



The Falls Church Village Preservation and Improvement Society

Mayor Tarter and Members of the City Council
Chair Wodiska and Members of the Planning Commission
City of Falls Church
300 Park Avenue
Falls Church, VA 22046

February 15, 2021

Subject: Revision of Founders Row Voluntary Concessions

Dear Mayor Tarter and Members of City Council and Planning Commission:

The Village Preservation and Improvement Society (VPIS) thanks you for the opportunity to comment on the proposed changes to the voluntary concessions for the Founders Row project. VPIS has grave concerns about the proposed change in the balance of risk between the developer and the City for Founders Row.

Risk is defined as the actual outcome differing from the planned outcome. Developers and large commercial projects have sophisticated risk analysis frameworks and their initial proposals consider those risks. The request by Founders Row to release occupancy permits in return for an escrow is not a completely new situation facing the City. The City must negotiate a more equitable balance of costs and potential benefits due to changed circumstances.

Under the terms of the voluntary concessions, the developer is responsible for providing a movie theater. Fifty percent of residential occupancy permits are the leverage held by the City to ensure that the developer performs. Under the proposed changes to the voluntary concessions presented on 1/25/2021, the developer is still responsible for the movie theater but the City gains nothing. All escrowed funds go to the developer to assist in a theater buildout. In fact, the developer retains all interest earned on the escrow. This is not a good deal for the City.

The City must negotiate with the developer with firm resolve to protect the interests of the City. Possibilities to consider include (but are not limited to):

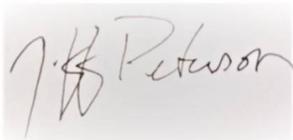
- have the escrow account and all accrued interest payable to the City after three years if a theater lease is not signed;

- rather than use the escrow account for theater buildout, have the developer escrow an amount for each unit, payable to the City after three years if a movie theater lease is not signed; and
- increase the percentage of ADUs to 10% of the total number of units at the expense of the developer (not shifted from other concessions).

Some combination of these or other mitigating steps deemed equitable must occur if the City is to give up the revenue/cost balance currently in place or remove the leverage of the residential occupancy permits.

The City must preserve the interests of taxpayers while moving forward with improvements. When economic conditions change, the City must address the inevitable changes in circumstances with the same robust care and risk sharing it seeks in initial negotiations. VPIS urges the City to consider the proposed changes to the concessions in that light and seek measures that will better protect the City's financial interests.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Peterson". The signature is written in a cursive style with a large, stylized "J" and "P".

Jeff Peterson
President, VPIS