to the job through delays in various approval stages. We believe that our substantial hard and soft cost contingencies will be adequate to deal with these possible delays.

Although we have received ample evidence that the subsurface soils are stable at the building's foundation levels, there is the chance that once excavation activities reach the foundation levels, that additional costs will be incurred.

The county is very sensitive to construction noise, traffic and general activities related to constructing a building. Therefore, we expect to have community meetings to deal with the problems before they occur and maintain a good relationship with the neighborhood leaders going forward.





# Development/Construction Costs

## SECTION 6

## Development Costs

### COST SUMMARY:

The total cost per unit including all hard (construction) and soft (financial, design, etc.) is approximately \$491,730 or about \$377 per square foot. All values in the table below are based on only the market units as the affordable units are financially treated as a project cost even though there is some revenue associated with that aspect.

DEVELOPMENT COST BREAKDOWN			
	TOTAL	\$/Unit	\$/SF
Hard Cost	45,527,500	337,241	268
Land Cost	9,035,400	66,929	53
Soft Costs	3,682,586	27,278	22
Financing Cost	3,809,873	28,221	22
Marketing Costs	886,087	6,564	5
<b>TOTALS</b>	<b>62,941,446</b>	<b>466,233</b>	<b>371</b>
* SF/Unit calculations made with sellable SF and Market DU's			

A further breakdown of the development costs is shown in the Development Budget on the following page.

## Development Costs

Land Costs	TOTAL	\$/UNIT	\$/SF
Land/Building Purchase	\$7,680,000	\$56,889/Unit	\$45.23/SF
Broker Commission	\$230,400	\$1,707/Unit	\$1.36/SF
Settlement Cost	\$96,000	\$711/Unit	\$0.57/SF
Feasibility Studies	\$57,000	\$422/Unit	\$0.34/SF
Deposit Land Interest Applied	\$0	\$0/Unit	\$0.00/SF
Assignments / Proffers	\$972,000	\$7,200/Unit	\$5.72/SF
<b>Total Land Costs</b>	<b>\$9,035,400</b>	<b>\$66,929/Unit</b>	<b>\$53.21/SF</b>
<b>Hard Costs</b>			
Demolition	\$75,000	\$556/Unit	\$0.44/SF
PRECON (GC)	\$32,000	\$237/Unit	\$0.19/SF
GMP - Contract	\$41,700,000	\$308,889/Unit	\$245.57/SF
GMP - Tower - NOT USED	\$0	\$0/Unit	\$0.00/SF
GMP - Upgrade Adjustment	\$243,000	\$1,800/Unit	\$1.43/SF
General Contractor Bond	\$0	\$0/Unit	\$0.00/SF
Other Construction	\$250,000	\$1,852/Unit	\$1.47/SF
Testing, Inspection & Quality Control	\$100,000	\$741/Unit	\$0.59/SF
Change Orders/Contingency	\$3,127,500	\$23,167/Unit	\$18.42/SF
<b>Total Hard Costs</b>	<b>\$45,527,500</b>	<b>\$337,241/Unit</b>	<b>\$268.11/SF</b>
<b>Soft Costs</b>			
Architectural, MEP & Structural	\$275,000	\$2,037/Unit	\$1.62/SF
Civil Engineering	\$40,000	\$296/Unit	\$0.24/SF
Other Consultants	\$215,000	\$1,593/Unit	\$1.27/SF
Design Reimbursables	\$75,000	\$556/Unit	\$0.44/SF
Surveys/Subdivision	\$115,000	\$852/Unit	\$0.68/SF
Legal & Accounting	\$300,000	\$2,222/Unit	\$1.77/SF
Prof Fees: Misc. Admin.	\$45,000	\$333/Unit	\$0.27/SF
Prof Fees: Contributions	\$25,000	\$185/Unit	\$0.15/SF
Bonds, Permits & Fees	\$460,275	\$3,409/Unit	\$2.71/SF
Insurance	\$102,000	\$756/Unit	\$0.60/SF
Real Estate Taxes	\$350,000	\$2,593/Unit	\$2.06/SF
Development Fee	\$1,250,000	\$9,259/Unit	\$7.36/SF
Operating Deficit	\$246,182	\$1,824/Unit	\$1.45/SF
Soft Cost Contingency	\$184,129	\$1,364/Unit	\$1.08/SF
<b>Total Soft Costs</b>	<b>\$3,682,586</b>	<b>\$27,278/Unit</b>	<b>\$21.69/SF</b>
<b>Financing Costs</b>			
Additional Debt Service	\$406,153	\$3,009/Unit	\$2.39/SF
Financing Fees	\$503,532	\$3,730/Unit	\$2.97/SF
Loan Recordation	\$172,500	\$1,278/Unit	\$1.02/SF
Accrued Interest First Year	\$0	\$0/Unit	\$0.00/SF
Interest Rate Hedge	\$20,000	\$148/Unit	\$0.12/SF
Debt Service	\$2,707,688	\$20,057/Unit	\$15.95/SF
<b>Total Financing Costs</b>	<b>\$3,809,873</b>	<b>\$28,221/Unit</b>	<b>\$22.44/SF</b>
<b>Marketing Costs</b>			
Marketing	\$753,687	\$5,583/Unit	\$4.44/SF
Commercial Unit TI Allowance	\$132,400	\$981/Unit	\$0.78/SF
<b>Total Marketing Costs</b>	<b>\$886,087</b>	<b>\$6,564/Unit</b>	<b>\$5.22/SF</b>
<b>GRAND TOTAL</b>	<b>\$62,941,446</b>	<b>\$466,233/Unit</b>	<b>\$370.66/SF</b>

## Development Costs

### CONSTRUCTION COSTS:

The total cost per square foot of construction market rate unit square foot is \$268. This includes all construction activities as you can see in the breakdown in the Development Budget on the previous page.

The total Gross Maximum Price (GMP) quoted by the General Contractor (which is an estimate based on subcontractor input) is \$45.5 million. We believe this number is accurate and that the contingency of 7.5% of total hard cost will cover change orders to the GMP. Below is a General Contractors estimate:

Construction Estimate Summary				
Site Work	Amount		\$/Unit	\$/Bldg GSF*
Site Preparation	\$ 89,000	\$	659	\$ 0.43
Site Utilities	\$ 250,000	\$	1,852	\$ 1.20
Site Improvements	\$ 210,000	\$	1,556	\$ 1.01
Landscaping	\$ 180,000	\$	1,333	\$ 0.87
Deep Foundations	\$ 150,000	\$	1,111	\$ 0.72
Earth Retention Systems	\$ 69,602	\$	516	\$ 0.34
<b>Subtotal</b>	<b>\$ 948,602</b>	<b>\$</b>	<b>7,027</b>	<b>\$ 4.57</b>
<b>Garage</b>				
Parking Garage	\$ 7,232,000	\$	53,570	\$ 34.83
<b>Subtotal</b>	<b>\$ 7,232,000</b>	<b>\$</b>	<b>53,570</b>	<b>\$ 34.83</b>
<b>Building</b>				
Structure	\$ 5,865,827	\$	43,451	\$ 28.25
Envelope	\$ 5,229,442	\$	38,737	\$ 25.18
Finishes	\$ 7,656,178	\$	56,712	\$ 36.87
MPE Systems	\$ 10,543,564	\$	78,100	\$ 50.78
<b>Subtotal</b>	<b>\$ 29,295,011</b>	<b>\$</b>	<b>217,000</b>	<b>\$ 141.08</b>
<b>General</b>				
General Requirements	\$ 1,678,515	\$	12,433	\$ 8.08
General Liability Insurance	\$ 402,506	\$	2,982	\$ 1.94
Other Items	\$ 195,696	\$	1,450	\$ 0.94
Fee	\$ 1,947,670	\$	14,427	\$ 9.38
<b>Subtotal</b>	<b>\$ 4,224,387</b>	<b>\$</b>	<b>31,292</b>	<b>\$ 20.34</b>
<b>Total</b>	<b>\$ 41,700,000</b>	<b>\$</b>	<b>308,889</b>	<b>\$ 200.83</b>

NOTE: Cost per unit based on 135 (total) units and Cost per SF based on TOTAL GSF