

## **An Open Letter from David Genovese Regarding the Redesign of Baywater's Downtown Darien Project**

On October 17<sup>th</sup>, we filed a minor modification to the text amendment required to allow our revised project for downtown Darien to proceed. Our plan is to file our Site Plan Application to Darien's Planning & Zoning Commission in early 2018. These are our first visible actions on our project since we received an approval earlier this year for the text amendment we had proposed in 2016. Given the significant public interest shown in our project over the last two years, and the incredible support we have received over this period, I thought it would be helpful to provide you a summary of where we have been, and where we hope to be going, after an extended period of quiet but intense work. We would not normally provide such a detailed explanation of our work during this phase of a project, but in the spirit of the transparency we tried to demonstrate thus far it seems appropriate to do so.

My team and I began working on the assemblage of the properties located in downtown Darien across from the Darien Playhouse in 2005. The first two of these properties were acquired in the summer of 2007, and we acquired the remaining 7 properties through the the Great Recession and into 2015. In March of this year, Darien's Planning & Zoning Commission approved our request for a text amendment to the Darien zoning regulations which would allow us to prepare a fully-detailed site plan application for our redevelopment of a significant portion of downtown Darien. As we had stated through the course of our discussions with the Planning & Zoning Commission of our initial concept, we needed to change the zoning regulations, most of which were written in the 1950s, to render feasible the idea of developing atop a two level underground parking structure a series of beautifully-designed and well-constructed mixed-use buildings which would honor Darien's past, but function well into the future. Our plan included a number of parking spaces sufficient to accommodate the needs of the project today. As we explained during the hearings on our text amendment, we designed an underground parking structure which would maximize the number of spaces created, and then solved for what we needed to build in terms of retail and restaurants, office spaces, and apartments to justify the significant cost of the garage.

Following the approval of the text amendment, and in preparation for the site plan application which was to follow, we engaged our full team of professionals including a structural engineer, a world-renowned parking consultant and designer, geotechnical engineers, mechanical engineers and civil engineers, along with a construction manager, to further refine our design for the project and to create a budget for the project in which we could have sufficient confidence. In working through this more detailed design effort, we worked diligently with our team to ensure that we were creating the best possible building project for Darien. In particular, we worked to design the parking so that it would be inviting and comfortable, with higher ceilings, significant lighting, multiple points of ingress and egress, and many well-marked elevator lobbies. We went so far as to also engage a consultant who focuses upon refuse and recyclables management, to ensure that we could hide this output from the apartments, offices, retail and restaurants. We did not want to forget any detail that might impact the design of the project in the future.

Given the refinements we made to this project during this phase, coupled with the results of our more detailed geotechnical analysis (additional borings were performed around the site, to measure more accurately the depth of the rock ledge which is present in several areas on the site, as well as the groundwater conditions which we knew existed), the resultant budgets for the cost of the project increased dramatically. The underground parking, as modified, was budgeted at a cost 50% to 70% greater than what we originally anticipated.

This tough medicine was delivered to us this summer, at the same time as we were working to check and re-check our assumptions concerning the retail, office and apartment components of our project. As we had stated to the Planning & Zoning Commission on several occasions, our project is like a three-legged stool, and each leg must be stable for the project to truly succeed. The "legs" refer to the three primary components of the project: (i) retail, (ii) apartments, and (iii) offices. The world surrounding each of these legs has changed dramatically since the time that we first began to focus upon the project in 2005.

For the apartment component of the project, the desirability of in-town living has increased considerably in recent years, especially given the arrival of Whole Foods and the many new restaurants that have opened in Darien. We believe strongly in the marketability of the office component given the amenity-rich, train station proximate location of our site, though Connecticut's challenges and anemic job growth do create headwinds we must overcome. As for the retail component, therein lies the greatest change in the actual and perceived risk of our concept. So much has changed since we began working on this idea in 2005 in the world of retail, and just as we were finalizing our budgets, Amazon announced its acquisition of Whole Foods, a move that has added to the enormous uncertainty already faced by the retail industry. Additionally, the proposed SoNo Collection Mall in South Norwalk, which we had talked about during our zoning presentations, began construction this summer—this we knew was possible, but in candor, we did not believe it would proceed. An increasing number of stores have closed, and many national retailers have gone bankrupt. Internet shopping has become increasingly accepted, threatening the sustainability of traditional street retail in ways that we could not have imagined 10 or 12 years ago. That said, we remain firmly of the view that a pedestrian-friendly, collection of attractive buildings set around beautifully-designed and well-maintained public spaces in downtown Darien can and will position the right mix of curated retail, restaurants and other business such as exercise studios to succeed, especially with the addition of residential housing and office use that we imagine.

Given all of this, we concluded in August and September that we had four difficult choices as to the approach that we could take. Our thoughts on each of the approaches is presented below.

**Option A, the Rip Van Winkle Approach:** Basically, this tack would be to shelve the project for five to ten years, and watch closely to see how the impacts on local retail of technology and the SoNo Collection play out. We would also pay close attention to office employment in Connecticut, and the housing market of Darien. Many of you know me and my partner, Penny Glassmeyer, and those of you who do probably have a hunch that the Rip Van Winkle approach would not be our preferred reaction to the situation we face!

**Option B, Consider the Impact of the Uber and the Driverless Car on Parking Needs in the Future:** We believe that as car sharing (Zipcar, Maven, etc), car hailing (Lyft, Uber) and continue to gain acceptance, and autonomous vehicles become available to the general public, it is most likely that significantly fewer parking spaces will be required in downtown. Lyft is projecting that by 2025 (and probably before) they and Uber will have in place fleets of autonomous, electric vehicles powered by their apps. We have already seen real change in the ways in which we move around Darien and the region since the arrival of Uber in 2015. Under this approach, we would propose to Darien's Planning & Zoning Commission that we reduce the number of parking spaces created, on the premise that long-term parking needs are declining and by the time we actually deliver this project, they will likely be significantly reduced. After considering this option for a short period, we concluded that this was not a

reasonable approach to take with Darien's Planning & Zoning Commission given the facts before all of us today.

**Option C, Create a More Dense Project to Further Offset the Cost of Underground Parking:** This approach, to further increase the density proposed in an attempt to help make more feasible the creation of the underground parking, was not one we would consider. We felt that our last proposal was really the maximum we were comfortable with as we sought to strike the right balance between maintaining the character of Darien, and creating an economically viable project in downtown that would be positioned for success for decades to come.

**Option D, Go Back to the Drawing Board:** This approach, to basically redesign the project, would focus upon redesigning the parking created and its resultant cost, so that the the garage does not overly-burden the development and create too much risk. Further, a goal of this approach would be to design the parking structures so that they could be converted into alternative uses if and when the parking needs of our community decline. Developers and architects around the country are considering these trends carefully, and working to design parking garages which can be converted into apartments, office spaces or retail stores in the future, if parking needs are reduced. In designing the parking structures in this way, we would have the ability to pivot if the world turns in the way that we believe it will. Two levels of below-grade parking really do not have viable alternative uses other than warehousing or self storage.

So, after months of further study and consideration of these alternatives, and countless conversations with urban planners, developers, autonomous vehicle experts, architects and property owners around the United States, we concluded to go back to the drawing board and create a new concept for our project that met our original goals (create significant public spaces, lease retail spaces to a carefully curated mix of local and regional retailers at rents that they could afford, incorporate high quality condominiums for sale which would stem the tide of Darien residents moving to New Canaan or Rowayton, as well as office spaces that would add to the vibrancy of downtown). For the redesign of the project, we have engaged Bruce Beinfield and his team at Beinfield Architecture, with whom we collaborated to create The Mead House at 745 Boston Post Road several years ago and whose work we have admired over the years, and we went back to work.

Our new concept is still being refined, but we believe that we have come up with an approach that will allow us to create lower-cost, arguably more inviting parking spaces in number sufficient to support the project's needs today, some of which could be converted into an alternative use in the event of the arrival of autonomous vehicles and the resultant reduction in parking space demand. An added benefit of this concept is that it will enable us to build our project in phases, thereby not dislocating our existing retailers, some of which have served the Darien community for decades. The project as we envision it today will be of significantly lower risk, and its construction will be less impactful than our first concept. If our analysis continues to hold, we believe that we will also be able to lower the heights of several of the buildings, and reduce the density we proposed, given that our cost per parking space created may be significantly reduced. On many levels, we are feeling more optimistic about the project, and we are eager to re-present it to the Planning & Zoning Commission and to you, the Darien community.

Our revised text amendment is the first step. We will meet with the Planning & Zoning Commission on December 5<sup>th</sup> to present our revised concept and the text amendment proposed, with the goal of returning in very early 2018 to work through the site plan application.

I want to thank you all for your support over the years, as Penny and I believe that this project will be transformational for Darien. This project is our legacy. We have to get it right, meaning it must be beautiful, and it must enhance the quality of life for Darien residents of all ages upon completion and for years into the future; given the many ways in which technology is impacting our lives, and the acceleration of these changes, this is an extraordinarily difficult task. In my 30 years of working in real estate, I have never seen such sea change in the ways in which we live, work, play and move around, and this adds considerably to the stress one feels when trying to conceptualize a project such as ours. We do not want to let you down. I want to apologize for our slowing down our process, and I wanted to take some time to explain to you why we have decided to pivot and move in a different direction, albeit one which achieves all of our original objectives. I apologize for the long-winded nature of this note, but there was a lot to explain to you, my friends and neighbors.

We would also like to thank the Planning & Zoning Commission and other land use boards in Darien for bearing with us as we work through the details of the project. This is not easy work for these volunteers either, who are as concerned as we are about getting the details right. Our task is especially difficult given the pace of change in the world around us. Together with the land use boards, and with your input, we will create a beautiful downtown Darien that we can all be proud of. If you have any questions or suggestions, please do not hesitate to reach out to me.

Sincerely,

David Genovese  
CEO, Baywater Properties