

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

REPORT TO THE COMMISSIONERS

DATE: November 28, 2012

REGARDING: RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A PURCHASE AGREEMENT FOR THE SALE OF HRA-OWNED PROPERTY IN VICTORIA PARK TO VICTORIA PARK COMMUNITIES, LLC (District 9)

## **Requested Board Action**

Request the Housing and Redevelopment Authority Board of Commissioners approval of a purchase agreement with Victoria Park Communities, LLC (the “Developer”) setting forth the terms and conditions under which the HRA will sell the Developer HRA-owned parcels (“Property”) in Victoria Park for the purpose of developing a new multi-unit, market-rate apartment building.

## **Background**

The Property, part of a larger site that was formerly owned by Koch Refineries, is made up of several vacant parcels totaling 7.62 acres (see Attachment B). It is located in the Victoria Park Urban Village, adjacent to the recently-acquired Exxon property that is currently being cleaned up for future use as City parkland. Due to deed restrictions, only the two acres adjacent to Otto Street can have occupied buildings – the use of the remaining property is limited to surface parking, trails, and green space. The Property will be sold as-is for its currently appraised value of \$2.9 million, or its re-appraised value in December 2013, whichever is greater. Net sale proceeds will be returned to Fund 117. The current average per square foot sale price is \$8.74.

The Developer, a partnership comprised of Stonebridge Development and Chase Real Estate, intends to build a 182-unit, market-rate, “higher-end” five-story apartment building with both underground and surface parking. (See Attachment C.) The total development cost is expected to be approximately \$30 million. This project is Phase II of a two-phase project, and is expected to commence approximately two years after the Developer completes Phase I, a \$30 million, 215-unit, three-story, townhouse-style, market-rate apartment development on several parcels

currently owned by Brighton Development, directly north of the Property in Victoria Park. Both of these developments will be privately financed without any City or HRA subsidy.

The Purchase Agreement between the HRA and the Developer will contain additional terms and conditions related to the sale of the Property, including:

- contingencies related to environmental, geotechnical, and financial due diligence, and Developer ability to obtain necessary City approvals for building a five-story structure on this site.
- Developer acknowledgment that the HRA will, prior to Closing, work with the City of Saint Paul Parks and Recreation Department to identify exact locations of easements on the Property to be granted to the City for certain park trails, roads, and other amenities related to development of the future parkland (“Easements”). If the Developer accepts the Easements, then it will convey the Easements to the City at Closing.
- Developer completion of Phase I (described above) prior to Closing.
- acknowledgement by Developer of the HRA’s sole authority to provide final design approval for the Project.
- acknowledgement by the Developer that Developer must complete the Project within two years of Closing.
- acknowledgement by the Developer that the appraisal for the Property will be updated in December 2013.

The Property is located in a T3M zoning district, with all of the Developer’s proposed land uses permitted. See Attachment E for a demographic profile of District 9, the Saint Paul planning district in which the Property is located. No existing businesses will be displaced or relocated as a result of this project, and no land acquisition took place as a result of eminent domain.

**Budget Action**

Not Applicable.

**Future Action**

None. Closing on the sale of the Property is expected to occur in December 2014.

### **PED Credit Committee Review**

No Credit Committee action is required since the Property is being sold at appraised value.

### **Compliance**

The following compliance requirements are applicable to this project: Vendor Outreach Program, Chapter 84.01; Affirmative Action, Chapter 183.04; Little Davis-Bacon Labor Standards.

### **Green/Sustainable Development**

The project will comply with the Saint Paul / HRA Sustainability Initiative.

### **Environmental Impact Disclosure**

Not applicable.

### **Historic Preservation**

Not Applicable.

### **Public Purpose/Comprehensive Plan Conformance**

This project will:

- create approximately 180 new housing units;
- return tax-exempt property to the tax rolls, generating approximately \$436,000 in annual taxes;
- create new construction jobs;
- recover funds that can be used by the HRA for other development activities.

This project is consistent with the District 9 Plan, which says that additions to the housing stock should take place near transit; the plan also identifies Victoria Park as a key site for major housing developments.

This project is consistent with the following sections of the Land Use Plan, where Victoria Park is designated as a Mixed-Use Corridor and a Neighborhood Center:

1.1 Guide the development of housing in Established Neighborhoods, commercial areas within Established Neighborhoods, and in Residential Corridors.

1.2 Permit high-density residential development in Neighborhood Centers, Mixed-Use Corridors, the Central Corridor, and Downtown.

1.21 Balance the following objectives for Mixed-Use Corridors through the density and scale of development: accommodating growth, supporting transit use and walking, providing a range of housing types, and providing housing at densities that support transit.

1.23 Guide development along Mixed-Use Corridors.

1.25 Promote the development of more intensive housing on Mixed-Use Corridors where supported by zoning that permits mixed-use and multifamily residential development.

1.42 Promote the development of housing in mixed-use neighborhoods that supports walking and the use of public transportation.

### **Statement of Chairman**

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 certain Parcels of land located in West Seventh District 9 by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA).

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, November 17, 2012. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings.

The HRA proposes to convey the following property in West Seventh District 9:

#### **Property Description**

Lots 3, 4, 5, and 6, Block 1, Riverside Addition No. 2, Ramsey County, Minnesota  
Tract A and Tract B, Registered Land Survey No. 598, Ramsey County, Minnesota

#### **Purchaser/Developer**

Victoria Park Communities, LLC

#### **Purchase Price**

\$2,900,000

The above property was purchased by the HRA and is being sold at a fair market value for the purpose of residential development.

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

**Recommendation:**

HRA Executive Director recommends approval of the attached Resolution, authorizing the execution of a purchase agreement with Victoria Park Communities, LLC setting forth the terms and conditions under which the HRA will sell HRA-owned parcels in Victoria Park for the purpose of building a new multi-unit residential development.

**Sponsored by:**

**Commissioner Thune**

**Staff:**

Martin Schieckel 651-266-6580

**Attachments**

- **Attachment A – Resolution**
- **Attachment B – HRA Property**
- **Attachment C – Conceptual Site Plan**
- **Attachment D – Map/Address of Project**
- **Attachment E – Census Facts**