



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 21, 2016

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Disposition of City-Owned Real Estate at 912, 916, 920 King Street, 116 South Henry Street and 120, 122 and 122 ½ North Patrick Street.

ISSUE: Disposition of City-owned surplus property located at 912, 916, 920 King Street, 116 South Henry Street and City-owned property which has not been declared surplus property located at 120, 122 and 122 ½ North Patrick Street.

RECOMMENDATION: That City Council:

- (1) Declare City-owned property located at 120, 122 and 122 ½ North Patrick Street as surplus property and authorize the City Manager to seek offers of bids as described in the City Real Estate Disposition Policy (see attached); and
- (2) Authorize the City Manager to issue a Request For Proposals (RFP) for the disposition, sale and redevelopment of City-owned property at 912, 916, 920 King Street, 116 S. Henry Street and 120, 122 and 122 ½ N. Patrick Street for no less than 90 days to include a provision that proposals shall not result in a net loss of total off-street parking spaces compared to the existing conditions (85 parking spaces) following the process detailed in the City Real Estate Disposition Policy.

BACKGROUND: At its May 26, 2009 Legislative Session, City Council declared 912, 916, 920 King Street and 116 S. Henry Street and a number of other City properties surplus and authorized the City Manager to seek bid offers as described in the City Real Estate Disposition Policy. Since then a significant number of these surplus properties have been sold with the City earning about \$11.5 million to allocate for its capital improvement projects.

1. **912, 916 and 920 King Street (Metered Parking Lot - behind Misha's)** - These City-owned lots are currently used as a public, metered surface parking lot. The three lots total 9,942 square feet and are

zoned KR (King Street Urban Retail Zone) which is intended to create strategic and flexible zoning for properties abutting King Street in Old Town in order to enhance the long term vitality of the street. City Council authorized the City Manager to solicit proposals to sell and/or enter into a partnership to develop these properties for retail and office use consistent with the King Street Retail Plan and solicit proposals to sell and/or enter into a partnership to develop a parking structure at 116 S. Henry Street to support King Street retail in conjunction with these properties to meet the parking needs of a new building on this site and to replace the lost metered parking.

2. 116 S. Henry Street (Parking Lot) - This City-owned parcel is currently utilized as a City-owned and managed parking lot.

The City-owned property at 120, 122 and 122 ½ N. Patrick Street (Parking Lot) has not been declared surplus property and is currently utilized as a City-owned and managed parking lot. In 2009, Jones Lang LaSalle recommended that the property continue operation as a parking lot until higher land values can be achieved. In 2016 the City received an unsolicited offer for the City to sell the three King Street properties, the Henry Street property and these three Patrick Street properties.

DISCUSSION: In Spring 2016, the City entered into an agreement with Jones Lang LaSalle (JLL) to provide real estate advisory services to assist the City of Alexandria in evaluating the financial feasibility and potential land value associated with the redevelopment of the three parcels located at 912 to 920 King Street, 116 S. Henry Street and the 100 block of N. Patrick Street. The scope of this analysis included an in-depth market survey for the Old Town submarket and product types, as well as an analysis and recommendation of the highest and best uses of the properties. The analysis completed by Jones Lang LaSalle (JLL) indicated the following highest and best use of these properties:

- On the King Street sites, a mixed-use building composed of ground floor and below grade retail with small office and residential units above.
- On the Henry Street site, three uses including a three level 80 to 90 space parking garage, ground level retail and commercial office space overlooking S. Patrick Street.
- On the Patrick Street sites, a building or series of buildings for low density multi-family residential use or single family infill townhomes.

Based on the analysis conducted by Jones Lang LaSalle, staff recommends the disposition of the City-owned properties at 912, 916 and 920 King Street, 116 S. Henry Street and the surplus and disposition of 120, 122 and 122 ½ N. Patrick Street. The disposition and development of these properties will maintain (at a minimum) the existing number of off-street parking spaces (85) in that area of Old Town plus parking spaces needed to support the new development, increase tax revenue for the City, and create a balance of highest and best use within the context of the King Street retail area.

With one unsolicited offer in hand, staff also recommends that City Council authorize the City Manager to issue a Request For Proposals (RFP) for the competitive disposition, sale and redevelopment of these City-owned properties for no less than 90 days following the process detailed in the City Real Estate Disposition Policy with the option of issuing a separate solicitation for the sale and redevelopment of the N. Patrick Street properties. Issuing a separate solicitation for the Patrick Street properties will likely result in attracting a larger

pool of developers interested in providing infill townhomes.

In developing the RFP, staff would engage the community adhering to Alexandria's Principles of Civic Engagement, to allow community members to participate and provide input into the scope and requirements of the RFP that would shape the future development of these parcels.

Staff estimates that development of the RFP, including civic engagement will take approximately three months with the RFP being issued in winter 2016. The RFP would remain on the street for 90 days with receipt of proposals expected in spring 2017. Following staff evaluation of the proposals, staff would provide City Council with a summary of the highest rated and recommended proposal in Executive Session. Staff would then request that City Council authorize the City Manager to enter into a contract to sell these City-owned parcels contingent upon any required land use approvals and with the approval of the Planning Commission in accordance with Section 9.06 of the City Charter and passage of an ordinance to sell City property at the next appropriate legislative meeting in spring 2017.

FISCAL IMPACT: The value of these City-owned properties will be driven by real estate market economics. Staff will present to Council the highest rated and recommended proposal received during the Request for Proposals (RFP) process per the City's Real Estate Disposition Policy and pursuant to Section 9.06 of the City Charter for consideration. Revenue from the sale of these City-owned properties will be allocated to the City's Capital Improvement Program (CIP) as prescribed in the City's Real Estate Disposition Policy.

ATTACHMENT:

City of Alexandria Real Estate Disposition Policy - Approved by Council in May 2010

STAFF:

Laura Triggs, Deputy City Manager

James Banks, City Attorney

Jeremy McPike, Director, Department of General Services

Alfred Coleman, Deputy Director, Department of General Services