

STAFF EVALUATION

Case No.: Use Permit No. 21-00009

Planning Commission Date: October 20, 2022

City Council Date: November 9, 2022

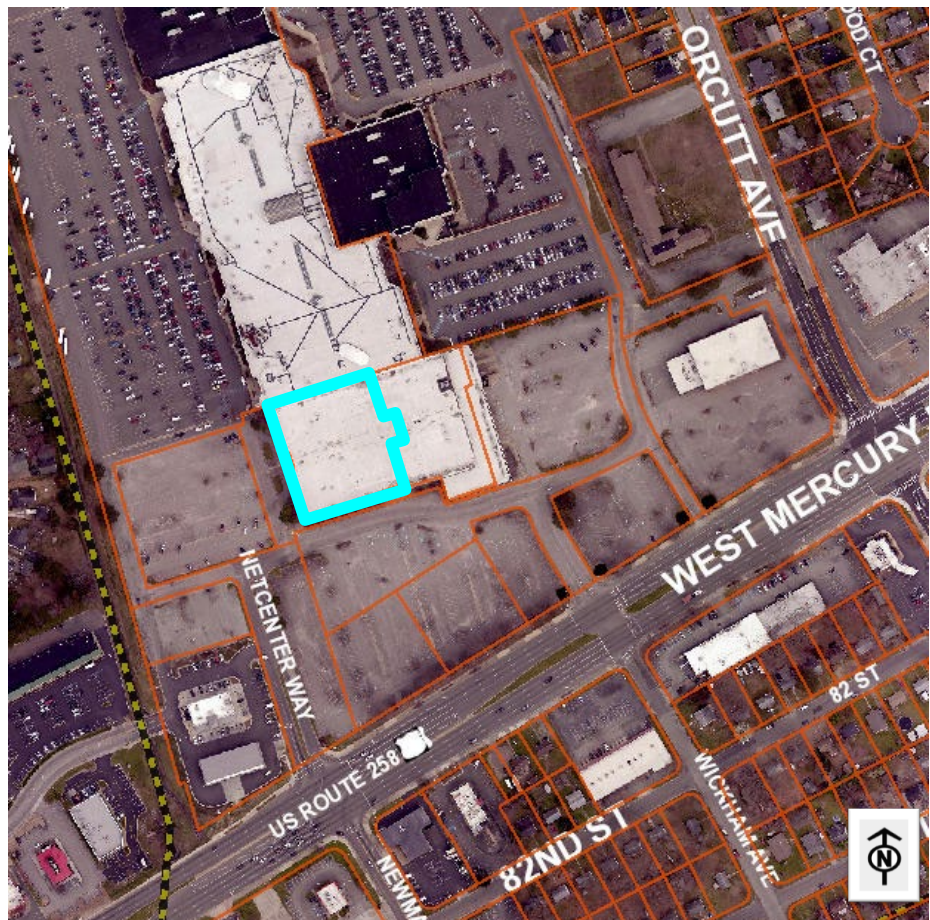
Prepared By: Olivia Askew, City Planner 727-6301
Reviewed By: Mike Hayes, Planning and Zoning Division Manager 728-5244
Bonnie Brown, Deputy City Attorney

General Information

Applicant(s) MCG VA Sears, LLC

Property Owner(s) MCG VA Sears LLC & VCP Hampton Sears c/o Madison Capital Group, LLC

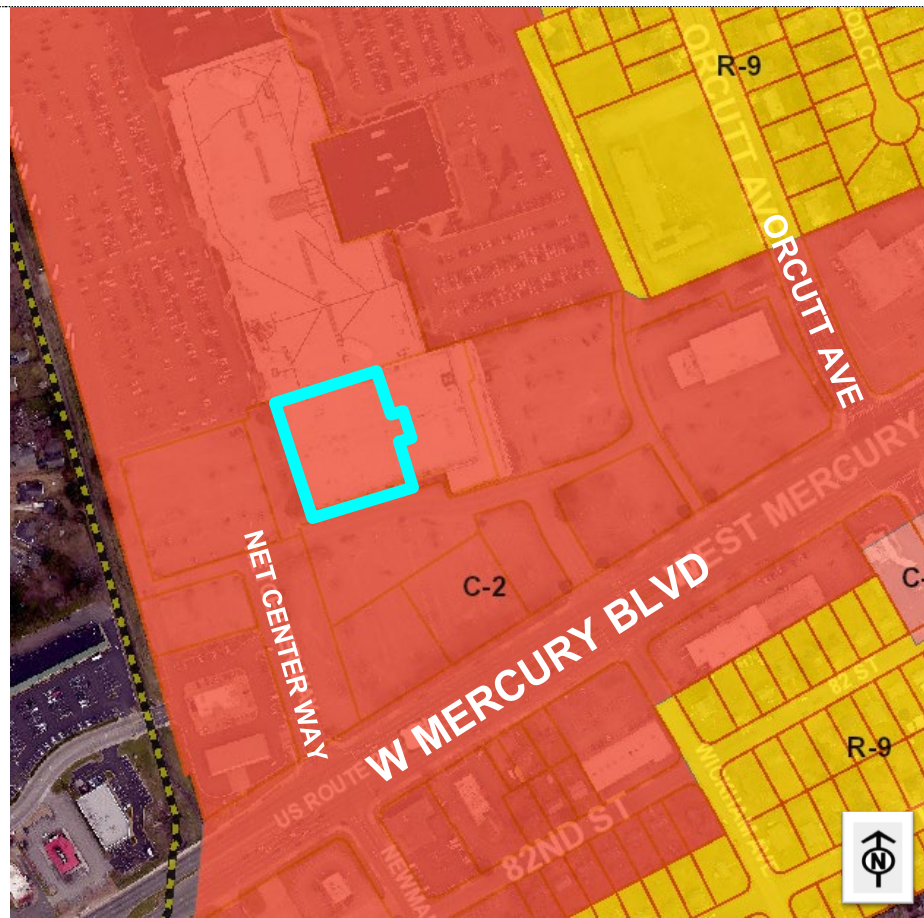
Site Location 5112 West Mercury Blvd [LRSN: 3002532]



Requested Action Use permit to allow for a storage facility 2 in the Limited Commercial (C-2) District.

<i>Description of Proposal</i>	<p>The applicant proposes to reuse and repurpose a portion of an existing building (the western half of the former Sears building), located at 5112 West Mercury Boulevard for the operation of a storage facility 2. By definition, storage facility 2 is a building containing separate storage spaces which are leased or rented to the general public for storage purposes only, are fully enclosed with internal and/or external access to each individual unit, where the storage units are a part of mixed-use either within the building, parcel, or shopping center.</p> <p>The proposed two-story, approximately 90,000 square foot facility would be for general storage, substantially similar to the storage facility use approved by use permit in the other half of the building. There are approximately 550 proposed storage units. The facility will have a single point of entry, with all of the storage units indoors and out of the public's view.</p> <p>In addition, the applicant is proposing to reserve a portion of the first floor for other uses permitted in the C-2 district, such as office or retail. This reservation of space would allow the street-facing portion of the first floor to have active uses. No changes are proposed to the existing vehicular circulation and access, serving the property.</p> <p>As the additional standards for storage facility 2 require the building and/or parcel to be mixed-use, the proposed development intends to comply with this standard by continuing the development of commercial outparcels adjacent to West Mercury Boulevard and by leasing the space reserved for other uses within the building.</p>
<i>Existing Land Use</i>	Vacant commercial building
<i>Zoning & Land Use History</i>	On January 8, 2020, City Council approved Use Permit Application No. 19-00010 which permitted the operation of a storage facility in the eastern half of the former Sears building.
<i>Surrounding Land Use and Zoning</i>	<p>North: Limited Commercial (C-2) District; general office use</p> <p>South: Limited Commercial (C-2) District and One-Family Residential (R-9) District; general retail sales and single family homes</p> <p>East: One-Family Residential (R-9) District; single family homes</p> <p>West: Newport News City Limits; single family homes</p>

See following page for zoning map.



Public Policy

The Hampton Community Plan (2006, as amended) is adopted as the guiding policy document for the City of Hampton. The Hampton Community Plan includes the following policy recommendations pertinent to this case:

Land Use and Community Design Policies:

LU-CD Policy 4: Evaluated land use proposals from a regional, city-wide, and neighborhood perspective.

LU-CD Policy 31: Encourage a mix of land uses that is appropriate for each district. Promote the efficient use of land and high quality urban design.

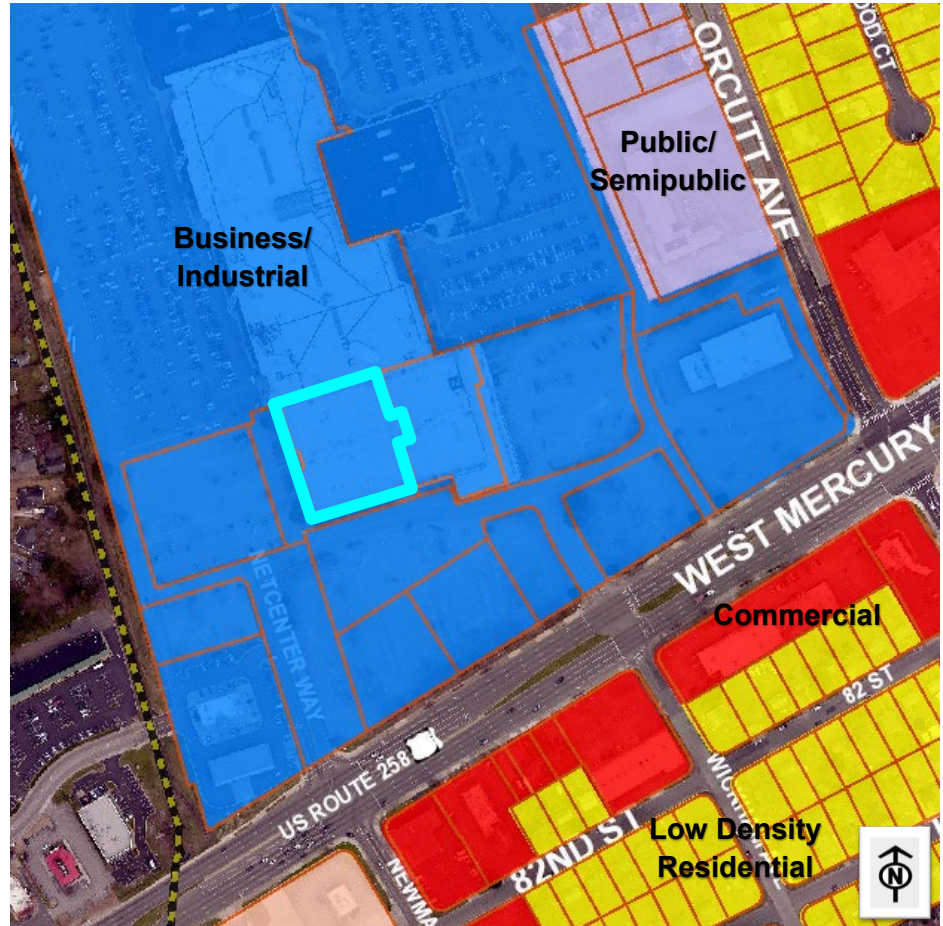
LU-CD Policy 36: Encourage corridor-oriented commercial development within specified areas to strengthen the viability of commercial uses and to protect residential uses and adjacent neighborhoods. Areas specified for corridor-oriented commercial include business corridors...
Business Corridors – are dominated by commercial and/or industrial land uses.

West Mercury Boulevard from the city line to King Street is identified as a business corridor.

Future Land Use:

The Hampton Community Plan (2006, as amended) designates this area as business/industrial. The Plan identifies this portion of West Mercury Boulevard as a business corridor in the city, which means it is dominated by commercial and/or industrial land uses with targeted commercial nodes.

Land Use Plan:



Parking/ Traffic

The proposed operation is not expected to have negative impacts on traffic in the area. Mercury Boulevard is categorized as a Primary Arterial within the Hampton Community Plan (2006, as amended). Primary Arterials are designed as high traffic volume corridors, with the capability of successfully managing a high daily peak trip count.

The Zoning Ordinance requires a minimum of one parking space per 50 storage units and 5 spaces adjacent to the entry point.

Community Meeting

The applicant has not scheduled a community meeting at this time.

Analysis

Use Permit Application No. 21-00009 is a request to operate a storage facility 2 at 5112 West Mercury Boulevard. The property is zoned Limited Commercial (C-2) District, which allows a storage facility 2, with an approved use permit. The applicant is proposing a two-story, 90,000 square foot indoor storage facility by reusing the western portion of the former Sears building. This facility is proposed to have 550 units. In addition, the applicant is proposing to reserve a portion of the first floor for other uses permitted in the C-2 district, such as office or retail. This reserved space would face Mercury Boulevard.

In 2020, City Council previously approved a use permit with conditions to operate an indoor storage facility in the eastern portion of the former Sears building. If approved, the applicant intends to manage the storage facility as one operation, which, if operated together, would total 190,000+ square feet and 900+ units.

The Community Plan (2006, as amended) designates the subject site as Business/Industrial. The Plan also designated West Mercury Boulevard as a business corridor. For the previous storage facility application at this site, City Council found that the reuse of a portion of the former Sears building was an appropriate support use to the greater business center. While storage facilities may be appropriate support uses to a business center, at a total of 190,000+ square feet, this proposal is at a scale to be clearly subordinate or secondary to the commercial uses around it. At the time of approval of the previous use permit, it was understood that the second half of the building would be put to more active use, such as retail or office. Though not finding a market for the entire space to be put to more active commercial use, this goal of reusing remaining half of the former "big box" store is achieved to a certain extent by dedicating a minimum of 30% of the first floor to more active commercial use.

The Community Plan recommends that land use proposals be evaluated from a regional, city-wide, and neighborhood perspective (LU-CD Policy 4). With the decline in "big-box" retailers, owners of such properties are searching for tenants to reuse these properties while little demand for the amount of space exists. Recent trends support transitioning vacant, traditional retail into multifamily and smaller office uses as viable alternatives. In addition to multifamily and office uses, property owners are seeking out storage facilities to fill their vacant properties. These users find vacant big-boxes appealing, as the existing building interiors can be modified and repurposed with relative ease.

The decline of "big-box" retailers, and the large vacant retail buildings left in their wake, is not unique to Hampton. Many communities throughout the region and nation are questioning the proper future of these buildings, which are often anchors of large shopping centers. Beginning in 2000, Net Center transitioned the former Newmarket Fair shopping mall into a business center with supporting retail, personal services and food service amenities. It was the first of its kind in the Hampton Roads region. Net Center has largely been successful in repurposing its large retail space as offices, serving Newport News Shipbuilding, Huntington Ingalls, and Verizon, among others. In addition, the expansive parking lots along Mercury Boulevard are being redeveloped into a variety of supporting retail uses. Based on the success of Net Center, there appears to be a viable market for an office reuse at this site.

Though there may be market support for an office reuse of the site, the large footprint of the "big-box" former Sears building poses a challenge for management teams looking

to lease the entire space to one user. Trends such as the work-from-home movement and online retail have decreased the amount of square footage users require for their operations. The Community Plan identifies corridor-oriented commercial land uses as appropriate for Mercury Boulevard (LU-CD Policy 36). The proposal of leasing the front, street facing portion of the first floor to active commercial users balances the goals and policies of the Community Plan with the challenging reality of reusing this type of building.

In addition, the applicant has stated that the conversion of the building into storage units would not prevent the building from being easily converted to an active commercial use or office in the future. Staff is recommending a condition that requires a minimum percentage of the building be used for active uses, but does not prevent these users from expanding their footprint within the building in the future.

If the use permit is to be granted, staff has identified eight (8) recommended conditions based upon the proposed use's operational and land use characteristics. A few key conditions are highlighted below:

- A minimum of 30% of the first floor area is reserved for other permitted uses;
- No outdoor storage;
- Substantial conformance with the provided building elevations; and
- Surveillance of the property must be provided.

Given the proposed active uses and the vision of the site and commercial corridor, this application is supported by the goals and objectives of the Community Plan.

Staff recommends **APPROVAL** of Use Permit Application No. 21-00009 with eight (8) conditions.