

ORDINANCE NO. 149-2021

Department of Community Development Shaia Parking Lease and Option to Purchase Agreement Executive Summary

Ordinance Amount: \$0

Legislative Request:

To amend Ord. No. 260-16 that authorizes the Director of Community Development to enter into a lease for parking lots at 1301-1325 Chester Avenue to Shaia Parking, Inc., and to enter into an Option to Purchase agreement for the same parking lots with Shaia Parking, Inc., by extending both the lease and the Option to Purchase agreement by four years, to 2026.

Purpose:

The current lease between Shaia Parking and the City followed a response by the lessee to a City released RFP. Shaia Parking, through their development entity Victory Properties, Inc., provided the only submittal to the RFP. The proposal, which serves as an attachment to the lease, includes a five year lease with an option to purchase. The developer will manage and improve the property, and work to develop plans for a mixed-use structure on the site.

Paul Shaia, of Victory Properties and Shaia Parking, revealed an intent to release plans in the fall of 2020 to develop a small scale apartment building on the current parking lot site. Following the COVID 19 Pandemic and its impact on the economy, in addition to protests and subsequent destruction that occurred downtown in 2020, a proposal for site development of this scale became difficult to support financially. The developer does not want to abandon the proposal, but instead would like additional time to make it work

Shaia Parking has remained current on its lease obligation to make monthly payments of \$1,875 to the City, which totals to \$22,500 annually. Since exposure and concerns of spread of the Pandemic, and protests previously mentioned, there are days when there are as few as 18 vehicles on a parking lot that can accommodate 145 vehicles. The payments have remained current even with the loss of revenue on the parking lots.

The Pandemic has contributed to reduced foot traffic in the vicinity of the E. 13th Street and Chester Avenue parking lot. Playhouse Square was not receiving visitors, many offices have been closed or have incurred reduced staffing due to social distancing requirements, and restaurants and other commercial businesses have either remained closed or receive fewer patrons, also due to social distancing.

Residential construction downtown continues, as several projects have been proposed, are currently under construction, or have been recently completed. Paul Shaia has expressed concerns about the absorption rate of these new units coming on line in these challenged times.