

## ZONING COMMITTEE STAFF REPORT

**FILE NAME:** 2103 Wabash

**FILE #:** 18-024-315

**APPLICANT:** PAK Properties

**HEARING DATE:** February 15, 2018

**TYPE OF APPLICATION:** Variance

**LOCATION:** 2103 Wabash Avenue, NE corner at Montgomery Street

**PIN & LEGAL DESCRIPTION:** 32.29.23.14.0002; Hewitt's Out Lots, Lots 118 - 119, and vacated adjacent 7 feet of Wabash Avenue, and vacated adjacent 10 feet of Montgomery Street

**PLANNING DISTRICT:** 12

**PRESENT ZONING:** I2

**ZONING CODE REFERENCE:** § 65.143(a), § 61.202(b)

**STAFF REPORT DATE:** February 8, 2018

**BY:** Bill Dermody

**DATE RECEIVED:** January 25, 2018

**60 DAY DEADLINE FOR ACTION:** March 26, 2018

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- A. **PURPOSE:** Variance to allow dwelling units to occupy 90% of the first floor (50% maximum in IT district) and only 10% of the first floor to be devoted to non-residential principal uses (50% minimum in IT district).
- B. **PARCEL SIZE:** 1.6 acres
- C. **EXISTING LAND USE:** Commercial/vacant building
- D. **SURROUNDING LAND USE:**  
North: Commercial (I1, IT) (truck sales, cleaning services)  
East: Parking lot and service station (I2)  
South: Industrial (I2) (warehouse)  
West: Industrial (I2) (self-storage, brewery, multi-tenant industrial)
- E. **ZONING CODE CITATION:** § 65.143(a) requires, for mixed residential and commercial use in the IT transitional industrial district, that dwelling units may occupy no more than 50 percent of the first floor, and that at least 50 percent of the first floor shall be devoted to non-residential principal uses. § 61.202(b) authorizes the planning commission to grant variances related to rezoning when considered by the planning commission at the same public hearing.
- F. **PARKING:** Zoning Code § 63.207 requires a minimum of 1 parking space per studio or 1-bedroom apartment unit and 1.5 spaces per 2- or 3-bedroom dwelling unit. Retail uses would require 1 parking space per 400 square feet.
- G. **HISTORY/DISCUSSION:** Prior to 1975 the site and the larger surrounding area between I-94 and the BNSF railway to the north were zoned heavy industrial with a strip of light industrial along University Avenue. When the City adopted a new zoning code in 1975 this area was zoned I2 general industrial with a strip of I1 light industrial along University Avenue. In 2011, as part of the Central Corridor (Green Line) zoning study, some parcels north of the subject site along University Avenue were rezoned to IT transitional industrial.
- H. **DISTRICT COUNCIL RECOMMENDATION:** As of this writing, District 12 has not provided a recommendation.
- I. **FINDINGS:**
1. The application requests a variance to allow dwelling units to occupy 90% of the first floor (50% maximum in IT district) and only 10% of the first floor to be devoted to non-residential uses (50% minimum in IT district). An accompanying application requests rezoning from I2 General Industrial to IT Transitional Industrial.
  2. The site is surrounded by industrial zoning and mainly industrial uses. It abuts Myrtle Avenue, Montgomery Street, and Wabash Avenue. The surrounding streets accommodate much truck traffic and do not have sidewalks.
  3. Zoning Code § 61.601 states that the Planning Commission shall have the power to grant

variances from the strict enforcement of the provisions of this code upon a finding that:

- (a) *The variance is in harmony with the general purposes and intent of the zoning code.* This finding is not met. The intent of the IT Transitional Industrial district is to provide sites for commercial, office and light industrial uses that are compatible with nearby residential and traditional neighborhood districts, parks, and parkways. The variance would permit use of the site to be almost entirely residential. The variance is also not in harmony with the intent and purpose of the limits on residential uses and requirement for a minimum amount of non-residential use, which is to retain and protect industrial land use and industrial viability in the IT district.
- (b) *The variance is consistent with the comprehensive plan.* This finding is not met. The site is designated in Comprehensive Plan Figure LU-B as Industrial, which calls for “(p)rimarily manufacturing and/or the processing of products; could include light or heavy industrial land uses, large warehouse facilities, and/or utilities.” The 2007 Central Corridor Development Strategy identifies the site as being outside the Areas of Change adjacent to the Green Line LRT. The West Midway Industrial Area Plan (WMIAP) says in Strategy PI-1 that we should “(r)etain and protect current industrial land from conversions to non-industrial uses.” The WMIAP also places great importance on improving buffering between existing “vulnerable land use edges” between residential and industrial uses so as to reduce conflicts and preserve industrial viability. The proposed introduction of additional residential units at this location is contrary to the Comprehensive Plan’s Industrial designation and creates a new vulnerable land use edge in the heart of an industrial area that will put surrounding industrial uses at risk.
- (c) *The applicant has established that there are practical difficulties in complying with the provision; that the property owner proposes to use the property in a reasonable manner not permitted by the provision. Economic considerations alone do not constitute practical difficulties.* This finding is met. There are multiple floor levels on the first floor, limiting its flexibility and viability for commercial and industrial uses. Because of this and the poor condition of the building, renovation of the building for commercial or industrial use would not likely justify the return on investment.
- (d) *The plight of the landowner is due to circumstances unique to the property not created by the landowner.* This finding is met. The large industrial building with multiple floor levels is a difficult situation for reuse that was not created by the landowner.
- (e) *The variance will not permit any use that is not allowed in the zoning district where the affected land is located.* This finding is met. Mixed residential and commercial uses are allowed in the proposed IT Transitional Industrial district.
- (f) *The variance will not alter the essential character of the surrounding area.* This finding is not met. The variance would alter the essential industrial character of the surrounding area by introducing many residential units in the heart of an industrial area, and tend to impede the development and improvement of surrounding property for industrial uses.

J. **STAFF RECOMMENDATION:** Based on the above findings, staff recommends denial of the variance to allow dwelling units to occupy 90% of the first floor (50% maximum in IT district) and only 10% of the first floor to be devoted to non-residential uses (50% minimum in IT district).

**Attachments:**

1. Application materials
2. Correspondence received
3. Staff photos
4. Sidewalks map
5. Aerial/land use/zoning maps



**APPLICATION FOR ZONING VARIANCE**  
 Department of Safety and Inspections  
 375 Jackson Street, Suite 220  
 Saint Paul, MN 55101  
 General DSI Line: 651-266-9008

**Zoning office use only**  
 File no. 18-024315  
 Fee 315.00  
 Tentative hearing date:  
2-15-17

**APPLICANT**

Name Alissa Gray as Agent Company The Superior, LLC  
 Address 275 E. 4th St. #720  
 City The Superior, LLC St. MN Zip 55101 Daytime phone 612-805-2306  
 Property interest of applicant (owner, contract purchaser, etc.) Owners Agent  
 Name of owner (if different) \_\_\_\_\_

**PROPERTY LOCATION**

Address 2103 Wabash Ave., St. Paul, MN 55101  
 Legal description: PID 32.29.23.14.0002  
See Attached Exhibit A  
*(attach additional sheet if necessary)*  
 Lot size 1.6 acres Present zoning I2 Present use Commercial  
 Proposed Use Mixed Commerical / Residential

**Variance[s] requested:**

**Request variance from the requirements in 65.143a for 50% commercial and 50% residential on the first floor to 10% commercial and 90% residential on the first floor.**

**Supporting Information:** Supply the necessary information that is applicable to your variance request, provide details regarding the project, explain why a variance is needed. Attach additional sheet as necessary. Clearly state how each of the required six findings are met (list them).

**See Attached Exhibit C dated 1/25/18.**

*CK 1014  
315<sup>00</sup>*

Applicant's signature [Signature] Date \_\_\_\_\_ City agent [Signature]  
*on behalf of BGA/PAK properties 1-25-18*

**EXHIBIT "A"**

*Variance*

**Lot 118, Hewitt's Out Lots 1st & 2nd Division  
Lot 119, Hewitt's Out Lots 1st & 2nd Division**

**and**

**That part of the Southeasterly 10 feet of Montgomery Street, formerly Havanna Street, vacated, lying between the Northwesterly extension across said street of the Northeasterly and Southwesterly lines of Lot 118, Hewitt Out Lots First & Second Division, according to the recorded plat thereof, Ramsey County, Minnesota.**

**Being Registered land as is evidenced by Certificate of Title No. 364874.**

Exhibit B

2103 Wabash

Date 1/25/18

Revised 2/1/18

Response to Sec. 61.601. – Variances (Para a through g)

Requirement:

- (a)** The variance is in harmony with the general purposes and intent of the zoning code.

*Response: The proposed redevelopment will be consistent with the nature and character of the existing neighborhood. The mixed use redevelopment will preserve jobs within the Zone.*

- (b)** The variance is consistent with the comprehensive plan.

*Response: The redevelopment will maintain the existing fabric of the area by maintaining the overall historic nature of the building. The inclusion of commercial / “maker” spaces will ensure that it is a place that retains jobs and work still happens. The commercial / “maker” spaces would be arranged as pre the attached Lower and First Level drawings Exhibit E.*

- (c)** The applicant has established that there are practical difficulties in complying with the provision that the property owner proposes to use the property in a reasonable manner not permitted by the provision. Economic considerations alone do not constitute practical difficulties.

*Response: There are multiple floor levels on the first floor limiting the practical viability of flexible large and column free commercial spaces. The almost square proportions of the first floor create very “deep” retail spaces with difficult delivery and trash access. Few locations around the building provide technically feasible ADA access points without significant exterior or interior ramps / slopes walk. There are limited locations to create large expanses of glass for commercial retail spaces. All these factors combined are not favorable to typical commercial spaces. The building would be favorable to limited smaller commercial “maker” type spaces.*

- (d)** The plight of the landowner is due to circumstances unique to the property not created by the landowner.

*Response: The circumstances of the existing building and its practical challenges have developed incrementally over the buildings history. The numerous additions, renovations, and construction types challenge renovations and improvements. The properties unique construction and geometry limit the opportunity for a broad set of uses. Yet, the building is an important part of the urban fabric in*

*this neighborhood. Without an economically viable solution the property will likely remain severely underutilized and perhaps ultimately razed.*

- (e)** The variance will not permit any use that is not allowed in the zoning district where the affected land is located.

*Response: The mixed commercial and residential use is allowed in the I2 zone.*

- (f)** The variance will not alter the essential character of the surrounding area.

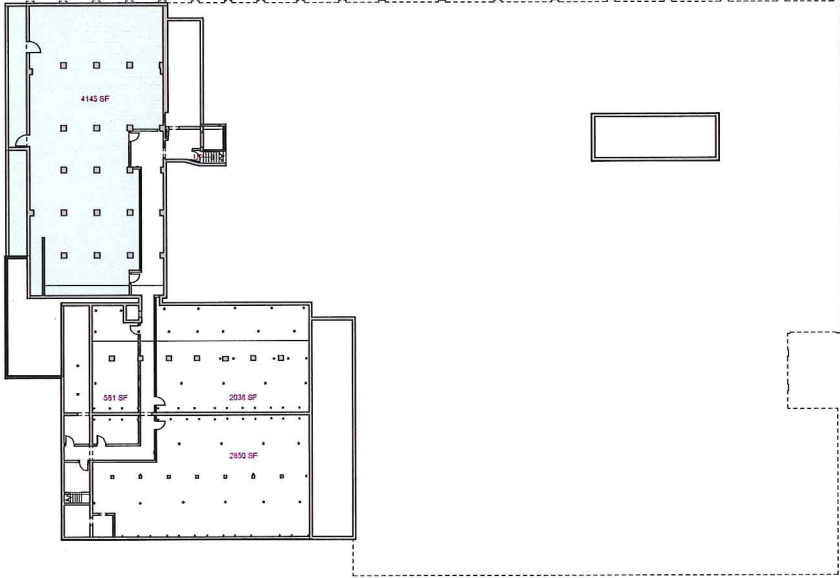
*Response: The proposed redevelopment will be consistent with the nature and character of the existing neighborhood. The redevelopment will maintain the existing fabric of the area by maintaining the overall historic nature of the building.*

- (g)** The application for a historic use variance under title IX, city planning, at section 73.03.1 of this Code, as authorized by Minn. Stats. § 471.193, subd. 3(6), shall be granted only to a property that is a locally designated heritage preservation site and the use variance is the minimum needed to enable the property to be used in a manner that will have the least impact upon its historic character and the character of the surrounding area.

*Response: The project development team is seeking Historic Tax Credits as a component of the project financing package. Currently the property has submitted a Part 1 Evaluation of Significance to the National Park Service. This application has been accepted and it is anticipated that the Part 2 application will be submitted in mid-March. Recent changes to the Federal Tax Code strictly require a construction start by June 20, 2018. A Historic use variance would only be a viable alternative if the process would allow for a construction start prior to June 20, 2018. The process as described in the statutes will not allow a Historic Use Variance to be approved prior to June 20, 2018*

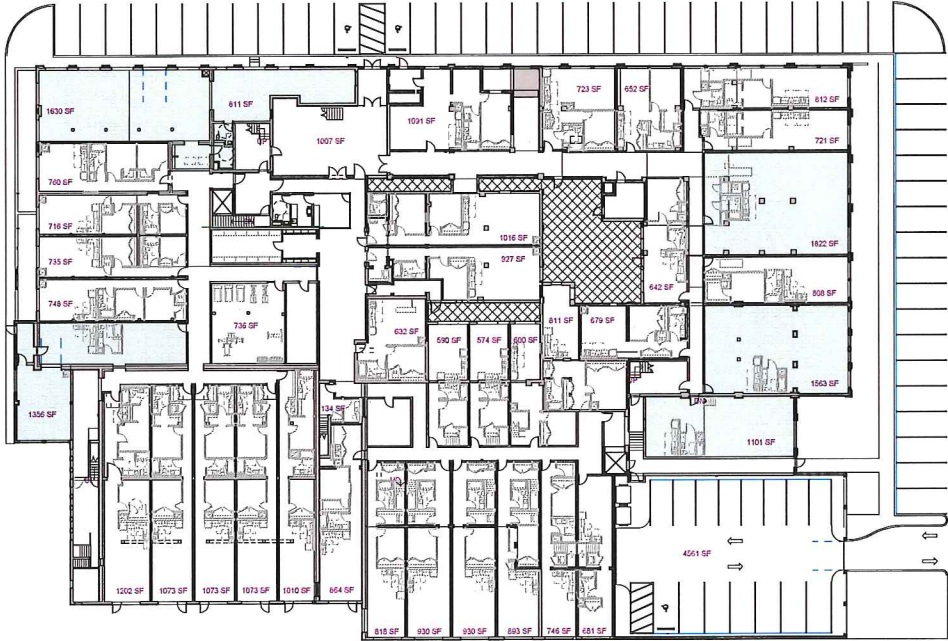
*Attachments: Exhibit E – Lower and First Level Plan  
Exhibit F – Creative Enterprise Zone Map – w/ project location*

EXHIBIT E



COMMERCIAL SPACE

SUBLEVEL



COMMERCIAL SPACE

LEVEL 1



# EXHIBIT F

## CREATIVE ENTERPRISE ZONE







January 19, 2018

Rich Pakonen  
Clint Blaiser  
PAK Properties / HBG Group  
275 4<sup>th</sup> Street East, Suite 720  
St Paul, MN 55101

Dear Rich and Clint,

Thank you for your time to share information about your Wabash Avenue redevelopment project with our organization. It is exciting to see new ideas, energy, and investment happening in the Midway. We believe your work to redevelop the closed meat packing plant at 2103 Wabash Avenue will bring the site back to life, connect with the community, and support other future development projects.

On behalf of the Midway Chamber of Commerce, we are pleased to inform you that our Board of Directors has passed a resolution supporting your project and your efforts to secure a change in the property's zoning from I2 - General Industrial District to IT Industrial Transitional. We also support your effort to seek a Conditional Use Permit to accommodate the residential uses that are part of the plan.

We believe your proposed plan would actively contribute to the momentum from Vandalia Tower, Lake Monster Brewing, and the new facilities for American Engineering and Testing. Your work on other recent St. Paul developments that include the Osborn 370 and Pioneer Endicott buildings demonstrate your team's ability to create successful projects and impact.

The Midway Chamber has been an important voice to bring the community together in our area and we believe your project will help build on the momentum we are seeing throughout the area. We wish you luck as your project moves forward and are proud to be able to add our support.

Sincerely,

Midway Chamber of Commerce Board of Directors



January 16, 2018

Rich Pakonen  
Clint Blaiser  
PAK Properties / HBG Group  
275 4<sup>th</sup> Street East, Suite 720  
St Paul, MN 55101

RE: Zoning Change and Conditional Use Permit for 2103 Wabash Avenue

Dear Rich and Clint,

Thank you for the recent opportunity to learn more about your proposed redevelopment of the closed meat packing facility that is located at 2103 Wabash Avenue. We appreciate your work on this project and are excited to see new ideas, energy, and investment happening in St. Paul. We believe your plans to redevelop the building will bring the site back to life and connect it with other surrounding properties.

As you know, one of the Port Authority's strategic goals is to preserve industrially zoned land. We are excited that this project will return to the site to an active use and protect its industrial zoning. Please consider this letter as our organization's formal support for your project and your efforts to secure a change in the property's zoning from I2 – General Industrial District to IT Industrial Transitional. We also support your effort to seek a Conditional Use Permit to accommodate some of the uses that are part of the plan.

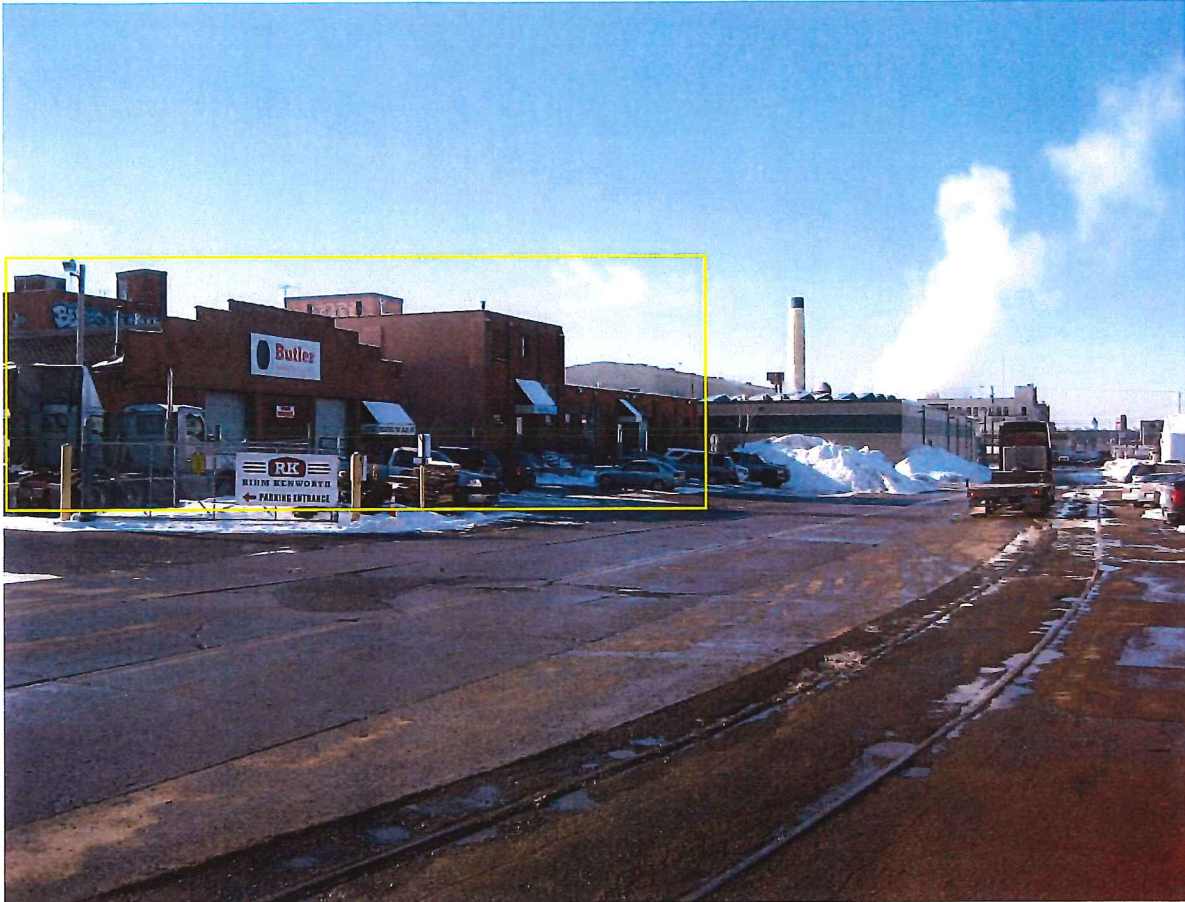
The Port Authority has supported projects that redevelop and re-invest in complex sites in St. Paul that will create new tax base that is important to the broader community. Your proposed mixed-use project will accomplish this by finding a way to bring back to this valuable piece of historic property back to life after decades of limited or little use.

This is a time of positive change in the Midway area and we believe your project will help St. Paul and this part of the community build on the momentum we are seeing throughout the area. We wish you luck as your project moves forward and are proud to be able to add our support.

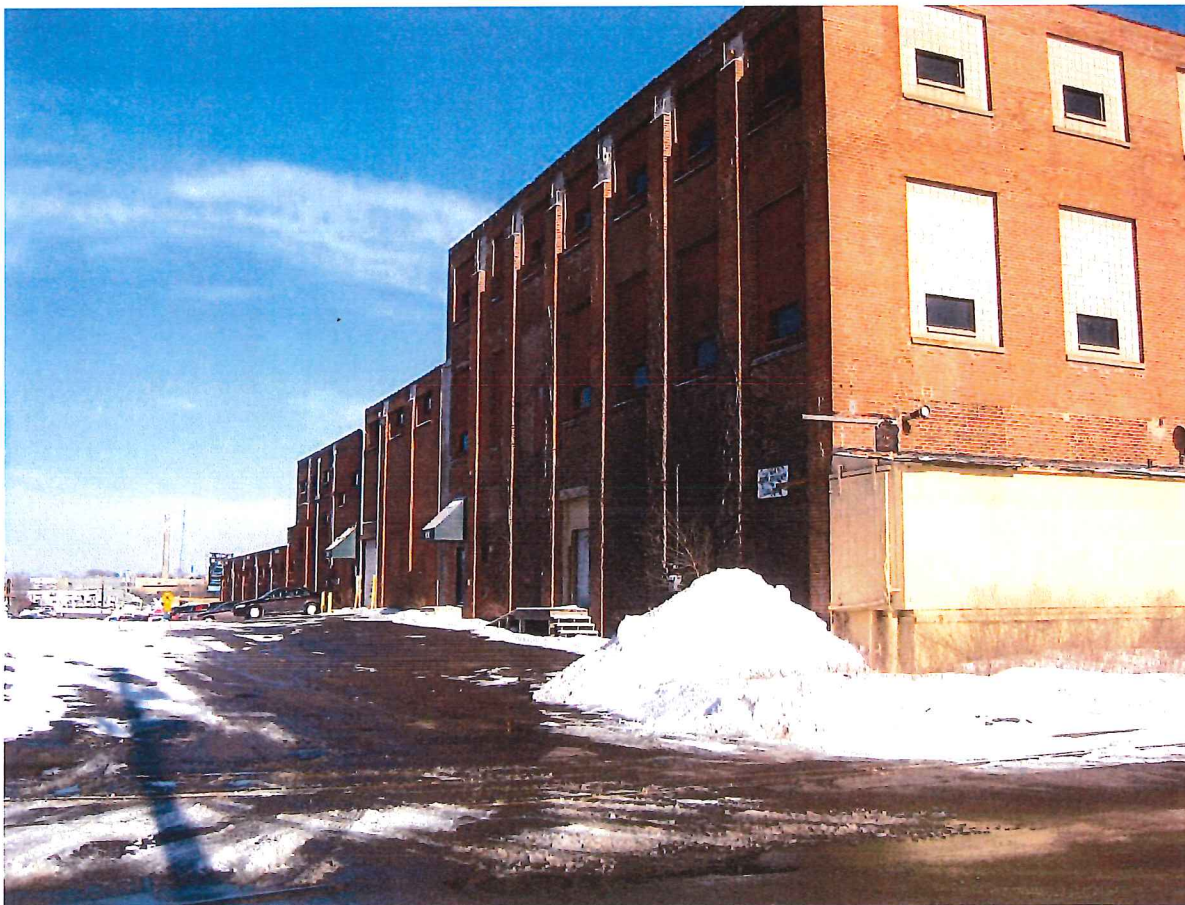
Sincerely,

A handwritten signature in black ink that reads "Lee Krueger". The signature is fluid and cursive.

Lee Krueger  
President, CEO  
Saint Paul Port Authority



Looking west along Myrtle, subject site in yellow outline

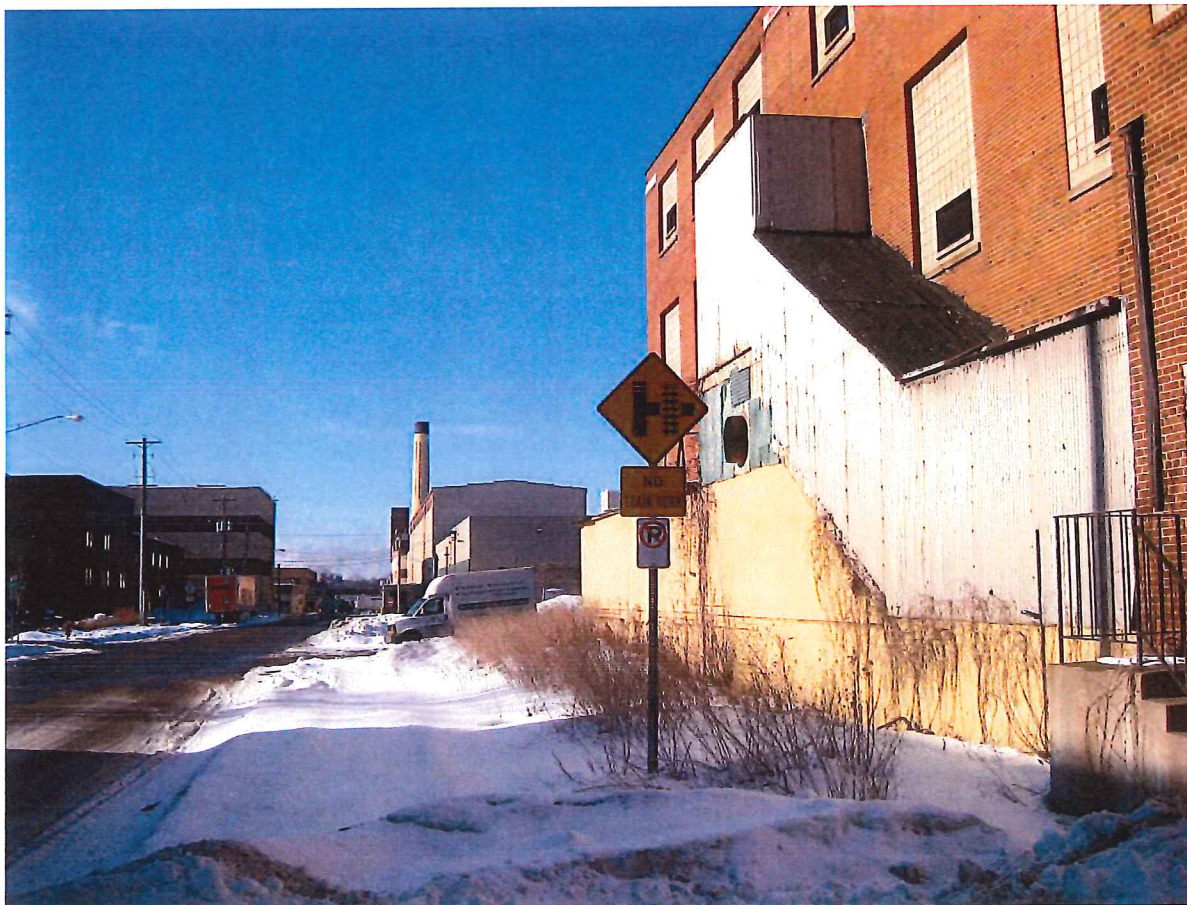


Looking north/northeast along Montgomery, subject site is the entire building and parking on right



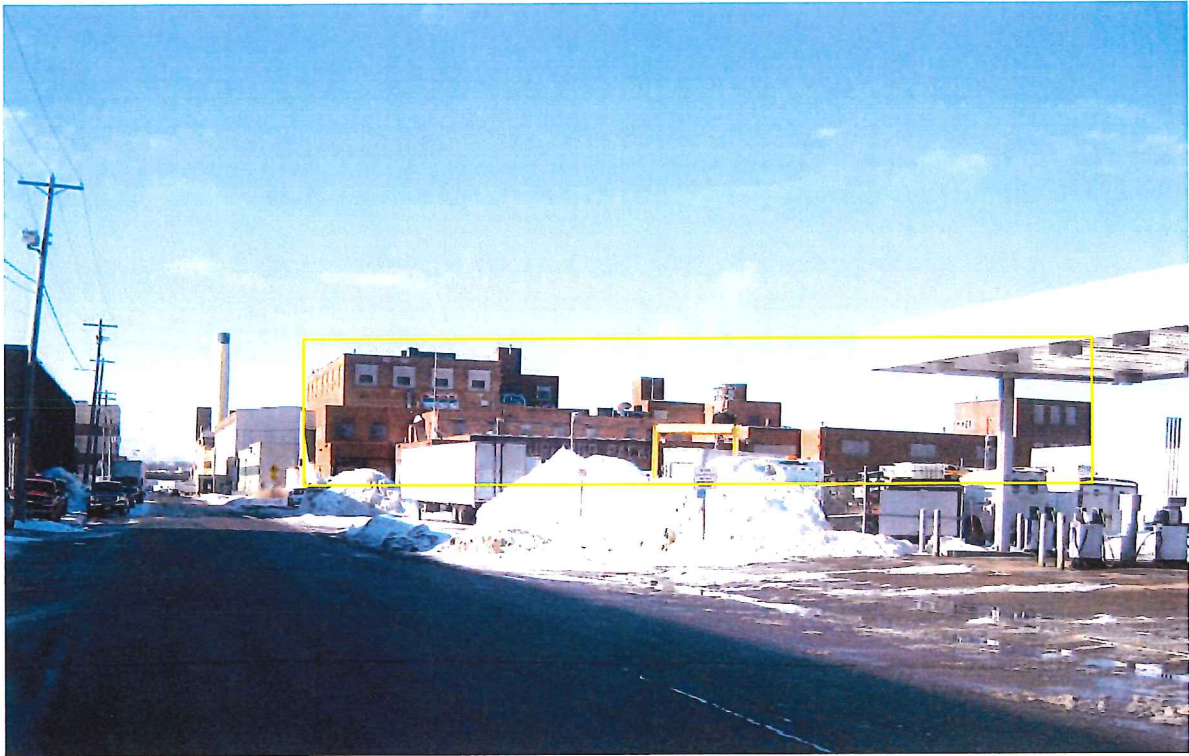


Looking east along Wabash, subject site on the left



Looking west along Wabash, subject site on the right





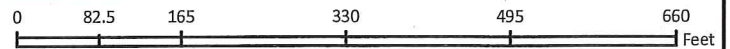
Looking west/northwest along Wabash, subject site is the brick building in yellow outline





— Sidewalks





FILE NAME: 2103 Wabash

Aerial

APPLICATION TYPE: PC-Variance

 Subject Parcels

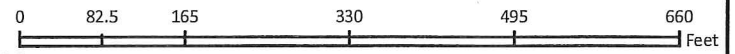
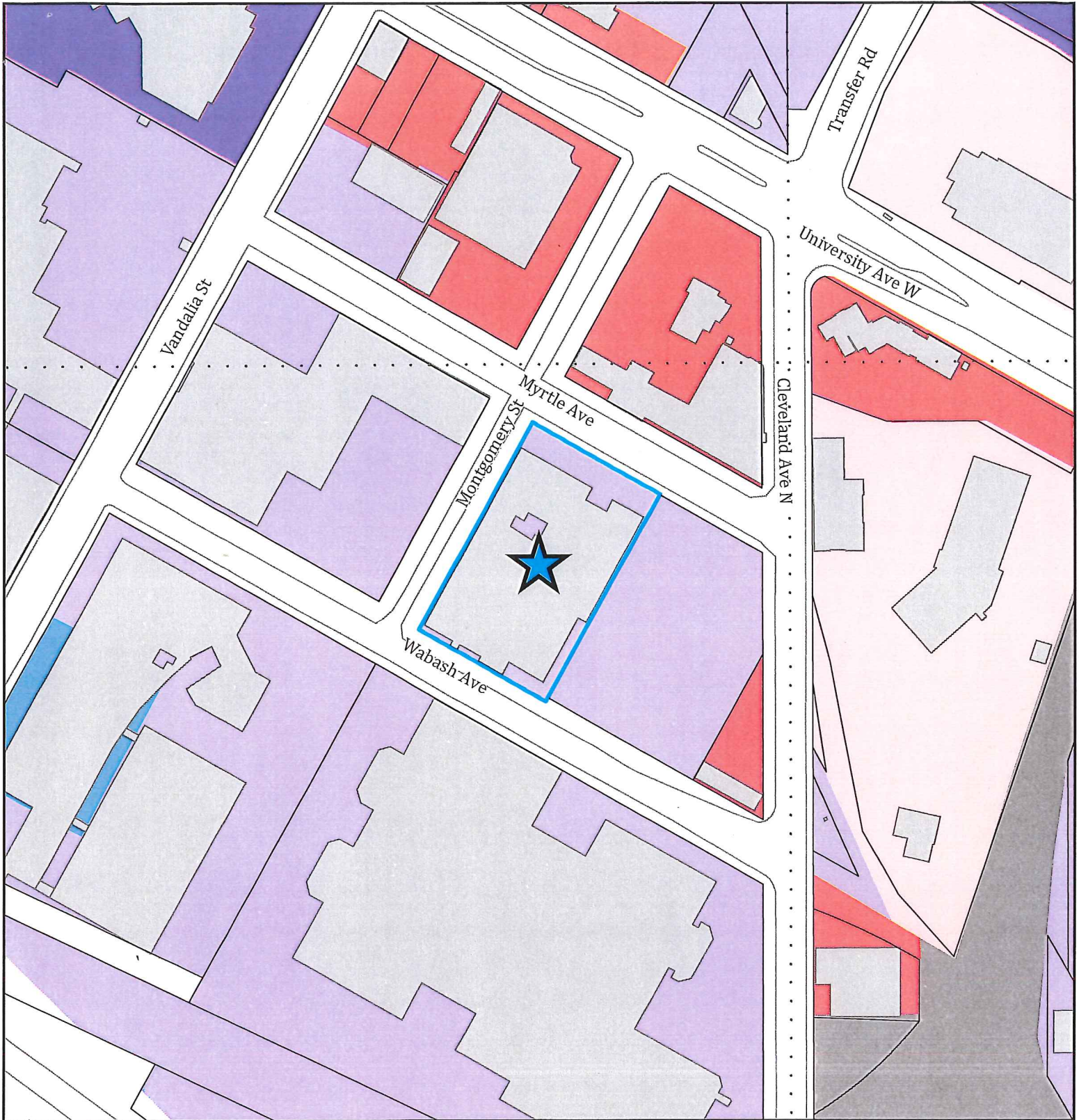
FILE #: 18-024315 DATE: 1/30/2018

PLANNING DISTRICT: 12

ZONING PANEL: 7







FILE NAME: 2103 Wabash

APPLICATION TYPE: PC-Variance

FILE #: 18-024315      DATE: 1/30/2018

PLANNING DISTRICT: 12

ZONING PANEL: 7

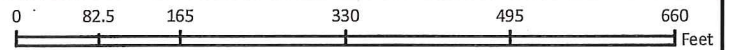
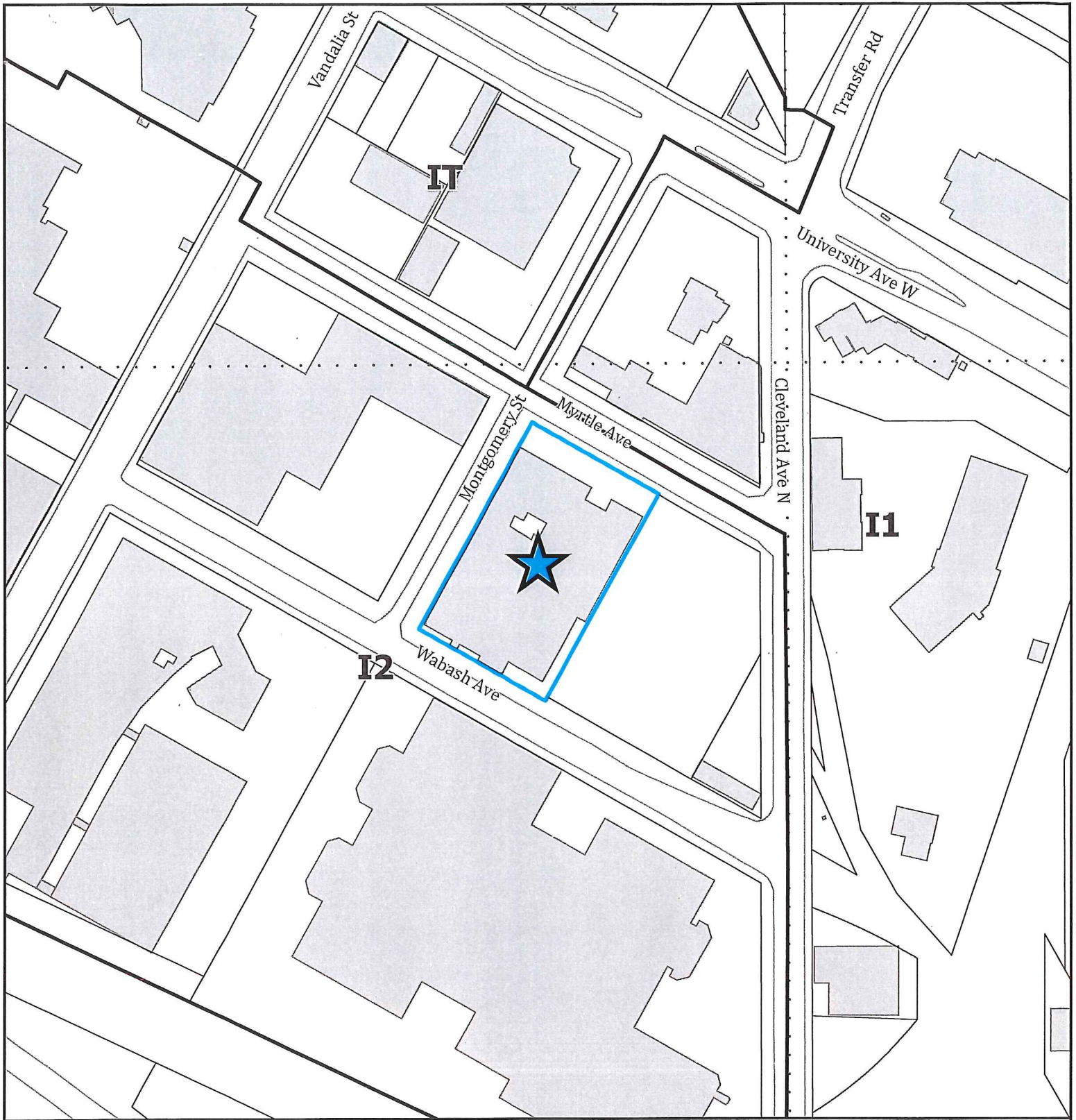
**Land Use**

- Office
- Retail and Other Commercial
- Mixed Use Industrial
- Industrial and Utility
- Institutional
- Railway
- Subject Parcels

• • Section Lines







FILE NAME: 2103 Wabash

**Zoning**

APPLICATION TYPE: PC-Variance

 Subject Parcels

FILE #: 18-024315 DATE: 1/30/2018

 Section Lines

PLANNING DISTRICT: 12

ZONING PANEL: 7

