

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

REPORT TO THE COMMISSIONERS

DATE: SEPTEMBER 13, 2017

REGARDING: RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO BUILDINGS AND IMPROVEMENTS AND AUTHORIZING THE EXECUTION OF A DEMOLITION AGREEMENT WITH SNELLING-MIDWAY REDEVELOPMENT, LLC. DISTRICT 8, 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, other buildings and/or improvements, for a renewal and renovation TIF district, for the Snelling Midway site; and
- Authorization to execute a Demolition Agreement with the Snelling-Midway Redevelopment, LLC (the “Developer”).

Background

To prepare the 15.6 acre Snelling Midway Shopping Center site for transit-oriented mixed use redevelopment, existing buildings must be demolished and a site-wide infrastructure system of streets, pedestrian friendly sidewalks, walkways, and utilities, installed. Private sector investment will finance site redevelopment, but additional financial resources may be necessary in the future to assist in turning this large and complex transit oriented development site into a vibrant community hub of diverse businesses, jobs, housing and entertainment.

The Developer is the owner of possessory rights to the Midway Shopping Center area that includes five tax parcels (the “Building Parcels”) and MUSC Holdings, LLC, an affiliate, is the owner of possessory rights in the adjacent parking lot parcel in the southeast corner (the “Parking Lot”). The Building Parcels and Parking Lot are collectively referred to as the “Property.” Dr. Bill McGuire is the controlling partner of the LLC. The Developer desires to redevelop the Property.

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

LHB Inc. has prepared a report for the HRA demonstrating that the Property qualifies as a Renewal and Renovation TIF district under Minnesota law (the “TIF Eligibility Report”). The **TIF Eligibility Report**, dated September 1, 2017, is **Attached** hereto. The TIF Eligibility Report documents that parcels consisting of 70 percent of the area of the Property are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures as defined in Minn. Stat. §469.174, Subd. 10a (“Improvements”) and further documents that 20% of the five (5) buildings currently located on the Property are substandard within the meaning of Minn. Stat. §469.174, Subd. 10 (“Substandard Buildings”) and 30% of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community within the meaning of Minn. Stat. §469.174, Subd. 10a (“Other Buildings”).

As part of the TIF law requirements, the HRA and the Developer are required to enter into a development agreement to provide for the demolition of buildings or the removal of improvements on the Property to be included in a TIF district. The Developer, or its successors or assigns will demolish one or more of the Substandard Buildings or Other buildings and/or Improvements located on the Property per 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 such a district is necessary to advance redevelopment of the Property, 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. A preliminary plat for the soccer stadium portion of the redevelopment site was approved, with conditions, by the City Council on August 17, 2016. City Council action on the final plat is expected in October of 2017.

The **Master Plan, Attached** hereto, indicates planned land use for the redevelopment area. There will be five businesses displaced when a portion of the Midway Shopping Center building is demolished to provide land for the stadium development. The timing for the demolition of the structures in the larger redevelopment site will be determined by the Developer. It is anticipated the first phase of redevelopment of the larger area will be on the western portion of the site. There are no plans for land acquisition using eminent domain.

A **Map** of the Property titled “Potential Snelling Midway Renewal and Renovation TIF District” is **Attached**. The **District 8 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 a Renewal and Renovation Tax Increment Financing District in the future if deemed appropriate for the Property.

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 and are not anticipated.

Mitigation Strategies

1. A Phase I archeological survey will be completed as pavement is removed. The site is being monitored by a qualified archeologist who has coordinated 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. After the APE is agreed upon with SHPO and other concerned parties, the City of Saint Paul will complete the aforementioned analysis.

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.

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 preserving the opportunity to establish a renewal and renovation tax increment financing district for redevelopment of the Midway Shopping Center 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: Marie Franchett (6-6702) & Jenny Wolfe (6-6680)

Attachments:

- Map
- Master Plan
- TIF Eligibility Report
- District 8 Profile