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May 19, 2017

## **EDA Addresses Questions Regarding the Royal Lane Workforce Housing Project**

**May 17, 2017, Front Royal, Virginia:** The Economic Development Authority Board of Directors and Staff have prepared a comprehensive package of information to address questions posed by certain Town Council members, County Supervisors and members of the local press regarding the EDA's Royal Lane Workforce Housing Project. Included here is a detailed timeline of events and history of the Workforce Housing Project and appendices to support each phase of the evolution of the Project and EDA's involvement thereto.

### **History of the Workforce Housing Project:**

In 2002, Workforce Housing was identified in the Front Royal-Warren County Economic Development Authority's strategic planning process as an area of economic development the EDA should begin to focus on (with the Town and County) in order to diversify the inventory of housing available to our local workforce. *(The EDA designed its written "Strategic Plan," to guide the efforts of the EDA Staff and Board. Every two to four years, the EDA Board of Directors and Staff take one full day to review, discuss and update this document. The most recent version of this document is available to the public, and can be found on EDA's web site, [wceda.com](http://wceda.com) under "About the EDA." Note: all revisions and updates to*

EDA's "Strategic Plan" are delivered to the Front Royal Town Council and the Warren County Board of Supervisors for review and input.)

**2007:** Additionally, the "SRI Roadmap," (Note: The SRI Roadmap, a \$300,000 report commissioned by then Town Council, County Board of Supervisors and Economic Development Authority in 2007 to identify community development strengths, weaknesses and recommendations) identified workforce housing as an issue that the community should address and was included as initiative 8D in SRI's Third Quarter Report, 2007. No action was taken on the Workforce Housing Project at that time. It was identified again, in EDA's 2010-2012 Strategic Plan and yet again in its 2013-15 Strategic Plan.

In a survey, conducted in **December 2009** by the County, many people said that the community did not have high quality and affordable apartments and townhouses for young people and the elderly. In the 2010 Census, the age group of 60 and older, comprised 16.7% of Warren County's total population. The issue of affordable housing for retired people and young couples moving into the community should be explored more thoroughly.

The housing affordability issue also affects young families. Those working in lower-paying or entry level jobs are likely to experience difficulty in buying or renting in the County. The gap in affordable housing can affect the ability of employers, including local government, to attract employees crucial to the community's health and safety, as well as to the area's economic growth and prosperity.

**2008 and 2012:** The County, along with assistance from the EDA, conducted employee surveys of industry, public school employees, police, deputies and fire personnel to determine how many in that workforce sector lived in Warren County and how many lived outside of Warren County.

**In July 2014,** EDA Staff began collecting data on workforce housing availability in the community, along with median salaries of teachers, nurses, police and fire personnel, etc. In August 2014, Steve Burke, then Town Manager, and Doug Stanley,

County Administrator, were notified by Jennifer McDonald (EDA Executive Director) that the EDA was launching an initiative to research its ability to develop a workforce housing project geared not at low-income subsidized housing, but geared to accommodate the service industry workforce (specified above); and that *the EDA would not ask for any County or Town funds to assist with the project*. Mr. Stanley responded promptly to the information; Mr. Burke did not respond.

On **August 14, 2014**, Jeremy Camp (Front Royal Planning Director) responded in detail to an e-mail from Jennifer McDonald questioning whether land on Royal Lane in the Town limits would be suitable for a workforce housing apartment project. From his response, EDA compiled a list of potential properties for workforce housing and narrowed the search to three properties. It was at or about this time that Jennifer McDonald disclosed in closed session to the EDA Board of Directors her familial relationship with the Campbell's (owners of one of the three properties).

**In November 2014**, Martha Shickle (then Executive Director of the Regional Commission) notified Jennifer McDonald that "HOME" (HUD) funds would be available through the Commission for workforce housing development. EDA secured \$300,000 for construction assistance for the project. EDA continues to work with the Regional Commission on this project.

Subsequently, in February 2015, one of the three sites identified as suitable for workforce housing development was eliminated due to topographic issues and the need and attendant costs to build a bridge to the site.

EDA Staff worked for months to assemble feasibility research including traffic counts (by Pennoni & Associates) and environmental studies, and to prepare a cohesive plan for the project, including working with Town officials to identify appropriate project layout, architectural drawings, plats, and other paperwork required for submission to the Planning Commission for review.

**In June 2015**, a joint meeting was held of the EDA, Town Council and County Board of Supervisors. The first item on the agenda was workforce housing; the site layout of Royal Lane was presented at that meeting. There was considerable discussion between the three entities with no objections.

**Town Zoning Regulations for Multi-Family Dwellings (Apartments)**: Jeremy Camp provided Jennifer McDonald with a Town zoning map outlining those areas where multi-family dwellings are allowed either by-right or special use permit. Many of the areas were cost-prohibitive due to the total parcel acreage, or location and attendant costs (i.e. downtown properties would not be suitable, as they would require numerous purchase contracts and enormous amounts of investment in renovation and infrastructure upgrades). *Note: According to Town Code, apartment complexes cannot be developed in areas zoned "Residential," but may with approval from the Town Planning Commission be developed on land zoned "Commercial" through a special use permit thus limiting Town parcels that were considered suitable and available for workforce housing development.*

According to Mr. Camp, *"HEPTAD probably has the most readily available 'large' site for development of apartments other than perhaps Royal Lane. The area behind Rural King has been considered for apartments in the past by others. There are many other potential sites as well, but many would require demolition and acquisition of multiple parcels ...."* EDA was not interested in purchasing a large tract of land, as the overview limited the project to three buildings on approximately 3-5 acres of land. The Royal Lane parcel fit the prospectus perfectly. The parcel was zoned C3 (commercial), but EDA was granted residential build-out by special use permit voted on by the Town Planning Commission.

**September 2015**: Jennifer McDonald disclosed in open session at EDA Board of Directors meeting her familial relationship to the Campbell's (the property owners).

**October 2015:** EDA presented the first design plan, traffic counts, environmental studies, etc. to the Town Planning Department and Town Council. **In November 2015,** a meeting was held with EDA and Town Staff to address concerns on the site layout. EDA spent a considerable amount of time and money on redesigning the project layout as per Town request, only to be told to then return to the original design.

**In December 2015,** Jeremy Camp sent Jennifer McDonald an e-mail outlining a meeting on workforce housing with Hollis Tharpe (Town Councilman). At that time, EDA worked with Pennoni to redesign the layout of the project as requested by Town officials.

**January 2016,** EDA was told by Town officials to take the design back to its original concept – now 3 months have been spent in agreeing upon the layout design.

**On January 12, 2016,** Gerry Maiatico (Fire Marshal) sent McDonald a letter of no objection to a single complex entrance (as requested by Town). Maiatico letter was sent to Jeremy Camp and Steve Burke on January 14, 2016.

**From January 2016-April 2016,** EDA worked with Pennoni (engineers) to finalize the site plan to eventually be submitted to the Town Planning Department.

Pennoni & Associates engineering firm conducted the Impact Analysis on the site and under the section, **Access and Transportation** stated: *“The proposed 36 apartment units would generate 252 average daily vehicle trips. Compared with the commercial uses that could be realized on the Property on a by-right basis, this special use permit application substantially reduces the trip generation potential for the site.”*

**April 2016,** the application was submitted to the Town Planning Department; EDA received an e-mail request from Jeremy Camp asking for a letter from the Fire Marshal allowing one entrance; EDA re-forwarded the original e-mail dated January 14, 2016.

**June 2016**, EDA took ownership of the property in order to comply with Town regulations for applying for a special use permit. The Workforce Housing Project was put on the Town Planning Commission agenda.

**July 2016:** EDA Staff met with adjacent property owners and the final vote was taken in **November 2016** approving the project by Town Council. At this meeting, Ms. McDonald was questioned by Councilman Egger on the “assessed value” of the property, which Ms. McDonald wanted to clarify the difference between “assessed value” or taxable real estate value versus “appraised value” or market value. In an effort to emphasize that “appraised” value is usually higher than “assessed” value, Ms. McDonald indicated that the higher number \$445,000 (versus \$345,000) would be the appraised value – causing some to assume that an official appraisal had been conducted on the property; which it had not. *“I take full responsibility for causing some confusion,” said Ms. McDonald. “I simply wanted Councilman Egger to understand that the appraised value is usually higher [that it would be the higher number] than the assessed value. Unfortunately, I used the word ‘appraisal’ instead of ‘comparable’ in my response to her questioning. And I acknowledge that mistake. There has been no appraisal on the property.”*

*(Note: Appraisals are not required in the negotiation phase of real estate projects. They are, however, required for construction loans, mortgage loans or when property is being held as collateral and that point at which the project involves a bank, loan company or other financial institution.)*

**Town Council Meeting Minutes, October 24, 2016, Page 3 of 7:** *“Councilman Egger noted that she had issue with the road not going through to Remount Road at this point. Councilman Tewalt noted that one day it could most likely be extended. He stated that he would have no issue with supporting the request as presented.*

*“Councilman Hrbek stated that he would support the proposal as submitted to Council. He stated that many teachers lived in Strasburg and Stephens City though they taught in Warren County and eventually the Town would lose them to other positions in other localities.*

*Mr. Hrbek stated that there was a need for these young professionals and it was time to catch the millennial generation and provide appropriate housing in the Town for them.*

*“Councilman Egger noted that there are no apartment buildings currently in Town that are not subsidized and this would be the first.”*

**Land Values and Purchase Price:** The purchase price of \$445,000 was determined through price comparisons on comparables of in-Town parcels of land zoned for multi-family housing (apartment) complexes. This is a common practice in real estate for determining price point negotiation.

*“The EDA decided that not only was the purchase price of \$445,000 **reasonable**, but it seemed a small price to pay to launch the workforce housing initiative – something we’ve talked about for **ten years**,” said Patty Wines, Chairwoman of the EDA.*

*“In response to concern from certain Town officials that we did not disclose the March 1<sup>st</sup> construction start deadline,” said Wines, “the EDA was witness to a confidential real estate transaction and no monies from the Town were involved in the transaction, therefore, the EDA upheld its responsibility to confidentiality and was under no obligation to inform Council.*

*“Now, we are moving forward to make this project happen.”*

**Current Status of the Royal Lane Workforce Housing Project:** The Front Royal-Warren County Economic Development Authority owns the 3.6 acre parcel on Royal Lane and prepares to move forward with the housing project. EDA has been granted a “special use permit” by the Town Council and Planning Department. EDA has submitted site plan documents to the VA Department of Environmental Quality and awaits final permits in order to move forward with ground breaking projected in June-July 2017. *To reiterate: no Town or County funds are involved.*

*“The EDA Staff will continue our work guided by our Board of Directors and Strategic Plan,” said Jennifer McDonald, Executive Director of the Economic Development Authority. “We actually put our strategic plan into action resulting in viable, tangible projects for this community. This document will drive us forward -- not simply gather dust on a shelf somewhere ....”*

*“The EDA Board of Directors has very comprehensive and thoughtful discussion on every project we take on,” said Greg Drescher, Vice-Chairman of the Economic Development Authority. “Our Executive Director, Jennifer McDonald, works under the Direction of this Board and does not make unilateral decisions without our approval. Often the work of the EDA involves unique situations. Those knowledgeable of more traditional agreements involving businesses may be surprised and even question the creative solutions the EDA is able to present to unique land and/or business dealings. However, our community can rest assured that any agreements being made are done legally and with the best interests of our community at heart.”*

*“I find it ODD,” said Patty Wines Chairwoman of the EDA, “that despite the fact that we have delivered our Strategic Plans and Annual Reports each time they are revised and updated to Town and County officials, certain members of Town Council and County Board of Supervisors do not remember telling the EDA to move forward with workforce housing.*

*“I also find it ODD that there seems to be a group of people in Front Royal who are determined to manufacture a scandal .... Let me assure everyone – our work is challenging but we are certainly up to the task and we are devoted to the economic well-being of our entire community. There is no scandal here!”*

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*See attached appendices for detail on the above noted timelines.*

**APPENDICES:**

- Appendix I.** News Articles: *The Northern Virginia Daily*  
December 7, 2015, by Alex Bridges  
August 19, 2016, by Alex Bridges
- Appendix II.** EDA Strategic Plans  
a. 2002-2006  
b. SRI Roadmap  
c. 2010-2012  
d. 2013-2015
- Appendix III.** EDA Annual Reports, 2008-2015
- Appendix IV.** Zoning Map with Identified Parcels
- Appendix V.** EDA Board of Directors Workforce Housing Minutes + Resolution
- Appendix VI.** Invoices & Contracts
- Appendix VII.** Royal Lane Impact Analysis Statement
- Appendix VIII.** "The Role of Workforce Housing in Creating Jobs and Stimulating Economic Development," Center for Housing Policy