

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: JANUARY 11, 2023

**REGARDING: AUTHORIZATION TO DESIGNATE JB VANG PARTNERS AS
TENTATIVE DEVELOPER OF THE HAMM'S BREWERY COMPLEX,
694 AND 680 MINNEHAHA AVENUE EAST, DISTRICT 4, WARD 7**

Requested Board Action

Staff is requesting the Housing and Redevelopment Authority of the City of Saint Paul ("HRA") Board of Commissioners approve the designation of JB Vang Partners, Inc., a Minnesota corporation ("JB Vang") as tentative developer of the HRA-owned former Hamm's Brewery Complex at 694 and 680 Minnehaha Avenue East until June 30, 2025, in order to finalize financing, construction costs, and approvals needed to redevelop the Hamm's Site.

Background

The Theodore Hamm Brewing Company was established in 1865 on Saint Paul's East Side. The brewery grew through the late 19th and early 20th centuries, becoming an iconic Saint Paul employer and influencing the development of the surrounding Dayton's Bluff neighborhood. In the latter half of the 20th century, the brewery was sold multiple times before finally operating as Stroh's from 1983 until the brewery's closure in 1997. The oldest remaining brewery buildings south of Minnehaha Avenue sat vacant after the closure of the brewery.

On June 25, 2003, Resolution 03-6/25, the HRA purchased 8.79 acres of the former Hamm's Brewery Complex for \$1.2 million. The HRA purchased the property to preserve and expand Swede Hollow Park, and to acquire buildings on site for redevelopment. In 2004, the HRA sold a parcel adjacent to Swede Hollow Park to the City of Saint Paul for park purposes, and the HRA completed that conveyance in 2021 by Resolution PH 21-222.

The HRA has completed the sale and redevelopment of three additional parcels within the Hamm's Brewery Complex:

- Urban Organics, LLC purchased 700 Minnehaha Avenue in 2014 by Resolution PH 12-378;
- Swede Dayton Properties, LLC (currently operated as Saint Paul Brewing) purchased 688 Minnehaha Avenue in 2016 by Resolution PH 14-350; and
- 11 W RealCo, LLC (11 Wells Distillery) purchased 704 Minnehaha Avenue in 2017 by Resolution PH 14-351.

On October 18, 2021, the HRA released a Request for Proposals (RFP) for the Hamm's Brewery Complex located at 694 and 680 Minnehaha Avenue with a submission deadline of April 29, 2022, in compliance with the HRA's disposition policy. See full RFP document attached. HRA staff received inquiries from numerous development groups and led over 20 tours of the site. By the deadline, five proposals were received from Clapp Investments LLC, The HOPE Program, JB Vang, Kingdom Realty, and Trellis Co.

In May 2022, HRA staff invited thirteen staff members from across 7 City departments to serve as a review committee. Participating departments included Planning and Economic Development; Department of Safety and Inspection; Public Works; Parks and Recreation; City Attorney's Office; Ward 7 Office; and the Mayor's Office. The review committee carefully reviewed each proposal and selected three finalists to interview in August 2022. The proposals were evaluated against the redevelopment vision and review criteria outlined in the RFP.

Redevelopment Vision for an East Side Anchor:

1. Rehabilitate and revitalize the site and historic brewery buildings, enhancing the vitality of the East side of Saint Paul.
2. Maximize housing and/or jobs for the community.
3. Enhance neighborhood connectivity and access to nearby Swede Hollow Park, Bruce Vento Regional Trail and existing businesses within the Hamm's Brewery Complex.
4. Have a viable financial plan and timeline, reflecting an experienced developer team.
5. Have a plan to engage and involve the surrounding community in the project.
6. Prioritize equitable outcomes in the development process and proposed uses.

Review Criteria:

- Developer Experience – 30%
- Advancing City Goals – 30%
- Project Viability and Timeline – 20%
- Site Planning and Connectivity –20%

Staff Recommendation

The review committee determined JB Vang's proposal to be best aligned with the review criteria and the redevelopment vision of the HRA. Key reasons include:

- The proposal provides the largest number and greatest variety of affordable housing types, including deeply affordable units, family-sized units, and homeownership opportunities.
- The proposed mix of uses is compatible with the site and neighborhood, and includes a two-story marketplace, outdoor public plaza, indoor community space, and green space.
- The development would create opportunities for wealth building through homeownership and a marketplace with spaces available for entrepreneurs to own their own storefront.
- JB Vang has experience in rehabilitation of historic properties and new construction of multifamily, mixed-use, and commercial buildings.
- JB Vang has assembled an experienced team of architects and general contractor, as well as financial and historic consultants.
- JB Vang has a strong plan to engage the surrounding community.
- The proposal is well-aligned with many goals identified by a coalition of community groups representing the East Side.

JB Vang proposes to rehabilitate the existing brewery buildings as a mixed-use site, including 94 housing units (89 units of rental along with 5 live-work ownership lofts), 56,000 sq. ft. of indoor commercial space, and greenspace adjacent to Swede Hollow Park and Bruce Vento Regional Trail. Final design, and number of housing units may depend on potential historic preservation requirements. The proposal also includes the construction of a new six-story building in the existing surface parking lot on the east end of the site with 165 housing units (159 units of affordable rental apartments and 6 rowhouses for ownership) and 324 structured parking spaces. Taken together, the new construction and renovated brewery would create 248 new rental units

(26 studios, 97 one-bedroom, 46 two-bedroom, and 79 three-bedroom units) as well as 11 units for homeownership. The projected rents and income restrictions are proposed to be affordable at 30% to 80% AMI, with an average of 59% AMI.

Budget Action

N/A

Future Action

Future possible actions by the HRA Board would include approval of a Development Agreement to include public financing and holding a public hearing to sell the Hamm's Brewery Complex to JB Vang.

Financing Structure

Tentative developer status will allow JB Vang time to pursue financing for the project to include Low-Income Housing Tax Credits as well as Historic Tax Credits. Securing Low-Income Housing Tax Credits is a lengthy process, and without the tax credits, the proposed project may not be feasible. Similarly, a nomination to the National Register of Historic Places (NRHP) and pursuing historic tax credits is also a lengthy process. Historic tax credits could provide a crucial funding source for the development. The estimated total development cost for this project is \$146.6 million. The current estimated financial gap for the project is \$6.4 million to \$15.7 million, depending on the outcome of the historic designation process. Vang will be pursuing Historic Tax Credits as well as requesting financial assistance from the HRA, Minnesota Housing, Metropolitan Council, Ramsey County, and other funding partners to help fill the gap. JB Vang is requesting the HRA sell the property for \$1,000,001. A December 2021 appraisal indicates the market value of the property is \$0.

PED Credit Committee Review

PED Credit Committee will review this project prior to any HRA Board action for financial assistance from the HRA.

Compliance

The following compliance requirements may apply to this project: Vendor Outreach Program, Affirmative Action, Federal Davis Bacon Labor Standards, Affirmative Fair Housing Plan, Two-Bid Policy, Project Labor Agreement, Living Wage Ordinance, Sustainability Policy, Business Subsidy and Section 3.

Green/Sustainable Development

As applicable, this project will comply with the Saint Paul Sustainable Development Policy.

Environmental Impact Disclosure

N/A

Historic Preservation

The HRA-owned Hamm's Brewery Complex buildings were constructed between 1892 and 1956. The property is not currently a locally designated Saint Paul Historic Preservation Site, nor is it listed on the National Register of Historic Places (NRHP) but was evaluated in 2003 and determined to be eligible for listing in the NRHP as a historic district. Historic tax credits could provide a crucial gap funding sources for the redevelopment of the Hamm's site, but JB Vang will need to restart the nomination process and the potential historic district will need to be re-evaluated for eligibility/listing in the NRHP. The Minnesota State Historic Preservation Office (SHPO) will review and comment on all nominations to the NRHP which may be considered by the State Historic Preservation Review Board (SHPRB). The City of Saint Paul's Historic Preservation Commission (HPC) and HPC staff may review and comment on any potential nomination to the NRHP through the Certified Local Government (CLG) review process.

Public Purpose/Comprehensive Plan Conformance

The proposed project would rehabilitate vacant Hamm's Brewery Complex structures, improving the safety and security of the site, while preserving part of the City's historic heritage. The project would create new affordable housing and homeownership opportunities and support commercial activity including wealth building opportunities for local businesses. Additionally, the site plan

proposed supports strong and accessible connections for pedestrians and bicyclists, providing access to Bruce Vento Trail and Swede Hollow Park.

JB Vang's proposed redevelopment aligns with the goals of the City's 2040 Comprehensive Plan. The Hamm's Brewery Complex was designated as a Mixed-Use Opportunity Site in the City's 2040 Comprehensive Plan, allowing for higher density mixed-use development or employment centers (Policy LU-2). The proposed development will also meet the following goals established in the City's 2040 Comprehensive Plan:

- Policy H-7. Reduce overcrowding within housing units, caused by doubling up of households and inadequate space for large families, through the production of small and family-sized affordable housing options.
- Policy H-15. Accommodate a wide variety of culturally-appropriate housing types throughout the city to support residents at all stages of life and levels of ability.
- Policy H-31. Support the development of new affordable housing units throughout the city.
- Policy H-46. Support the development of new housing, particularly in areas identified as Mixed Use, Urban Neighborhoods, and/or in areas with the highest existing or planned transit service, to meet market demand for living in walkable, transit-accessible, urban neighborhoods.
- Policy PR-31. Encourage and support private landowners and developers to create and maintain privately-owned public space (POPS) and green infrastructure, especially as land use intensity and activity levels increase.
- Policy HP-6. Maintain and preserve designated and determined eligible historic and cultural resources.
- Policy HP-9. Prioritize the preservation of properties and districts designated for heritage preservation from destruction or alteration that would compromise the integrity of their character-defining features.
- Policy LU-6. Foster equitable and sustainable economic growth by supporting business, real estate and financial models that keep more money locally, such as locally-owned businesses, local-prioritized employment, employee-owned businesses and commercial land trusts.

Furthermore, the proposal is consistent with the 2009 Dayton's Bluff District Plan, the 2012 Near East Side Roadmap, and the 2019 Swede Hollow Master Plan.

Recommendation

The Executive Director recommends approval of the resolution designating JB Vang Partners, Inc. (or an entity owned and controlled by it) as tentative developer for the Hamm's Brewery Complex.

Sponsored by: Commissioner Jane Prince

Staff: Laura Haynssen, 266-6597; Erika Byrd, 266-6555

Attachments

- **Project Summary**
- **Request for Proposals**
- **Map**
- **Public Purpose**
- **D4 Dayton's Bluff Neighborhood Profile**