

ST. CHARLES
CATHOLIC CHURCH | CLARENDON

SUMMARY OF PARISH REDEVELOPMENT FEASIBILITY STUDY

Current as of:
January 20, 2021

*Serving the Rosslyn-Ballston Corridor and neighboring communities
as well as the George Mason University Arlington Campus*



JANUARY 20, 2021

Dear Parishioners,

It is my great pleasure to provide you with an update on where we stand in our parish redevelopment project, including a summary of our recent parish redevelopment feasibility study. This study built upon our previous parish consultations, and explored the architectural and financial feasibility of a possible redevelopment which better supports our parish's mission. As I will discuss in greater detail below, I am very happy to tell you that our study has revealed that a comprehensive redevelopment of our site—including the construction of a beautiful new church and other parish buildings which serve our mission—is indeed feasible—and something we will pursue.

Our Redevelopment Committee and I put together an impressive team of experts to support us in this effort. With their professional assistance, we studied the relevant zoning and land use considerations for our site; explored dozens of conceptual architectural configurations to determine the optimal layout for a future redevelopment; and sought the estimated value of a ground lease to a future development partner to establish a thoughtful understanding of financial considerations.

Throughout this process, we maintained a close relationship with our diocesan partners, both informing them of our progress and actively seeking their input every step of the way. We began developing relationships with our local civic associations, drawing our neighbors into our exciting effort and establishing clear lines of communication. And, of course, we have been sharing our thoughts with Arlington County officials, welcoming their feedback and building a spirit of collaboration with planning staff.

I am happy to say that this study provides us with a promising view of the future. Using conservative planning considerations, our efforts have revealed that the comprehensive redevelopment of the St. Charles site is indeed feasible. I am especially pleased to announce that Bishop Burbidge has approved our recommendation to move forward with our project, seeking a development partner.

This marks an exciting transition for us: we have long spoken about the “potential” redevelopment of our site. We now set about the exciting business of turning our vision into a reality. That is all to say that we are blessed with an amazing gift: we have been given the opportunity to build a beautiful new church in the heart of Arlington that will serve as a sign of God's presence and stand as an inviting spiritual home for centuries to come, along with other buildings that support our mission.

But we still have a lot of work to do. Ultimately, the objective for our next phase of work is to set the stage for the selection of a development partner. Everything that we have done thus far has set a firm foundation for this effort: now we will dive deeper into planning and choosing a partner.

Our land use attorneys will continue to advise us on how best to engage the county and the community; engineers will help us collect the necessary information to develop our building plans; architects will help articulate and design our future church and parish program; transaction attorneys will help us select brokers and consultants, and work with them to choose a developer; and, of course, our Redevelopment Committee and I will soon provide parishioners with opportunities for meaningful feedback and involvement throughout this process. To that end, please stay posted for future emails on how to participate in our architectural consultations. In the meantime, please do not hesitate to contact me or the Chairman of our Redevelopment Committee, Mr. Rashad E. Badr, if you have any questions or feedback; our email addresses may be found on the parish website.

I ask that you please join me in praying to our patron, St. Charles Borromeo, for our Redevelopment Committee, for the professionals that we have hired to support our effort, for our diocesan partners, for our neighbors, for the Arlington County officials and staff involved in our project, for our fellow parishioners, and, as I have humbly asked before, for me: pray that we may have the virtues necessary to guide this amazing project to its successful completion, that we might build something that gives glory to God and that serves the good of his people. I remain,

Your servant in Christ Jesus,

A handwritten signature in black ink, appearing to read "Rev. Donald J. Planty, Jr.", written in a cursive style.

Rev. Donald J. Planty, Jr., J.C.D.
Pastor

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Executive Summary

St. Charles Borromeo Catholic Church (“St. Charles”) is planning the comprehensive redevelopment of its 2.5-acre site in Clarendon, Virginia. This report summarizes the St. Charles Redevelopment Committee’s (“the Redevelopment Committee”)¹ latest efforts to explore the feasibility of this undertaking.²

These efforts looked at key legal, architectural, and financial considerations. Using conservative planning considerations, these efforts revealed that the comprehensive redevelopment of the St. Charles site is both feasible and promising. The revenues generated from a ground lease would be sufficient to finance the construction of a new church and parish program. Based on these findings, Bishop Burbidge, who canonically must approve all land developments, has endorsed the next step of the redevelopment process, which marks an important milestone for this project. The next step of the redevelopment will culminate in the selection of a development partner and the formalization of a deal that will ultimately lead to the construction of a new St. Charles site.

This report provides a summary of the process and initial findings that led to this approval. It provides (1) background on St. Charles parish and a description of the St. Charles site; (2) an explanation of how the Church may redevelop its site, namely through a ground lease with a development partner; (3) a brief summary of the consultative efforts undertaken to date; (4) a description of relevant zoning and land use considerations; (5) the summary findings of an architectural test fit exercise; (6) a description of how the Redevelopment Committee estimated the value of a potential ground lease to a developer; and (7) a description of the Redevelopment Committee’s briefing to key diocesan partners and subsequent approval for the Redevelopment Committee to continue its work.³

By way of immediate next steps, the Redevelopment Committee will expand its team of commercial real estate professionals and prepare a Request for Proposal (RFP) to the development community. The selection of a development partner will clear the path for local government approvals and eventual construction. This report concludes with a more detailed description of next steps and how the parish may meaningfully engage in redevelopment efforts going forward.

¹ For this phase of work, the Redevelopment Committee was composed of the following individuals: Rev. Donald J. Planty, Jr. (St. Charles Pastor); Rev. Keith Cummings (St. Charles Parochial Vicar); Mr. Rashad E. Badr (St. Charles Redevelopment Committee Chairman); Mr. J. Joel Alicea (St. Charles Parishioner); Major General Julie Bentz (St. Charles Parishioner); Mr. Ryan Comisky (St. Charles Parishioner); Mr. Shawn Rush (St. Charles Parishioner); Mr. Andrew Schulman (Director, Office of Planning, Construction, and Facilities (OPCF), Diocese of Arlington)

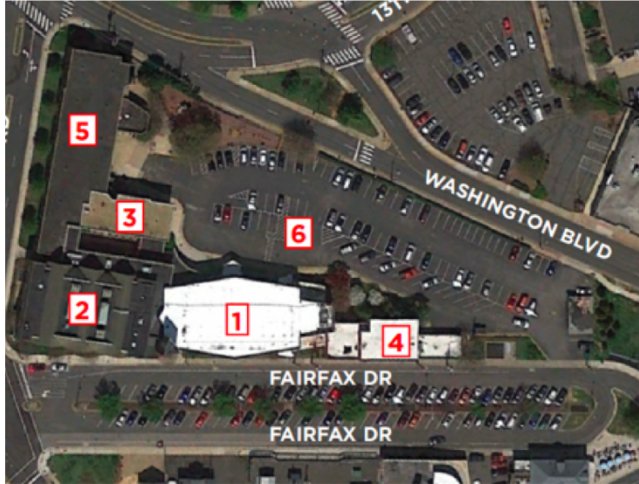
² This report builds upon over two years of previous consultative efforts undertaken at St. Charles. Detailed accounts of these consultative efforts have been published in previous reports to the parish and can be found on the parish website under “Parish Redevelopment,” or at <http://www.stcharleschurch.org/parish-redevelopment>

³ While this report provides an exciting summary of both the process and outcome of the parish’s redevelopment efforts, it is important to note that this report does not provide formal or final plans. Rather, the diagrams, exhibits, and findings presented in this report are conceptual in nature, and were used specifically to help determine the feasibility of a potential redevelopment. The ultimate design of the St. Charles redevelopment is contingent upon additional and more detailed planning, further consultations with all relevant parties, the selection of a development partner, the eventual entitlement of a redevelopment project, and the eventual construction of the new site. Nothing in this report should be interpreted as a formal design plan that will be used in the formal Arlington County Site Plan Review Process, which is Arlington County’s formal entitlement process.

St. Charles Background

St. Charles Borromeo Catholic Church is located in Clarendon, VA, and serves the Rosslyn-Ballston Corridor. The St. Charles parish site occupies approximately 2.5 acres in Clarendon and the existing campus was largely built in the 1950s and 1960s. The campus comprises a church, a parish center, a former convent, a parish office and rectory building, and a preschool (formerly a diocesan primary school), as well as a 110-space surface parking lot. Please see Image 1: Existing Site Description below for a visual representation.

Existing Site Description



St. Charles occupies approximately 2.5 acres in Clarendon and the existing campus was largely built in the 1950s and 1960s

Site Description

The site is located at 3304 Washington Blvd, Arlington, VA 22201. The parish's location in Clarendon offers a unique opportunity in the Diocese for an urban parish. When the existing campus was built in the 1950's and 1960's, Arlington was more suburban and development consisted largely of one and two story structures. The tallest structures along Wilson and Clarendon Boulevards were only four stories. Since then Arlington has gone through several periods of growth and height and density continues to increase on neighboring sites.

The site is 106,826 SF* (2.4524 Acres) and is bounded by Washington Blvd to the north and east, N Kirkwood Rd to the west, Fairfax Drive to the south. The site has significant topography rising almost twenty-one feet from the northwest corner to the northeast corner along Washington Blvd, and rising eleven feet from the northwest corner to southwest corner along Kirkwood Rd. Current zoning allows for a 3.0 FAR with additional density permitted through Arlington County's Site Plan Review Process. These studies assume pursuit of additional site density.

The existing site improvements consist of:

1. Church
2. Parish Center
3. Former Convent
4. Parish Offices and Rectory
5. Preschool (formerly a diocesan primary school)
6. 110 Space Parking Lot

It has been determined that none of these buildings merit saving and that the entire site is eligible for redevelopment.

Drivers of Redevelopment

- Aging and unadaptable infrastructure
- Spaces inadequate to support current programs
- Low sustainability, environmentally and economically
- Not aesthetically pleasing, and not externally indicative of a sacred space
- Not maximizing economic value of site for Church or community (only using a fraction of by-right FAR)

The St. Charles site is well-suited for a comprehensive redevelopment that can better support the mission of the Church and maximize the value of the land

Image 1: Existing Site Description

St. Charles serves approximately 3,000 registered households (amounting to approximately 6,000 parishioners) and, prior to COVID, welcomed approximately 1,900 Mass attendees every week. The parish is home to a vibrant young adult population and hosts many small and large gatherings on its campus.

On the other hand, the site itself has an aging and unadaptable infrastructure and the spaces are inadequate to support current programs. Additionally, the Church and parish program are not

aesthetically pleasing nor do they reflect the sacredness of the space. Finally, the site is not economically or environmentally sustainable and an opportunity exists to capitalize on economic value of the site for both the Church and the surrounding community. The combination of these factors serves as drivers for redevelopment.

Possible Redevelopment Strategy

Approximately three and a half years ago, the Pastor of St. Charles, Rev. Donald J. Planty, Jr., was given permission to explore the possibility of a comprehensive redevelopment at the parish site. The possibility of a comprehensive redevelopment was made more appealing to parish and diocesan leaders because of the prospect of a ground lease with a development partner. Parish and diocesan leaders wanted to explore the potential of a redevelopment based on the initial hypothesis that St. Charles would be able to finance the construction of a new worship space and parish program from the revenues generated through this ground lease. The basic concept is shown below in Image 2: Novel Solution.

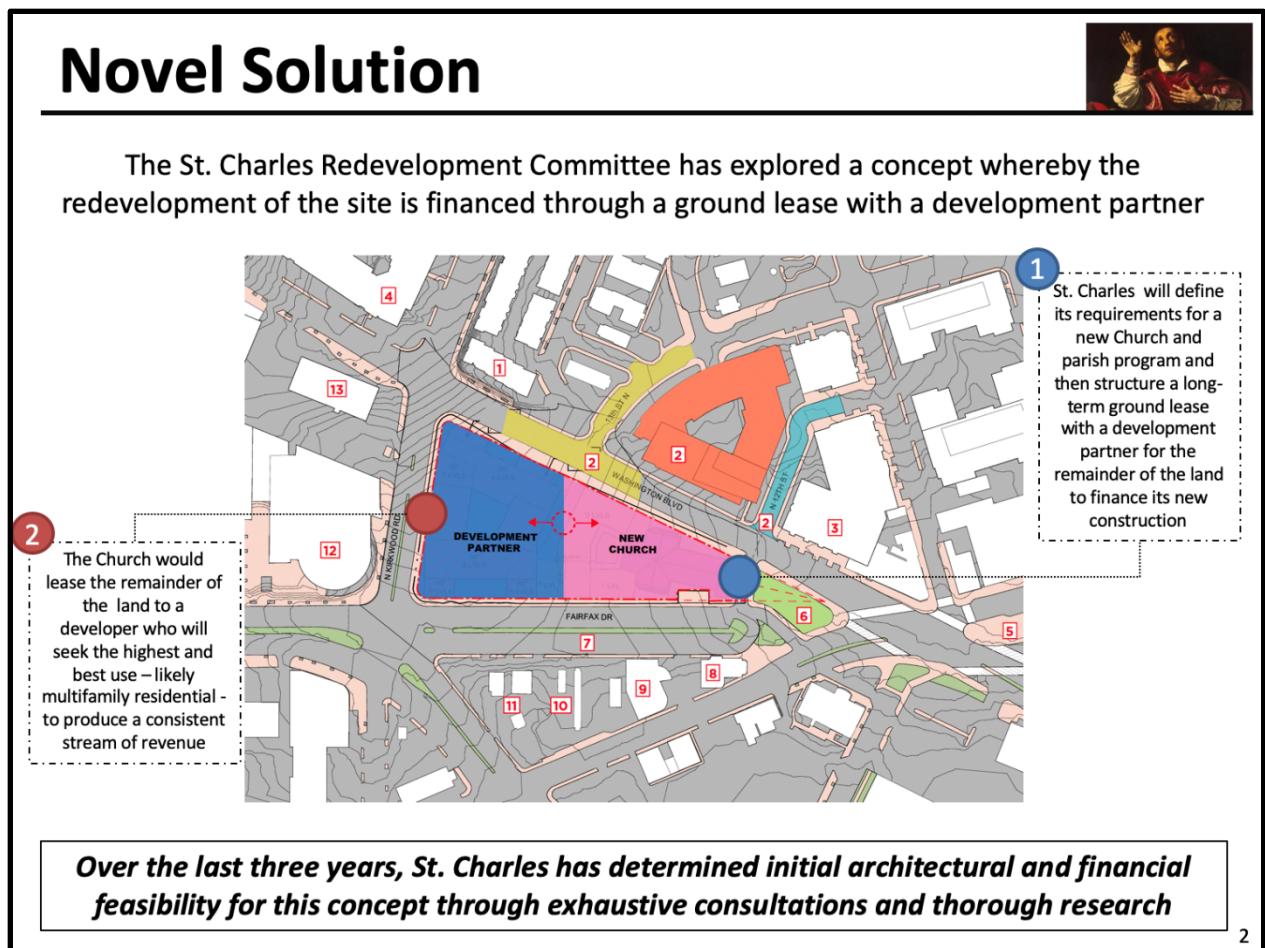


Image 2: Novel Solution

Parish Consultations

Fr. Planty assembled a Redevelopment Committee and has since completed several phases of parish consultations and research to explore the feasibility of this endeavor. The first phase sought to determine whether a consensus existed within the parish for this type of redevelopment and, if so, to articulate the high-level vision and values that would guide such a project. This effort revealed a broad consensus and helped articulate high-level values.⁴ The second phase of consultations aimed to understand how parishioners prioritized the parish's various programs in support of the Church's overall mission. This effort also built greater consensus and collaboration within the parish. Ultimately, the Redevelopment Committee was able to outline three tiers of prioritized parish programs, with each program ranked quantitatively relative to the others.⁵ The third phase of exploration, outlined in this report, sought to determine initial architectural and financial feasibility for a comprehensive redevelopment using a ground lease with a development partner. This provided an opportunity to re-engage the parish for another round of consultations focused on what parishioners wanted to see in a future St. Charles.

Based on a number of different prompts, the following were recurring points among the over fifty respondents (not listed in any particular order):⁶

- The church should have a timeless appearance/construction.
- It should stand out as a beacon facing Clarendon Square.
- The grounds should offer a sense of peace and calm amidst the noise of Clarendon.
- The grounds should have a consistent architectural style.
- Beautiful gardens/landscaping should be featured on the grounds.
- Parking should be accommodated but hidden.
- Parking could be a secondary source of income for the church.
- The grounds and church should offer many places for quiet individual prayer.
- In terms of new amenities people would like added to the campus, several people mentioned affordable housing, a coffee shop, and a parish library.

This last round of visioning consultations built upon the previous two rounds of consultations to form a comprehensive view of how the parish envisioned a potential redevelopment and what they would want included in the new St. Charles. Based on all of this feedback, as well as Fr. Planty's pastoral vision on how best to serve the parish now and for the foreseeable future, the Redevelopment Committee turned its attention towards assembling a team of development experts to turn these inputs into initial concept plans.

⁴ For additional information, please see the "Parish Redevelopment" section of the website found at <http://www.stcharleschurch.org/parish-redevelopment>.

⁵ The Phase II report can be found on the St. Charles website under "Parish Redevelopment" or by clicking [here](#). This report includes the Phase I report in an appendix.

⁶ While a summary of these responses has been provided on the parish website, they have not been formally included in a redevelopment report. As such, they have been included here.

Development Experts

To successfully complete a conceptual feasibility study, the Redevelopment Committee needed to determine whether the parish could finance and construct a new Church and desired parish program through a ground lease with a development partner.⁷ This involved studying relevant legal, architectural, and financial considerations.⁸ By analyzing the considerations together, the Redevelopment Committee could determine whether the comprehensive redevelopment of the site was feasible. The following selection provides a more detailed account of the process used to make this determination.

Land Use: Walsh Colucci

The parish hired the legal firm of Walsh Colucci to provide legal and strategic advice on land use issues, to include support on zoning considerations and other relevant policies. Walsh Colucci's counsel informed the creation of a legal 'envelope' in which St. Charles can redevelop. This includes guidance on the type of buildings that can be built as well as guidelines that would govern their construction (e.g. height, tapers, step-backs, etc). This legal envelope would guide subsequent architectural work, which in turn would provide the necessary parameters to estimate land value. Walsh Colucci also supports the parish's involvement in the Clarendon Sector Plan Update.

Test Fit: David M. Schwarz Architects

The parish also hired David M. Schwarz Architects (DMSAS) to (1) translate parish priorities and goals into a parish program and (2) generate a set of 'test fits' (see below) to determine whether St. Charles could accomplish its parish program on its current site while also preserving a parcel of land which would be attractive to a potential development partner.

The goal of a 'test fit' is to study approaches for reorganizing the site to better serve the parish's vision and mission as articulated by Fr. Planty, the Parish Redevelopment Committee, and the collective feedback received from the parish. One of the first steps in this type of effort is to convert broad vision, church values, and practical desires into an architectural program composed of specific spaces and sizes. The architect then explores multiple layouts and configurations for these sizes to ensure functionality, feasibility, compliance, and myriad other considerations.

DMSAS presented numerous options over the course of several weeks to Fr. Planty and the Committee Chairman. These options looked at various ways to position the church and arrange the

⁷ The term 'parish program' refers to the spaces and buildings needed to accomplish the parish's mission. The parish program used in this feasibility study built upon all previous rounds of consultation.

⁸ In greater detail, this would mean securing a zoning memorandum to help articulate the legal contours of what could be built on the St. Charles site; conducting an architectural test fit study to spatially illustrate how parish objectives and requirements could be met within this allotted physical and legal envelope; and, estimating the value of a ground lease with a potential development partner. These initial steps would help the Redevelopment Committee determine whether St. Charles could construct the necessary buildings to achieve its vision while preserving a sufficiently lucrative parcel of land that could be leased to a development partner, which would in turn generate the necessary revenues to finance the construction of the new St. Charles.

parish program, the most important initial architectural considerations. Each option had implications for the amount of land available to lease to a development partner, which would subsequently affect lease revenues. DMSAS advised on the implications that various options would have on the likelihood of County and community support.

In collaboration with Fr. Planty, the Committee Chairman, and the feedback received from the larger Redevelopment Committee, DMSAS only produced prudent options that had a high likelihood of securing the support of the larger community. This included looking at how a potential development would impact nearby residential sight lines and how tapers, step-backs, and potential building heights would affect the walkability and overall feel of the surrounding area.

Given a close study of these options, the Redevelopment Committee ultimately chose a scenario which optimized across these architectural considerations. This scenario was presented to Bishop Burbidge, and his Building Commission, an advisory body composed of finance, constructional and architectural experts. The Bishop, informed by the Building Commission's unanimous endorsement, accepted the recommended option as a basis for further efforts.⁹ Please see Image 3: Recommended Option:

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⁹ This option provides the optimal mix of Church position, parish program, developer yield, and likelihood of County and community support. That being said, it is worth reiterating that it remains a conceptual plan. Further planning, design, and consultation is needed before any final site plan is produced. Final designs are also contingent upon numerous factors such as the impact of the Clarendon Sector Plan Update, the selection of a development partner, as well as the eventual entitlement process.

Recommended Option



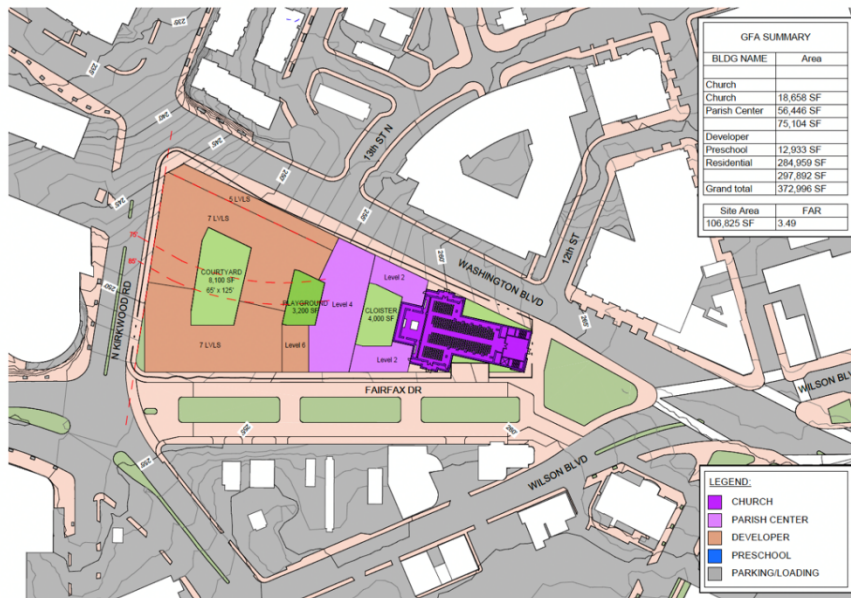
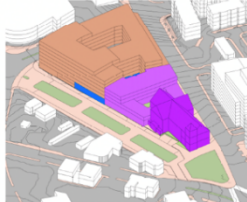
This recommended option provides the optimal mix of Church position, parish program, developer yield, and likelihood of County and community support

DESCRIPTION

- The church opens onto a plaza and the county park. The plaza provides a pedestrian connection from 12th street to Fairfax Drive. This space could also accommodate vehicles for wedding and funeral pick-up and drop-off.
- Fairfax Dr is shown as a modified pedestrian street with limited vehicle access per the Clarendon Sector plan.
- The parish center surrounds a cloister behind the church.
- Parking access is along Washington Blvd opposite 13th street and along Kirkwood opposite the GMU loading dock. Developer loading access is via the Kirkwood entrance. The space between the parish center and the developer building can be designed to accommodate above-grade loading and trash for the church.
- A 100-Child Preschool is located at the ground floor of the developer building

PROS/CONS

- The church faces Clarendon
- Development GFA is maximized
- The church has flexibility in its configuration.
- The cloister is a regular shape and is well shielded from noise.
- The parish center surrounds the cloister and has access to good light and air.



This option satisfies the initial architectural requirements outlined by the St. Charles Redevelopment Community; the next step was to determine initial financial feasibility

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Image 3: Recommended Option

Parish Program

Based on the parish consultations outlined above, as well as Fr. Planty's pastoral vision and guidance, DMSAS articulated the following draft of the parish program as part of this conceptual test fit:

- St. Charles should be a welcoming church environment that draws people in and welcomes them to explore the variety of spaces and their deeper meaning. The relationship of the parish to the community is a top priority and informs many of the decisions about the placement of the church and the cloister on the site.
- Parish Program Priorities include:
 - A stand-alone 600 seat church and associated spaces such as a narthex, baptistery and choir loft.¹⁰
 - A peaceful outdoor space (cloister) capable of supporting quiet reflection as well as parish events.

¹⁰ A 600-seat church would reflect a slightly larger seating capacity than the current St. Charles space. This number is an early approximation and was used as a conservative planning assumption. The architects will refine this number in later work.

- A parish center with a variety of gathering spaces to support a full range of parish and community programs and functions.
- Offices for parish staff
- A rectory (residence) for priests
- Parking (underground)
- Possible inclusion of a preschool
- Possible inclusion of a parish operated café

Preschool

The recommended test fit provides a space that could be used for a preschool of various possible sizes. In this recommended test fit scenario, a preschool would be located on the ground floor of the developer-managed building immediately adjacent to the parish program. This solution optimizes several key considerations at this stage of high-level planning: first, this arrangement preserves a meaningful space for the St. Charles preschool and would enable the greatest optionality for size throughout the planning process; second, the preschool's conceptual placement would satisfy Arlington County's requirements governing daycares and would offer the greatest flexibility when it came to outdoor play space as well as pick-up and drop-off; third, this arrangement would help satisfy Arlington County's requirement for retail or retail-equivalent space; and, fourth, the preschool would be immediately adjacent to the parish program while complementing other high-priority functions.

It is important to note, however, that preschools pose unique challenges and constraints. Several requirements would need to be met to actualize this conceptual rendering of the preschool. The preschool would need to be financially viable (both independently and as part of a larger development project), legally feasible from an entitlement and permitting perspective, and strategically desirable to a future development partner. Fr. Planty has directed the creation of a separate Preschool Transition Task Force, to include staff and preschool families, to successfully map, plan, and consider these requirements.

Valuation: Brokers and Independent Appraisal

The Redevelopment Committee used the recommended test fit to estimate the value of a 99-year ground lease with a development partner. The Redevelopment Committee sought a Broker Opinion of Value (BOV) from three reputable commercial real estate brokerage firms, while also commissioning an independent appraisal of the ground value from an independent appraisal firm. These firms produced a range of estimated ground lease values. The Redevelopment Committee reviewed these valuations, shared them with key diocesan staff, presented them to the Diocesan Building Commission, and determined that the revenues generated from a ground lease would be sufficient to finance the construction of a new church and parish program. Given the myriad sensitivities associated with valuations in general and the advice received from legal counsel, the Redevelopment Committee will not publish these estimates. However, a description of how land value (to include ground lease value) is derived may be helpful to interested readers and has been included as an appendix.

Feasibility Analysis

The Redevelopment Committee used the information above to analyze the feasibility of a potential redevelopment. The Redevelopment Committee worked with diocesan partners to analyze and prepare this information for final review and approval. In summary, given the legal envelope articulated by Walsh Colucci, the recommended test fit produced by DMSAS, and the estimated value of a ground lease based on numerous sources, it is reasonable to conclude that the proposed redevelopment of the St. Charles site is feasible. The Diocesan Building Commission reviewed the Redevelopment Committee's work and unanimously endorsed its methodology and findings. Shortly thereafter, Bishop Burbidge reviewed this work and its preceding consultative efforts and approved subsequent steps for Fr. Planty and the Redevelopment Committee to seek and solicit a development partner for the comprehensive redevelopment of the St. Charles site.

Next Steps

The approval to move forward with the redevelopment of the St. Charles site provides permission to seek a development partner for this effort. At a high level, this marks an important shift in this effort: with this approval, this project graduates from a merely "potential" redevelopment of the St. Charles site to becoming a reality. It puts the parish one step closer to realizing its dream of a new beautiful Church and parish program.

Broadly speaking, there is still much to do. It may take approximately six months to select a development partner. It may take another 18-24 months to receive the necessary approvals from Arlington County and it may take a further 24 months to complete construction of the entire site. While we may still have to wait several more years for a new Church and parish program, we have accomplished quite a bit in our efforts so far and we have set a strong foundation for the future.

In practical and more immediate terms, this means soliciting proposals from the development community, inviting the most promising applicants to more in-depth conversations, negotiating terms with the likely partner in the preparation of a Letter of Intent (LOI), and presenting the LOI for diocesan approval. This next step will again involve expanding the team of development professionals supporting this effort and collecting further necessary information before going out to the development community. The Redevelopment Committee has already:

- onboarded a transaction attorney to help with these efforts;
- secured an updated property title;
- ordered an updated survey of the site to inform future architectural work and to enable potential partners to submit their own concept plans;
- begun refining the architectural plans for the Church-managed portion of the land, primarily to clearly articulate the parish's needs and requirements for any ground lease agreement;

- and, neared completion of a Request for Proposal (RFP) for hiring a commercial real estate brokerage firm and/or a development consultant to help with the selection of a development partner.

This next chapter of the redevelopment will offer parishioners several opportunities to get involved, specifically regarding architectural planning, as well as participation in Arlington County's public engagement efforts for the Clarendon Sector Plan Update. More background information on both is included in Appendix 3: Architecture and Clarendon Sector Plan Update Next Steps.

Conclusion

As mentioned in Fr. Planty's introductory letter, we are at an exciting milestone in our effort to build a new home for St. Charles Parish. As has been the case throughout this process, Fr. Planty and the Redevelopment Committee will rely on St. Charles parishioners for continued input and feedback to inform continued efforts. Please stay posted for emails, pulpit announcements, and website updates for how and where to get involved. Most importantly, please pray to our patron, St. Charles Borromeo, for the Redevelopment Committee, for the professionals hired to support this effort, for diocesan staff, for neighbors, for the Arlington County officials and staff involved in this project, for fellow parishioners, and for Fr. Planty. Pray that all may have the virtues necessary to guide this amazing project to its successful completion and that these many parties may come together to build something that gives glory to God and that serves the good of his people.

Appendix 1: Study Methodology

The work presented in this report is the product of a collaborative effort undertaken by the Redevelopment Committee and builds upon two previous consultative phases that included the participation of hundreds of parishioners as well as current, ongoing collaboration and coordination with key Diocesan stakeholders. The Redevelopment Committee continued to emphasize a transparent, collaborative approach to its work as it initiated this latest phase of work with another round of virtual consultation that prompted parishioners to offer their thoughts and hopes for the future vision of St. Charles. The results of this effort have been circulated in a parish update and are also included later in this report.

To maintain and expand its collaboration with the Diocese, Fr. Planty and the Committee Chairman sent weekly updates to the Diocese's Chief Operations Officer, Mr. Ward Jones; the Diocese's Director of the Office of Planning, Construction, and Facilities (OPCF), Mr. Andrew Schulman; and the entire Redevelopment Committee. Fr. Planty and the Chairman held biweekly update calls with Mr. Schulman to discuss redevelopment matters in greater depth and the Redevelopment Committee continued to meet monthly throughout the entire course of this study. The Redevelopment Committee also consulted with Mr. Schulman whenever contracting with an outside firm to provide redevelopment services. When hiring outside experts, the Redevelopment Committee always sought proposals and estimates from at least three competing firms. To set the conditions for the strongest possible study, the Redevelopment Committee also hired and retained a dedicated "red team" consultant to formally challenge assumptions and plans throughout the course of the concept study. MTFA Architecture served as the red team for this effort and provided feedback on legal, architectural, and valuation products and any associated analysis.

Fr. Planty and the Chairman also conducted introductory meetings with several community partners, to include Arlington County staff members, neighboring civic associations, the Clarendon Alliance, George Mason University, and neighboring property owners. The Redevelopment Committee's work coincided with Arlington County's effort to revisit the Clarendon Sector Plan. Given this timing, the Redevelopment Committee proactively requested participation in this process and sought counsel from its land use attorneys on how best to work with Arlington County Planning Staff. This report details the Redevelopment Committee's latest efforts with the county's planning staff; please note, however, that the Clarendon Sector Plan Update is currently underway and certain portions of this report may be outdated by the time of its publication.

It is also worth highlighting that the findings in this report do not constitute formal development plans; rather, they are theoretical solutions to help determine the feasibility of a potential redevelopment.¹¹ The ultimate design of the St. Charles redevelopment is contingent upon more detailed planning; further consultations with relevant parties; the selection of a development partner;

¹¹ Nothing in this report should be interpreted as a formal design plan that will be used in the formal Arlington County Site Plan Review Process.

and the eventual entitlement of a redevelopment project. The Redevelopment Committee will only begin work on formal design plans in its subsequent phases of work. These designs will undergo additional consultation with the parish and the appropriate oversight with Diocesan offices. The parish will receive periodic updates on those efforts and a summary of future planning will be outlined in future reports.

Finally, all of the work presented below has been reviewed by the Diocese of Arlington's Building Commission and is in accordance with the Diocese of Arlington's updated Building Commission process and manual. The Building Commission is a consultative body that the Bishop of Arlington, Most Reverend Michael Burbidge, has formed to help him and pastors with complex decisions regarding construction. This body is composed of twelve experts in finance, construction, and architecture and represents almost 200 years of experience with the purpose of providing pastors with necessary insight and to inform the Bishop. The Diocesan Building Commission has reviewed the Redevelopment Committee's work and unanimously endorsed its methodology and findings. Bishop Burbidge reviewed this work and its preceding consultative efforts and has approved subsequent steps for Fr. Planty and the Redevelopment Committee to seek and solicit a development partner for the comprehensive redevelopment of the St. Charles site.¹²

¹² Given the complex nature of real estate projects, this report provides a supporting narrative explanation of the steps mentioned above in the hopes of making the content as accessible as possible to the St. Charles parish as well as the broader community. This report summarizes and presents all relevant findings from the larger feasibility study with one exception: this report does not include the valuation estimates from various Commercial Real Estate (CRE) brokerage firms or independent appraisers. These estimates are a function of certain planning assumptions and considerations that are complex and subject to change, especially in future discussions and negotiations with a potential development partner. Given these considerations, the Redevelopment Committee determined that it would be most prudent to keep these valuations confidential until a later time.

Appendix 2: Land Value Methodology

Ground lease value is a function of the underlying land value, which in turn may be estimated using various methodologies. The following methodology appeared in each of the Broker Opinion of Values (BOV) that the Redevelopment Committee received when estimating the value of a ground lease to a development partner and the following passage has been readapted from one in particular that offered the clearest narrative on this methodology.

Land value is a function of a development partner's anticipated income generation; the prevailing conditions of capital markets; and the various costs associated with developing a project of this nature. Specifically, the land value is calculated as follows:

$$\text{Land Value} = \text{Total Allowable Project Costs}^{13} - \text{Hard Costs} - \text{Soft Costs}$$

Where...

$$\text{Total Allowable Project Costs} = \text{Net Operating Income} / \text{Return on Costs}$$

These equations are relevant because they help illuminate the drivers of how developers will value a ground lease and how the parish will generate the required revenue to build a new church and parish program.

First, these equations help illustrate the trade-offs associated with allocating space between the parish and the developer. Excess space dedicated to either the parish or the developer comes with associated costs. If the developer asks for more space to increase its income, it will increase the underlying land value but may come at the cost of space dedicated to the parish mission. Similarly, if the parish takes more space than required to achieve its mission, it reduces the amount of space available to a developer to generate income (e.g. fewer multifamily residential units equals less rent). As the developer's income goes down, the underlying land value also decreases.

Second, these equations help illustrate the full impact of changes in a development partner's income. These changes have downstream effects on the parish so it is important to understand these drives to be the best possible financial stewards for the parish. As seen above, the Total Allowable Project Cost is the Net Operating Income divided by the Return on Costs that the capital markets would need. This means that every additional or subtracted dollar of income to a developer is then divided by the Return on Costs, which, for the sake of simplicity and instructional purposes, can be thought of as 5%.¹⁴ This means that each additional dollar generated in revenue is essentially multiplied by 20 when determining final land value. This multiplier also applies to decreases in income. In the case of the

¹³ This term is typically called the Total Project Cost but may be thought of as the Total Allowable Project Cost for the purposes of this explanation.

¹⁴ This number is used exclusively for illustrative purposes and ease of use. It is not to be interpreted as an accurate or timely estimation of capital market expectations or conditions.

latter, this would be especially important to note if some party demanded some use or function that would come at the expense of developer yield. This foregone opportunity does not come simply at the expense of lost income; rather, it comes at a much larger expense when considering return on cost.

Third, these equations also illuminate how future potential costs will be borne by the parish. Since land value is a “residual,” costs incurred on the developer will be subtracted from the Total Allowable Project Costs, which equates to a lower underlying land value. This means that these costs are ultimately borne by the parish. For example, if a developer is expected to pay for some community or infrastructure improvements, this would be categorized as a “cost.” This cost would then be subtracted from the Total Allowable Project Cost, which would be then subtracted from the land value and thereby the parish’s revenue stream. This is especially important to note for the future as the parish’s redevelopment project advances through negotiations with development partners and the Arlington County entitlement process.

When calculating the value of a ground lease, the land value serves as a base to calculate annual coupons based on a number of different conditions (e.g. lease length, resets, rate of return, etc.).

Of course, everything listed above is conceptual and the reality may differ from the model above in certain circumstances. Some of these dynamics may be impacted further downstream during negotiations or in legal covenants. But in broad conceptual terms, the value of a ground lease changes with a development partner’s projected income, required returns, and associated costs.

Appendix 3: Architecture and Clarendon Sector Plan Update Next Steps

Architecture


The next phase of architectural work will provide St. Charles with a more detailed vision for the eventual redevelopment of the parish-managed portion of the property. This effort will clarify requirements to potential private development partners and provide an architectural basis for assessing anticipated costs and potential revenues. It will also serve as a vehicle for soliciting feedback from parishioners.

Parishioners will have an opportunity to provide feedback on the alternative arrangements and relationships of the primary program elements (e.g. sanctuary, meeting spaces, etc); comment on arrival and site circulation sequences as well as circulation points within and between arrival points and the various key Church spaces; and share their preferences on precedent images that will inform eventual aesthetic choices. Fr. Planty will invite parishioners to attend a session with the architecture team in early 2021.


Clarendon Sector Plan Update

The existing Clarendon Sector Plan informed the feasibility study outlined throughout this report. Conceptual variances or anticipated bonus density were incorporated into the feasibility study using conservative planning assumptions based on land use precedent. However, during the course of this feasibility study, the Arlington County Planning Staff announced that it would update the West End portion of the Clarendon Sector Plan that encompasses the St. Charles site. The Redevelopment Committee requested participation in this study to ensure that any changes to the Clarendon Sector Plan incorporated St. Charles' recommendations and equities. The Redevelopment Committee worked with its expert team to propose changes to outdated form-based guidance offered by the current Clarendon Sector Plan. The Redevelopment Committee proposed these changes as part of a concept plan submitted to Arlington County Planning Staff summarized in Image 4: Clarendon Sector Plan: Recommendation Summary.

Recommendation Summary



ST. CHARLES
CATHOLIC CHURCH | CLARENDON



DAVID M. SCHWARZ
ARCHITECTS

St. Charles has prepared five recommendations: three recommendations address the St. Charles site and two consider broader issues that affect both St. Charles and the immediate neighborhood.

HEIGHT AND STEP-BACK REQUIREMENTS

- Replace 1:3 Taper Requirement along Washington Blvd with a 65' step-back above 75'. A 65' step-back maintains appropriate transition to residential neighborhoods and does not negatively impact pedestrian sight lines.
- Increase maximum height in the center of the site to 110'. This proposed change allows for a more practical building envelope that is consistent with its surroundings and respectful of sight lines.
- Revise 60' height limit along Fairfax Drive to 90' to match 90' limit on south side of Fairfax Drive. Include a 20' step-back above 90' along Fairfax Drive. This allows for consistency with neighboring guidelines.

STREETS

- Reclassify Fairfax Drive and N. Ivy St. as pedestrian with limited vehicular access. This enables a comprehensive, pedestrian friendly connection to Virginia Square and addresses north-south pedestrian access. Regular vehicular circulation via N. Ivy Street is unnecessary.

FAIRFAX DRIVE IMPROVEMENTS

- Revise Fairfax Drive into a shared use pedestrian friendly plaza
- Provide paved pedestrian connection at future 12th St. Allow limited vehicular access.
- Reroute existing bike lanes along south side of plaza to reduce interaction with pedestrians.
- One way vehicular access along south side of Fairfax and at West end of park.

RETAIL FRONTAGE

- Omit or make optional requirement for retail and/or retail equivalent along Washington Blvd as shown. This better reflects the realities of retail along Washington Blvd, the church's envisioned plans, and the potential conversion of Fairfax Drive into the primary pedestrian connection to Virginia Square.

LOADING & PARKING ACCESS

- Allow Parking and Loading access on Kirkwood in addition to Washington Blvd. Provide for an additional curb cut for Church's service access along Washington Blvd. This works with existing site topography, mirrors existing parking and loading access across the street, and alleviates traffic along Washington Blvd.

Taken together, these recommendations allow for a more practical, realistic, and better integrated site that supports beautiful open space, increased pedestrian walkability, and a more connected Clarendon.

3

CLARENDON SECTOR PLAN RECOMMENDATIONS

11/18/20

Image 4: Clarendon Sector Plan Study: Recommendation

These recommended updates to the Clarendon Sector Plan are anchored in the spirit of the Clarendon Sector Plan and are provided to best support the needs of the site and the community. These recommendations are graphically depicted in greater detail in Image 5: Clarendon Sector Plan Study: St. Charles Concept Plan below:

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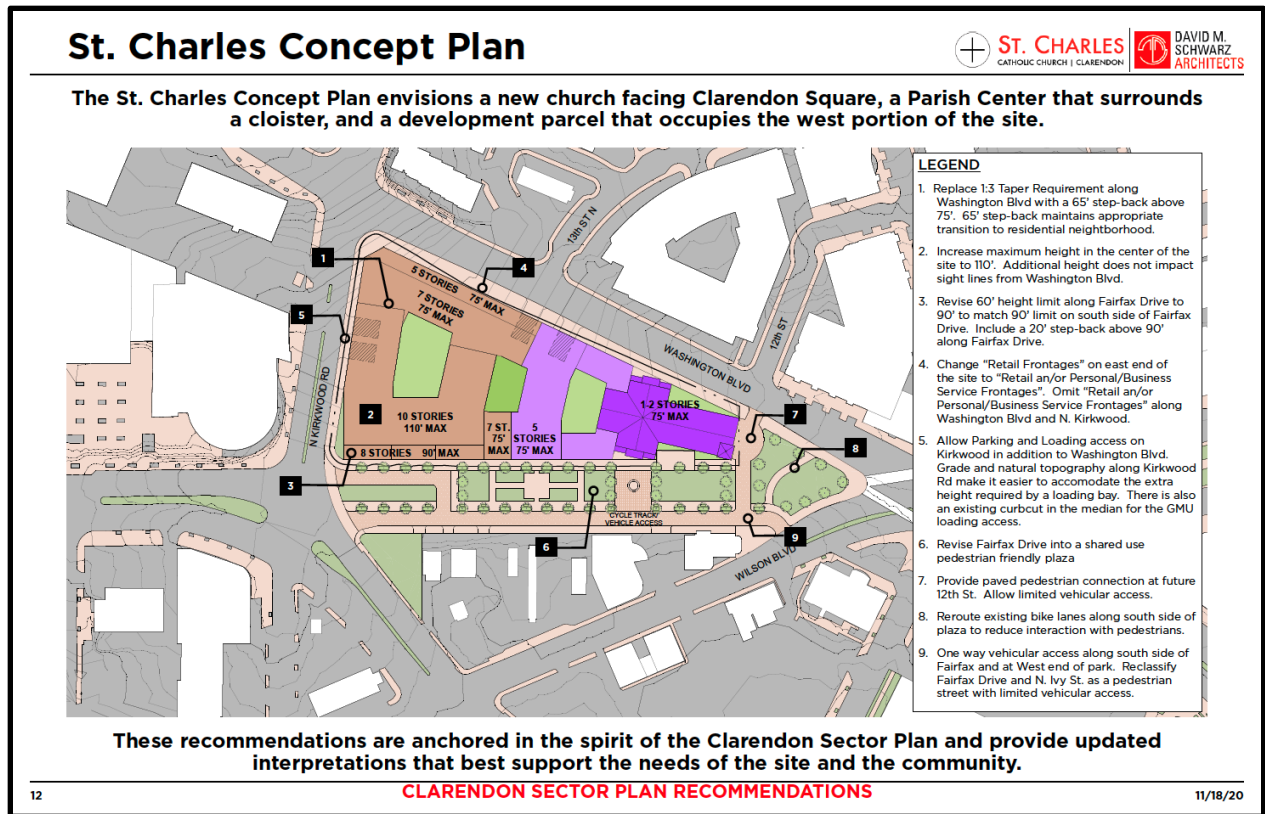


Image 5 Clarendon Sector Plan: St. Charles Concept Plan

It is important to note that this effort is entirely conceptual and meant to inform the Clarendon Sector Plan Update; this is distinct from the future Site Plan Review Process. As such, nothing provided in these slides or submitted to the County should be interpreted as a formal site plan. The entire presentation has also been posted on the parish website for reference under the document name “St. Charles-Arlington County Presentation-201118.” St. Charles parishioners are encouraged to stay updated on Arlington County’s efforts to update the Clarendon Sector Plan and to get involved in surveys and public engagement sessions.