

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

REPORT TO THE COMMISSIONERS

DATE: February 27, 2013

REGARDING: RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO
SUBSTANDARD BUILDINGS AND AUTHORIZING EXECUTION OF A
DEMOLITION AGREEMENT WITH FORD MOTOR COMPANY (District 15,
Ward 3)

Requested Board Action

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

- Tax increment redevelopment findings, including Substandard Building determinations for Ford Assembly Plant; and
- Authorization to execute a Demolition Agreement with the Developer (“Ford Motor Company”)

Background

The Ford Motor Company owns certain property located in Saint Paul known as the former Twin Cities Assembly Plant (the “Property”). The Ford Motor Company (the “Developer”) desires to redevelop the Property, which is more fully described in the TIF Eligibility Assessment Report dated April 27, 2012 and prepared by Compass Rose Consulting, Inc. (the “Compass Report”) and which was reaffirmed by letter dated February 20, 2013.

The Developer intends to submit an application to the HRA for tax increment assistance in connection with a proposed development to be constructed by the Developer or its successors or assigns on the Property, which application will request that the HRA include the Property in a redevelopment tax increment financing district (the “TIF District”).

The Developer wishes to demolish one or more of the Substandard Buildings currently located on the Property prior to the creation of the TIF District, and Minnesota tax increment law requires certain findings be made by the HRA in a resolution prior to the demolition of the buildings to preserve the substandard eligibility; this action does not obligate the HRA to create a

Tax Increment Financing District. The HRA and the Developer wish to enter into a Demolition Agreement to provide for the demolition of any substandard buildings.

At this time, the Developer plans demolition of all buildings on the upper 122-acre parcel of the Property, beginning late in March, 2013; demolition completion is expected within one year. Demolition of the buildings on the 22-acre river parcel of the Property is not planned at this time. They will be reviewed for potential reuse during sale of the Property by Ford Land to a master developer, which is expected to occur in 2015-16.

The Property is zoned Light Industrial (I-1), and a rezoning request is expected in the coming years in accordance with proposed redevelopment. At this time, no specific redevelopment plan is identified, but a community process led by the Ford Site Planning Task Force and a consultant team in 2007 identified five potential mixed-use scenarios for the property. These scenarios are being compared and analyzed in different ways to help identify which mix of land uses and infrastructure systems may be the best fit for the site. The Saint Paul Comprehensive Plan identifies the Property as a “Mixed Use Corridor.”

The Ford Twin Cities Assembly Plant, which operated at the Property since 1923, closed in December 2011 as part of Ford’s national restructuring plan. All buildings on the upper parcel of the Property are planned for demolition in the coming year. No other existing businesses in the area will be displaced. There are no plans for land acquisition using eminent domain.

A map of the Property is attached. The Saint Paul neighborhood profile for Planning District 15 is attached.

Budget Action

N/A

Future Action

The HRA Board will be asked to authorize the establishment of a Redevelopment Tax Increment Financing District in the future if deemed appropriate for the Property.

Financing Structure

N/A – to be determined at a later date

PED Credit Committee Review

N/A – to be determined at a later date

Compliance

N/A – to be determined at a later date

Green/Sustainable Development

N/A – to be determined at a later date

Environmental Impact Disclosure

N/A – to be determined at a later date with regard to tax increment financing. The Property is undergoing a Phase II environmental assessment, paid for by the property owner, with oversight from the Minnesota Pollution Control Agency through the Voluntary Investigation and Cleanup and Petroleum Brownfields Programs. In addition, the City of Saint Paul anticipates requesting that an Alternative Urban Areawide Review be conducted on redevelopment scenarios for the Property to identify potential environmental impacts. This study will be paid for by the property owner and is likely to occur in 2015-16.

Historic Preservation

A 2007 study, *“Ford Motor Company Twin Cities Assembly Plant: An Assessment of Significance and Eligibility,”* conducted by Hess, Roise and Company and paid for by Ford Land, found that the Ford Twin Cities Assembly Plant has had so many alterations over time, that the integrity of the structures is too compromised for the property to qualify for listing in the National Register of Historic Places and designation by the Saint Paul Heritage Preservation Commission.

Public Purpose/Comprehensive Plan Conformance

Redevelopment of the Twin Cities Assembly Plant site in Highland Park is a priority of the City of Saint Paul. The City made strong attempts to save the plant from closure and retain its 1,800

jobs, but ultimately the location was among many nationwide shuttered under Ford Motor Company's "Way Forward" plan. Ford plans to sell the property in 2016 to a master developer and, in preparation, is demolishing buildings and completing environmental assessments. The old and specialized buildings at the Property make them expensive and difficult to upgrade and retrofit for other uses, as documented in the attached report from Compass Rose. In addition, future redevelopment of the site points to a mix of uses – commercial, industrial, residential, open space – as articulated in Saint Paul's Comprehensive Plan and in the five redevelopment scenarios identified through an extensive community process in 2007, which included input from development and real estate professionals.

In order to prepare the site for mixed use redevelopment, existing buildings must be demolished and a site-wide infrastructure system of streets, utilities, and public open space installed to service the private redevelopment. Private sector investment will finance site redevelopment, but additional financial resources may be necessary to assist in turning this large and complex brownfield into a vibrant community of diverse jobs, housing and recreation along the banks of the Mississippi River. A report prepared by Compass Rose, Inc. entitled "TIF Eligibility Assessment," has been submitted to the Saint Paul HRA for consideration prior to building demolition, in anticipation of a later application to establish a Redevelopment Tax Increment Finance (TIF) District. The report is attached hereto as Attachment D and is dated April 27, 2012, and reaffirmed by letter dated February 20, 2013. Future application for TIF must meet all requirements under the TIF law and the "but for" test to establish such a district is necessary to advance redevelopment in the market at that point in time.

Saint Paul Comprehensive Plan (2010)

- Land Use Plan (page 21) – *"1.54 Identify opportunity sites for future development consistent with the Saint Paul Comprehensive Plan, either as mixed-use development or as employment centers, including, but not limited to ...Ford site..."*
- Land Use Plan (page 29) – *"...the redevelopment of brownfields restores and enhances a city's employment and property tax base."*

Highland Park / District 15 Neighborhood Plan Summary (2007), page 3:

- Action 7 – *“Conduct a planning study of the Ford Plant site and the adjacent railroad corridor to consider future land use options”*

Recommendation:

The Executive Director recommends approval of the attached resolution preserving the opportunity to establish a redevelopment tax increment financing district for redevelopment of the Twin Cities Assembly Plant site if determined necessary and appropriate, and authorizing the execution of a Demolition Agreement with Ford.

Sponsored by: Commissioner Tolbert

Staff: Merritt Clapp-Smith (6-6547) & Jenny Wolfe (6-6680)

Attachments:

- Attachment A -- Resolution
- Attachment B -- Map
- Attachment C -- District 15 Neighborhood Profile
- Attachment D -- Compass Rose Report