

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

REPORT TO THE COMMISSIONERS

DATE: AUGUST 10, 2016

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING AN HRA
FORGIVABLE LOAN OF UP TO \$500,000 TO BK 200, LLC FOR THE
REDEVELOPMENT OF ENGINE COMPANY #3 LOCATED AT LEECH
STREET AND GRAND AVENUE, SAINT PAUL, MINNESOTA,
DISTRICT 9, WARD 2**

Requested Board Action

Approval and authorization of an HRA forgivable loan of up to \$500,000 for the preservation and redevelopment of Engine Company #3

Background

Engine Company #3 (“Firehouse”) was constructed in 1871 at the corner of Leech Street and Grand Avenue. It was part of the era of significant and substantial public building construction during a period of rapid economic growth in Saint Paul. The Firehouse is part of a larger parcel of land (“Property”) owned by BK 200, LLC, an entity formed by Jim Kelly and Dave Brooks (“Developer”). The Developer is proposing to build a 110-unit Marriott Courtyard Hotel (a \$20 million project that will create 20+ new jobs) with a total of 39 parking spaces on the Property. The initial plan was to raze the Firehouse in order to create surface parking.

The community called for the preservation of the Firehouse. The HRA seeks to preserve and redevelop the Firehouse while moving the hotel development forward.

The developer is willing and interested in redesigning the hotel project to fit on a smaller footprint and rehabilitating the Firehouse. However, the Firehouse is in need of significant work and the developer’s preliminary estimates indicate well over \$1 million in renovation costs. In order to preserve and redevelop the Firehouse, the HRA will provide a financing commitment of up to \$500,000 for the renovation of the Firehouse to help fill a financing gap. The loan will be advanced through draws during the renovation of the Firehouse and forgiven when the

renovation is complete, which must occur within three years of this resolution. The Developer will need to provide the HRA documentation showing the plans and associated construction costs of renovating the Firehouse prior to the disbursement of any funds.

Budget Action

A Budget Amendment is attached to the Resolution providing up to \$500,000 of HRA Loan Enterprise funds.

Future Action

N/A

Financing Structure

The up to \$500,000 for the renovation of the Firehouse will be structured as a forgivable loan. The loan will be forgiven when the renovation is completed and a Certificate of Occupancy is secured. Any funds expended would become due and payable if the Firehouse project is not completed within three years from the date of this resolution.

PED Credit Committee Review

The project will be reviewed at the August 8, 2016 Credit Committee meeting.

Compliance

Compliance requirements that may be applicable for the Firehouse renovation project include Vendor Outreach Program, Two Bid Policy, Affirmative Action, Labor Standards, Living Wage, Business Subsidy, and Project Labor Agreement.

Green/Sustainable Development

Based on the assumption that there will be no new square footage added to the Firehouse, Green/Sustainable Development is not applicable to the project.

Environmental Impact Disclosure

N/A

Historic Preservation

PED's historic preservation staff has been consulted for this project, as well as any existing survey and evaluation information on the Firehouse. The City's Comprehensive Plan states that all firehouses warrant further evaluation as they are important to the architectural character of the City and reflect neighborhood development in Saint Paul. The Firehouse was considered eligible for the National Register of Historic Places when first surveyed in 1981; however, that survey information is out of date. PED has entered into a contract with a preservation consultant to update the evaluation and survey information in order to make a current determination of the building's historic and architectural significance, both on local and national levels. If eligible on a national level, there are both federal and state rehabilitation tax credits available for its reuse.

Public Purpose/Comprehensive Plan Conformance

The project, which is consistent with both the District 9 Plan and the Comprehensive Plan, will:

- Create construction jobs and eventually permanent jobs
- Prepare a vacant building for future economic contribution, bringing new commercial activities to the neighborhood
- Increase tax base

Recommendation:

The Executive Director of the HRA recommends approval of the attached resolution, and approval of all necessary documents for the forgivable loan of up to \$500,000 for the redevelopment of Engine Co. #3.

Sponsored by: Commissioner Noecker

Staff: Ross Currier 266-6611

Attachments

- **Attachment – Budget Amendment**
- **Attachment – Map**
- **Attachment – Public Purpose**
- **Attachment – District 9 Profile**