

# Holladay City Independent Advisory Committee Report

## October 27, 2010

Dear Mayor, City Council & Planning Commission:

At your request, we have met during the last several months to consider the proposed Cowboy Partners' development plan for the City-owned 1.8 acres adjacent to the City Plaza ("City Property"). We have also considered alternative plans, including variations of the Cowboy Partners plan and other options. In doing so we have considered the City's vision statement which states in part that:

"...the Holladay Village Center (HVA) [will] be a special, unique place for people to gather, shop, recreate and enjoy the views of surrounding mountains and environs. The Holladay Village Center should cater first to the residents of Holladay providing goods and services that encourage them to shop at home rather than outside of the city..." (Section 13.71.010).

Our assigned purpose has been to evaluate whether the proposed Cowboy Partners' plan is a viable option in meeting the City's vision statement. We were also asked to evaluate plans with reduced density, a single box grocery store, and retail only. To keep this report brief, we have not detailed all of these but would be happy to discuss them further if needed. It is our understanding and hope that the City will consider this report in making decisions affecting the City Property.

### Conclusions:

While we represent seven different professional real estate disciplines (appraisal, brokerage, financing, development, leasing, management, and legal) and often disagreed, we collectively agreed on the following conclusions:

#### 1. General Conclusions:

- a. The City Property is a relatively small property in which to meet *all* points of the vision statement.
- b. Any City Property development should incorporate architectural design which adds to the appeal of the adjacent City Plaza.
- c. Because the City will donate the City Property, pay for the City Plaza improvements, and possibly provide other financial assistance, the City is a major partner and should have a strong voice in the City Property's design.
- d. The City Plaza creates a unique retail opportunity to create both tax base and a gathering place for City residents, in keeping with the City's Vision Statement.
- e. The City Property development must be economically feasible and sustainable for lender(s), equity investors, and tenants. Market conditions should govern tenancy, uses, and design.
- f. The project should demonstrate both aesthetic and financial benefits to the City.
- g. At least six Wasatch Front projects that included apartments over retail space have either struggled or failed to lease, in spite of well-intended developers, lenders, equity investors, and municipalities.

- h. In today's market, adding freestanding apartments to the project may improve financing prospects.
- i. The City Property would benefit by assembling more contiguous land, but current options appear too costly.
- j. The elevation design should distinguish itself from single-level "strip" retail centers, incorporate mass and scale, and include a clock tower.

## 2. Development Options:

### a. Option A: Cowboy Partners Plan:

- i. Plan Description: Approximately 75 apartments constructed over 23,000 square feet of commercial/retail space, structured parking.
- ii. Conclusions:
  1. We believe this plan fits within the City's vision statement, and based upon discussions with the City, is permitted by current zoning.
  2. We believe the high number of apartment units (75) and the residential-over-retail design will threaten the viability of commercial tenants for a variety of reasons. This conclusion is based upon having seen many other similar designs struggle or fail along the Wasatch Front.
  3. In our opinion, this would be a pioneering plan.
  4. Based on our review and the information we have received, we do not recommend this plan.

### b. Option B: Retail Only:

- i. Plan Description: Approximately 20,000 square feet of retail/commercial space, potential structured parking. The retail/commercial space will be constructed adjacent to the City's Plaza with a similar footprint to the Cowboy Partners' plan, but without the apartments overhead.
- ii. Conclusions:
  1. The adjacent City Plaza will contribute to the success of the retail, restaurant, and commercial space.
  2. Proper architectural retail design will create a sense of elevation and scale without the challenges to retail tenants of having apartments built overhead.
  3. The parking is focused on the retail tenants' success and City residents' enjoyment of the Plaza.
  4. This Option B appears to be a viable alternative to Option A, and is in harmony with the City's vision statement.

### c. Option C: Mixed-use:

- i. Plan Description: Approximately 20,000 square feet of commercial/retail space, with apartments built on a separate pad in the northwest corner of the project, structured parking. The commercial/retail space will be constructed adjacent to the City's Plaza with a similar footprint to the Cowboy Partners' plan, but without the apartments overhead.
- ii. Conclusions:
  1. Separating the retail space from the apartments has worked well elsewhere in Utah, i.e. Sugar House.

2. Senior-oriented apartments will create less demand on parking than an ordinary apartment complex—a critical factor for retail tenant success.
3. Option C should be evaluated based upon satisfactory resolution of the following:
  - The traffic flow includes access to or from Murray-Holladay Road.
  - The apartment configuration and parking does not stress retail tenants, as this could stifle their success.
4. This Option C appears to be a viable alternative to Option A, and is in harmony with the City's vision statement.

### **Other Considerations:**

1. We did not see Cowboy Partners' financial assumptions and projected tax revenue benefits to the City.
2. We urge the City to obtain, review and compare City costs and contributions with the related benefits of any development alternative, including employing independent consultants to assist in this process.
3. The City's primary focus should be the synergy created between the City Plaza and the commercial component, which together creates the gathering place for City residents as contemplated by the City's vision statement.
4. The success of the City Property's development will be governed by the City residents' reception and use of the City Plaza and related commercial component.
5. The City should consider development of the mid-block road in future planning.
6. The City should explore possible public funding and other resources for the structured parking.

As residents of Holladay City, we appreciate the many, many hours the Mayor, the City Council, the Planning Commission, the citizens of Holladay City, Cowboy Partners, and others have invested in planning the City-owned 1.8 acres adjacent to the City Plaza. We recognize the development of the City Property will be the initial phase of Holladay Village, and will have long-term consequences to the City, its residents, the surrounding residential neighborhood, and other commercial development within the City. We also recognize we are only an advisory group, and that the decision-making authority rests with the Mayor, City Council, and Planning Commission.

Thank you for the opportunity to serve on the Advisory Committee.

Respectfully submitted,

The Holladay City Independent Advisory Committee

Fred Barth  
Frank Child  
Walker Kennedy III  
Darrin Liddell  
Gary Nelson  
Randall Ridd