

CAPSTONE COLLEGIATE COMMUNITIES, LLC

Statement of Justification

June 27, 2018

This Statement of Justification is included as part of the Master Development Plan prepared by Christopher Consultants dated June 27, 2018, consisting of fourteen (14) sheets (the "MDP"), and should be read in conjunction with the MDP as if fully set forth therein. The contents of this Statement of Justification address the requirements set forth in Section 3.8.2.C.1 of the City of Fairfax Zoning Ordinance, as amended by City Council on March 27, 2018.

Capstone Collegiate Communities, LLC (the "Applicant") is the contract purchaser of approximately 6.15 acres located in the City of Fairfax. The property is identified as tax parcel 57-2 ((20)) 6A (the "Subject Property") and is located in the northeast quadrant of University Drive and Democracy Lane. Currently zoned to the CR Commercial Retail District, the Subject Property is developed with low-rise office buildings and associated surface parking. The aging office buildings, constructed in approximately 1978, are approximately 50% vacant. Given the age of the office buildings and condition of the current office market, the Subject Property's use as commercial office is no longer viable. The Applicant is proposing to rezone the Subject Property to the Planned Development Residential (PD-R) and Old Town Fairfax Transition Overlay (TO) Districts to permit the redevelopment of the Subject Property with a multifamily residential community that will be marketed primarily to graduate and undergraduate university students.

APPLICANT OVERVIEW

The Applicant specializes in the development, construction, and management of high-quality off-campus student housing in proximity to major colleges and universities across the country. Formed in January 2012 as part of the restructuring of Capstone Development, which had over 23 years of student housing experience, the Applicant is a market leader in the student housing industry. At the time of restructuring, the Applicant had a portfolio of 131 student housing communities in 33 states throughout the country. The Applicant's communities are professionally managed by a staff that maintains a 24/7 presence on-site. Through its years of experience in the student housing industry, the Applicant has developed a business model and management practices that create quality, successful, and secure communities.

While its communities are privately owned and managed, the Applicant works closely with the proximate university and the local jurisdiction. The proposed development in the City would be marketed primarily to graduate and undergraduate students of George Mason University ("GMU"), located approximately one mile south of the Subject Property. As GMU continues to grow, so does the need for additional off-campus student housing. The Applicant's proposal meets the growing need for student housing by providing GMU students with a secure, professionally managed housing option that is proximate to campus. The proposal will benefit the City in the form of commercial tax revenue, the generation of additional activity in the City's business district, and the addition of residential use in downtown Fairfax. The Applicant will not seek tax-exempt status for the proposed development, and the Subject Property will remain privately-owned following construction.

PROPOSED DEVELOPMENT

The proposed improvements are detailed on the submitted MDP. The Applicant's proposal consists of two (2) connected multifamily residential buildings that will vary in height between four (4) and five (5) stories, with building height limited to four (4) stories along University Drive and the highest point of the building located on the eastern portion of the Subject Property to minimize impacts on proximate single family attached residential communities. A total of up to 275 dwelling units are proposed, comprised of a mix of studios, one bedroom, two bedroom, three bedroom and four bedroom units. As noted on Sheet 4A of the MDP, double occupancy bedrooms may be considered for some of the one bedroom and two bedroom units, up to a maximum of five percent (5%) of the total number of bedrooms. Each unit will include one bathroom per bedroom, a common living area with complete kitchen facilities, and a washer/dryer. The Applicant anticipates either fully furnished units, or offering a furniture package option to its residents. In accordance with its established business model, the Applicant will enter into a separate lease agreement by bedroom with each individual resident, and the term of each lease will be a minimum of twelve (12) months. In accordance with Zoning Ordinance requirements, no more than four (4) unrelated individuals will be permitted to occupy a single unit. Based on the anticipated mix of units, the proposed community will house approximately 800 residents.

The Applicant has designed the proposed community to ensure that it is compatible with the surrounding area, transitions appropriately to existing and planned residential uses, and facilitates future development in this area of the City by initiating framework for a future street grid.

The proposed development is characterized by exceptional site design that activates the currently underutilized parcel with a high quality, vibrant residential community. The proposed buildings are primarily oriented to University Drive and Democracy Lane, with a portion of the western building oriented to Layton Hall Drive. This orientation creates an activated streetscape along the property's frontages that is characterized by landscaping, courtyards and sidewalks that will enhance the pedestrian experience and provide connectivity to downtown Fairfax. The proposed buildings are designed with traditional features that will be compatible with downtown Fairfax. Building materials may include, but are not limited to, brick, asphalt shingle and standing seam roofs, lap siding and other quality materials. The building is stepped along University Drive, and the façade is broken up through the use of articulation and a variety of building materials, thereby reducing the size and scale of the proposed building. A combination of flat and pitched roofs will be provided, creating additional articulation and visual interest in the façade. This portion of the building has been designed to a maximum height of four (4) stories to establish a transition to the existing townhomes across University Drive. A twenty (20) foot setback is proposed between the building and the property line along University Drive, with an additional landscape strip and ten foot (10') sidewalk within the right of way. This setback will further enhance the buffer between the building and these townhomes, however, the building will engage the street level through the provision of stoops and walkways connecting the building with University Drive. The building's façade resembles townhouses in appearance, which will be compatible with the proximate community. The ground floor of the proposed building at the intersection of University Drive and Democracy Lane is activated with the placement of amenity space and a leasing/management office in this area.

The Applicant is committed to minimizing impacts on adjacent and nearby residential communities by providing an adequate number of parking spaces on-site to accommodate the future residents and their visitors. Pursuant to Section 3.7.3.E of the Zoning Ordinance, a minimum of 1.5 parking spaces per dwelling unit are required in the TO District. A range of 708 to 783 parking spaces are proposed, pending final design, which is in excess of Zoning Ordinance requirements. The provided parking consists of surface spaces and garage spaces located in an above grade parking structure that is accessible from Democracy Lane and Layton Hall Drive. Additional on-street parking, including a dedicated loading space, will be provided along Democracy Lane and the future connector street. An existing surface parking lot on the eastern portion of the Subject Property will remain. The parking garage will be wrapped on all four sides by residential units, thereby shielding the garage from the view of adjacent properties. The building will include an indoor secured storage area for a minimum of seventy five (75) resident bicycles. The approximate location of the secured storage area is identified on the MDP. Outdoor bicycle parking spaces will be provided for guests, and the Applicant has identified a potential location for a future Bikeshare station proximate to the intersection of University Drive and Democracy Lane.

The proposed community will include a variety of high quality amenities, such as game rooms, fitness facilities, common gathering spaces and group study rooms. An outdoor courtyard area is located in the interior of the buildings to mitigate any noise impacts on nearby residential communities. This courtyard will include features such as a pool, an outdoor kitchen area and outdoor seating. Two additional courtyards will be provided on the eastern portion of the Subject Property. The proposed lot coverage is within the maximum 90% permitted within the TO District. Approximately 26% of the total site area will be provided as open space in the form of courtyards, a landscaped perimeter, and plaza amenities.

The proposed development will include on-site underground stormwater management and best management practices (BMP) facilities that will comply with all applicable stormwater regulations.

COMPREHENSIVE PLAN AMENDMENT

The Future Land Use Map for the City of Fairfax indicates that the Subject Property is planned for Business – Commercial use. Although not currently located within the boundaries of the TO District, the Comprehensive Plan (the “Plan”) recommends that the Subject Property be included in the TO District, either upon application from the property owner in conjunction with a rezoning or as part of a larger City-initiated rezoning. The proposed multifamily development will require a Plan amendment consistent with the recommendation to include the Subject Property in the TO District. The Applicant proposes that the Plan be amended to re-classify the Subject Property as Residential – High, concurrent with a rezoning to the PD-R and TO Districts.

As evidenced by the high vacancy rates, the existing office use on the Subject Property is no longer viable, and the Business – Commercial Future Land Use designation is no longer appropriate. Due to the age of the buildings and existing office market conditions, the current owner has had difficulty leasing the buildings to prospective office tenants. Although the Application Property could be redeveloped with other commercial uses consistent with its existing Business – Commercial designation, such redevelopment would require a significant

investment. Given the City's recent difficulties retaining commercial tenants, it is unlikely that a large scale commercial redevelopment project in this location would be economically viable. The difficulties in retaining commercial tenants is due, in part, to the lack of residential density in the City's downtown. The Applicant's proposal for additional residential density will promote future commercial development of adjacent and nearby properties. The proposed Plan amendment will allow the Applicant to redevelop the Application Property with a vibrant residential community that will attract resident's to the City's downtown core, and incentivize future economic development in the City.

The Applicant's proposal is consistent with the Plan's overall strategies and objectives, which support an amendment. Strategy LU2.1 in the Land Use section of the Plan provides that proposed development in the City should be evaluated based on its consistency with the guidance provided in the Plan as a whole. Objective LU-4 of the Land Use section sets forth strategies intended to promote Old Town Fairfax as the City's historic core and downtown cultural activity center. These strategies include: 1) emphasizing the pedestrian access and usability in old town; 2) encouraging a mix of uses, including residential, in Old Town Fairfax; and 3) attracting cultural activities and facilities to Old Town, particularly during the evening hours, by supporting and encouraging restaurants and retail establishments. Objective HOU-5 of the Housing section of the Plan provides strategies for managing the existing and anticipated housing needs generated by GMU. Strategy HOU-5.1 encourages collaboration on finding solutions to GMU's housing problems including potential shortages, overcrowding, excessive parking demand, traffic and noise in residential neighborhoods.

The proposed development fulfills the stated Plan objectives listed above. The development will create a pedestrian friendly streetscape with ten foot (10') sidewalks along University Drive and Democracy Lane that will provide convenient, walkable access to downtown Fairfax. The proposed multifamily residential use will contribute to the diversity of uses in the City while attracting several hundred year-round residents to the downtown. These residents will shop, eat and work at many of the existing local businesses, and their presence will incentivize future economic development and investment. In addition to bolstering the economic health of the City's downtown, the proposed student housing community will address each of the problems identified by HOU-5.1. The proposed development will provide housing for GMU students in a professionally managed and secure setting, thereby alleviating impacts on residential communities. The Applicant is committed to working with the City and GMU to provide a reliable transportation option for the residents to commute to GMU, and to ensure that the parking needs of the residents are met on-site. Finally, the proposed Residential – High classification is consistent with the planning the Layton Hall multifamily community to the north. Because the proposed development advances the foregoing objectives as stated in the Plan, and given that the proposed Residential – High classification is compatible with adjacent properties, the requested Plan amendment is warranted.

REZONING APPLICATION

In addition to a Plan amendment, the Applicant is requesting a concurrent rezoning of the Subject Property from the CR District to the PD-R and TO Districts. The following information is provided in accordance with Sections 3.8.2.C.6.4.9, and 6.6.8 of the Zoning Ordinance in support of the proposed rezoning:

As discussed above, the Applicant's proposal is consistent with the stated objectives of the Plan. The proposal advances one of the City's primary objectives by introducing residential density to downtown Fairfax that will support existing businesses, and incentivize future investment and redevelopment in the City's economic core. The requested PD-R zoning classification will provide greater benefits to the City than a development consistent with the current CR District. The stated purpose of the CR District is to provide areas for office and general business and retail establishments, and uses accessory or complementary thereto. Given the existing condition of the office market in Fairfax and throughout the region, and considering the current vacancy rates within the existing office buildings, the continued use of the Subject Property for office purposes is no longer viable. In addition, redevelopment of the Subject Property with retail uses that would compete with existing businesses in downtown Fairfax is not a desirable outcome.

The requested rezoning to the PD-R District will allow the Applicant to redevelop the Subject Property with a multifamily residential community that will create a critical mass of residential activity near the City's economic core, and result in numerous benefits to the City as a whole. In addition to attracting residents that will support existing and future commercial uses downtown, the proposed development will provide a street connection between Layton Hall Drive and Democracy Lane that will improve traffic circulation and initiate a future street grid in this area. Pedestrian connectivity will be enhanced through the provision of ten foot (10') wide sidewalks along University Drive and Layton Hall Drive, and six foot (6') wide sidewalks along Democracy Lane and the connector street. While unable to bear the sole cost of undergrounding the existing overhead utilities along University Drive, the Applicant is committed to partnering with the City by contributing twenty five percent (25%) of the estimated costs of the undergrounding. Further, the proposed community will meet the growing demand for student housing within the City by providing a quality, affordable housing option that is proximate to GMU. The secure and professionally managed community will offer students a quality alternative to renting homes in established single family neighborhoods as has become common practice in the City. The proposed student housing community will increase the vibrancy of the downtown area and strengthen the relationship between the City and GMU.

The Subject Property is highly suitable for a multifamily residential community given its location in a highly walkable area of the City and proximity to shops, restaurants and community amenities. The Applicant will utilize the PD-R and TO District regulations to create a development that better engages the street level, thereby activating the frontages along University Drive, Democracy Lane and Layton Hall Drive. The existing infrastructure is adequate to support the proposed use. The proposed street connection between Layton Hall Drive and Democracy Lane will improve traffic circulation and initiate a future street grid in this area. The Applicant is committed to mitigating transportation impacts by either partnering with the City's CUE bus service to ensure the community is adequately served by existing or future bus routes, providing a private shuttle service to and from GMU, or a combination of both. Given that the community will be marketed primarily to graduate and undergraduate university students, the Applicant does not anticipate any impacts on public schools. While the future residents will have access to the City's parks, ample on-site recreational amenities are proposed including fitness facilities, an interior courtyard with a pool, and game rooms. The existing public utility infrastructure is adequate to serve the proposed development.

The Applicant has designed the proposed buildings to ensure compatibility with the adjacent and surrounding community. The height of the buildings along University Drive will be limited to four stories in height, and the building will be stepped to reduce the apparent height and scale. The architectural treatment of this façade will include a variety of building materials, articulation, and a combination of flat and pitched roofs that will resemble the appearance of a row of townhomes compatible with the development across University Drive. The same palette of materials will be utilized on each of the facades, thereby establishing a unified appearance for the entire development. The development will be constructed in a single phase. Given that the Subject Property is currently developed and consists of predominantly impervious surface, there are no ecologically sensitive areas that will be disturbed in conjunction with the proposed development. The proposed stormwater management facilities will result in an improvement of the existing condition.

Finally, the proposed multifamily community is unique given that it will be designed and marketed to university students. Inherent in the Applicant's business model is the need to ensure this community is affordable to its target demographic. To that end, rents will be priced to accommodate university students.

For these reasons, the proposed rezoning to the PD-R and TO Districts is justified.

In conjunction with the proposed rezoning application, the Applicant requests approval of the following special exception applications and modifications:

1. Pursuant to Section 6.17.1(B)(3) of the Zoning Ordinance, a special exception is hereby requested to allow a modification of the forty eight (48) foot maximum building height in the TO District.

In accordance with the approval criteria for special exceptions set forth in Section 6.17.7 of the Zoning Ordinance, the requested modification of maximum building height will not materially or adversely impact adjacent land uses or the physical character of uses in the immediate vicinity of the Subject Property. As shown on the MDP, the height of the proposed development ranges from four (4) to five (5) stories, which is consistent with the maximum number of stories permitted under the current CR zoning classification. As discussed above, the tallest point of the building is centrally located on the Subject Property and further from existing residential communities thereby avoiding any adverse impacts. The Applicant has designed the portion of the building located along University Drive at a height of four (4) stories to maintain an appropriate transition to the proximate townhouses to the west. The existing grade along this portion of the property will be lowered and the building will be stepped to reduce the apparent height of the building and to create a more desirable streetscape. Lastly, the additional building height will allow the Applicant to screen the proposed parking garage, thereby mitigating impacts on nearby residential uses and not adversely impacting the character of the area.

2. Pursuant to Section 6.17.B.4 of the Zoning Ordinance, a special exception is hereby requested to allow a modification of the mandatory fifty percent (50%) build-to line requirement in the TO District.

As shown on the MDP, the proposed buildings are oriented to the surrounding street network including University Drive, Democracy Lane, Layton Hall Drive, and the proposed street on the eastern portion of the Subject Property. This orientation is intended to activate the street frontages around the Subject Property by bringing the buildings to street level, consistent with the objectives of the TO District's mandatory build-to line requirement. The proposed buildings are not, however, built to the property line, in consideration of nearby residential uses. A twenty (20) foot setback is provided along the University Drive frontage, and a fifteen (15) foot setback is provided along Layton Hall Drive. The proposed layout strikes a balance between activating the streetscape around the Subject Property with a building proximate to the street, while maintaining an effective transition to the adjacent neighborhoods.

3. Pursuant to Section 6.17.B.4 of the Zoning Ordinance, a special exception is hereby requested to allow the provision of a sidewalk less than ten feet (10') in width along Democracy Lane and the future private connector street between Layton Hall Drive and Democracy Lane.

The proposed development will include on-street parallel parking spaces along Democracy Lane and the future connector street. It is anticipated that these spaces will serve visitors and prospective tenants. Due to site constraints, it is not possible to provide these parallel spaces while also meeting the sidewalk width and landscape strip requirements. The Applicant is proposing a six foot (6') sidewalk along Democracy Lane and the connector street. These sidewalks will continue to provide pedestrian connectivity within the site and to the surrounding pedestrian network. The required ten foot (10') sidewalk is provided along the prominent frontages of University Drive and Layton Hall Drive.

4. Pursuant to Section 3.8.2.E of the Zoning Ordinance, a modification is hereby requested of the twenty percent (20%) tree canopy requirement set forth in Section 4.5.6(A) of the Zoning Ordinance.

The Applicant's proposal results in the provision of a 12.1% tree canopy. While less than the 20% requirement in the PD-R District, the tree canopy exceeds the amount required in various other zoning districts including the Residential Multifamily District (10%), the Planned Development Mixed Use, Commercial and Industrial Districts (10%), and the Subject Property's existing Commercial Retail District (10%). The Applicant's ability to provide additional tree coverage is limited by the mandatory build-to line requirement of the TO District, the need to provide adequate parking facilities on-site to meet the demands of future residents thereby minimizing impacts on nearby residential streets, and the presence of underground utilities and required stormwater management facilities. The proposed development will include the addition of street trees, landscaping

and streetscape improvements along the University Drive, Democracy Lane and Layton Hall Drive frontages of the Subject Property, creating a more welcoming gateway into downtown Fairfax and resulting in an overall enhanced experience for pedestrians and bicyclists. In addition, the proposed layout is consistent with the permissible lot coverage permitted in the TO District.

5. Pursuant to Section 3.8.2.E of the Zoning Ordinance, a modification is hereby requested of the street tree requirements set forth in Section 4.5.6.B of the Zoning Ordinance. Specifically, the Applicant is requesting a modification of the requirement to plant street trees within fifteen (15) feet from the back of curb along University Drive and Layton Hall Drive, and a modification of the requirement to provide a ten foot (10') landscape strip along Democracy Lane and the future connector street.

It is not possible to locate the street trees within fifteen (15) feet of the curb along University Drive and Layton Hall Drive while also meeting other applicable requirements along these frontages. Pursuant to the Public Facilities Manual, because University Drive is classified as a Collector Street, a minimum of three (3) feet of spacing must be provided between the back of curb and sidewalk. The proposed development will include ten foot (10') sidewalks along University Drive and Layton Hall Drive. Finally, pursuant to Section 3.7.3.D of the Zoning Ordinance, street trees must be planted a minimum of three (3) feet from the edge of the sidewalk. As a result of these requirements it is not possible to provide street trees within fifteen (15) feet from the back of curb. Regarding the modification of the ten foot planting requirement, due to site constraints, it is not possible to provide the full ten feet along portions of Democracy Lane due to the presence of on-street parallel spaces. The Applicant has maximized plantings along Democracy Lane to the extent possible and provided street trees along this entire frontage to meet the intent of the landscape strip requirement.

The Applicant's proposal presents an opportunity to redevelop an aging office development with a vibrant use that will activate an underutilized parcel, attract much needed residential density to the City's downtown, and generate additional activity in an area that is critical to the City's continued economic success. The proposed community will provide downtown Fairfax with an infusion of residents who will live, eat, shop and work downtown. The proposal also represents a unique opportunity to strengthen the relationship between the City and the GMU student body. The Applicant is committed to working with the City and the surrounding community to ensure that the proposed development fits into the fabric of Fairfax.