



City of Alexandria  
City Manager's Office

# Conversion of 5001 Eisenhower Avenue

November 12, 2024

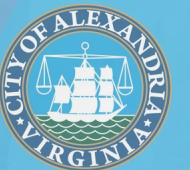
City Council Legislative Session





# Agenda

- 1 Background and Context**
- 2 City Council Priorities**
- 3 Legal Framework**
- 4 Developer Proposal for City Financial Participation**
- 5 Process and Community Engagement**



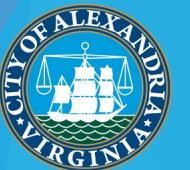
# 5001 Eisenhower Avenue Building and Site

- ▶ 600,000 SF office building, vacant for 21 years
- ▶ Represents 3% of total office vacancy in the City (of 15% vacant)
- ▶ Positioned for multiple federal lease tenants
- ▶ Building not aligned with current leasing trends/outlook



# Proposal Alignment with Council Priorities and City Areas of Strength

- ▶ Addresses 2 of 5 Council Priorities:
  - ▶ Economic Strength
  - ▶ Housing Opportunities
- ▶ Builds on City's strengths:
  - ▶ Office conversion leader, consistently ranked among top jurisdictions in the country
  - ▶ Eco-City Alexandria
- ▶ Adheres to City's Guiding Principles for Economic Development
  - Protect the City's Bond Rating
  - Protect/Enhance future debt capacity
  - Leverage new revenue as incentive/investment



# Developer Proposal for Conversion

378+/- rent-controlled units for **40-year period**

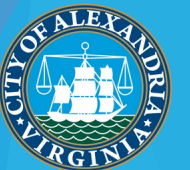


**25-year partial real estate tax abatement** for converted building improvements



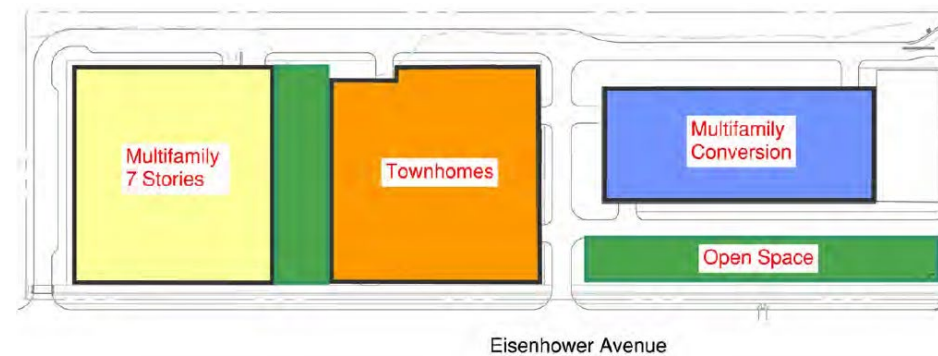
# Legal Framework

- ▶ **Partial real estate tax exemption** (Virginia Code Sec. 58.1-3219.4)
  - ▶ State Code allows localities to partially exempt from taxation improvements to real estate when located in a rehabilitation district for up to 30 years
  - ▶ Localities may establish criteria and place "restrictions and conditions" on the improvements to qualify for the exemption
  - ▶ The exemption is an amount equal to the **increase in assessed value** or a percentage of such increase resulting from the improvement to real estate
    - ▶ **Note** – no tax exemption to existing improvements, only the new improvement value
- ▶ **Next steps**
  - ▶ **Amend** the existing 5001 Eisenhower Avenue Rehabilitation District ordinance
    - ▶ Requires a public hearing
  - ▶ Execute a performance agreement consistent with the ordinance



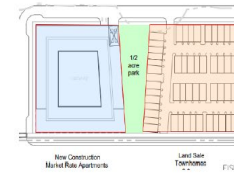
# Project Description

- ▶ **Conversion (Phase I):** Developer's conversion project budget of \$150 million includes \$105 million in upfront capital improvements in **existing office building conversion** to 378+/- residential units and associated infrastructure
- ▶ **Future Phases:** Development of the current surface parking lots for an additional 450 residential units



# Proposal Details

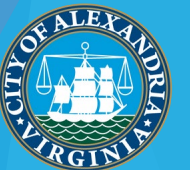
- ▶ **Conversion (Phase I): 378+/- rent-controlled housing units** and community facility for **40-year period** with delivery within 4.5 years
  - ▶ **Affordable units:** 41 units at 50%AMI and 41 units at 60%AMI
  - ▶ **Workforce units:** 190 units at 80%AMI
  - ▶ 106 units at 100%AMI
  - ▶ ~2,000sf of **dedicated City space** for community use
- ▶ **Development of the current surface parking lots** for an additional 450 market-rate residential units
  - ▶ Up to 50 units delivered no later than 6 years from execution (**Phase II**)
  - ▶ Remaining 400 units delivered no later than 16 years from execution (**Phase III**)
  - ▶ 10,000sf for affordable day care & 5,000sf for retail ready space
- ▶ **Transit-Oriented Development:** Overall creation of approximately **825+/- mixed-income residential units** within walking distance of metro
- ▶ **Publicly accessible open spaces across the phases**





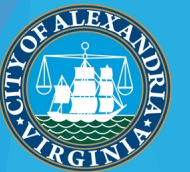
# Proposal: Financial Participation

- ▶ 25-year partial real estate tax abatement for converted building improvements following its initial occupancy estimated between **\$13.6M** and **\$16.4M** in net present value (NPV) dollars. Partial abatement capped at \$1.5M annually.
  - ▶ Years 1-5: 90% Abatement
  - ▶ Years 6-10: 80% Abatement
  - ▶ Years 11-15: 70% Abatement
  - ▶ Years 16-20: 60% Abatement
  - ▶ Years 21-25: 50% Abatement
- ▶ Waive the Housing Trust Fund contribution of \$0.8M on conversion



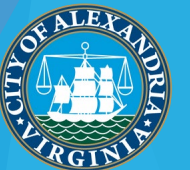
# Proposal: Other Considerations

- ▶ Performance Protections
- ▶ Community Space Build Out and Allowance
- ▶ Affordability Oversight



# Process and Community Engagement

- ▶ Community Engagement prior to Council Consideration
  - ▶ Website: <https://www.alexandriava.gov/5001-eisenhower-avenue>
  - ▶ Public Presentation at Legislative Meeting: Tuesday, November 12, 2024
  - ▶ Alexandria Housing Affordability Advisory Committee Meeting: Monday, November 18, 2024
  - ▶ Developer's Project Specific Community Meeting: Wednesday, November 20, 2024
  - ▶ Eisenhower West/Landmark Van Dorn Implementation Advisory Group Meeting: Thursday, November 21, 2024
  - ▶ Planning Commission Consideration of Development Approvals: Tuesday, December 3, 2024
- ▶ City Council Consideration of District Ordinance for Financial Participation
  - ▶ First Reading at Legislative Meeting: Tuesday, December 10, 2024
  - ▶ Second Reading at Public Hearing: Saturday, December 14, 2024
- ▶ City Council Hearing for Development Approvals: Saturday, December 14, 2024





City of Alexandria  
City Manager's Office

# Questions

