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City of Saint Paul: Overview of Central Corridor Affordable Housing Policies and Current Implementation Activities January, 2011

Central Corridor Opportunity

The construction of LRT represents a tremendous opportunity for Saint Paul to achieve both transportation and related community development benefits. The majority of the growth in housing and jobs citywide to 2030 is expected to take place along the Central Corridor. As the City has planned for this opportunity, there has been special attention paid to ensuring that this growth and change benefits the existing low-income and minority communities along the line. In terms of housing, this means there will be affordable housing available so these communities can take advantage of this major transportation improvement. There is a recognition that as the market heats up and new investment is attracted to the corridor, special efforts must be made to maintain housing affordability for the existing communities along the line to avoid gentrification that forces these households out of the area.

This document provides an overview of adopted City policy regarding affordable housing in the Central Corridor and a summary of current implementation activities.

Policy Overview

City policy regarding affordable housing along the Central Corridor LRT alignment is guided by the City's recently adopted *Housing Action Plan 2010-2013* (2010), *Housing Plan* (2010) and *Central Corridor Development Strategy* (2007). The later two are chapters of the City's Comprehensive Plan, while the former is an implementation work plan for the *Housing Plan*.

New construction of affordable housing: Both the *Housing Plan* and *Central Corridor Development Strategy* support the development of new mixed-income housing along Central Corridor in the area identified for redevelopment (the "area of change"), and preservation of existing affordable housing in the established neighborhoods along the corridor. The affordability goals for new construction housing along Central Corridor are those articulated in the *Housing Plan*, which apply citywide (detailed below under "Housing Plan").

Location and density of new housing: Both plans recommend focusing new housing development along transit corridors at higher density levels. These policies aid affordability. By locating new housing next to transit, it lowers the transportation cost burden, which is especially helpful to low income households. Constructing at higher densities lowers per unit land and infrastructure costs, which also promotes affordability.

Maintenance of existing affordable housing: There is a strong emphasis in the new *Housing Plan* on devoting more resources to maintaining existing housing and directing fewer resources to new construction. The subsidy required per unit to maintain existing affordable housing is significantly less than that required for constructing new affordable housing. Given limited public housing resources, reinvesting in existing affordable housing and home improvement makes the most of limited public

housing resources. Much of the existing housing along Central Corridor is already affordable, and the focus should appropriately be on maintaining the quality and affordability of that housing.

Housing Plan

Relevant policies:

Policy 1.2: Meet market demand for transit-oriented housing.

- a. Prioritize sites within a quarter mile of a transit route, such as along the Central Corridor (within the Area of Change) and other corridors, as well as those in high-amenity areas, such as Downtown and the riverfront.

Policy 3.1: Support the preservation of publicly-assisted and private affordable housing.

Policy 3.2: Support new housing opportunities for low-income households throughout the city.

Policy 3.3: Provide affordable housing in new production projects.

For City/HRA-assisted **new rental units**, at least 30 percent will be affordable to households earning 60 percent of the AMI, of which at least one third will be affordable to households earning 50 percent of the AMI, and at least one third will be affordable to households earning 30 percent of the AMI.

For City/HRA-assisted **new ownership units**, at least 20 percent will be affordable to households earning up to 80 percent of the AMI, and an additional 10 percent will be affordable to households at 60% of the AMI.

Housing Action Plan, 2010-2013

The Housing Action Plan 2010-2013 (HAP), adopted in November 2010, provides a report on the market context of City/HRA housing activities in 2010, and outlines for the 2010-2013 time period the implementation actions to be undertaken by the City/HRA. The HAP includes specific targets to be met in furtherance of the strategies and policies outlined in the *Housing Plan* and the Livable Communities Act. The HAP takes as given the policy set by the *Housing Plan*, including policies on the preservation and rehabilitation of existing affordable housing, the new construction of affordable housing, as well the emphasis on transit-oriented housing, in particular along and near the Central Corridor.

As can be seen on the attached map “**Multifamily housing projects, 2010-2013, version 2010,**” of the projected new production units within one-half mile of the Central Corridor, approximately 215 will be affordable to households earning 60 percent or less than the area median income. There are also an estimated 399 affordable units within affordable housing preservation projects located within one-half mile of the Central Corridor over the same period.

In regard to vacant housing activities being undertaken with the *Invest Saint Paul* initiative and Neighborhood Stabilization Programs, as of summer 2010, approximately 39 one- and two-family units have been acquired within Central Corridor neighborhoods (areas within one half mile of the Central Corridor), three of which are under rehabilitation now. An additional 19 properties have been landbanked for future residential uses within Central Corridor neighborhoods, with a remaining two (2) properties that may be rehabilitated or demolished. This data does not include the three larger (3) sites that could support new multifamily/mixed use residential development along Central Corridor (two of which are discussed in the **LAAND Program** description below).

Central Corridor Development Strategy (CCDS)

Relevant policies:

- **Principle 2: Benefit and Strengthen Diverse Communities along the Corridor** – “Change is both welcome and inevitable . . . must occur in a way that will enhance – not diminish or displace – the rich variety of distinct neighborhoods, cultures, and businesses here. The LRT should act as a catalyst for “lifting up” . . . promote new ways to diversify and preserve the existing housing stock for all income groups
 - **Objective 2.4: Help stabilize and support the retention and enhancement of area households under the threat of revitalization displacement.** Implement “stay in place and thrive” programs. . .
 - **Objective 2.5: Leverage LRT investment and related development to . . . foster wealth-building opportunities for existing residents.** Ensure options for living wage employment, job training, affordable housing (home ownership and rental) and business development opportunities.

Market opportunity identified in the CCDS:

- Market analysis indicates the potential for 11,000-14,000 additional housing units in five geographic market segments in the Corridor by about 2030. Half of them would be in the Downtown. (The University Avenue segments include about four blocks north and south of the Avenue.)

	Potential for Rental Units	Potential for Ownership Units
West End: Border-Fairview	2,400 - 3,100	750-1,300
Midway: Snelling - Lexington	700 - 850	375 - 550
East End: Dale - Rice	550-800	850-900
Capitol	150 - 200	-
Downtown	5,000-6,000	500-1,000
Totals (rounded)	9,000 – 11,000	1,750 – 3,000

- The projected market demand on the portion of the Corridor between the Capitol and the city’s western border with Minneapolis totals 5,250-7,000 or 250-300 units a year, with 2/3 of it expected to be in the area west of Snelling Avenue.
- According to City policy, 30% of the new rental units and 30% of the new ownership units developed with City/HRA assistance must be affordable at the levels specified in the *Housing Plan*.

Current Implementation Activities

Land Acquisition for Affordable Housing (LAAND) Program: The City received a \$2 million loan from the Metropolitan Council and Family Housing Fund to acquire sites for future development of affordable housing along Central Corridor. The concept for the program is to acquire property before land values escalate in response to the development of LRT. The City has acquired two properties: 255 and 1433 University Avenue. Both are former new car dealership properties.

- Pursuant to the loan agreements, the parcels must be land banked for at least one year.
- After consultation with applicable community groups, an RFP will be issued to seek interested developers to develop affordable housing on the sites. The sites must be developed within 5 years.

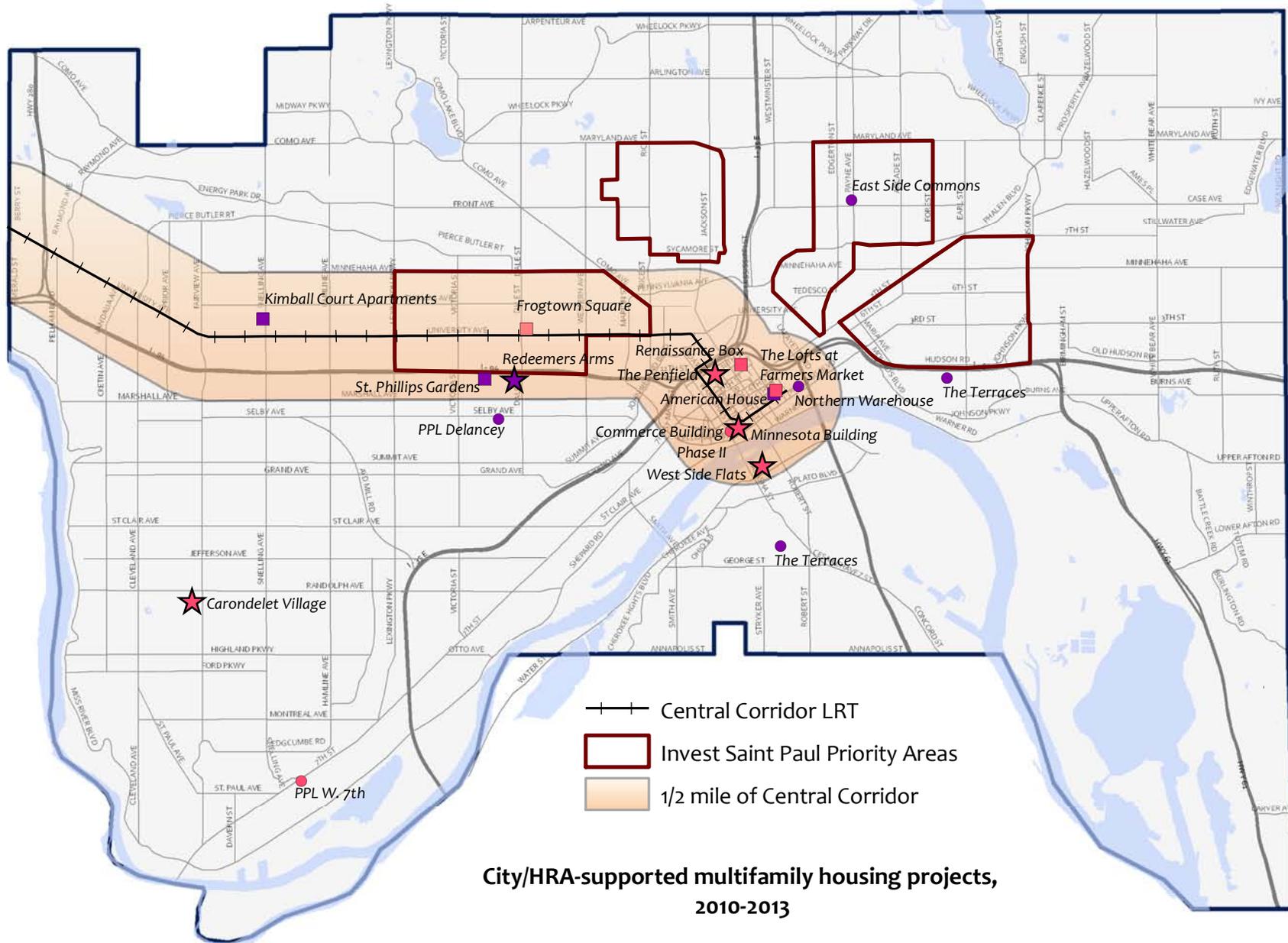
Invest Saint Paul/Neighborhood Stabilization Program: The City is devoting significant resources through the Invest Saint Paul and federal Neighborhood Stabilization programs to rebuild and maintain affordable housing in four target neighborhoods that have been hardest hit by the decline in the housing market and the foreclosure crisis. One of the four neighborhoods is located in the eastern end of the Central Corridor, between Lexington Parkway and Rice Street.

In August, 2007, the Saint Paul Housing and Redevelopment Authority (HRA) board approved the **Invest Saint Paul (ISP)** work plan and budget. The City earmarked \$25 million of Sales Tax Revitalization (STAR) ‘jumpstart’ funds for strategic projects aligned with the overall Invest Saint Paul goals, of which \$17 million was designated for ISP activities (primarily housing-related) managed by the Department of Planning & Economic Development.

In 2008 the federal Dept. of Housing and Urban Development created the **Neighborhood Stabilization Program (NSP)** and awarded funds for emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The City of Saint Paul received \$10.7 million in the first round of NSP funding in 2008. In early 2010, the City received an additional 18 million in NPS 2 funds. The target geography for NSP funds closely matches the ISP areas.

Central Corridor Zoning Study: The *Central Corridor Development Strategy* and accompanying station area plans recommend development of 11,000 – 14,000 new housing units along the Central Corridor. The City is undertaking a zoning study to create the zoning tools (through development of new regulations and the rezoning of properties) needed to achieve the kind of housing densities envisioned. Allowing increased densities will aid in the development of affordable housing. The zoning study is currently in the staff development phase, and is targeted for completion by June, 2011.

Examples of Recent Mixed-Income Housing Projects: Examples of housing projects built along the Central Corridor since 2003 with an affordability component are highlighted in the attached powerpoint slides. Examples of housing projects being rehabilitated or constructed along the Central Corridor with City/HRA support over the next several years are shown on the attached map from the Housing Action Plan, 2010-2013 (**Multifamily housing projects, 2010-2013, version 2010**).

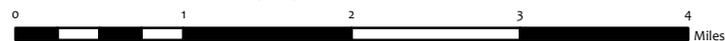


Preservation (Name; Total units; Affordable units)

- St. Phillips Gardens, 55, 55
- The Terraces, 35, 35
- PPL Delancey, 37, 37
- Northern Warehouse, 48, 48
- East Side Commons, 52, 52
- American House, 69, 69
- Kimball Court Apartments, 76, 76
- ★ Redeemers Arms, 151, 151

New Production (Name; Total units; Affordable units)

- PPL W. 7th, 44, 44
- Commerce Building Phase II, 45, 45
- The Lofts at Farmers Market, 58, 0
- Renaissance Box, 70, 70
- Frogtown Square, 50, 50
- ★ Minnesota Building, 137, 137
- ★ West Side Flats, 179, 36
- ★ Carondelet Village, 249, 45
- ★ The Penfield, 250, 0



Recent Mixed-Income Housing Projects Constructed Along Central Corridor



808 Berry Place - 2004



- Western edge of Saint Paul, near University & Highway 280
- 267 rental units; underground parking
- Near Westgate LRT station
- 30% of units affordable at 50% area median income
- Public financing - HRA bonds; tax credits, tax increment financing

Emerald Gardens - 2003



- Next to 808 Berry Place
- 212 ownership units in 4 buildings; underground parking
- Near Westgate LRT station
- Affordability: developer donation to citywide affordable housing fund
- Sale prices - \$180,000 - \$350,000
- Public financing: TIF

The Metro - 2006



- North of 808 Berry on University Ave.
- At Westgate LRT station
- 67 ownership units
- 6,000 sq. ft. retail
- 10 units affordable at 80% area median income
- Public financing: TIF

Carlton Place Lofts - 2007



- 169 units in three renovated historic warehouse buildings
- At Raymond LRT station
- Targeted to artists
- Affordability: 10% at 30% AMI; 10% at 50% AMI; 80% at 60% AMI
- Public financing: tax credits; HRA revenue bonds; historic tax credits; TIF

Cornelia House - 2005



- 47 senior apartments on Episcopal Homes continuing care campus
- At Fairview LRT station
- Affordability: 11% of units at 30% AMI; 11% at 50% AMI; 11% at 60- 80% AMI
- Public financing: taxable bonds; HOME

Carty Heights - 2007



- 50 units senior rental independent living
- Developed by Episcopal Homes
- Near Lexington LRT station
- Affordability: 72% of units at 30% AMI; 28% at 50% AMI
- Public financing: HUD 202; HRA grant for land costs

University and Dale Apartments - 2006



- 98 market rate and affordable rental units built over first floor public library
- At Dale LRT station
- Underground parking for library; parking level over library for housing
- Affordability: 10% of units at 30% AMI; 10% at 50% AMI; 60% at 60% AMI
- Public financing: 8 sources