

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 26, 2019

REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AND SALE AGREEMENT WITH MADISON EQUITIES FOR SALE OF .14 ACRES OF LAND LOCATED AT 375 ROBERT STREET NORTH, SAINT PAUL, MN DISTRICT 17, WARD 2

Requested Board Action

Public Hearing and authorization for the sale of property located at 375 Robert Street North to Madison Equities for \$32,500, and execution of a purchase and sale agreement.

Background

In the 1960s, the Housing and Redevelopment Authority of the City of Saint Paul (HRA) acquired properties on the block bounded by Robert Street, 5th Street, Minnesota Street, and 6th Street in Downtown Saint Paul for the purpose of redevelopment. In 1966 the HRA approved the Downtown Urban Renewal Area, identifying a plan for the redevelopment of this block, and a private developer was selected to implement this redevelopment. The HRA subsequently transferred ownership of the block to a private party, but maintained ownership of the property at 375 Robert Street North. This land appears to have been held for the purposes of providing public plaza space and access to the skyway pedestrian system. The parcel that was held by the HRA is a combination of courtyard space and a portion of the land that sits underneath the adjacent building (the US Bank building), with rights for the structural system of the building to extend through the plaza. Since the time of sale, the ownership of the adjacent building has undertaken maintenance of the plaza at 375 Robert Street North, including the fountain.

In the fall of 2017, the HRA received an inquiry from Madison Equities, the owner of the adjacent US Bank building, about the potential use or purchase of the plaza. The HRA ordered an appraisal of the property, which was completed in February of 2018. The appraisal determined that due to physical restrictions on the property and the desire to maintain public

access through the site to the skyway system, it was effectively unbuildable and established a value of \$30,000 for the parcel.

On March 26, 2018, the HRA received an offer to purchase 375 Robert St North for \$2,500 from Madison Equities. The proposal was to use the site for a restaurant patio to serve the currently-vacant former Buttery restaurant space. With an appraised value of \$30,000 this offer represented a land-cost write-down of \$27,500. After internal review, an ENS notification for the possible sale was sent out on June 5, 2018 to satisfy the 45-day public notification requirements of the HRA Land Disposition Policy.

During the 45-day notification period the HRA received a second offer to purchase the property from John Mannillo and Jack Hoeschler for \$30,000. The indicated use for the parcel in the offer from Mr. Mannillo and Mr. Hoeschler was to rent the plaza to the adjacent property owner or to use as a food truck parking area and seating.

HRA staff began an evaluation of both offers and continued conversation with both parties. The Mannillo/Hoeschler offer had significant concerns raised about the access of food trucks to the space. Metro Transit staff reviewed the proposal and was not comfortable with any of the proposed truck access routes into the plaza. Metro Transit has additionally requested an easement along the sidewalk edge of the property if it is conveyed to a private party to provide space for bus shelters and/or pedestrian access. This shelter location would also be a significant issue for food truck access. The Mannillo/Hoeschler group also proposed relocating the shelters underneath the building, but this proposal raised concerns from Metro Transit as it would be disconnected from the transit stop and obscure the view to the building doors – a Crime Prevention Through Environmental Design (CPTED) issue.

The Madison Equities offer was subsequently increased to \$32,500 and no longer represents a land-cost write-down. Madison Equities has indicated willingness to relocate the transit shelter onto property currently owned by Madison Equities that is the preferred location both from Metro Transit and PED staff.

Upon review of both offers, as well as considering not selling the property, PED staff recommends moving forward with a sale to Madison Equities for the following reasons:

- The Madison Equities proposal would involve no City/HRA subsidy by selling the property above the appraised value.
- The sale will immediately return the property to the tax rolls.
- This sale has the potential to reactivate a vacant restaurant space (former Buttery/MN Saloon) in the City's Central Business District, bringing new jobs and commercial activity to the area.
- The commitment by Madison Equities to allow a Metro Transit bus shelter on property owned by the proposer will improve the plaza by opening up sightlines into the space and providing larger usable sidewalk width for all pedestrians on Robert Street. Metro Transit has allocated money and is beginning design on enhanced transit shelters at three locations in downtown Saint Paul - including this stop. Having access to a better shelter location will inform and improve that design.

After review of the Mannillo/Hoeschler offer, regardless of the price, it was determined that the proposed use is not feasible nor does it offer the same level of public benefits relative to the Metro Transit shelter.

The HRA continuing to hold the property is also not recommended. The HRA has no plans for this space to operate, program, or construct anything or any budget to do so. The HRA incurs annual street maintenance fees for the site and the property generates no property taxes under HRA ownership.

Budget Action

Not Applicable.

Future Action

None.

Financing Structure

Cash purchase.

PED Credit Committee Review

Not Applicable.

Compliance

As a sale of HRA-owned property, the sale is subject to Affirmative Action requirements and the Vendor Outreach Program, as required by the Disposition Policy for the Sale of Land by the HRA.

Green/Sustainable Development

Not Applicable.

Environmental Impact Disclosure

Not Applicable.

Historic Preservation

Not Applicable.

Public Purpose/Comprehensive Plan Conformance

The following public purposes will be met:

1. This sale will return property to the tax rolls, increasing the tax base.
2. Relocating the Metro Transit bus shelters to property owned by Madison Equities will provide an improved passenger waiting experience, and improves views and safety within the plaza.
3. The relocation of the bus shelter from the public sidewalk will provide a wider and more accessible pedestrian path on Robert Street.
4. The agreement will maintain and codify public access to the skyway system from Robert Street.

Utilizing the Buttery restaurant space to activate the plaza was recommended in the City of Saint Paul's 6th+5th design study from 2009.

Statement of Chairman (for Public Hearing)

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of conveyance of a certain parcel of land located in District 17, by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA).

The HRA proposes to convey the following property in the District 17 area:

Property Description	Purchaser	Purchase Price
375 Robert Street North	Madison Equities	\$32,500.00

The property will be conveyed for use as a patio for the adjacent restaurant and for public access to the skyway system.

Is there anyone who wishes to be heard on this sale? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

The HRA Executive Director recommends approval of the attached resolution which approves the following actions:

1. Authorizing the sale of an HRA parcel at 375 Robert Street North to Madison Equities for the purchase price of \$32,500. This agreement will include provisions to locate Metro Transit shelter on adjacent property owned by the purchaser, and the reservation of a pedestrian easement on the property to be conveyed.
2. Authorizing the Executive Director to finalize the land sale documents for execution by the appropriate HRA officers.

Sponsored by: Commissioner Noecker

Staff: Andrew Hestness, 266-6577

Attachments

- **Map**
- **District 17 Profile**