

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

REPORT TO THE COMMISSIONERS

DATE: November 28, 2012

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF: 1) THIRD AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH BRIGHTON VICTORIA PARK, LLC; AND 2) COMPLIANCE AGREEMENT WITH VICTORIA PARK COMMUNITIES, LLC (DISTRICT 9)**

## **Requested Board Action**

Request the Housing and Redevelopment Authority Board of Commissioners to approve a Third Amendment to the Development Agreement with Brighton Victoria Park, LLC (“Brighton”), and a compliance agreement with Victoria Park Communities, LLC (the “Developer”), in order to facilitate the sale of property in Victoria Park by Brighton to the Developer for the purpose of developing two new multi-unit, market-rate apartment buildings.

## **Background**

In 2003, the HRA entered into a Development Agreement with Brighton Development, as the General Partner of Saint Paul Riverbluff LLC, (renamed Brighton Victoria Park LLC) with respect to an approximately 65 acre site located in Saint Paul's West Seventh/Fort Road neighborhood known as Victoria Park. In 2005, a First Amendment to the Development Agreement was approved to remove the 3.24 acre Sholom Parcel simultaneously with the HRA entering into a separate Development Agreement with Sholom. In 2006, a Second Amendment to the Development Agreement was approved to provide more time for Brighton to complete their planned development activities. Brighton has been unable to build the additional housing units that were envisioned and now would like to sell several parcels of the site to the Developer (the “Property” - see Attachment B). This Third Amendment is necessary to facilitate this sale.

The Developer, a partnership of Stonebridge Development and Chase Real Estate, intends to build a \$30 million, 215-unit, three-story townhouse-style market-rate apartment development on several parcels (see Attachment C for images). This project has been through the neighborhood approval process as well as site plan review at the City. This will be “Phase I” of two planned

projects; the second (“Phase II”) will be commenced in approximately two years. Phase II, a \$30 million project, will be a 182-unit, market-rate, “higher-end” five-story apartment building with both underground and surface parking to be located on a seven acre parcel owned by the HRA directly to the south. (HRA approval for the sale of this parcel to the Developer will be considered under a separate HRA board report/action.) Both of these developments will be privately financed without any City or HRA subsidy.

The Third Amendment consists of the following components:

1. Partial Release of the Property from the Development Agreement. Upon the sale of the Property from Brighton to the Developer, the HRA will partially release the Property from the terms and conditions in the Original Development Agreement that do not pertain to such property, pursuant to a recordable document, subject to the terms of the Third Amendment and the Compliance Agreement described in section 6 below.
2. Remove all rights of reverter in favor of the HRA attached to the Property. Upon the sale of the Property from Brighton to the Developer, the HRA will release the Property from all rights of reverter held by the HRA pursuant to the Original Development Agreement in a recordable document, subject to the terms of this Third Amendment.
3. Site and Public Improvements. Brighton and the HRA acknowledge that the HRA has satisfied its obligations to construct the Site Improvements and Public Improvements (as defined in the Second Amendment), and all other obligations under the Original Development Agreement.
4. Tax Increment. Brighton and the HRA acknowledge that any “tax increment” generated from the Property, or any other property subject to the Original Development Agreement, will be retained by the HRA.
5. Phase 2 and Phase 3 Limited Right of First Refusal. The Developer waives and relinquishes its limited right of first refusal to the “Phase 2 and Phase 3” lands as depicted on the Master

Plan attached as Exhibit J to the Original Development Agreement, described and granted in the Second Amendment.

6. Compliance Agreement. Upon the sale of the Property from Brighton to the Developer, Brighton will cause the Developer to deliver and execute a recordable compliance agreement (“Compliance Agreement”) to the HRA.

In order to carry forward the compliance requirements from the Development Agreement with Brighton (listed in the Compliance section of this report), the Developer will enter into a Compliance Agreement with the HRA regarding the Phase I development. Since there is no public money in this development, the Compliance Agreement will be modeled on the compliance agreements the HRA uses for conduit bond deals, with liquidated damages as the HRA’s sole remedy for non-compliance. The Compliance Agreement will also stipulate that the HRA has sole authority to provide final design approval for any projects being developed on the Property.

The Property is located in a T3M zoning district; all of the Developer’s proposed land uses are permitted. See Attachment E for a demographic profile of District 9, the Saint Paul planning district in which the Property is located. No existing businesses will be displaced or relocated as a result of this project, and no land acquisition took place as a result of eminent domain.

**Budget Action**

Not Applicable.

**Future Action**

None.

**PED Credit Committee Review**

No Credit Committee action is required since there is no City or HRA financial involvement in this transaction.

## **Compliance**

The following compliance requirements are applicable to this project:

- Vendor Outreach Program, Chapter 84.01
- Affirmative Action, Chapter 183.04
- Little Davis-Bacon Labor Standards

## **Green/Sustainable Development**

Not Applicable.

## **Environmental Impact Disclosure**

Not applicable.

## **Historic Preservation**

Not Applicable.

## **Public Purpose**

Approving this resolution will help:

- create approximately 215 new housing units on long-vacant land;
- generate approximately \$500,000 in additional annual property taxes;
- create new construction jobs;

This project is consistent with the District 9 Plan, which says that additions to the housing stock should take place near transit; the plan also identifies Victoria Park as a key site for major housing developments.

This project is consistent with the following sections of the Land Use Chapter of Saint Paul's Comprehensive Plan, wherein Victoria Park is designated as a Mixed-Use Corridor and a Neighborhood Center:

1.1 Guide the development of housing in Established Neighborhoods, commercial areas within Established Neighborhoods, and in Residential Corridors.

1.2 Permit high density residential development in Neighborhood Centers, Mixed-Use Corridors, the Central Corridor, and Downtown.

1.21 Balance the following objectives for Mixed-Use Corridors through the density and scale of development: accommodating growth, supporting transit use and walking, providing a range of housing types, and providing housing at densities that support transit.

1.23 Guide development along Mixed-Use Corridors.

1.25 Promote the development of more intensive housing on Mixed-Use Corridors where supported by zoning that permits mixed-use and multifamily residential development.

1.42 Promote the development of housing in mixed-use neighborhoods that supports walking and the use of public transportation.

**Recommendation:**

HRA Executive Director recommends approval of the attached Resolution, authorizing the execution of a Third Amendment to the Development Agreement with Brighton Victoria Park, LLC, and a compliance agreement with Victoria Park Communities, LLC, in order to facilitate the sale of property in Victoria Park for the purpose of developing two new multi-unit, market-rate apartment buildings.

**Sponsored by:**

**Commissioner Thune**

**Staff:**

Martin Schieckel 651-266-6580

**Attachments**

- **Attachment A – Resolution**
- **Attachment B – Property**
- **Attachment C – Phase I Development Images**
- **Attachment D – Map/Address of Project**
- **Attachment E – Census Facts**