

Summary of 3/27/20 City Council Input Regarding the Future Sale and Redevelopment of SDRS#1 at the NE Corner Route 56/Route 59

The following feedback summary was developed from the input the Mayor and each Alderman provided on the four questions contained in the questionnaire Community and Economic Development Director Mentzer distributed at the March 9, 2020, Community Development Committee of the Whole meeting regarding the future sale and redevelopment of the 7.25-acre City-owned redevelopment site located at the northeast corner of Routes 56 and 59 (SDRS#1). Additional staff input on the City Council (CC) responses and an overall staff summary conclusion regarding the near-term future of SDRS #1 are also provided.

Question #1. Rank what you feel are the City's most important goals for the sale and private redevelopment of SDRS#1.

CC Response Summary: Nearly unanimously, the CC felt the City's most important goal for this property should be to ensure the property is redeveloped in a high-quality, coordinated manner with specific, desirable land uses. Almost all CC members ranked "maximizing the sale price of the property" and "facilitating the sale of the property as soon as reasonably possible" as their lowest priorities.

7/8/2020 Staff Input: The above identified CC priorities are consistent with the most important goals and objectives established in the Southwest District Subarea Plan, Southwest District Redevelopment Plan, and the City's Economic Development Plan.

Question #2. Do you feel the City should remain open to Two Brothers Brewing Company's potential acquisition of SDRS #1 if said acquisition results in the coordinated development of the Two Brothers campus project on the 20 acre property at the northwest corner of Routes 59 and 56 and high quality desirable development on SDRS #1 in the next 1-4 years?

CC Response Summary: The CC overwhelmingly felt the City should remain open to Two Brothers Brewing Company's acquisition of SDRS#1 if said acquisition resulted in their development of the Two Brothers corporate campus and freestanding sit-down restaurant concept plan from 2018 in foreseeable future. Multiple members of the CC also suggested the City remain open to other sale and redevelopment opportunities that may evolve independent of the Two Brothers Project.

7/8/2020 Staff Input: The current Two Brothers development team is scheduled to present a revised conceptual development plan for the 20 acre vacant site they own at the northwest corner of Routes 59 and 56 at a July 9, 2020, Plan Commission courtesy review meeting. Their current concept plan illustrates the development of the project's Two Brothers Corporate component in two phases and anticipates the ancillary commercial development along the Route 59 and Route 56 frontages of the property, at least in the first phase of the project, would be more traditional suburban arterial commercial uses (gas station, quick serve restaurant, car wash, etc) versus a collection of sit-down restaurants and a potential hotel. While the Two Brothers team has reiterated their long term interest in the acquisition of the SDRS #1, their focus and investment in the foreseeable future will be on developing the property they already own at the northwest corner of the intersection.

Question #3. Do you feel the City should be open to selling a piece of SDRS #1 if said sale resulted in the private development of a desirable use?

CC Response Summary: A majority of the CC were in favor of the City being open to selling a piece of SDRS #1 if the sale resulted in the private development of a desirable use. Concerns expressed with such a sale include the potential for the unintentional creation of a piecemeal and uncoordinated development configuration that impairs traffic and parking circulation and leaves a functionally obsolete and undesirable remaining redevelopment site that could be difficult to sell to a high quality user.

7/8/2020 Staff Input: While staff agrees the City should remain receptive to selling off a portion of the property for a very desirable use, any such sale should be done with extreme caution and only in the context of a coordinated preliminary Planned Unit Development plan for the entire 7.25 acre site. This would help ensure that the overall property is developed in a coordinated, high quality manner.

Question #4. Provide input on how receptive the City should be to certain types of land uses on SDRS #1, assuming all uses would be developed in a high quality, coordinated manner. (See original survey for complete list of potential land use.)

CC Response Summary: From a commercial land use perspective, the CC was solidly receptive to the development of freestanding sit-down restaurant and grocery uses on SDRS#1. In addition, support was very high for a multi-tenant commercial building, other freestanding general merchandise stores, and a hotel use. There was relatively strong support for general office and medical office uses. Support for an assisted senior housing/nursing facility also trended higher, but to a lesser extent. The CC almost unanimously did not support a self-storage facility or automotive uses such as a gas station/convenience mart, car wash, or auto parts store, and expressed similar disinterest in a liquor store. A bank, pet store, variety/dollar store, drug store, market rate apartments, and car sales generated almost equally comparable disinterest.

7/8/2020 Staff Input: The CC's above identified land use priorities and preferences are not feasible at this time due to the significant impact the COVID 19 pandemic has had, and will continue to have, on the commercial real estate market in general, and more dramatically on sit-down restaurant and hotel businesses. Financing for new commercial real estate development projects is very difficult to obtain at this time due to the uncertain long-term impacts COVID 19 will have on economic activity and consumer spending. In addition, while there is a significant level of high quality private investment and development occurring in the Southwest District, only a small percentage of it is actually completed and occupied at this time. As such, the commercial market potential for the area is in the very early stages of its evolution and, therefore, still perceived by high quality commercial uses and lenders as unproven and relatively risky.

STAFF SUMMARY CONCLUSION/RECOMMENDATIONS: Given current economic and market conditions that exist both in the Southwest District and in the broader regional, state, and national economy, staff believes the City's best opportunity to attract the type of development the City Council prefers will be once a much larger percentage of the private development currently under construction in the Southwest District is complete and the longer-term impacts COVID 19 will have on the economy, the commercial real estate market, and consumer spending are more clear. As such, staff recommends the City continue to monitor these factors over the next 6-12 months and not actively market SDRS #1 during this period. Given the current status

and focus of the Two Brothers project at the northwest corner of the intersection, staff recommends the City Council a motion to formally rescind the “preferred purchaser and developer” designation the City assigned to the Two Brothers development team in early 2019.

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