

Old Town North Small Area Plan Update (OTN SAP Update)

Economic Development Subcommittee Meeting #2
Alexandria Redevelopment & Housing Authority (ARHA)
401 Wythe Street, Alexandria, VA 22314

Wednesday, April 20, 2016, 4:00 – 6:00 PM

DRAFT MEETING NOTES **(04.25.2016 DRAFT)**

OTN SAP Subcommittee Members

- Chair David Speck
- Stephen Goodman
- Bruce Machanic
- Carlos Mejias
- Jeff Strup

ECONOMIC DEVELOPMENT SUBCOMMITTEE MEETING – OTN RETAIL AND COMMERCIAL PANEL DISCUSSION

The goal of this Retail and Commercial Panel Discussion was to gather information that can assist in developing a Retail and Commercial Strategy for OTN. It consisted of two parts:

- **Review of demographics for the Study Area** which includes Old Town North, Old Town, Braddock, Del Ray and Rosemont; a review of the Old Town North Land Use Mix; and a status update of the Alexandria Economic Development Partnership's and the City of Alexandria's Office Competitiveness and Conversion Study.
- **Having a facilitated panel discussion** between Co-Moderators David Speck and Stephanie Landrum, President/CEO of the Alexandria Economic Development Partnership; three Panelists; and the Advisory Group and Public about OTN's current and future retail and commercial markets. The Panelists as noted below presented their perspectives on how to attract and retain retail and commercial tenants in OTN now and in the future:
 - *Jeffrey Kovach, Beacon Capital Partners (Asset Manager)*
 - *David Millard, Avison Young (Commercial Broker)*
 - *Melissa Webb, The Rappaport Companies (Retail Broker)*
- **Next Steps:** To utilize the information from this Panel Discussion, along with information from the City's Office Competitiveness and Conversion Study and from additional research and insights to develop a Strategy to strengthen OTN's Retail and Commercial Markets now and in the future.

FACILITATED PANEL DISCUSSION KEY DISCUSSION POINTS

On important demographics that retailers look at they evaluate sites:

Population density, age and education matter. Retailers and retail developers look at a mix of office and residential uses within a neighborhood, not just office. Retailers also look at competition in surrounding areas and the availability of parking.

On encouraging retail:

- Office workers spend 8 to 12 hours a day at work. They need to be able to shop during different times of the day.
- Fast food groups like to have locations in places like downtown D.C. It is not enough to specify retail on the ground floor. Residential and office density is needed for retail to come.
- Chain retailers are willing to look at long range plans while office tenants need to see before they believe.

On creating synergy between retail when there are multiple property owners:

Creating synergy between retail needs time, density and a mix of office and residential population. Getting office and residential owners to cooperate will be important for OTN. Ballston in Arlington, VA used a Business Improvement District (BID) which created an environment for coordination, while also providing a variety of services for the neighborhood.

On changes in workplace habits and how to adapt to them:

With technology and mobile office design, office space is starting to look more like hotel lobbies which is a more collaborative space with shared amenities.

Top 10 things office tenants are looking for in property assets:

- Amenities such as wellness centers
- Interesting food options
- Dog friendly
- Bike Friendly
- Access to Metro
- Shuttles to Metro
- Outdoor spaces. Could be rooftop decks/balconies or any defines area.
- Amenities in buildings to be able to get away from desks
- Small parks with entertainment uses such as splash pads, screens, etc.

Importance of access to Metro and use of Shuttles to the Metro:

Approximately 95% of all new office construction in the region is occurring within a half a mile of a Metrorail station. Collaborating on shuttles to the Metro is a good strategy.

Examples of incentives for retailers:

- Rent negotiation. Rent could be a certain percentage of sales
- Using Tax Increment Finance (TIF) to build a parking garage (e.g. Mosaic District in Fairfax, VA) to support retail.

Effect of projects like the Kingsley (Harris Teeter) on lease of office space:

They have a positive impact. However, if the Kingsley project was part residential and part office, the office portion would have done well also.

Prediction for the next 20 years:

Infrastructure will have a big effect on development. OTN has many positive assets such as:

- Nice commute along the Parkway
- A doable walk from the Metro
- Proximity to King Street
- Old buildings that can be renovated
- Waterfront community (although water views may not be as important as other amenities)

Type of catalytic uses on the NRG/Power Plant site:

More high-tech tenants such as Amazon can spur additional development and take advantage of the habits of the younger generation. Development along the Waterfront on the NRG site can bring OTN national and global attention. Development there also has to be mixed-use. There are ways to overcome the distance from the Metro (see Shuttle discussion above).

Creating a stronger Identity for OTN:

There is an opportunity to think about what differentiates OTN from other areas. Establishing goals on how the community envisions OTN rather than waiting for developers to decide what goes here is important. The physical experience of the neighborhood is affected by architecture. Identity and branding can be tough for retailers because of restrictions on signage. Events are also important for place making.

Type of developers and development projects that OTN should go after:

Developers such as [MRP Properties](#) that understand the changes in workplace habits and the needs of the younger generation such as [co-work](#) (NY Times – Crystal City Reboots Itself) space. Also [Cas Reigler](#), the developer of The Mill project which is the conversion of the historic Mount Vernon Cotton Mill Factory from office to residential, is another example. OTN is creating a buzz . . . suburbanites are trying to get back into urban areas. There is an opportunity here.

ADVISORY GROUP AND PUBLIC DISCUSSION

Question: The 1980s saw an explosion of office construction in OTN and then it stopped. What is the reason?

Panel Response: During the Reagan administration, defense contractors drove a lot of the office construction, especially a lot of the small government contractors. Since then, small government contractors have been purchased by larger contractors who want to be close to Metrorail stations.

Question: Do you anticipate more office conversions to residential?

Panel Response: Yes. Many office buildings in OTN are not attractive anymore. Now, office buildings need more glass and maximum access to windows and direct sunlight. Projects need flexibility as they are brought up for review to allow for glass. Rehabilitation of these office buildings to enhance their attractiveness and to make them more open work spaces can help, along with the amenities. Successful office tenants are followed by others. The Oronoco was a

successful conversion from office to residential because of the type of development and the design of the building.

Comment: In terms of an identity, the residents in OTN are looking to strengthen the area's sense of place. We believe we have a sense of place, it just needs to be enhanced. Also, in terms of the comment about architecture and glass, it is good that the population in this community is used to seeing modern buildings with glass and materials other than just brick. The offices along the water use glass facing the water. Finally, the population of OTN has doubled in the last 30 years creating a large customer base in a mix of residential types.

Question: If OTN has a right mix of education and income, why do high end retailers not locate in this community?

Panel Response: High end retailers tend to follow each other with many locating in places like Pentagon City. You do not often see them locating in multiple places; many choose malls.

Question: Is it good to locate shops next to offices?

Panel Response: Taking the Mosaic District in Fairfax as an example, the restaurants do well, however, shops are struggling. The internet is having a huge impact on small shops especially. For OTN, the competition to the north and to the south as well as the river to the east creates a barrier.

Question: What is the right balance of retail, meaning restaurants and soft goods?

Response: A mix is good but there is a concern again about competition with the internet.

Comment: One of the reasons I moved to OTN is that I can walk everywhere, and there is good retail, and bike trails. The car culture is changing and Millennials are choosing to walk and bike more.

Question: How can a community encourage a developer to invest in their neighborhood?

Panel Response: Developers do like flexibility; therefore, it is important to allow for creativity and interesting design of buildings. Market conditions also affect development.

Question: What do you think of a street car system, like in Baltimore, or a trolley?

Panel Response: A trolley for tourists alone cannot sustain retail. OTN is more convenient than Old Town since parking is easier.

Question: There is a discussion about converting one-way streets (Madison and Montgomery streets) in OTN to two-way streets. Would that help retail?

Panel Response: Yes. Crystal City converted its one-way streets to two-way and it made a difference for retail.

Question: How important are loading docks to office and retail?

Panel Response: Loading is especially important to retail. Creating a loading corridor is important to protect lobbies and street frontages. Two-way streets can be instrumental for retail loading, especially national retailers who do not have control over their loading trucks. Edens

was very creative in how they designed their loading. Harris Teeter also did has done a relatively good job.

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