



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 9/16/2019

Item No.: 4.a

Department Approval

Executive Director Approval

Janeé Gundlach

Patricia Ferguson

Item Description: Consider Approval for authorization to enter into Private Redevelopment Contracts and providing the form, terms, covenants, and directions for the issuance of the Tax Increment Revenue Note with Walton Holdings, LLC and 2720 Fairview MKT, LLC for redevelopment of 2720 and 2740 Fairview Avenue

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BACKGROUND

At the Roseville Economic Development Authority (REDA) meeting on May 13, 2019, the REDA passed a Resolution supporting to provide public financial assistance for the redevelopment of 2720 Fairview Ave. into market rate multi-family housing and 40,000 sq.ft. of office space for Tareen Dermatology, an existing Roseville business wishing to expand (Attachment A). This project is located in the Twin Lakes Redevelopment Area, which is a City priority area for redevelopment (Attachment B). The proposed project meets four of six of the City’s objectives and six of twelve of the City’s desired qualifications as outlined in the City’s Public Assistance Policy, with those objectives and qualifications being as follows:

Objectives

1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
2. Expand and diversify the local economy and tax base.
3. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the but-for analysis).
4. Retain local jobs and/or increase the number and diversity of quality jobs.

Qualifications

1. Implements the City’s vision and values for a City-identified redevelopment area.
2. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City.
3. Attracts or retains a significant employer within the City.
4. Promotes multi-family housing development.
5. Provides opportunities for corporate campus or medical office development.
6. Redevelops a blighted, contaminated and/or challenged site.

Staff has been contacted by, and subsequently met with the Carpenter’s Union who has raised concerns over wage theft and general worker exploitation by this developer. The developer has not been charged or convicted of a crime and stands by their reputation for constructing high quality multi-family and

32 office development. Staff has worked with Martha Ingram, the REDA attorney, to address those
33 concerns by incorporating the following language, which will become standard language in all
34 Development Agreements the REDA provides financial assistance to moving forward:

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36 “(b) The Redeveloper will construct the Minimum Improvements in accordance with the terms of
37 this Agreement, the Development Program, and all local, state and federal laws and regulations
38 (including, but not limited to, environmental, zoning, building code, labor, and public health laws
39 and regulations).

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41 Section 4.4 (c) (iii) upon certification by the Redeveloper to the Authority that all costs related to
42 the Minimum Improvements and the development of the Redevelopment Property, including
43 without limitation payments to all contractors, subcontractors, and project laborers, have been paid
44 prior to the date of the Redeveloper’s request for the Certificate of Completion.

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46 Section 9.1 (a) Failure by the Redeveloper or Authority to observe or perform any covenant,
47 condition, obligation, or agreement on its part to be observed or performed under this Agreement,
48 unless such failure to perform is the result of an Unavoidable Delay; or any certification,
49 representation, or warranty by the Redeveloper to the City or the Authority that is substantiated by
50 evidence to be untrue or misrepresented.”

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52 If developers are found guilty of wage theft on any development to which the REDA has provided financial
53 assistance, the above noted language would allow the REDA to withhold TIF payments as an event of
54 default.

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56 **REQUEST FOR ASSISTANCE**

57 In order to assist with the redevelopment of the site, the underwriting review by Stacie Kvilvang of
58 Ehlers supports providing assistance of 15 years of TIF for the housing portion of the development and
59 10 years of TIF for the office. This equates to approximately \$2.9 million of public subsidy for the
60 market rate housing, which will be used to offset costs for soil corrections, construction costs, and
61 customary development fees. The office subsidy equates to approximately \$650,000, which will offset
62 costs associated with soil corrections and construction costs for constructing a Class A office building.

63 There are two separate Contracts for Redevelopment, one for each portion of the overall development
64 (Attachments C and D).

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66 **STAFF RECOMMENDATION**

67 Adopt two resolutions authorizing the REDA to enter into the Contracts for Redevelopment and
68 providing the form, terms, covenants and directions for the issuance of the Tax Increment Revenue Note
69 with Walton Holdings, LLC and 2720 Fairview MKT, LLC (Attachment E and F).

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71 **REQUESTED REDA ACTION**

72 Motion to adopt two resolutions authorizing the REDA to enter into the Contracts for Redevelopment
73 and providing the form, terms, covenants and directions for the issuance of the Tax Increment Revenue
74 Note with Walton Holdings, LLC and 2720 Fairview MKT, LLC (Attachments E and F).

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78 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

Attachment A: Resolution of Support for Public Financing Assistance May 13, 2019

B: Site Plan

C: Contract for Redevelopment with Walton Holdings, LLC

D: Contract for Redevelopment with 2720 Fairview MKT, LLC

E: Resolution authorizing REDA to enter into Redevelopment Contract with Walton Holdings, LLC

F: Resolution authorizing REDA to enter into Redevelopment Contract with 2720 Fairview MKT, LLC