

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

REPORT TO THE COMMISSIONERS

DATE: November 12, 2015

REGARDING: APPROVAL OF FIRST AMENDMENT TO THE PHASE III DEVELOPMENT AGREEMENT WITH THE WSF PHASE III LLC, WARD 2, DISTRICT 3

Requested Board Action

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

Staff is requesting HRA Board approval of a First Amendment to the Phase III Development Agreement with the WSF Phase III LLC (aka Sherman Associates).

Background

The Phase III Development Agreement granted the WSF Phase III LLC (“Developer”) the exclusive right, for a period of three years, to make a redevelopment proposal for the 4.16 acre HRA land bounded generally by the Mississippi River, Livingston, Fillmore and the UP railroad tracks. On October 24, 2012, the HRA adopted Resolution PH 12-312, which approved the West Side Flats Phase I, Phase II and Phase III Development Agreements. The Phase I West Side Flats Apartments project was completed in 2014. The Phase II Development Agreement requires the Developer to redevelop the north parking lot of the West Side Flats Apartments project by 2022. Per the Phase III Development Agreement, the Developer has been in negotiations with PED, the Saint Paul Design Center and the West Side Community Organization on a site plan and design for two apartment buildings (3A and 3B). Building 3A will contain 178 market rate units and a 5,000 SF restaurant. Building 3B will contain 82 affordable units. The restaurant will face the Mississippi river and there will be a pedestrian link to the riverfront esplanade.

The Phase III Development Agreement terminates November 19, 2015. The First Amendment will extend the termination date by six months to May 19, 2016. Within the six months the developer must:

- Secure a letter of intent from a restaurant operator for a minimum of 5,000 SF of interior space. The letter must include the restaurant location, square footage, parking, concept, operating hours, tenant improvement requirements, and occupancy schedule.

- Reach agreement with PED staff on recommended financial assistance.
- Obtain site plan approval.
- Collaborate with PED on the design of buildings 3A and 3B to meet the Passive House standard. (See Attachment B for further details.)

Budget Action

NA

Future Action

Future actions will include a request for a second six month extension of the development agreement. During the second six months, the Developer will be required to execute a restaurant lease with a minimum term of five years. Staff anticipates recommending the creation of a Housing Tax Increment Finance District to provide assistance for the affordable housing and public improvements. Staff anticipates recommending a portion of the land sales revenues from the HRA property be written down to provide assistance for the affordable housing and public parking for the restaurant.

Financing Structure

The financing structure has not yet been determined.

PED Credit Committee Review

NA

Compliance

The project will comply with Vendor Outreach, Affirmative Action and Living Wage. The labor standards will depend on the type of financing used for the project. At a minimum, Little Davis Bacon labor rates will be required. If Federal grant funds are used, Section 3 will apply. A First Developer Letter has been executed.

Green/Sustainable Development

The project will comply with the Saint Paul Sustainable Development policy. The Developer will collaborate with PED on the design of buildings 3A and 3B to meet the Passive House

standard. To the extent there are extraordinary costs, associated with the affordable housing Passive House construction, in excess of the cost of compliance with the SB 2030 energy requirements, HRA financial assistance will be required.

Environmental Impact Disclosure

NA

Historic Preservation

NA

Public Purpose/Comprehensive Plan Conformance

This project will redevelop blighted and vacant land, generate private investment, support commercial activity, create a new local business and provide market rate and affordable rental housing opportunities.

The project is consistent with the following strategies from the *West Side Flats Master Plan and Development Guidelines* (2015):

- LU1. Promote active commercial, civic and institutional land uses at street level within buildings facing Mixed-Use Corridors, including the Riverfront Esplanade.
- LU3. Attract a broad range of housing types, densities and developers.
- UD4. Create a vibrant, urban and public Riverfront Esplanade that is connected to the neighborhood.
- POS2. Enliven the Riverfront Esplanade.
- SUS20. Encourage energy conservation/efficiency – building materials, design and orientation, site features and furnishings, building reuse

The West Side Community Organization is in support of the West Side Flats Phase III proposed development.

Recommendation:

The Executive Director recommends the HRA approve the First Amendment to the Phase III Development Agreement with the WSF Phase III LLC.

Sponsored by: Commissioner Thune

Staff: Marie Franchett, Principal Project Manager, 651-266-6702

Attachments

- **Attachment B – Background**
- **Attachment C – Map**
- **Attachment D – District 3 Profile**