



CITY OF RICHMOND

Department of Planning & Development Review *Staff Report*

Ord. No. 2014-186: To declare a public necessity for and to authorize the acquisition of the parcels of real property owned by the Richmond Redevelopment and Housing Authority and known as 601 East Leigh Street, 406 North 7th Street and 408 A North 7th Street for the purpose of a sports complex and a convention center.

To: City Planning Commission
From: Land Use Administration
Date: October 6, 2014

PETITIONER

City of Richmond

LOCATION

601 East Leigh Street, 406 North 7th Street and 408 A North 7th Street

PURPOSE

Property acquisition of 601 East Leigh Street, 406 North 7th Street and 408 A North 7th Street from Richmond Redevelopment and Housing Authority to continue to serve as the Richmond Coliseum

SUMMARY & RECOMMENDATION

In the early 1990's, Crestar Bank (now SunTrust) made known its plans to build a new facility to house its rapidly growing Mortgage business and its longer range plans to do a significant expansion to its existing operations center in Henrico County. To retain this business in the City of Richmond, the City negotiated a series of economic development cash incentives, and with the City's financial support the bank ultimately built two significant buildings on Semmes Avenue, which became a catalyst for further economic development in the Manchester area. To facilitate its contributions to the project, the City had RRHA issue several series' of bonds secured by a moral obligation of the City, as well as providing the lenders liens on several City owned properties.

In December 1994, under Phase I of the Old Manchester Cooperation Agreement between the City and the RRHA, \$7,750,000 of Project Revenue Bonds – Series 1994 Old Manchester Project were issue by RRHA for the purpose of financing a portion of the costs of acquiring and constructing what is today SunTrust Mortgage Corporation's headquarters at 901 Semmes Avenue. The building was completed in October 1995 and subsequent bond documents indicate that the total cost of the project was \$17,430,000, with RRHA's contribution having been \$6,566,200 (38%) and Crestar's contribution having been \$10,863,800 (62%) of the cash put toward the project.

On June 18, 1995, under the Old Manchester Redevelopment Area Phase II Agreement, the City, RRHA and Crestar Bank (SunTrust) agreed to terms of what would become the second much larger 400,000+ square feet bank office building on the adjacent site at 1001 Semmes

Ave. RRHA issued revenue bonds to be paid by the City and made contributions to the project in amounts of approximately \$20.6 million to fund its share of Phase II construction.

To facilitate these RRHA Old Manchester Project bond issues in the mid 1990's, the City transferred the property titles of the Richmond Coliseum and the Main Branch Library to RRHA, which in turn pledged these properties to secure the bonds being issued. On September 1, 2012 the City repaid in full all RRHA debt associated with the Old Manchester Projects. City Administration is now seeking to have title to the Coliseum and the Main Branch Library properties transferred from RRHA back to the City. Therefore, the City Administration recommends approval of the acquisition.

FINDINGS OF FACT

Site Description

The subject property consists of three parcels totaling approximately 8.36 acres in the block bounded by East Leigh Street, East Marshall Street, North 5th Street and North 7th Street. The property is currently improved with the Richmond Coliseum and surrounding plaza and open space.

Proposed Use of the Property

To authorize the Chief Administrative Officer on behalf of the City of Richmond, to acquire approximately 8.36 acres of property and improvements from the Richmond Redevelopment and Housing Authority (RRHA) located at 601 East Leigh Street, 406 North 7th Street and 408 A North 7th Street (Tax Parcel Nos. N000-0007/001, N000-0006/004 and N000-0006/025), known as Richmond Coliseum, to serve as a sports complex/ convention center.

Title to the Richmond Coliseum was transferred to the RRHA in the early 1990's and was pledged as security to support the financing by RRHA of the Old Manchester Project, a City sponsored economic development project. All debt associated with this project has now been repaid and the asset can now be transferred back from the RRHA into the City's name.

Master Plan

The subject property is designated as part of the Urban Core Area by the Downtown Plan. The Urban Core Area is characterized by high density, an intense mix of uses and civic buildings of regional significance, distributed along urban blocks with wide sidewalks, regular street tree plantings and buildings that front the street.

Zoning

The subject property is located in the CM Coliseum Mall zoning district, which permits the current use of the property as an entertainment, cultural and recreational use as well as permitting public assembly buildings, auditoriums, convention facilities, meeting rooms and exhibition spaces. The CM district does not require any off-street parking for commercial or office uses.

Surrounding Area

The Virginia Biotechnology Office Park is located to the north, across East Leigh Street. Parking decks and parking areas are located to the west and south. The Richmond Convention Center is located to the east.

Neighborhood Participation

Staff has received no letters of opposition or support from the public.

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