Housing Comprehensive Plan Task Force

Meeting Summary
March 21, 2007

Task Force members present: Jim Bellus (Chair), John Couchman, Marjorie Mangine, Margy Mattlin, Sue McCall, Gaius Nelson, Marilyn Porter, Paul Rebholz, Jim Solem, Terri Thao, Maureen Warren, Linda White

Task Force members absent: Ilean Her, Jim Carlson-Otero, Jim Erchul (excused), Jon Gutzmann, Shawn Huckleby (excused), Harry Melander, Missy Thompson, Mary Tingerthal

Staff: Donna Drummond, Gary Peltier, Sheri Pemberton-Hoiby, Luis Pereira, Yang Zhang (PED)

Guests: Archie Givens (Legacy Management), Steve Wellington (Wellington Management), John Buzza (MICAH), Alicia Huckleby (St. Paul PHA)

Chair Jim Bellus opened the meeting by introducing two invited developers of multifamily housing along corridors: Archie Givens from Legacy Management and Steve Wellington from Wellington Management. Both have developed housing along University Avenue. Wellington showed slides of new development along University Avenue and plans for the Hi-Lake shopping center in Minneapolis. They have used some creative marketing, such as a "Condo Man," to hand out marketing materials on light rail trains. He said too many "heavy-handed" regulations by the City and the local neighborhood groups make development very difficult. St. Paul is now competing with exurbs for developer and market interest (places like Waconia and Rogers).

Mr. Givens said when Legacy Management developed the Rondo Community Library with affordable apartments upstairs, they knew it was important to have a community gathering space. They listened to the community and added the meeting rooms at the library. City and community leadership is also critical in such projects. Legacy worked with the local CDCs and district councils. It not only increased community buy-in, but also empowered the CDCs by making them a real partner. The public-private partnership can be difficult to manage, and many developers shy away from such arrangements. The library project required 12 funding sources and was difficult to put together, including bonds for the library, which brought in $9 million. In terms of unit types, ten of the 98 apartments were homeless units. There are 1-, 2- and 3- bedroom units (including six 3-bedroom townhomes). Others units are affordable to people at 30% ($441), 50%, 60% ($883) of Area Median Income (AMI). He noted that the reduced parking requirement (from 1.5 to 1 space/unit) allowed by the transit provision within TN2 zoning for the apartments was tremendously helpful. Providing for adequate access and security added extra costs. Currently, there is a big waiting list for the market rate rental units in the project, but "market-rate" in the Thomas-Dale area is equivalent to approximately 60% of the metro area's median household income. Mr. Givens stated that it is hard to finance units at this level. The units are not fully rented yet, but they hope to fill all units by the end of May 2007.

In terms of what the City could do in the future to assist development along the corridors, Mr. Givens and Mr. Wellington foresee that land assembly is and will be very important. With such projects, it is typical that the land gets completely built out. Givens stated that the City ought to be flexible with its zoning and parking requirements. Wellington added that Planned Unit Development/Contract Zoning is better for the TN district, because every site is different and should be negotiated differently. He also added that a "mass overlay" does not work, and that design restrictions are not a good idea. In terms of

density, the developers remarked that 6-10 units per acre is the minimum needed for "making transit work,", and that 4-8 story buildings were needed along corridors more frequently. The developers also said that the City needs to coordinate across its departments, particularly across the planning, site plan review, permitting, and fire inspections functions. The Housing 5000 Program sent a clear message to developers, and was encouraging. Wellington said that the City needs to identify clear, geographic parameters on where to put affordable housing, in order to provide developers with direction (whether its certain corridors, or other areas). He supports 100% TIF for market-rate high-density housing, which the City has moved away from recently, and stated that the "political theatre" associated with obtaining TIF needs to be eliminated, as it discourages development. He stated that the City ought not spend scarce public resources on affordable housing, and instead, stressed the importance of going after the increasing resources intended for such a purpose at the local, state, and federal levels, and within the philanthropic sector. Both developers emphasized how a broader range of developers need to do business in St. Paul, and comparatively, St. Paul is doing better than Minneapolis. Wellington stated that Minneapolis' regulations are much more difficult than St. Paul's.

Luis Pereira with PED presented a few key points why housing along or near corridors will be important in the next decade. One commonly used definition for "near/along corridors" is area within one-half to one-quarter mile of key collector/arterial streets with some level of transit service. As statistics show, there are more cost-burdened households (paying 30% or more of income on housing) in St. Paul than ever. The City has and expects more small households (three or fewer people) and elderly households in the future, who may be transit-dependent. Given the scarcity of land and its high price in the inner city, corridors may be a good place to build reasonable density. Housing along transit corridors may also bridge the critical gap between jobs and housing, and bring down some household transportation costs, which have become a larger percentage of many families' budgets.

About 20 existing small area plans address housing along transportation corridors. The strategies include node development at 20 to 30 units/acre, rezoning to Traditional Neighborhood district (TN), adopting design guidelines, massing requirements, and height minimums and maximums, and dictating a range of building types and designs. Staff also showed a slide of the location of the Housing 5000 closed projects as well as the primary bus corridors.

Donna Drummond, PED staff working on the Central Corridor, presented recommendations related to housing from the Central Corridor Development Strategy (CCDS). The CCDS projects that population, households, and employment for Central Corridor are expected to grow by 20-25% between 2010 and 2030. This translates into 11,000 to 14,000 new housing units. Demand for new housing will be strongest in the western half of the corridor, with a diverse mix of rental, for-sale medium density units, student housing, and life cycle housing for seniors. On the eastern end of the corridor, demand for rental housing will initially be strongest, with a mix of affordable and market rate in the early years and an emerging demand for ownership housing in the 2020-2030 time frame. The Sears site near Rice Street and University Avenue is one of the most important potential redevelopment sites long the corridor, which could transform into a mixed-use urban neighborhood with 1,000+ residential units and over 700,000 square feet of retail and office uses.

The CCDS stresses the need for light rail transit to benefit and strengthen the diverse communities along the corridor. It is important to stabilize and support the retention and enhancement of area households under the threat of gentrification, especially the existing low-density neighborhoods within a few blocks of the corridor. Strategies include the creation of "complete communities" providing a range of housing options; developing inclusive housing strategies; and creation of a residential neighborhood preservation program. The corridor is categorized into six development typologies, including urban villages, market intensification sites, large front and back sites, half-depth infill sites, full-depth infill sites, and urban

infill blocks. For areas that are ½-block commercial, ½-block residential, townhomes and walk-up apartments can be appropriate. Related to zoning, the 30' building height limit along much of University Avenue will likely need to be changed to support transit and to allow the land along the corridor to be redeveloped to a density that will be commensurate with its higher value. The City's development of a new, higher-density Traditional Neighborhood zoning district might be a way to accomplish this.

Next, Chair Bellus and Maureen Warren briefly covered the charge of the Joint Housing Chapter – Central Corridor Task Force Workgroup. The workgroup's goal is to determine the strategies, available financial resources, housing models, policies, and potential sites to ensure that inclusive, affordable housing is not precluded from possible development along University Avenue in the future. The workgroup will meet in the next few months and report back to the Housing Task Force with its recommendations and tools, and strategies.

Jon Buzza and Margy Mattlin from Metropolitan Interfaith Council on Affordable Housing presented recommendations by the University Avenue Community Coalition. They first highlighted the definition of affordable housing by comparing the wages of some common positions such as receptionist, retail sales person, and teacher's assistant. These positions generally pay between 20 to 30% of the Area Median Income (AMI), or between $16,000 and $25,000. The current St. Paul affordability standards are measuring 30% and 50% of the AMI, or $23,550 and $39,250. They also suggested using St. Paul's median income, instead of the region's median income, as the benchmark.

The UACC recommended adjusting the City's affordability standards so that in the University Avenue Corridor, at least 50% of new rental units be affordable for people making $16,000 or less, and at least 50% of new home ownership units be affordable to people making $25,000 or less. They also recommended a list of actions for the City and other government and non-profit entities to take to preserve currently affordable housing in the corridor, including displacement assistance, CDC land-banking, rent controls, property tax freezes, foreclosure prevention, and preservation of affordable apartments and Section 8, among others.

The Task Force discussed some of the challenges in providing affordable housing. One of the issues is if the City has very far-reaching policies for one neighborhood, it also should do the same for the other neighborhoods. Also, to make homeownership possible for people at 30% of the AMI, the City may need to provide about $100,000 per unit in subsidy. The question was whether that was a reasonable subsidy, and if these families would be able to sustain living there. Mr. Buzza said that there may be other options, such as a co-op, or sweat equity, that would make the housing affordable.

The Task Force discussed the tasks ahead, including answering key questions of the plan, such as 1) Who will be the new residents of St. Paul that we need to provide housing for, 2) What is a reasonable allocation for housing resources, and 3) In what non-monetary ways can the City help.

The meeting adjourned at 6:00 p.m.

Next Meetings:

- March 28, 2007, 4 – 6 p.m., Central Corridor Resource Center (Old Lexington Library), 1080 University Avenue W. Topic: Affordable Housing for Households with Low-Moderate Incomes
- April 18, 2007, 4 – 6 p.m., Rondo Community Outreach, Task Force Meeting on emerging markets and special housing needs