

Falls Church Housing Corp. Chief Answers Doubts About Wilden Project Modification

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In an exclusive interview with the News-Press tonight, Carol Jackson, executive director of the non-profit Falls Church Housing Corporation (FCHC), addressed the major concerns being raised by some F.C. City Council members over the FCHC's request for a minor modification in the terms of use of a \$2 million City loan. The request will be considered at a special meeting of the Council Thursday night at 7:30 p.m. in the Council chambers at City Hall.

She zeroed in on the two principal issues that arose at Monday's Council meeting and were the subject of the release to the public today by City Manager Wyatt Shields' office of a blizzard of documents laying out the details of the request and its rationale. The request is for the early release of \$1 million of the \$2 million City loan, instead of the release of the total amount upon the closing of the purchase by the FCHC of the building at 360 S. Washington St. According to Jackson, the request is to utilize the \$1 million right away, if only a few months before originally approved by the 6-1 vote of the City Council in March.

The \$1 million is to help initially finance the purchase of the building adjacent the FCHC's location by developer Bob Young. The \$1 million was already designated to be used to acquire the parking spaces needed for the FCHC project, called the Wilden Senior Apartments. But with the stalled economy making Young's efforts at acquiring a bank loan for his all-commercial building all but impossible, the acquisition would be expedited by the use of the \$1 million sooner rather than later, and would also serve the purpose of keeping the Wilden in compliance with unforgiving federal deadlines to obtain necessary federal tax credits, Jackson explained.

So, in answer to the first question of concern, the \$1 million was already designated for this use, i.e. to secure parking, and is only being sought a few months earlier than in the original plan.

The second question involves the potential for increased risk to the City of fronting, so to speak, the \$1 million before other components of the project are in place. Jackson explained that, if anything, the overall plan is at less risk now than it was when initially approved in the spring, because now the project has a "will issue" letter from the City's building inspector's office for the all the permits needed for construction, and site plan approval is slated to come from the Planning Division next week. Also, a deep ground geo-tech boring beneath the site has been completed confirming the safety of building on the site.

"We now have much more known costs and remaining risks than before, so we are at less risk now than we were in March," Jackson said.

As for the viability of the office building that Young wants to build, Young has considerable personal capital at stake and has demonstrated, by other projects he's built in Falls Church, a uniquely-successful ability to fill his projects with tenants. That includes his new 800 W. Broad all-commercial so-called "Flower Building," his mixed-use new Read Building, his redevelopment efforts adjacent The Spectrum and on S. Washington St. where Elevation Burger now operates. Unlike others who continue to struggle in the recession, Young has a perfect track record in Falls Church for filling his projects with paying tenants.

Thursday night's Council meeting is expected to, nonetheless, be contentious and to conclude with a much closer vote than the 6-1 margin for the Wilden project in the spring. That's because at least three members of the newly-constituted Council, sworn in on July 1, are on record strongly opposing the Wilden project.

In a closed-door meeting with City officials last week, Dr. Steve Rogers, the former vice mayor of Falls Church who is now chair of the FCHC board of directors, laid out the case for the modification to the plan now being sought, and included with his documents a list of negative consequences should the Council act to torpedo the project with a negative vote Thursday night. His points were included among the information made public by the City Manager's office today. Rogers cautioned the officials that a failure to approve of the modifications will lead contract developers of both properties in question to "stop and let go their land purchase deals," reverting the two aged existing office buildings to their current use (both now vacant). Also, the Wilden partners (FCHC and The Community Builders, Inc.) will return \$4 million in federal tax credit assistance to the Virginia Housing Development Authority (VHDA), and the Wilden partners will lose unrecoverable fees, including \$750,000 in pre-development expenses and another \$400,000 in carrying costs and legal fees.

Rogers also warned that the "VHDA will write off the City of Falls Church for all future deals and potentially for soft funds for homeowner programs."

Because a short-term note payoff of \$2.7 million will be due August 5, the FCHC will need to sell the 350 S. Washington building "very likely at a loss to pay off debt." The estate of the late Tom Sawner, owner of the 360 S. Washington building that Young wants to buy, "will probably do the same."

"The City's reputation will be harmed," Rogers continued, "making it politically more difficult to get favorable hearings for City issues. Congressman Moran will be incensed by our failure to perform. Regardless of who is responsible, the City will face the consequences."

Moreover, Rogers noted, "Opportunities for the addition and possible preservation of affordable housing units will be lost for the foreseeable future," while the FCHC will, at best, merge with a larger entity, losing its Falls Church-specific mission.

"After 10 years of failure to provide additional affordable housing, and faced with the loss of existing affordable housing stock, the City's vision will be to be truthfully amended to remove 'diversity' as a stated priority," Rogers concluded.