

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 24, 2020

REGARDING: RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO BUILDINGS AND IMPROVEMENTS, AND AUTHORIZING THE EXECUTION OF A DEMOLITION AND DEVELOPMENT AGREEMENT, DISTRICT 13, WARD 1

Requested Board Action

The specific actions being requested of the HRA Board are as follows:

- The making of certain findings, including the determination of substandard buildings for two properties within the Snelling Midway development site; and
- Authorization to execute a Demolition and Development Agreement with the Snelling-Midway Redevelopment, LLC (the “Developer”).

Background

In September 2017, the HRA approved RES 17-1446 making findings to qualify six parcels within the Snelling Midway development site as a Renewal and Renovation TIF district (the “2017 Parcels”) and authorized the execution of a Demolition Agreement with the Developer. Following this action, the Developer removed buildings and improvements on the 2017 Parcels, and infrastructure and parking areas were constructed along with Allianz Field. The 2017 Parcels included five buildings that met certain qualifying conditions, with only one parcel that included a qualifying substandard building. Currently, of the five buildings that were included in the 2017 Parcels, only two remain in full, with one partial (a portion of the shopping center was demolished for the stadium project). None of these remaining buildings were determined to be substandard in 2017.

Two buildings within the Snelling Midway development site have been impacted by the recent protests and are in jeopardy of being demolished. These buildings include the Big Top Wine and Spirits as Parcel ID 34.29.23.32.0005, which in 2017 was operated as Perkins Restaurant, and the main Midway Shopping Center building as Parcel ID 34.29.23.32.0015, (collectively the

“Property”). Staff now believes the best approach is to make new findings and not rely on the 2017 findings. In order to do that the HRA has to adopt a resolution before the buildings on the Property are demolished due to their current condition.

To preserve TIF eligibility, Minnesota tax increment law requires certain findings be made by the HRA prior to the demolition of the buildings. This action does not obligate the HRA to create a Tax Increment Financing District.

LHB Inc. has prepared a report titled “*TIF Analysis Findings for 1544 & 1460 – 1536 University Avenue West,*” dated June 18, 2020, demonstrating that the two buildings within the Property qualify as substandard buildings under Minnesota law (the “TIF Analysis of Findings”). The TIF Analysis of Findings documents that the two buildings are substandard within the meaning of Minn. Stat. §469.174, Subd. 10 (“Substandard Buildings”) which requires that certain deficiencies and code violations are in place and that the cost to renovate the building and correct the code violations is more than 15% of the cost to construct a new building of the same size and type.

The Developer is the owner of possessory rights to the Property and intends to submit an application to the HRA for tax increment assistance in the future in connection with a proposed development to be constructed by the Developer or its successors or assigns on the Property and the adjacent properties included within the Snelling Midway development site.

Additionally, to preserve TIF eligibility, Minnesota tax increment law requires that the demolition of the buildings be undertaken by the Developer through the execution of a Demolition and Development Agreement with the HRA (the “Demolition Agreement”). The Developer, or its successors or assigns, will demolish one or both Substandard Buildings located on the Property in whole, but not in part, in accordance with the Demolition Agreement (a “development agreement” under Minn. Stat. §469.174, Subd. 10(d)(2)). Any future application for TIF must meet all requirements under the TIF law and the “but for” test to establish that any such district is necessary to advance redevelopment of the Property and the adjacent properties within the Snelling Midway development site, and that the redevelopment would not reasonably be expected to occur solely through private investment.

The redevelopment site is zoned T4M, traditional neighborhood district master plan. The adopted Master Plan indicates planned land use for the redevelopment area; the Master Plan Site Plan is attached. The timing for the demolition of the structures in the redevelopment site will be determined by the Developer. It is anticipated the first phase of redevelopment will be on the western portion of the site along Snelling Avenue.

A map identifying the Property is attached. The District 13 Profile, the Saint Paul planning district in which the Property is located, is attached.

Budget Action

N/A

Future Action

The HRA Board will be asked to authorize the establishment of one or more Redevelopment Tax Increment Financing Districts in the future if deemed appropriate for the development to proceed.

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

An Alternative Urban Areawide Review (AUAR) and Mitigation Plan was prepared for the redevelopment site. Mitigation will be regulated through the City's development approval and permitting process. Implementation of mitigation measures will be assured through any and all

development agreements with the city and/or through the withholding or revocation of building permits and/or certificates of occupancy until such time as all relevant mitigation measures have been addressed and/or financial sureties sufficient to ensure completion of mitigation measures have been obtained.

Historic Preservation

Potential historic impacts identified in the AUAR include:

- No impacts to archeological sites or traditional cultural properties have been found to date on the redevelopment site and are not anticipated.

Mitigation Strategies

1. A Phase I archeological survey will need to be completed. The site will be monitored by a qualified archeologist who will coordinate with the MN SHPO and the Office of the State Archeologist regarding the Phase I survey.

2. The City of Saint Paul will review the Central Corridor Final EIS and update the State Historic Preservation Office (SHPO) of any changes relating to historic structures since that document's publication. This includes changes to both federal and state procedures for evaluating standing structures, noting whether any buildings have been razed or altered since the previous evaluation, and whether any buildings in the indirect and direct Area of Potential Effect are eligible for NRHP listing. A Phase I Evaluation has been completed and a Phase II Evaluation is in progress.

Public Purpose/Comprehensive Plan Conformance

Redevelopment of the Snelling-Midway site in the Union Park neighborhood, and immediately across University Avenue from the Hamline Midway neighborhood, is a priority for the City.

A 22-member community advisory committee (CAC) was appointed by the Mayor's Office. They met nine times between December 2015 and May 2016. Their role was to:

- Help to determine the community needs and desires for the project
- Review plan concepts and provide input on major design elements and themes
- Bring suggestions from community, stakeholders, and respective organizations to the attention of the City staff and officials

- Help communicate project progress to community members
- Provide guidance to City staff on final recommendations for the redevelopment site
- Ensure that the full range of issues are discussed during the design process

In addition to the CAC, a series of four additional public meetings were held. These involved a combination of presentations, open house style board sessions for input, and open mics for questions.

The Planning Commission and City Council held public hearings on the master plan for the overall site and the stadium site plan on July 8 and August 3 of 2016, respectively. The Department of Planning and Economic Development anticipates receiving an application to modify the master plan sometime during summer 2020. The City Council will make a decision on the master plan modifications after receiving a recommendation from the Planning Commission.

Saint Paul Comprehensive Plan

In the Land Use Plan the redevelopment site is shown as a neighborhood center located along a mixed use corridor; the bus barn site is identified as an undeveloped opportunity site.

1. Land use policies are identified below.

- 1.2 Permit high density residential development in neighborhood centers, mixed use corridors, the Central Corridor, and downtown.
- 1.12 Balance the following objectives for Neighborhood Centers through the density and scale of development: accommodating growth, supporting transit use and walking, providing a range of housing types, providing housing at densities that support transit, and providing open space and recreational opportunities.
- 1.15 Promote Neighborhood Centers as compact, mixed use communities that provide services and employment close to residences.
- 1.54 Snelling-Midway is identified as an opportunity site - bus barn site (Snelling/I-94)
- 2.14 Promote the development of employment opportunities in the Central Corridor, consistent with the Central Corridor Development Strategy.

Recommendation:

The Executive Director recommends approval of the resolution making the findings of substandard buildings preserving the opportunity to establish any tax increment financing districts for the Snelling-Midway development site if determined necessary and appropriate, and authorizing the execution of a Demolition Agreement with the Snelling-Midway Redevelopment, LLC.

Sponsored by: Commissioner Thao

Staff: Jenny Wolfe (266-6680)
Claudia Ciske (266-8685)

Attachments:

- Map
- Master Plan Site Plan
- District 13 Profile