

MEMORANDUM OF UNDERSTANDING
July 11, 2006

“4319 North Pershing Drive Apartment Investors LLC” (the “Owners” of Buckingham Villages) and the County Board of Arlington (the “County”) agree to work together in mutual good faith and in collaboration with tenants and the community to achieve the following objectives in the redevelopment and preservation of Buckingham Villages:

- A. The preservation of as much affordable housing as possible within Buckingham Villages or in the immediate neighborhood, including Ballston Park, with a goal of no less than 300 committed affordable units;
- B. The ability of people who currently live in Buckingham Villages to continue to live in Buckingham Villages or in the immediate neighborhood, including Ballston Park;
- C. The historic designation of Buckingham Village 3 and historically sensitive redevelopment of the other villages.
- D. The incorporation of land values that approximate what could be achieved under by-right development.

Toward the achievement of the preceding objectives, the Owners and the County agree to pursue the following processes and actions in good faith.

The Owners and County agree that the Owners will not issue vacation notices to residents of Villages 1 and 3 prior to March 2007 and that the County will take no action to designate Villages 1 and 3 as a Historic Landmark or District prior to March 1, 2007. The County agrees not to designate Village 2 as a Historic Landmark or District.

If the Owners and County do not reach an agreement on a redevelopment plan for Villages 1 and 3 -- including agreement on land valuations, funding sources, and all other terms and conditions identified by either party in this Memorandum or elsewhere hereafter – by or before March 1, 2007, this Memorandum will terminate and have no further force and effect on Villages 1 and 3, for which the County may consider historic designation as of March 1, 2007.

BUCKINGHAM VILLAGE 3

- 1. The Owners and County agree to develop, in collaboration with the community and tenants, a historic rehabilitation program, approved by the County, leading to the designation of Village 3 as a locally designated Historic Landmark and/or District. The program would preserve all existing 140 units on-site as affordable units available to households at 60% of area

- median income (or other income mix as may be agreed between the Owners and County; and as either rental or ownership opportunities). In a manner consistent with the preceding, the land encompassing Village 3 may be included in the site plan outlined below for Village 1.
2. The rehabilitation program will consider historically appropriate additions (“bedroom bump outs”) or infill to maximize the number of units and optimize unit sizes in a manner consistent with Village 3’s historic designation.
 3. The Owners agree to develop or collaborate with others in developing applications for historic and low income tax credits for the rehabilitation program.
 4. In developing the financial plan for the rehabilitation program, the Owners and County agree to a land value consistent with what could be achieved under by-right redevelopment based on the independent appraisal of a third party jointly selected by the Owners and County.
 5. The County agrees, subject to approval by the County Board and appropriation of funds, to provide funding in order to achieve affordable housing at agreed rent levels through any of its financial tools.
 6. The Owners agree not to issue notices to vacate until the County has approved a rehabilitation program.

BUCKINGHAM VILLAGE 1

7. The Owners and County agree to work jointly – in collaboration with the community and tenants -- in the development of a site plan project that includes a combination of affordable apartments, market rate townhouses, or other economically viable forms of redevelopment that would generate land values that approximate what could be achieved under by-right redevelopment.
8. The desired goal for number of affordable apartments would be approximately 152 units, which would be affordable at 60% of area median income, or other income mix as may be agreed between the Owners and County.
9. The County agrees, subject to approval by the County Board and to appropriation of funds, to provide funding to achieve affordable housing at agreed rent levels through any of its financial tools.
10. The County agrees to establish a time line for consideration of the site plan that would lead to action by the County Board prior to March 1, 2007, or other date as the Owners and County may agree.
11. The design of the redeveloped properties in Village 1 shall be sensitive to the historic context of the surrounding properties and to the preservation of trees.
12. The Owners understand that the review of this site plan will be subject to evaluations typical of any site plan in Arlington, including – but not limited to -- building form, height, massing and density, materials/façade, architecture, transportation, parking, trees, and open space.

OTHER PROVISIONS

13. The County Manager, by August 1, 2006, will develop a schedule and interim benchmarks or stages for the completion of the work outlined in the Memorandum.
14. The Owners and County agree to continue to work with the existing working group on Buckingham Villages or other body established by the County in implementing the details of this Memorandum.
15. The Owners and the County recognize that tenant participation in the process is integral to the success of this effort and agree to work collaboratively with the community, tenants, and their representatives to develop coordinated and meaningful communication to reach all affected residents throughout the discussions, planning, and implementation of this Memorandum, including regular meetings, joint participation in tenant meetings, translation of information into Spanish, and availability of bilingual translators. All parties will work to ensure the ability of current residents to remain in the Buckingham neighborhood as redevelopment is implemented,
16. The Owners and County agree to explore co-op and other forms of home ownership options within both of the affordable housing projects (Village 3 and Village 1).
17. The Owners and County will cooperate in an effort to maximize Low-income housing tax credits (LIHTC) and Historic Preservation tax credits.
18. The County agrees, subject to approval by the County Board and appropriation of funds, to commit investment of multiple resources, including Affordable Housing Investment Fund (AHIF) and any other available financing mechanisms to help ensure outlined goals are achieved.
19. The Owners and County agree to explore ways for existing tenants who live in Buckingham Villages and do have incomes below or above 60% area median income to remain in Buckingham Villages or the immediate neighborhood.
20. The Owners and County will work together to provide an adequate number of designated units that will respond to the needs of existing tenants in terms of depth of affordability and unit size, and give them first priority for permanent relocation within Buckingham.
21. The Owners will work with the County and the community to develop construction phasing (“mini-phasing”) to minimize burdens on tenants during displacement and relocation to the extent possible.
22. The Owners agree that Villages 1 & 3 will be properly maintained in good habitable condition throughout the negotiation and any subsequent redevelopment process, while tenants are onsite.
23. The Owners agree that no modifications will be made to Villages 1 & 3 that would be adverse to historic designation.

BUCKINGHAM VILLAGE 2

24. The Owners agree to provide a copy of building plans for Village 2 to a design review advisory committee established by the County Manager for the

purpose of achieving designs that are sensitive to the historic context of the surrounding environment (including tree preservation), within the constraints of a fully developed by-right project that has been submitted for permit approval. The committee will complete its review within 30 days of the approval of this Memorandum. The Owners will submit to the County Manager a written response to recommendations of the design committee before undertaking demolition of Village 2.

- 25. To the extent practicable, the Owners agree to salvage or recycle any existing building materials from demolition.
- 26. The Owners will cooperate in permitting photographic documentation of any building and grounds before demolition.

In witness whereof, the Owners of Buckingham Villages 1, 2, and 3 and the County have agreed upon this Memorandum of Understanding as provided by the signatures below of their respective duly authorized representatives.

Owners of Buckingham Villages 1, 2, and 3:

Name

Title

Date

County Board of Arlington:

Attest: _____
Clerk

Christopher M. Zimmerman, Chairman

Date