

The special called meeting of the City Council of the City of Newnan, Georgia was held on Tuesday, February 22, 2023 at 5:30PM in the Richard A. Bolin Council Chambers of City Hall with Mayor Keith Brady presiding.

**Present**

Mayor Keith Brady: Council members present: Ray DuBose, Rhodes Shell, George Alexander, Cynthia Jenkins, Dustin Koritko and Paul Guillaume. Also present: City Manager, Cleatus Phillips; Assistant City Manager, Hasco Craver; City Clerk, Megan Shea and City Attorney, Brad Sears

**Call to Order**

Mayor Brady called the meeting to order and delivered the invocation.

**Presentation from Development Partners for 57 East Project**

Doug Davidson started the presentation. He explained that they are at the end of the due diligence period and wanted to provide an update. He introduced the members of the team that were present. He explained that they were tasked with conducting civic and community engagement sessions, identify parcels for best use and components, develop a preliminary concept plan and financial proformas that work the best for the City.

There were 3 community events held and they met with several civic associations. They also hired a market research company and worked with Nelson Worldwide for the concept plan and put together a timeline on where to go from here.

Dave Dugolenski with the development team stated that this is just step 1 in the process. There are significant obstacles out there especially with interest rates rising, making construction debt expensive. They really tried to focus on the strengths of this asset and looked at many different options. Each option would probably require some level of public subsidy given today's market. They evaluated residential, commercial, retail, hospitality and creative work space.

Randy Beavers with the development team started by discussing the community engagement sessions. They heard a lot of input and the meetings were well attended. The first meeting was with the Downtown Development Authority, the second was with civic leadership and special interest groups and the third was with the general public. Some of the high points were to embrace what Newnan is today and respect its history/character and should integrate well with the downtown. A lot of feedback regarding apartments was not for or against but wanting what apartments would bring such as food/beverage and public spaces. Other common themes included market/grocer, wellness uses, community space and collaboration with the City and Mainstreet. Hotel use was brought up and debated but with that parking and grid impacts should be well thought out.

The goal was to integrate all of the feedback into the site plan. They looked at the physical site constraints and what apartments would look like in different ways. Can they afford to incorporate all the uses that were heard from the community into this? Mr. Beavers went through the key takeaways from each meeting, many of the same themes and some differences in preferred land uses.

Councilman Alexander mentioned that he attended all community sessions and on the subject of apartments he heard overwhelmingly people were against apartments. Mr. Beavers said in the last session there were 2 residents very opposed to apartments but many others were for the amenities that apartments bring.

Councilman Koritko asked what condo quality apartments mean? Mr. Beavers stated that was a comment that was taken from one of the meetings. There was a discussion around having higher quality construction.

Chris Hall, Real Estate Consultant with Haddow & Company, went over the market study that was completed. For this they look at demographic data, survey apartments and talk to brokers. They also look at what has worked well in other downtowns. Downtown Newnan is very vibrant and there is not a lot of vacancy. There is a strong retail market. They looked at some of the newer apartment communities which have high occupancy and strong rents with a mix of tenants such as empty nesters, young professionals and some families.

Conclusions that came from their study were that there is a market opportunity for apartments and a key ingredient for a successful downtown. The market would also support for-sale townhomes. There is an opportunity for coworking/flex office building. The site could definitely support retail and restaurants such as a micro food hall. There is potential for a hotel but that would need to be further investigated.

Mr. Hall went into more detail with each component. He stated that for retail soft goods should not be pursued because the square already has that. He showed an example of a coworking space. Mayor Brady asked if that would be ground level? Mr. Hall said it could be ground or second floor. It could be all on one level, about 7,500 sq ft. Councilman DuBose mentioned an interest for children's healthcare being looked at as well.

Mr. Hall discussed the hotel opportunity. He explained that most hotels in a downtown area require public subsidy. Parking would also need to be considered with this.

Councilwoman Jenkins asked if they looked at small business incubator as a viable option and tech businesses? Mr. Hall said maybe in conjunction with a coworking option. Cities have sponsored incubators in other downtowns so it could be considered. He stated a big tech company would not be drawn to this site but possibly smaller start-ups would be an option.

Mr. Dugolenski also stated that there has been a downsizing in tech, for example Microsoft just pulled out of their campus in Atlanta. Incubators are usually start-ups and need to be subsidized.

Mayor Brady asked if meeting space would be incorporated in the hotel? Mr. Dugolenski stated that they evaluated different concepts but in the community sessions they heard people want a boutique hotel. Meeting space is usually undersized in that type of hotel. Josh Magaro explained that they relied on the hotel study done last year for Explore Newnan-Coweta which concluded this was not the proper location for a full-service hotel.

Mayor Pro Tem Koritko asked for further clarification regarding whether the hotel is preferred or not and other options for offsite parking and being pedestrian only. Mr. Magaro said they looked at the market study and the community sessions and it was preferred by the community based on feedback. He said they did look at offsite parking but to adhere to zoning requirements in the City a no parking option was not explored.

Councilman DuBose asked about the potential for government uses? Mr. Magaro said that would be a welcome use and would help with financing.

Jeremy Hall with Nelson Worldwide, discussed the architectural concept plans. He showed images looking into the site from Broad St, greenspace inside surrounded by townhomes and retail/restaurants with outdoor patio seating. He also showed a base concept plan of the whole site. Spring Street would be extended from the west and the LINC trail would extend in from the East. A second option broke the residential into two blocks and moving the greenspace closer to the railroad. Another option showed the hotel instead of townhomes.

Councilman Guillaume asked if the number of apartments are standard in all options and where the offsite parking would be? Mr. Hall said yes with there being slightly less apartments with the hotel option. The offsite parking could be across the street, just to show that something would need to be within a block or two. Mr. Beavers said that they are trying to understand the constraints of the site and there are assumptions they can't make and the offsite parking is a big one.

Councilwoman Jenkins said that the plans do a great job addressing E. Broad Street but the other 3 sides seem to be turned away. Salbide looks like the back of the site and needs to be addressed with the same detail as the front side. She also commented that the northwest corner is the historic black business district and there is an opportunity to connect that, as well as what will be the Bicentennial Park. She then commented that she would like to see more originality with the masking, something more Newnan.

Councilman DuBose commented that he likes the Spring St. entrance that is incorporated but there is also an opportunity for a north entrance to connect Andrew St. Mr. Hall said they would like to explore those options if they can work.

Councilman Alexander expressed concern regarding the number of townhomes verse apartments, as well as agreeing that the back side/south side should be looked at and made to look more attractive.

Mayor Pro Tem Koritko asked about rooftop utilization and parking spaces. Mr. Hall said there is potential for rooftop patios and other uses. There is on street parking on E. Broad and about 80 parking spaces on the street within the site then the parking deck so max parking would be about 445 spaces. Mayor Pro Tem Koritko expressed disappointment in the creativity and the apartments overwhelming the site.

Josh Magaro gave details of the project schedule and financial feasibility. The next phase would be design/development, taking feedback from Council and having further conversations to refine all the details and come up with final use. Then a rezoning, planning commission and other Council approvals. From there the architect would do a full design set followed by pre-leasing and finance efforts and then construction efforts.

Mr. Magaro gave a breakdown of the financials including what they see for residential and commercial, gross potential income and operating expenses, leading to about \$3.5 million in net operating income. The project overall will be costly and they estimate an all-in cost of construction at \$83-84 million. The return on cost would be 4.2% which is not very good. Based on all of this, the project doesn't work today.

Looking ahead to 2024 and 2025 there are a few variables. Following financial trends, the hope is to catch a good time to get the project off the ground. The project would need to be at a 6.5% or better for return on cost to be feasible. They looked at the lowest hanging subsidy whether hotel or multi-family. The only subsidy to ask for would be the land to get this going and then there is a positive delta to roc.

Mayor Brady stated that this is the first part of the conversation and Newnan is unlike others on the south side of Atlanta. It's going to be a lot of work to get it done but it is worthy. Mr. Davidson said they looked to merge good uses of the property and weighing the subsidies that might be required for that.

Mr. Phillips suggested that Council should come together and determine what the City's threshold of investment will be. That needs to be provided to the development partners before anything else happens. Mr. Phillips asked what the proforma would look like with no multi-family. Mr. Magaro answered that it's dependent on the level of subsidy and what is wanted.

Councilman Guillaume suggested scheduling meetings to discuss this further. Mayor Brady asked Council to come calendars to the regular scheduled meeting next week and a schedule can be determined.

Mr. Davidson reiterated that the multi-family subsidizes for the green space and other components, just to keep that in mind. He stated that they will be the ones developing. The only part possibly parceled out would be the hotel. Mr. Magaro stated that some level

of public subsidy will be needed. A credit worthy tenant such as government would provide a level of insurance because they won't default. Mayor Brady asked about taxable districts or bonded indebtedness. Mr. Magaro said once the City gives them the program then they can give total development costs. There are many options for financing solutions. Every city/county/state has a different toolbox to incentivize these types of developments. The financing picture shown so far has not factored any of that in.

**ADJOURNMENT**

Motion by Councilman Alexander, seconded by Councilman Guillaume to adjourn the meeting at 7:18PM.

**MOTION CARRIED. (7-0)**

\_\_\_\_\_  
Megan Shea, City Clerk

\_\_\_\_\_  
Keith Brady, Mayor