



Legislation Text

File #: 16-0315, **Version:** 1

Resolution of the City of Hampton Approving a Cooperation Agreement with the Economic Development Authority of the City of Hampton (“EDA”) and Authorizing the Execution of Same for the Redevelopment and Renovation of the Hampton Armory

PURPOSE/BACKGROUND/DISCUSSION/IMPACT:

The 2004 Downtown Hampton Master Plan, as amended, called for the renovation and reuse of the Hampton Armory, located at 504 North King Street, as a key element in the revitalization of the Armory Initiative. The Master Plan recommended reuse as a live entertainment venue to anchor this area of downtown Hampton.

On November 17, 2015 the City of Hampton issued a request for proposals (RFP) for renovation and reuse of the building as a live entertainment venue, craft brewery/brewpub or craft distillery. The goal of the solicitation was to secure an experienced developer to renovate and reuse the building to create a destination in Downtown Hampton. 504-520 N King Street LLC submitted a proposal that met the City’s objectives and would ensure the success of the Armory development as outlined in the RFP.

The property, in its current condition, is in need of substantial rehabilitation and reinvestment. Due to the high cost of renovating this historic building, new infrastructure improvements, hazardous materials abatement, and other physical improvements, the Developer has requested financial assistance from the EDA to offset the development costs.

Staff has negotiated the terms and conditions for the sale of the property by the EDA and related incentives necessary to complete the project. As an inducement, the Developer will receive a property conditions credit of \$610,498.00 towards the purchase price of \$610,500.00. Additionally, the EDA, subject to funding, will provide up to \$494,000 to reimburse actual expenses incurred for the development of on-site infrastructure and hazardous materials abatement. The City will also bury the overhead power lines in front of the property which will require financial support by the City. The Cooperation Agreement is needed to support the EDA obligations with respect to the reimbursements of \$494,000.00 and the costs of burial of the overhead power lines.

The EDA will also assist the Developer in obtaining project funding from other local, state and federal programs such as Historic Tax Credits and the Virginia Enterprise Zone program. However, the maximum EDA funding the Project would be eligible to receive would be \$619,000.00, which is comprised of a grant from the EDA Downtown Hampton & Phoebus Retail Incentive Grant Program in the amount of \$125,000.00 and the \$494,000.00 in reimbursements for the on-site infrastructure improvements and abatement of hazardous materials.

Recommendation:

Approve the Resolution.

WHEREAS, the Council of the City of Hampton (the “Council”) has set as a priority in the 2004 Downtown Hampton Master Plan, as amended the renovation and reuse of the Hampton Armory , located at 504 North King Street, as a key element in the revitalization of the Armory Initiative to anchor this area of downtown Hampton;

WHEREAS, on November 17, 2015 the City issued a request for proposals (“RFP”) for the renovation and reuse of the Hampton Armory as a life entertainment venue, craft brewery/brewpub or craft distillery with the goal of securing an experienced developer to renovate and reuse the Hampton Armory to create a destination in downtown Hampton;

WHEREAS, 504-520 N King Street LLC, a Virginia limited liability company (“Developer”) submitted a proposal that met the City’s objectives and would ensure the success of the Hampton Armory development as outlined in the RFP;

WHEREAS, pursuant to Council policy the EDA is tasked with the sale and redevelopment of commercial properties in the City of Hampton, and as such, proposes to accomplish Council’s priorities of the renovation of the Hampton Armory as a life entertainment venue, craft brewery/brewpub or distillery (the “Project”) through a development agreement together with the issuance of financial incentives in the form of a “Property Conditions Credit” in the amount of \$610,498.00 toward the purchase price of the Hampton Armory, and reimbursements for the relocation and installation of certain on-site infrastructure and removal of hazardous materials from the Hampton Armory in the maximum amount of \$494,000.00 (“Incentive Funding”) and other financial inducements;

WHEREAS, the Property Conditions Credit, the Incentive Funding and other financial inducements are necessary to assist the Developer in offsetting the high cost of renovating this historic building, new infrastructure improvements, materials abatement, and other physical improvements;

WHEREAS, the EDA has determined that the Project cannot be developed without inducements to private developers;

WHEREAS, negotiations between the EDA and the Developer have culminated in a “Development Agreement”, a copy of which is attached to this Cooperation Agreement.

WHEREAS, the Council has determined that the renovation and reuse of the Hampton Armory as proposed by the Developer is in compliance with the 2004 Downtown Hampton Master Plan, as amended, will increase tax revenues, improve the economic vitality of the Downtown area and serve as a key element in the revitalization of the Armory Initiative, and is therefore in the best interest of the citizens of the City of Hampton;

WHEREAS, Council is willing to financially participate in the Project by entering into a cooperation agreement to meet the obligations of the EDA under the Development Agreement, subject to appropriations; and

WHEREAS, the City Council has determined that the transactions negotiated with the Developer as set forth in the Development Agreement are acceptable.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of Hampton, Virginia, as follows:

1. That it approves the terms of the Cooperation Agreement attached hereto; and
2. That the City Manager or her Authorized Designee be and is hereby authorized to execute and deliver to the Economic Development Authority of the City of Hampton the Cooperation Agreement in substantially the form attached hereto.