

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

REPORT TO THE COMMISSIONERS

DATE: SEPTEMBER 13, 2023

REGARDING: APPROVING AND AUTHORIZING A LAND SWAP WITH A CONVEYANCE OF AN HRA-OWNED SPLINTER PARCEL AT THE HAMM'S BREWERY SITE TO 11 WELLS FOR BUSINESS OPERATIONAL PURPOSES IN EXCHANGE FOR THE ACQUISITION BY THE HRA OF A REPLACEMENT SPLINTER PARCEL AT THE HAMM'S BREWERY SITE TO USE AS A FIRE LANE, DISTRICT 4, WARD 7

Requested Board Action

Authorization to enter into a land swap agreement for the exchange of splinter parcels between the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") and 11 W Realco LLC ("11 Wells"), as well as authorization to convey such HRA splinter parcel to 11 Wells (or its subsidiary or affiliated entity) and authorization to accept, in exchange, conveyance of property from 11 Wells to the HRA for use as an access road within the HRA-owned property located at 694 Minnehaha Avenue E (the "Hamm's Site").

Background

The Hamm's Site is a 4.89-acre site recently marketed by the HRA for redevelopment through a publicly released request for proposals. On January 11, 2023, by Resolution 23-71, the HRA Board of Commissioners approved JB Vang Partners, Inc. ("JB Vang") as the tentative developer of the Hamm's Site.

11 Wells owns land, improved with a commercial building, that is surrounded by the Hamm's Site. The HRA Splinter Parcel (as defined below) is situated within the notch of the L-shaped building owned by 11 Wells. The HRA received a request from Michael McManus and Robert McManus Sr., owners of 11 Wells, to acquire from the HRA Splinter Parcel within the Hamm's Site because the HRA Splinter Parcel is located directly southwest of the building owned by 11 Wells at 704 Minnehaha Avenue East (the "11 Wells Parcel") as depicted in the attached Depiction/Description

(the “HRA Splinter Parcel”). 11 Wells intends to use the HRA Splinter Parcel for loading, unloading, parking, customer seating, and general business operations. Pursuant to authorization received on July 13, 2022, by Resolution 22-1068, 11 Wells has been using the subject HRA Splinter Parcel under a temporary license agreement. The HRA Splinter Parcel has no obvious commercial or other value to any party other than the owner of the 11 Wells building because of its location (nested in the notch of their L-shaped building) and because it is encumbered with an access easement in favor of the owner of a nearby parcel that prohibits the construction of any improvements thereon. JB Vang, the tentative developer of the Hamm’s Site, has consented to the HRA conveying the HRA Splinter Parcel to 11 Wells as a part of this land swap. As noted above, the HRA Splinter Parcel is encumbered by existing fire and access easement(s) to the benefit of 688 Minnehaha Management LLC, dba Saint Paul Brewing, which, among other things, prohibits the construction of any improvements or obstacles on the HRA Splinter Parcel – rendering it unmarketable for development.

During the construction of a fire lane in 2018 and 2019 to allow for better emergency access at the Hamm’s Site, the HRA’s new fire lane encroached upon the southeast corner of 11 Wells Parcel, as depicted in the attached Depiction/Description (the “Encroachment Area”). The Encroachment Area is needed for public purposes for emergency vehicle access to serve the existing businesses within the site and JB Vang’s future redevelopment.

11 Wells has offered to convey the Encroachment Area to the HRA in exchange for the HRA conveying to 11 Wells the HRA Splinter Parcel (the “Land Swap”). HRA and 11 Wells have agreed on the boundaries of the proposed Land Swap. JB Vang, as tentative developer of the Hamm’s Site, has also reviewed and approved the boundaries of the Land Swap and has no objection to 11 Wells acquiring the HRA Splinter Parcel. This action will allow the HRA to enter into an agreement permitting the HRA to transfer the HRA Splinter Parcel to 11 Wells in exchange for 11 Wells transferring the Encroachment Area to the HRA.

Alternative proposals are not being sought for the HRA Splinter Parcel.

The HRA Disposition Policy of 9/14/2011 (and its 45-day public hearing notice requirement) does not apply to this Land Swap because that policy does not apply to, among other things, land that

is subject to the HRA Guidelines for the Disposition of Splinter Parcels, land that is used for parking, or land that is subject to a tentative developer designation. The Hamm's Site that surrounds the HRA Splinter Parcel is subject to tentative developer designation in favor of JB Vang, and 11 Wells has used and intends to use the HRA Splinter Parcel, in part, for parking. Further, in its authorizing resolution the HRA Board will waive any further requirements or notice periods that may be required under the HRA Disposition Policy. Authority for the HRA conveyance under this Land Swap is granted in Minn. Stat. Section 469.012.

If approved, the HRA will complete the property exchange by quit claim deed and will undertake an adjustment of common boundary between the current HRA and 11 Wells land at the site.

Budget Action

No budget Action is being requested. The HRA's fees and costs will be paid by 11 Wells at closing.

Future Action

No future action is needed by the HRA to implement this resolution.

Financing Structure

NA

PED Credit Committee Review

NA

Compliance

NA

Green/Sustainable Development

NA

Environmental Impact Disclosure

NA

Historic Preservation

NA

Public Purpose/Comprehensive Plan Conformance:

The property exchange with 11 Wells is consistent with goals in the Comprehensive Plan, including:

- Policy LU-6. Foster equitable and sustainable economic growth by supporting businesses, real estate and financial models that keep more money locally, such as locally-owned businesses.
- Policy LU-2. Pursue redevelopment of Opportunity Sites.

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 approving and authorizing the transfer and conveyance of an undevelopable splinter parcel of HRA-owned land at the Hamm’s Brewery Site to 11W REALCO LLC in exchange for receiving a splinter parcel from such entity.

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on September 1, 2023. The Affidavit of Publication of the Notice of Public Hearing will be made available as a part of these proceedings. The HRA proposes to convey the HRA Splinter Parcel (as defined and described in the Board Report) to 11 Wells in exchange for receiving from 11 Wells the Encroachment Area (as defined and described in the Board Report). The above HRA property will be transferred by the HRA by a quit claim deed in its AS-IS condition.

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

Recommendation:

Staff recommends approval to enter into a Land Swap agreement with 11 Wells in which the HRA will agree to convey the subject HRA Splinter Parcel to 11 Wells in exchange for acquiring the subject 11 Wells Encroachment Area parcel for use as a fire lane. Staff further recommends that the HRA Chair/Commissioner and the HRA Executive Director be authorized and directed to execute a Quit Claim Deed conveying the HRA Splinter Parcel to 11 Wells (or its subsidiary or affiliated entity) in connection with the Land Swap agreement.

Sponsored by: Commissioner Prince

Staff: Laura Haynssen, 266-6597

Attachments

- **Map**
- **Description/Depiction of HRA Splinter Parcel and Encroachment Area**
- **D4 Dayton's Bluff Neighborhood Profile**