

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: Nov. 7, 2016
Item No.: 11.b

Department Approval



City Manager Approval



Item Description: Receive Presentation from Ehlers, Inc. and Discuss Criteria for Acquisition Framework

BACKGROUND

In 2016, the City Council/Economic Development Authority (EDA) articulated an active interest in land purchases. The City Council/EDA considered four different properties for land acquisition this year. On June 21 the EDA agreed to repurpose dollars to develop both a public financing policy and an acquisition framework. The City/EDA recently adopted a public financing policy, and are now switching focus to property acquisition.

Consultants Jason Aarsvold and Stacie Kvilvang, of Ehlers, Inc. plan to walk the City Council through typical City approaches and relevant policy questions when considering acquisition of property for development and redevelopment purposes. Ehlers will also engage the Council to solicit feedback around these ideas and help determine the best approach for Roseville to meet its property acquisition objectives.

POLICY OBJECTIVE

The policy objective would be to better develop a property acquisition framework to focus where, why, and when sites should be considered for acquisition. This objective came out of a priority setting discussion with the EDA in June of this year.

BUDGET IMPLICATIONS

No budget implications at this time.

STAFF RECOMMENDATION

Receive presentaiton from Ehlers, Inc. and discuss criteria for acquisition framework.

REQUESTED COUNCIL ACTION

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Prepared by: Kari Collins, Community Development Director
Attachments: A: Presentation Outline

City of Roseville

Acquisition Framework and Best Practices Discussion

11/1/2016

Prepared by Ehlers - For Discussion Purposes Only

All cities and /or EDA's have the authority to acquire real estate, which can help a community accomplish a myriad of goals including, but not limited to: Enhancing the employment and/or tax base, removing blight, redeveloping property, increasing housing options, and increasing open space. However, real estate acquisition is inherently risk based with no guaranteed outcomes. Before acquiring property, a city should consider such items as:

- Who should acquire property for development and redevelopment purposes?
- Would a public acquisition align with community development and redevelopment goals?
- What are the projected costs, benefits, and outcomes?
- What are the potential risks and mitigation measures?

There is no one formula that can decide on behalf of the community whether or not an acquisition should occur. A decision will vary from property to property depending on prior planning, community goals, location, and resources. However, collecting, investigating, and evaluating a potential acquisition using a common set of criteria will help the city in their decision-making process.

1. Who Should Acquire Property for Development and Redevelopment Purposes?

	Discussion:	Notes:
a. Private Developer	Pros: Less City risk, flexibility in negotiation; potential relocation costs savings Cons: Not likely to assemble several parcels for complicated redevelopment	
b. City or EDA	Pros: Have patience to assemble land; more control of outcomes Cons: More risk; limited funds limits property acquisition potential	

2. What is the Purpose of Acquiring the Property?

	Discussion:	Notes:
a. Furthers a previously established goal or priority	Are there priorities that should be identified?	
b. Eliminates blight	Is this reason enough? - cost / benefit may be a consideration	
c. Provides site control (beyond zoning)	Are there properties that may see sub-optimal private development?	
d. Opportunity to assemble parcels for a larger project	Should this long-term strategy be considered?	
e. Opportunity because of availability	Eminent domain for redevelopment not allowed - willing seller creates opportunity	
f. Other		

3. Identification of Costs and Risks

	Discussion:	Notes:
a. Acquisition Price	Estimated, in negotiation, final	
b. Appraised Value	Should appraisals be required? willingness to purchase for more than appraised value?	
c. Other Potential Costs	Relocation, environmental remediation, demolition, other	
d. Total Acquisition Cost	Sales price plus, transaction costs, consultants, due diligence, and other potential costs	
e. Acquisition Sources	City funds, grants, Metropolitan Council, other?	
f. Holding Costs and Sources	Maintenance, insurance, staff time, etc.	
g. Marketability	Is a market study necessary? Is there demand for the future use?	
h. Other Risks	Funding gap, competition from other development	

4. Identification of Potential Benefits		
<ul style="list-style-type: none"> a. Resale potential of land for development b. Change in market value and tax collection c. Grant eligibility d. Others 	<p>Discussion:</p> <ul style="list-style-type: none"> Can be estimated up front Should TIF be used to recover investment for City purchases? Should projects include elements to strengthen grant eligibility (e.g. housing affordability) 	<p>Notes:</p>
5. Gap Analysis and Estimate of Permanent Investment		
<ul style="list-style-type: none"> a. Is there a "gap" related to the acquisition? (i.e. - total acquisition costs exceed the potential revenue sources for the project) 	<p>Discussion:</p> <ul style="list-style-type: none"> What local sources should be used to fill the gap? (TIF, EDA Funds, Other?) If potential sources cannot fill gap - should project proceed? Only special circumstances? Should a plan / strategy exist to replenish funds spent for acquisition and not recovered? 	<p>Notes:</p>
6. Community Engagement and Planning		
<ul style="list-style-type: none"> a. Does the proposed future use align with the Comprehensive Plan? b. When should public engagement process begin? c. Others 	<p>Discussion:</p> <ul style="list-style-type: none"> Is an amendment or further study required? Prior to acquisition, once development is proposed, or not required? 	<p>Notes:</p>
7. Timeline		
<ul style="list-style-type: none"> a. When would the land be purchased? b. When would the future use be implemented? c. Other timing considerations 	<p>Discussion:</p> <ul style="list-style-type: none"> Should there be a realistic time horizon? What are contingencies? 	<p>Notes:</p>
8. General Property Information Assembled for Potential Acquisition (best practices)		
<ul style="list-style-type: none"> a. Is the property for sale now? b. Initial Sales Price c. Address, site size, current zoning d. Existing Use e. Comprehensive Plan Designation and Future Land Use f. Existing Adjacent Uses g. Nearby public property and use h. Current assessed value and property tax revenue i. Other 	<p>Discussion:</p> <ul style="list-style-type: none"> Proactive or reactive acquisition If known and/or public Vacant, number of housing units, businesses, number of jobs; non-conforming use? What does the comprehensive plan already say about the use of this property? Provides context to the property in question If any 	<p>Notes:</p>