



STATEMENT OF ENDORSEMENT
Recommending Approval of the
500 - 520 North Washington Street Mixed-Use Real Estate Development
Project (The Gateway Project)
December 2010

The Chamber Legislative Committee met on December 3 to examine and assess the changes made to commercial development proposed by Akridge at 500 – 520 North Washington Street. The project has been enhanced significantly since the Chamber’s initial review in 2008 because of the influence of the City Council’s Economic Development Committee and the two affected neighborhood associations. All parties are to be commended as the project now has the potential to generate significantly more revenue while also being more attractive and accommodating with respect to its location.

This document will address each of the Chamber’s published criteria for endorsement and how this project, in its recently revised state, meets those criteria.

1. The project adds significant value to the City’s commercial real estate assessments, thus spreading the cost of public services over a larger group of property owners.

We believe that this project adds significant value to the City’s commercial real estate tax assessments base. It is projected to provide significant net commercial and residential revenue to the City. This project is projected now to generate \$810,180 in net annual revenue, after deducting service costs. Additionally, the cash contributions offered in lieu of Affordable Dwelling Units is now \$1,300,000, an increase in \$470,143 since the original project was reviewed. The developer is also proposing community benefits in the form of a \$150,000 cash contribution for public improvements, in-kind construction of streetscaping and LEED designs and applications.

2. The project will generate jobs and attract new residents who will add substantially to the customer base for existing, new, and future businesses.

The proposed development will bring a number of new residents and new employees to the City on a site that is currently office space, provides only daytime population, and generates very modest revenue for the City. Because of the project’s close proximity to the East Falls Church Metro station, we assume that the new residents will be largely professionals of significant wealth and earning power. The addition of such residents will generate additional commercial activity for both existing city businesses and the new businesses to be established. The additional and upgraded commercial space will serve to increase the number of employees who will work in the City.

3. The project will serve as an anchor or attraction for drawing people to the City of Falls Church, thus increasing spin-off economic benefits for the business community.

The new Falls Church Gateway will project a first-class image for Falls Church by replacing an outdated property with a new, vibrant, mixed-use project that includes an attractive glass tower gateway feature. The commercial and residential elements of the project will be a magnet to our city, one that is within easy walking distance from the East Falls Church Metro stop.

4. The project will provide for significant amenities and aesthetic considerations that enhance the look and experience of visiting the City 's business districts, thus serving as an inducement to promote increased business activities.

The project design is welcoming, pedestrian-friendly and considerably more attractive than the existing commercial property. Additionally, the developer's plans for streetscaping and traffic calming will have a significant impact on the overall appearance of the City at this very important point of entry.

5. The project will provide for significant parking facilities well integrated into the project design, which may serve the broader business community's parking needs as well as its own.

The project will provide 513 parking spaces, mostly located in a below-grade garage. While that number of spaces is less than City code would require elsewhere, this project's proximity to the East Falls Church Metro, especially when combined with the opportunity for shared parking, warrants the reduction.

6. The design and orientation of the project will provide for attractive pedestrian access and circulation while mitigating any congestion or safety concerns generated by the increased motor vehicular traffic serving that project.

As stated above, plans for this site include streetscaping and traffic calming. It is important to note that Akridge has spent significant time and expertise consulting with both the Gresham Place and the E. Jefferson Street neighborhoods, as well as with the City's Economic Development Committee, about this project and has made adjustments to address concerns that were expressed. It is our understanding that both neighborhoods' concerns regarding building mass and traffic issues have been assuaged.

7. The project provides for mixed uses such that the project benefits meet those discussed in the Chamber's commissioned white paper (Perspectives on Development in Falls Church) prepared by John McClain, AICP, Senior Fellow for the Center for Regional Analysis at George Mason University.

The white paper outlines the benefits of mixed-use development projects. The Gateway project delivers those benefits and more. A copy of the white paper is available through the Chamber office.

8. The project does not place an undue burden on municipal services, including the public school system and utilities, such that it would have an adverse impact on existing businesses and future growth.

As stated previously, the proposed project will provide more than \$800,000 per year net revenue gain

for the City. This takes into account the cost of services that would be required because of additional public school students, utilities, etc.

There has been some citizen concern voiced of late about the City's economic model and its projections regarding increase in numbers of school aged children per new mixed-use development projects. We note, however, that only one mixed-use project in the City of Falls Church generated significantly more new school children than projected by the City. In that project, the Pearson Square development, the reason for the increase was that the project involved a conversion of condos to large 2- and 3-bedroom apartments, a dynamic that is not present in this proposed project. In fact, the Chamber understands that residential units in the Gateway Project would be significantly smaller, and that the economic impact model's new schoolchildren projections are likely on the high side.

9. The project's design, massing of building elements, scale, use of materials, colors and textures, height, density, and overall architectural character will contribute to the image of a maturing and substantially prosperous commercial business center within the metropolitan Washington, DC area - one that will appeal to a growing number of office and retail enterprises, customers, clients, and visitors.

The Chamber felt the project met this criteria in its original design. Since then, the project design has been changed significantly to alleviate neighbors' concerns regarding its mass and scale, making us even more confident it will succeed under this criterion.

CONCLUSION:

The Falls Church Chamber of Commerce's Legislative and Executive committees find that the Gateway development project, which has been enhanced significantly since initial review by the Chamber, continues to meet our criteria as set forth above. The Chamber fully endorses Akridge Real Estate's Gateway Project.

The Chamber urges the Falls Church City Council to grant Akridge Real Estate Services 1) its Zoning Map Amendment from T-2, Transitional, to B-1, Limited business for 2.6 acres, 2) its Special Exception request to allow residential uses in Mixed-Use Development and 3) Special Exception to allow the Height Bonus. *The Chamber also urges Council to repeal the requirement for retail in the commercial building or, failing that, to loosen the restrictions on the allowable type of retail.* Such restrictions could cause a significant delay in construction. The Chamber believes the restrictions should be noted as preferences but not requirements.