

# Laurel Hill Project Advisory Committee

**Recommendations Regarding the Master Plan for  
the Reformatory-Penitentiary Area**

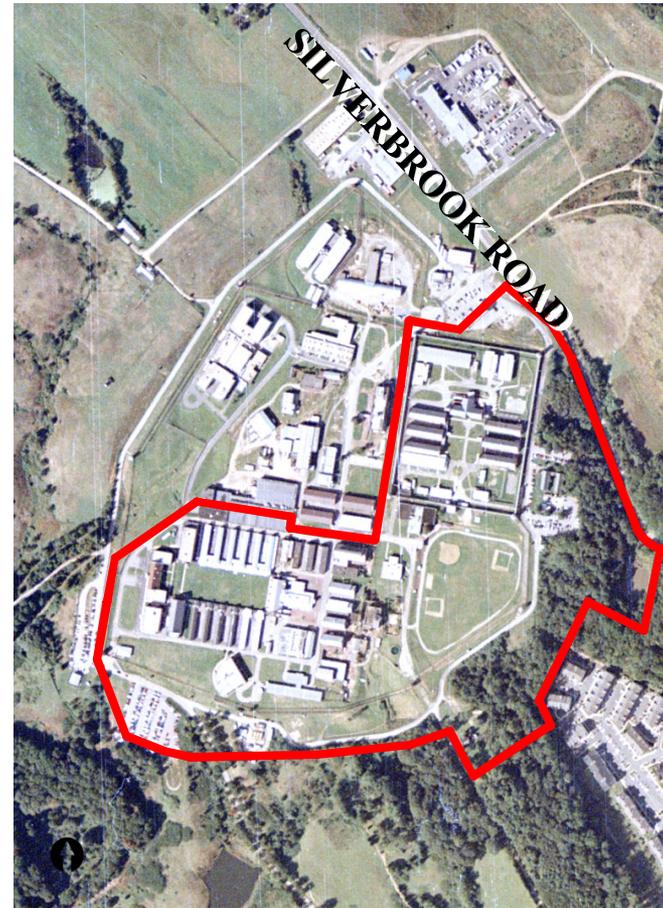
**Presentation to the  
Fairfax County Board of Supervisors**

**May 11, 2010**

# Laurel Hill Overview

## Reformatory & Penitentiary Facilities

- 67 structures
- More than 300,000 square feet of space
- Approximately 80 acres



# Laurel Hill Overview



- 1. & 2. Penitentiary Towers and Wall
- 3. Guards Quarters
- 4. Ballfield

- 5. Reformatory
- 6. Chapel
- 7. Laurel Hill House
- 8. Entrance to Temporary Cross-County Trail

# Project History

## Laurel Hill Task Force Recommendations

- Mixed use concept with residential, retail, office and education uses
- Recognized complexity and higher costs for reusing historic structures
- In order to make the adaptive reuse project viable, the Task Force recommended, *that the County may consider increasing residential or retail development density or reducing the number of historic structures to be reused*
- Create a Project Advisory Committee to monitor development
- Recommendations adopted by the Board of Supervisors

# Observations and Comments

## The Cost of Inaction

- County spends approximately \$600,000 annually for security and maintenance of the reformatory/penitentiary site.
- \$3.5 million for stabilization of buildings and structures
- *Expenditures are likely to continue until site becomes self-sustaining*

## There is a Second Adaptive Reuse Site

- The Lorton Arts Foundation Workhouse site: County has spent more than \$8 million in rehabilitation and stabilization of historic structures
- County also contributing \$5 million to LAF through FY 2011 (Subject to LAF match)

# Observations and Comments

**Master Plan calls for 352 residential units:**

- **181 town homes**
- **171 rental units**
- **Lower than development densities considered during the Laurel Hill Task Force process**
- **Previous proposals characterized by higher residential densities than current Master Plan**

# Observations and Comments

## Historic Preservation

National Register identifies 91 contributing features (Buildings, structures, objects and sites) at the reformatory-penitentiary site

- Master Plan proposes to demolish six contributing buildings to make the project viable
- *The Master Plan retains approximately 93 percent of the contributing features at the reformatory/penitentiary area*
- Workhouse site: Approximately 80 percent of the contributing features have been retained by Lorton Arts Foundation

# Observations and Comments

## Eligibility for Historic Tax Credits

- 9/28/09 Virginia Department of Historic Resources letter says Master Plan is “well suited to participate in the state and federal rehabilitation tax credit programs...”
- Tax credit review subjects the adaptive reuse plan for the *entire site* to the review and approval of the National Park Service and the Virginia Department of Historic Resources
- Won't know project “...eligibility or what level of expenditures qualify until after design progresses to a level of detail beyond the master planning phase”

- *Alvarez and Marsal Master Plan Financial Assessment*

# Observations and Comments

## Financial Considerations

- Alvarez and Marsal Master Plan Financial Analysis: Alexander Company's financial feasibility study based on reasonable market assumptions and sound real estate fundamentals, *"...given the preliminary nature of the 'master plan' scope of services and the status of the planned development program."*

# Recommendations

**The Project Advisory Committee recommends approval of the Master Plan with a number of conditions:**

- **The County and its developer should limit residential development to the current level proposed in the Master Plan.**
- **The use of low-income housing tax credits should be limited to the proposed amount of \$5 million**
- **Establish a reasonable limit within the estimated \$9 million to \$13 million project budget gap to manage project costs and stakeholder expectations**

# Recommendations

- **The PAC recommends that the County adopts and implements all recommendations on Pages 30 and 31 of the Alvarez and Marsal Master Plan Financial Assessment dated October 9, 2009:**
  - **Update Market and Construction Data**
  - **Conduct Sensitivity Analyses**
  - **Discounted Cash Flow Analysis**
  - **Discounted Cash Flow Analysis from an Investor/Joint-Venture Perspective**
  - **Fee Simple Transfer of Town Homes to Buyers**
- **Consider the use of tax-exempt bond financing to fund the estimated \$20.2 million for new infrastructure**

# Recommendations

- A new baseball field should be identified and established before project construction begins
- State elected officials and Fairfax County Supervisors are encouraged to engage in direct dialogue with officials of the National Park Service and Virginia Department of Historic Resources regarding project qualification for federal and state historic tax credits
- Elected officials should request regular updates regarding tax credit discussions
- The County should proceed with an amendment to the National Register nomination as it relates to the reformatory/penitentiary ball field

# Recommendations

- Do not include the Laurel Hill House in any proffer or funding considerations for the reformatory-penitentiary area
- Take prudent steps to lower project costs
  - Consider waiving the \$4 million in County fees
  - Limit proffer suggestions below \$2 million
- Consider further review of the placement of parking and retail within the adaptive reuse site
- Orient as much traffic as possible to and from the site to Lorton Road to take advantage of planned road improvements
- Consider implementing targeted workforce housing program
- Work with elected officials in the U.S. Senate and House to allow targeted workforce housing programs under the Low Income Housing Tax Credit program

# Recommendations

## Developer Selection Process

- The PAC did not make specific recommendations regarding developer selection
- The PAC acknowledges there are regulations and procedures in place to protect the public interest
- PAC recommendations will assist with monitoring the next phases of the project

## Additional Information:

- December 18, 2009 PAC letter to BOS

# Project Advisory Committee

**Thank You**