



**TOWN COUNCIL
WORK SESSION AGENDA**

Town Council Chambers
765 Lynn Street, Herndon, VA 20170

Tuesday, October 15, 2024 | 7:00 PM

- 1. Call to Order**
- 2. Discussion**
 - a. Leases at 750 Center Street
 - b. American Rescue Plan Act (ARPA) Update
 - c. Affordable Housing - Process Outline Discussion
- 3. Roundtable**
- 4. Adjournment**

Agenda Item: Leases at 750 Center Street

Meeting Date: October 15, 2024

Category: Discussion

Prepared by: Christopher E. Martino, Interim Town Manager

Description:

The Town Council has requested an update on the status of the leases for space at the ArtSpace building located at 750 Center Street. One specific request of staff is to ask NextStop Theatre Company to relinquish storage space it currently leases so that space may be made available to Arts Herndon for programming.

Staff recommends that notice be provided to both tenants, reminding them that the Town is near completion of an agreement with Comstock for the Downtown Development Project and that they must vacate the building within 90 days of the Town and Comstock executing the final agreement on December 10, 2024.

Background:

A. 750 Center Street Building Condition

1. The building has many maintenance issues and has outlived its useful life.
2. Significant issues include the roof, HVAC system, plumbing (sanitary sewer), and electrical systems.

B. Downtown Development Project

1. The Town continues to work towards a final amended comprehensive agreement with Comstock by December 10, 2024.
2. Upon execution of the final amended comprehensive agreement, Comstock shall be required to:
 - a. Close on the project financing by March 31, 2025, and
 - b. Initiate construction of the project by April 30, 2025.
3. The project calls for and requires the demolition of the 750 Center Street building.

C. Arts Herndon

1. The Town has expended approximately \$343,000 to fit out space at 397 Herndon Parkway as a new temporary location for Arts Herndon while the project is under construction.

2. These 2,000 square feet of space remain available to Arts Herndon.

D. 750 Center Street Leases/Sublicenses

1. The Town has been leasing space at 750 Center Street for \$1 annually to both Arts Herndon and Next Stop for many years.

a. Arts Herndon leases approximately 3,200 square feet within the building, the outside lawn area, and gravel parking spaces. The space within the building includes office space, bookstore space, and programming space.

b. Next Stop leases approximately 2,800 square feet in the building, which is used entirely for storage.

2. The ownership of 750 Center Street was transferred to Comstock as part of the Public Private Downtown Development Project, which calls for the demolition of the building once the project gets underway (April 30, 2025).

3. Comstock licensed the building and property back to the Town until the project commences.

4. The Town in turn sub-licensed the building and property to Arts Herndon and Next Stop on the same historical basis.

5. The most recent term of the sub-licenses was July 1, 2023, to June 30, 2024.

6. Both sub-licenses have now expired and both organizations continue to occupy the building in a quasi-holdover status.

Alternatives:

1. Provide notice to each organization to vacate the building within 90 days of the Town and Comstock executing the final amended comprehensive agreement on December 10, 2024. This alternative would provide sufficient time for each organization to identify alternative space and vacate the building well before it is scheduled for demolition.

2. Provide notice to each organization to vacate the building immediately, which may not provide sufficient time for each organization to identify alternative space and effectively vacate.

3. Take no action at this time. The organizations will continue to occupy the building

on a month-to-month basis as-is, and staff will remind each organization of the pending development and the need to vacate by April 30, 2025, at the latest.

Budget Impact:

N/A

Recommendation:

Staff recommends that notice be provided to both tenants, reminding them that the Town is near completion of a final amended comprehensive agreement with Comstock for the Downtown Development Project and that they must vacate the 750 Center Street building within 90 days of the Town and Comstock executing the final agreement on December 10, 2024.

Attachments:

None

Agenda Item: American Rescue Plan Act (ARPA) Update

Meeting Date: October 15, 2024

Category: Discussion

Prepared by: Marjorie Sloan, Finance Director

Description:

This discussion item is an overview of encumbrances and expenditures of American Rescue Plan Act (ARPA) funds; including projects that have been completed, projects in progress, and the few projects that are to be awarded by December 31, 2024.

Background:

The American Rescue Plan Act (ARPA) is broad sweeping legislation that included federal grants to states and localities to aid in the recovery from the impacts of the COVID pandemic. The Town of Herndon was awarded and received \$25.5 million under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) of ARPA.

Budget Impact:

ARPA funds must be encumbered by December 31, 2024 and expended by December 31, 2026. The Town has received \$25.5 million in ARPA funds and has appropriated \$26 million for 30 projects.

Recommendation:

This is a discussion item; staff will continue to execute the projects previously approved by Town Council to meet all required encumbrance and expenditure deadlines.

Attachments:

None

Agenda Item: Affordable Housing - Process Outline Discussion

Meeting Date: October 15, 2024

Category: Discussion

Prepared by: Lisa Gilleran, Director of Community Development, David Stromberg, Zoning Administrator, Bryce Perry, Deputy Director of Community Development

Description:

Discussion to identify steps to identify legislative and administrative steps to establish an affordable housing program in the town.

Background:

On September 19, 2024, Fairfax County Housing Authority Executive Director Tom Fleetwood provided a background on the Authority's role in monitoring affordable dwelling units in the county and detailed the difference between set-aside affordable units and full-building affordable projects that were built on county or Housing Authority owned land. Mr. Fleetwood also explained the Memorandum of Agreement (MOU) between the Housing Authority and Fairfax City, where the Housing Authority is responsible for administering affordable dwelling units and the city is responsible for enforcement.

Fairfax City Planning Director Brooke Hardin explained the initial attempts by the City to obtain affordable dwelling units through development proffers and how that approach was not achieving the desired policy outcomes. Mr. Hardin explained the set-aside zoning requirements that were established after working with a consultant, passing a Comprehensive Plan Amendment, and passing an affordable dwelling unit ordinance amendment. Mr. Hardin explained that their ordinance needed to closely mirror Fairfax County's set-aside program in order to enter into a MOU with the Housing Authority.

Town staff meet with Housing Authority staff on October 2, 2024 to discuss possible sites and zoning text amendments for affordable dwelling unit projects. Authority staff cautioned town staff not to pass any amendments without fully understanding the market implications of an amendment because it might inadvertently make affordable dwelling unit projects less likely to happen.

The Housing Authority staff recommended the town engage a consultant that specializes in affordable dwelling unit development, has expertise in gathering and summarizing real estate data, and has expertise in Low Income Housing Tax Credit and

other affordable dwelling unit finance mechanisms. Town staff does not have the resources or specialized expertise to gather the necessary data and develop a successful data-driven program.

After the consultant provides the data to the town, the town will be able to amend the Comprehensive Plan, pass any necessary zoning text amendments, and enter into an MOU with the Housing Authority.

Budget Impact:

N/A

Recommendation:

Staff is recommending that the Town Council authorize the Town Manager to seek an affordable housing program consultant to gather the necessary research and to formulate a successful program that leads to affordable housing being built.

Attachments:

None