



## CITY OF RICHMOND

### Department of Planning & Development Review *Staff Report*

**Ord. No. 2015-244:** To declare surplus and direct the conveyance of City-owned real estate located at 1722 Arlington Road to McKinnon and Harris, Inc., for \$1,750,000 for the purpose of stimulating private investment, job creation and economic development in the area.

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**To:** City Planning Commission  
**From:** Land Use Administration  
**Date:** December 7, 2015

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#### **PETITIONER**

McKinnon and Harris, Inc.

#### **LOCATION**

1722 Arlington Road

#### **PURPOSE**

To transfer the subject property to McKinnon and Harris, Inc. for \$1,750,000.

#### **SUMMARY & RECOMMENDATION**

McKinnon and Harris, Inc. headquarters is currently located at 1806 Summit Avenue within Scott's Addition. It also has showroom locations in Mid-town Manhattan, London's Design Center at Chelsea Harbour, and the newest location in the La Cienega Design Quarter in Beverly Hills, California. The company began 22 years ago, has strong roots in the City, has expanded its headquarters as much as possible in its current location and must expand in order to accommodate the company's increased sales and employee growth. It has searched for locations in the City, but has been unsuccessful in locating a facility that meets all of its needs.

The Company now wishes to acquire the subject property in order to accommodate its continued growth, obtain a higher profile location for its world class show room and remain in the City. The proposed post-redevelopment value of 1722 Arlington Road is estimated at \$6.1 million in land, building and site improvements, and equipment to support their sales growth needs. The company currently employs 38 Full Time Employees (FTE) with 17 additional FTE's projected over the next 5 years. The company projects 45% growth in employment resulting from a 74% projected growth in sales revenue.

The 1722 Arlington Road site is adjacent to Interstates 95 and 64 within close proximity to the Boulevard corridor. This unique property is noted for its significant location visibility to and from the Interstates. Total square footage of all improvements is approximately 65,840+/- square foot on 4.629+/- acres of land.

The property is currently assessed at \$1,598,000 for the Land and Improvements. The most current appraisal of the property was done by The Appraisal Group dated December 13, 2013, that concluded the market value of the property to be \$1,700,000. McKinnon and Harris, Inc. has offered to pay \$50,000 more than the appraised value for the property.

Two additional unsolicited offers were made to purchase the property; however, after review of those offers, it was determined that the McKinnon Harris offer is the best interest of the City because it was the highest of the three and the project is the only one that involves retaining an existing and growing business in the City.

The City Administration, Economic Development and Community Development recommend approval.

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## **FINDINGS OF FACT**

### **Site Description**

The 1722 Arlington Road site is adjacent to Interstates 95 and 64 within close proximity to the Boulevard corridor. This property has significant visibility to and from the Interstates. Total square footage of all improvements is approximately 65,840+/- square foot on 4.629+/- acres of land. Approximately 52,539 +1- square foot of the building is warehouse space. An additional 4,384+/- square foot of the building is used as office space and an 8,917+/- square foot area located at the northeast corner of the building is unoccupied and considered unsafe due to a failure in the roof.

The City of Richmond School Board formerly controlled this property and has declared it as surplus property. The School Board transferred control to the City of Richmond by recorded quitclaim deed on July 9, 2015. The property is currently vacant and in need of substantial renovation.

### **Proposed Use of the Property**

The proposed use of the property would be used by McKinnon and Harris, Inc to produce, warehouse and provide show room space for handcrafted furniture.

### **Master Plan**

The Master Plan recommends "Industrial" land uses for the subject property and surrounding properties. The proposed use of the property meets this recommendation in the Master Plan.

### **Zoning**

The property is currently located in the City's M-2 Heavy Industrial zoning district. The proposed use would be permitted under this zoning subject to meeting the normal requirements for parking, signage, etc.

### **Surrounding Area**

The property is abutted by Interstate 95/64 and the Boulevard interchange to the north, a gas station to the east, and other industrial uses to the south and west. The surrounding properties are located in the M-2 and M-1 Industrial zoning districts.

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