

STAFF REPORT



Housing & Redevelopment Authority
Established 1974

Date: December 20, 2016

To: Members of the Edina Housing & Redevelopment Authority

From: Bill Neuendorf, Economic Development Manager

Subject: Resolution 2016-07: Naming Buhl Investors/Saturday Properties as Preferred Development Partner for 3930 West 49-1/2 Street and Adjacent Parcels

Information / Background:

In August 2016, the Edina Housing and Redevelopment Authority (HRA) issued a Request for Proposal (RFP) to redevelop vacant property located at 3930 W. 49-1/2 Street. This property was purchased by the HRA in 2013 with the intent of creating additional public parking for the commercial district.

Prospective developers were encouraged to provide creative ways to deliver public parking while also adding street life, vibrancy and new business opportunities. Interested developers were encouraged to consider including other adjacent properties to increase the impact of the redevelopment effort on W. 49-1/2 Street. A copy of the RFP is attached.

Four development teams submitted proposals, summaries of which are attached. The teams include:

Development Team	Brief Description of Proposal
John Laurent Associates	Public parking, retail space and condominiums
Good Neighbor Consortium	Public parking, retail space, office space and public park
Buhl Investors / Saturday	Public parking, retail space, apartments and public

Properties	plaza
KM2 Development / Doran Companies	Public parking, retail space and apartments

Invitations to present and discuss their proposals were extended to each development team. Three teams presented their concepts to the Edina HRA at the November 14, 2016 Work Session. One team (Laurent Associates) declined the invitation and asked to be withdrawn from consideration. The three remaining developers delivered their presentations during the Work Session. Upon conclusion, the Edina HRA transitioned to a "closed session" to discuss the potential sale of real estate.

After comparing the potential outcomes with the potential challenges of the three proposals, it is recommended that the Edina HRA name the Buhl Investors / Saturday Properties team as the preferred development partner for the site(s).

The Buhl Investors / Saturday Properties team submitted an ambitious proposal that was responsive to the goals identified in the RFP. Their proposal has the potential to enhance the pedestrian experience, improve parking conditions, eliminate an aging and unsightly parking structure, create new business opportunities and return properties to the tax rolls. Collectively, this concept could transform the 3900 block of West 49-1/2 Street into an integral part of the 50th and France business district and expand the desirability of 50th and France for the next generation.

The selection of a "preferred development partner" initiates the real estate negotiation process as well as the development review process. This is the first step forward in a lengthy process.

In the months ahead, staff of the Edina HRA intends to negotiate a Term Sheet that identifies key points of the potential business agreement and real estate transaction. Key points of discussion are anticipated to include: purchase price, parking ownership, pedestrian easements, construction phasing, and public financing. Legal professionals from Dorsey & Whitney and financial advisors from Ehlers Associates will assist staff in the preparation of the Term Sheet. A preliminary traffic impact overview will be conducted by SRF Consultants who prepared a comprehensive study of northeast Edina in 2006.

Simultaneously, the development team will begin the process of vetting their design concept through the City's full development review process. This will include a neighborhood meeting, and sketch plan reviews with Planning Commission and City Council.

Please note that the selection of a preferred partner is not intended to imply that the initial proposal will be accepted and approved. If the development team and the HRA are unable to reach agreeable terms, the project will not move forward.

Resolution 2016-07 has been prepared to formally document the intentions of the Edina HRA. Staff recommends that this Resolution be approved. Upon approval of the Resolution, the staff and developer will begin negotiations. A check-in discussion with the full Edina HRA is anticipated in February 2017.