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Cover Story

Can this man return Reston Town Center to its former glory?

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Ask just about any Northern Virginia politician about their priorities, and you'll get an answer about roads, or schools, or development and housing. Very rarely do such lofty concepts as "suburban land reform" enter the conversation.

Nevertheless, it's an issue that [Walter Alcorn](#) has raised in his successful run for a Fairfax County Board of Supervisors seat. Sure, he talks about more typical matters, like managing growth and improving transportation infrastructure, but he's also advanced big ideas about ending what he dubs the "monopolistic ownership" of the massive development at the heart of his new district: Reston Town Center.

The town center's troubles stem primarily from a fierce parking controversy after Boston Properties, the town center's principal owner, instituted parking fees at its garages in 2017, an unprecedented move in parking-rich Fairfax County. Boston Properties (NYSE: BXP) eventually rolled back some of those fees in the face of legal challenges and other community protests, but much of the damage had already been done. Many shoppers changed their habits and opted to go elsewhere; some retailers fled in frustration or simply shut down as their business suffered.



JOANNE S> LAWTON

Walter Alcorn this week won a seat on the Fairfax County Board of Supervisors, in part on a campaign to redo the ownership structure of Reston Town Center.

Alcorn isn't some revolutionary intent on tearing down the system — he won a five-way Democratic primary in the Hunter Mill District largely by leaning on his experience working on various county planning efforts. He will soon take over for the retiring [Cathy Hudgins](#) after coasting to an unopposed Nov. 5 general election win.

As frustration with Reston Town Center reaches a boiling point, Alcorn sees a growing need for the county government to intervene, and he's offering an unusual fix: Break up the ownership of the town center's buildings. He wants to return the shopping center to the days when it wasn't dominated by one landlord, providing a greater mix of voices when it comes to issues like retail or parking.

"I have some long-term concerns about the viability of any town center that's under single ownership," he said. "To me, it's kind of obvious. You want that diverse ownership in order to have the vitality and experimentation, ... lots of different owners making lots of different business decisions."

That's not to say such a solution would be simple. And legal experts are skeptical it would be successful, considering the robust rights property owners enjoy in the commonwealth.

Boston Properties, meanwhile, said it believes the town center is performing so well that it doesn't require any such major structural changes — the development still boasts robust office and retail occupancy rates, and the developer is hard at work on a massive mixed-use expansion adjacent to the new Reston Town Center Metro station on the Silver Line.

But for Reston residents, they are eager to see Alcorn try something, anything, to revive the town center. Although many have long thought of RTC as the center of the Reston community, they fear that spirit is slipping away — and that could only accelerate as a bevy of new developments around Reston's two Metro stations gain steam.

"Boston Properties kind of killed the heart and soul of Reston Town Center, which used to be our town center," said [Connie Hartke](#), a member of the [Reston Citizens Association's](#) board of directors and head of the advocacy group, Rescue Reston. "It's a shame. I don't know if they can get it back."

The parking paradox

These days, anyone visiting Reston Town Center can get up to an hour of free parking in one of the development's seven garages, located along the northern and southern borders of the shopping center. Parking is also free after 5 p.m. on weekdays, and all day on the weekends.

Otherwise, anyone parking has to pay up, and they still have to rely on a smartphone app to do so.

Residents and business owners say that's an improvement from Boston Properties' original fee structure, which included a \$2 hourly fee all day on weekdays. The developer previously said it rolled out those fees in a bid to cut down on overnight and out-of-town parking in the garages and to prepare for Metro commuters descending on the area in search of parking. In return, it received an estimated \$8 million in annual revenue.

The backlash was intense, including a community boycott of the town center and a pair of lawsuits from owners of restaurants there, both of which were settled out of court. Boston Properties hired a crisis communications firm to handle the outcry and eventually overhauled its fee structure in a bid to tamp down the criticism.

Today, Boston Properties spokeswoman Sapna Yathiraj disputes any characterization that retail at the town center has become less desirable, calling it "thriving" and part of what makes the development "Fairfax County's downtown."

But many remain frustrated with the current system, as it still leaves visitors checking their watches if they're enjoying a meal or wandering through the town center's shops.

And the parking app, dubbed "Park RTC," remains an especially sore spot — some visitors still feel uncomfortable forking over their license plate data to a private company, while others bristle at the app's relatively complex process instead of simply parking and walking away.

Donna Gough, a 20-year Reston resident and local activist, remembers she and her husband always used to need reservations if they hoped to dine at one of their favorites in the town center, French bistro Mon Ami Gabi. Since the parking snafu, Gough said they can now usually just walk in on a whim and grab a table.

"People tell me all the time that they just won't go during the week, because of the parking," she said. "And people have found alternatives after the initial community boycott. They've gotten used to going elsewhere."

That sort of dip in weekday traffic has been bad news for some small businesses based in the town center. Locally owned retailers including The Bike Lane and Dawn Price Baby shut down last year; local eateries met similar fates, with restaurants such as Busara Thai, Obi Sushi and Red Velvet Cupcakery closing their doors.

"When we started, the town center felt like a family," said Kristen Brabrook, a Reston resident who once managed the cupcake shop. "All the managers knew each other, employees got discounts everywhere. ... But over the course of our eight years, we saw a lot of that disappear."

Red Velvet owner Aaron Gordon, who helped lead a coalition of businesses opposed to the parking changes, remembers his sales dropping "30% to 40% virtually overnight." Noah Dan, owner of Pitango Gelato, said his sales have dropped closer to 10%, though he noted that such a change can result in close to a 50% dip in profits for a small business.

Dan said he's been able to stay open in the town center, in part due to profits from his other locations around the region. He suspects other small retailers haven't been so lucky. That's led to more national chains, which can rely on networks of hundreds of stores in making leasing decisions, snapping up the spaces once occupied by homegrown companies. Recent additions to the shopping center include familiar names like Lululemon, Peet's Coffee and True Food Kitchen.

"If you look at today's mall, they all look like a list of the usual suspects," Dan said, referring to the current Reston Town Center retail lineup. "It's all people that know the game and have been there before, ... and a lot of that stuff is not the most exciting to go to."

However, it's not as if Boston Properties has struggled to market the Reston Town Center to retail tenants. While Yathiraj would not answer questions about the shopping center's vacancy rate, CoStar Group Inc. market analyst Nicholas Mills said

the town center's retail occupancy currently stands at 95%, with 20,000 square feet available. In general, the occupancy rate has held steady between 95% and 100% dating back to 2017, Mills said.

"Reston has not been immune to the challenges facing retailers throughout the United States," Yathiraj wrote in an email. "Especially as a neighborhood matures and changes, there is a characteristic and healthy evolution in the retailers that inhabit its stores."

But Gordon argued that a move away from "smaller, community-based businesses" like his shop is not what the late acclaimed community planner [Robert Simon](#) envisioned when he worked to pull Reston together decades ago. And many place the blame for that shift squarely on Boston Properties.

"They wanted it to be an elite destination, and I guess now it is," Hartke said. "It used to be a fun place where high school kids hung out and families walked around. That's kind of gone."

The question of ownership

To Alcorn, the problems with retail at RTC stand as a clear example of how a more diverse ownership mix at the town center could make a difference. He expects that property owners would look to compete against each other, working to find new and different retail options to lure customers away from neighboring developments.

[Barry Lynn](#), who studies competition policy as part of his role leading the Open Markets Institute, suspects such a change would bring some much-needed variety to the town center. He pointed out that owners of large developments are more likely to work with the same prominent leasing companies, or even firms that control leasing decisions for multiple brands.

"They don't want to be dealing with 200 different customers," Lynn said. "They want five or eight, each of which can bring 10 or 12 or 15 different stores or restaurants to your platform, and it makes it easier for everyone.

"It just means you'll get the standard, off-the-shelf products everyone is getting," Lynn added.

Perhaps most crucially, Alcorn wonders if the parking kerfuffle could have been prevented if there with more owners in the room. Boston Properties controlled all of RTC's parking garages and its privately owned streets when it put the fees in place, which Alcorn believes was akin to a monopoly using its market dominance to roll out more costs on consumers.

"If they would've had to reach consensus and have some sort of coordinated decision with different viewpoints, then that alone would be valuable," said longtime resident Gough. "It would force the conversation out to a broader range of people."

Hudgins, who has held the Hunter Mill seat for nearly two decades, said she hasn't discussed these ideas with Alcorn as he prepares to take her job in January. But she remembers feeling exasperated that Boston Properties was letting decisions from its corporate office drive its parking policies, despite the deleterious effects. She said, in her time in office, she had several discussions with Boston Properties on the matter to little effect, and her hands were tied because of its private property ownership — a result that has further frustrated residents and business owners who have felt that she didn't do quite enough. Hudgins said she agreed that perhaps another local owner would see things differently and force a change, she said.

"I do think that Boston Properties, as one owner, is not diverse enough in thinking about how to keep what they have there," Hudgins said. "Their corporate office is a long way from what happens. I've said it over and over: You should bring them here and make them camp out for a month and see what they really have. ... The model just has to change. It's going to have to compete with the rail piece [rising near the future Reston Town Center Metro station] in a different way, and that may be the wake-up call."

Boston Properties only cemented its status as RTC's dominant owner in 2013, when it struck a deal with [Beacon Capital Partners](#) to acquire Fountain Square, the mixed-use complex at the heart of the development. In the wake of that deal, Gordon pointed out, Boston Properties began telling its investors that it planned to seize the opportunity to move to paid parking.

"It was, at first, a small change, and didn't seem overly significant," Gordon said. "But it's easy to see what happened once they took over."

The legal arguments

The company declined to directly address Alcorn's contentions that multiple owners would improve the town center. "We respect Walter's perspective," Peter Johnston, Boston Properties' executive vice president for the D.C. region, wrote in a statement.

Yet Johnston noted that his firm does not technically own all of the town center — for instance, Dweck Properties owns a condo building along New Dominion Parkway, while Hyatt owns its Regency hotel along Bluemont Way. In effect, he hinted that Alcorn was barking up the wrong tree.

"We enjoy a very cordial relationship with Walter and have indeed discussed these matters with him," Johnston said. "We are one of, if not the largest taxpayers in Fairfax County and enjoy a wonderful relationship with numerous supervisors."

The latter portion of Johnston's answer also hints at a big hurdle facing Alcorn's plans. Other supervisors said they hadn't discussed such a vision with Alcorn yet, and it's unclear where each board member stands, but one thing is clear: Boston Properties is a powerful company, and any efforts to diversify the ownership mix at the town center would undoubtedly be met with legal resistance from its army of lawyers.

"Anything legislating that you can't have single ownership of a property, you could argue that amounts to a taking under the law," said Michael Benedetto, an attorney focused on commercial real estate at Ansell, Grimm and Aaron PC. "I can't imagine a developer with millions invested here not putting up a fight and probably winning."

Lynn and other more utopian thinkers suggested the county government could seize the land from the developer under the argument the county has an interest in promoting fairness and competition in the retail marketplace. But that could be similarly legally challenging, and Alcorn stressed he's not interested in such drastic steps just yet.

Instead, he suggested something like a change to the county's comprehensive plan, its primary planning document, to force such a shift over time. Alcorn believes the plan could be amended to be proscriptive, simply banning the single ownership of a shopping center, or a bit more nuanced, merely discouraging single ownership or encouraging multiple owners at large properties. Whatever the exact language, he believes it could be written into Reston's section of the comprehensive plan, leaving other single-owner shopping centers around the county — like Fairfax Corner or Springfield Town Center — unaffected.

Land-use policy experts believe such an approach would be a novel one, though they doubt it would be effective.

"It's an advisory document, so it has no legal effect," said Michael Smetana, a commercial real estate attorney at Culhane Meadows PLLC, regarding the comprehensive plan. "It merely provides guidance for the municipality for planning purposes ... and restrictions on the transfer of property or who can own property are generally difficult to enforce. Think of one owner operating a bunch of different LLCs. Does that still count?"

Given the challenges associated with actually wresting control of the town center, other observers around the county think a more targeted approach could address parking directly.

County Supervisor Pat Herrity, R-Springfield, who narrowly won reelection this week to the board, noted that fully private garages are subject entirely to the whims of their owners. Others, like the large parking structure at the heart of Merrifield's Mosaic District, were built with the county's help and give local officials more say in managing parking changes over time.

"That would be a better model going forward," Herrity said, adding the county will have to be thoughtful about the issue as the Silver Line draws more commuters looking for park-and-ride spots.

Regardless of the exact strategy Alcorn chooses to pursue, Reston residents are broadly optimistic the new supervisor will be able to make some sort of difference. Even if he can't manage the sort of drastic change he envisions in the town center's ownership, many are hopeful that he'll push the company to hear their concerns.

"If they can continue without being challenged or without being questioned about the impact of a certain proposal or decision, then we'll keep going down this path," Gough said. "But maybe when they realize that other discussions are out here, whether or not they could legally be done, it could change that, and they won't try to bulldoze people as much."

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Walter Alcorn makes the case for breaking up Reston Town Center - Washington Business Journal

Alex Koma

Staff Reporter

Washington Business Journal

