



2012

Annual Report

DEPARTMENT OF
PLANNING & ECONOMIC DEVELOPMENT



*The Penfield
Groundbreaking*

July 2012



*The Lofts at
Farmer's Market*

*Opened
February 2012*

Director's Message



CECILE BEDOR

In 2012, the Planning & Economic Development (PED) Department continued to work hard all around the city, implementing millions of dollars in federal stimulus funding through the Neighborhood Stabilization Program (NSP), breaking ground on new housing, growing businesses and completing several planning and zoning studies.

I especially want to recognize the efforts by the NSP team. Their work is highlighted later in this report, but it's important to note that to date \$30 million of federal funding has been invested in Saint Paul neighborhoods hit particularly hard by the foreclosure crisis. Facing tight deadlines to meet spend down requirements, staff worked tirelessly to reach goals. While foreclosures continue, the pace has slowed greatly since 2006, pointing to a recovering homeownership market.

Several special events were held throughout the year, including groundbreakings and open houses for new and rehabilitated projects. In December, we hosted the "Saint Paul On the Move" event at the newly renovated Union Depot. More than 125 business leaders, developers, and site selectors attended, drawing attention to the development momentum in the city, specifically in downtown.

Also in December, the Regional Allies Group hosted a forum to present the updated Metro Business Plan, with keynote remarks from Mayor Chris Coleman. A panel discussion focused on supporting startup businesses, job growth, transit, education, and workforce. All of these are key to ensuring our region is competitive and ready to realize the

potential for business growth.

Little is accomplished without the efforts of committed staff and many, many partners. In 2013, staff will be working hard to continue to tell our story and highlight the private investments that are being made in our city.

We appreciate the high level of collaboration we enjoy in the City of Saint Paul. We are proud of our work over the last year and look forward to continued growth in 2013.

PED LEADERSHIP TEAM

Economic Development - Patty Lilledahl
Housing - Al Carlson
Planning - Donna Drummond
Administration & Finance - Bob Hammer

PED BY THE NUMBERS

68 full-time employees

2012 Operating Budget = \$8.5 million

2012 HRA Budget = \$59 million

Grants secured by PED: \$17.1 million



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MISSION

To actively create opportunities and encourage investment for the benefit of Saint Paul residents and businesses, which preserve, grow and sustain downtown and the city's diverse neighborhoods.

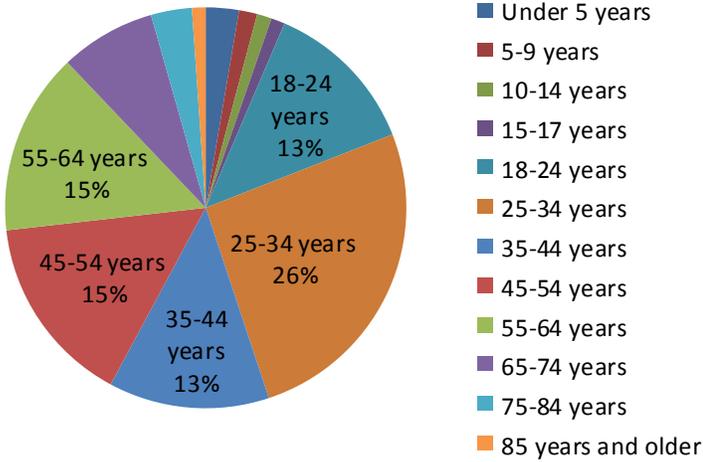
VISION

We are a driving force in ensuring that Saint Paul continues to be the most livable city in America, and a recognized leader in city planning, neighborhood revitalization, housing and economic development.

Snapshot of Saint Paul

POPULATION: DOWNTOWN GROWING, MILLENNIALS MOVING TO TOWN

Downtown Saint Paul Population by Age Group



- Population = 285,068
- Downtown Saint Paul's population has grown by 28% in the past 10 years
- 48% of households living in downtown Saint Paul moved in from 2005-2009
- 26% of downtown residents are between the ages of 25-34
- Studies show that two-thirds of college educated young adults will make the decision of where they live first, then look for a job within that area. *Source: The Segmentation Company*

STRONG WORKFORCE

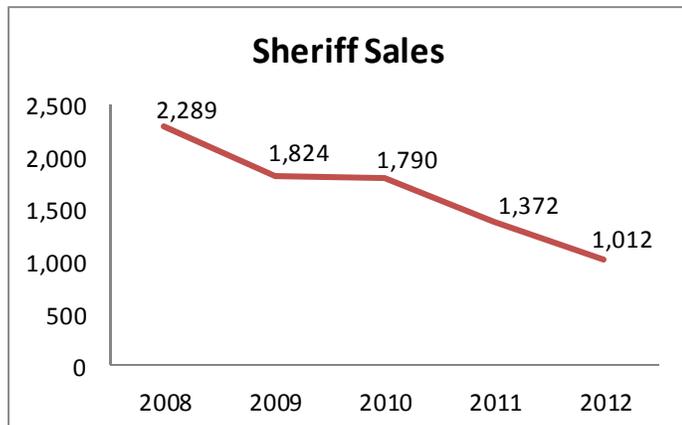
Through the third quarter of 2012, there were:

- 7,472 employers in Saint Paul
- 174,270 jobs in Saint Paul
- Nearly 43% of jobs in Saint Paul are downtown (74,315)
- Average weekly wages were \$944
- Top three employment sectors are: Education and Health Services, Professional and Business Services, and Public Administration

Source: Minnesota Department of Employment & Economic Development

COMPANY	# OF EMPLOYEES
Travelers Companies	2,500
HealthEast/St. Joseph's	2,500
Securian Financial Group	2,400
Ecolab	1,300
Green Tree	843
Infor Global Solutions	650
Pioneer Press	600
Century Link	593
Genesis 10	525
US Bancorp	485

FORECLOSURES CONTINUE DECLINE



Foreclosures continue to decline in Saint Paul, Minnesota, and nationally.

- Sheriff sales decreased nearly 26% from 2011 to 2012. Overall Minnesota saw a decrease of 16% in Sheriff sales.
- Pre-foreclosure notices decreased by 25%, from 2,988 in 2011 to 2,246 in 2012.
- PED staff counseled 601 households through the Mortgage Foreclosure Counseling Program.

Economic Development

The Economic Development team facilitates programs and services designed to help businesses develop and succeed in Saint Paul. Activities include providing financial and technical assistance to commercial businesses, nonprofit organizations, developers, and neighborhood groups; assisting developers with redevelopment, rehabilitation and contamination cleanup of commercial properties; and stabilizing commercial areas and neighborhoods through economic development activities.

In 2012, the Saint Paul Housing & Redevelopment Authority issued bonds for seven projects totaling more than \$101 million including \$10 million in bonding to finance the expansion of the Ordway Center.

Business Assistance, Expansions & Retention

- PED staff, along with the Minnesota Chamber of Commerce, Minnesota Department of Employment & Economic Development, and Saint Paul Port Authority collaborated with **Gerdau Long Steel North America** to put together a financial assistance package for a **\$50 million investment** in a new caster. The steel mill is located on Red Rock Road along the river and railway. The plant opened in 1967 and was purchased by Gerdau in 2004.
- The caster investment is critical if the Saint Paul mill is to remain competitive for at least another 40 years. Without the new caster, the mill may have become obsolete and exhausted its economic viability within five years, risking plant closure and the loss of nearly 400 living-wage jobs.
- PED supported the Port Authority in attracting **Matsurra**, a manufacturing company based in Japan, to open a United States headquarters at RiverBend, bringing 30 new jobs to the city.
- **GovDelivery**, a technology company headquartered in downtown Saint Paul that provides a tool for government entities to connect with the public, renewed their lease and added 30 new jobs. Their product is used by more than 500 entities throughout the world.
- Financial services company, **GreenTree**, renewed their lease and added 200 jobs.
- PED's Business Resource Center and project staff **helped nearly 200 businesses and dozens of developers** on behalf of their clients on location, relocation, retention, and expansion needs. PED provides a range of direct and indirect services that range from public financing tools to business licensing, permitting, and zoning assistance. Staff also make referrals to our local network for technical help on financial issues, marketing and legal services, energy audits, workforce training, micro loan products, and the city's MBE/WBE certification process.



Breaking ground for a \$50 million investment at Gerdau Long Steel in Saint Paul were Bill Blazer, senior vice president, Minnesota Chamber of Commerce; City Councilmember Kathy Lantry; Mayor Chris Coleman; Guilherme Gerdau Johannpeter, president, Gerdau Long Steel North America; Governor Mark Dayton; Judy Pofert, president and CEO of Xcel Energy; and Louie Jambois, president, Saint Paul Port Authority.

Photo courtesy of the Saint Paul Port Authority.

New Businesses

PED staff helped recruit new businesses to downtown Saint Paul including:

- **Flagstone Foods**, one of the largest manufacturers and distributors of private label healthy snacks in North America, relocated their headquarters to the Lawson building, signing a three-year lease. The City of Saint Paul provided a Strategic Investment Fund forgivable loan to assist with the purchase of furniture and equipment for their new office space. Flagstone employs 40 people.
 - **Ecova**, a total energy and sustainability management consulting firm, located at 180 E. 5th Street, provides 45 jobs.
 - **La Loma Restaurant and Catering** opened in Town Square, bringing six jobs to their skyway location.
- **Ward 6 Café**, located at Payne Avenue and Aguirre Avenue, opened in December 2012. The HRA assisted by selling property to the owners for off-street parking. The 1885-era building was a pub for most of the 1900s. Now a bar and grill, Ward 6 employs 25-30 people and has become an east side hot spot.
 - **Urban Organics** started their renovations at the old Stockhouse building at the Hamm's Brewery site where, in 2013, the new company will be growing tilapia fish and leafy greens on five floors of the building. This aquaponic urban farm hopes to produce one million tons of produce in two years. The city sold the Stockhouse building to Urban Organics and also provided STAR funding.

PROJECT SPOTLIGHT - KENDALL'S ACE HARDWARE

Saint Paul PED worked closely over the past few years with Kendall Crosby to find a new location for his hardware store. The city needed to relocate Kendall's Hardware from its Payne/Maryland location to make room for a greatly needed new recreation center and library. A HRA-owned lot on the corner of Payne and Phalen has become the new home for Kendall's Ace Hardware that opened in October 2012. In addition to selling the HRA lot to Kendall, the city also provided a STAR loan.

Kendall says he was "lucky to get this corner." In just five months, store sales were up 30% and he had to hire three more employees. Most of his employees live on the east side of Saint Paul and he hires people who are friendly to fit his motto of being, "the friendliest store in town."

Staff greet customers when they walk in and guide them to the gadget or part they need. A few of the original pieces from the old store were incorporated into the new location, including bricks from the façade that adorn the walls of the office and a Harley motorcycle in the front window.

Kendall has another hardware store on Dale Street. This family business employs his son, daughter and future son-in-law, as well as the artistic talent of his wife who creates window displays.



Kendall Crosby



Housing

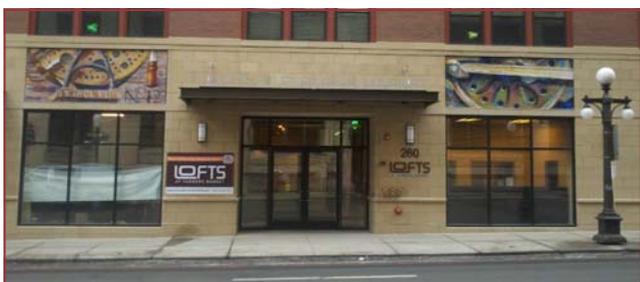
The Housing Team administers a variety of programs to help homebuyers and homeowners be successful, and assists nonprofit and private developers to create and preserve affordable housing throughout the city. Staff provides foreclosure counseling, participates in initiatives to end homelessness, and helps homeowners make improvements to their properties.

Lofts at Farmers Market

In February 2012, the Lofts at Farmers Market opened and is 100% occupied. The project was the first to be directly developed by the Saint Paul Housing & Redevelopment Authority. This 58-unit, market-rate rental building features a green roof and 2,000 square feet of ground level commercial space.



It was one of the first projects to implement the city's Public Art Ordinance. A Saint Paul artist designed five glass mosaics that were installed on the two primary façades of the building.



\$220 million in New Construction

Housing team members closed on three multi-family housing developments in 2012. Totalling 692 units, the three projects are now under construction.

- The Penfield - 254 units along with 28,500 square feet of commercial space that will be home to a Lunds full-service grocery store
- Schmidt Artist Lofts - 260 units
- West Side Flats - 176 units



West Side Flats

Affordable Housing Preservation

The HRA awarded more than \$1 million in Low Income Housing Tax Credits to Rolling Hills Apartments that has 108 units of affordable housing, and primarily serves families and women fleeing abusive situations. Lutheran Social Services will provide support services. Renovations at Rolling Hills will begin in mid-2013.

Housing Assistance

- Housing rehabilitation continued throughout the city. More than \$1.6 million in loans were provided to 106 homeowners to make significant improvements.
- Saint Paul's \$3.2 million Homelessness Prevention and Rapid Re-Housing Program, along with \$2.6 million in state funding for homeless services administered by Ramsey County, provided assistance to 4,376 individuals (1,784 households).
- Staff secured an additional \$593,755 in emergency assistance funds from Temporary Assistance for Needy Families and the Saint Paul Foundation to help 608 households in housing crisis.



Schmidt Artist Lofts Groundbreaking
Mayor Chris Coleman with PED staff
Al Carlson, Diane Nordquist,
Cecile Bedor, and Christine Boulware.

PROGRAM SPOTLIGHT: STABILIZING NEIGHBORHOODS

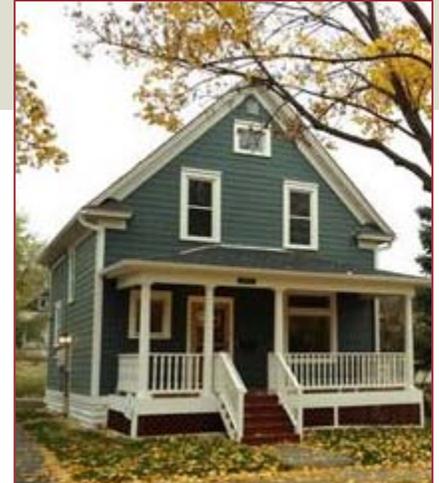
The Neighborhood Stabilization Program (NSP) was created by the federal Housing and Economic Recovery Act to stabilize communities that have suffered from the foreclosure crisis. Since the first award of NSP funds in 2008, PED's housing staff have been working hard to invest more than \$30 million to revitalize foreclosed properties. In 2012 alone, \$14,760,000 was spent. By the end of 2013, the program will have touched 202 properties.

Dramatic improvements are made to the exteriors and interiors of the homes. Average investment (e.g. purchase price and renovation costs) in the rehabilitated homes is \$174,000. Durable building materials are used such as cement board siding and energy efficient windows. The homes are move-in ready for new owners and should generally not require major capital investments for 10-15 years.

Rehabilitated homes are meeting the Minnesota Green Communities criteria for energy efficiency, water conservation, and sustainable materials. In partnership with the Capitol Region Watershed District, rain gardens are being installed in yards to help with storm water runoff, which also provides an attractive amenity. Because of these improvements, NSP homeowners should save an average of \$750 annually on their energy costs.



BEFORE



AFTER

NSP helped substantially rehabilitate this three-bedroom home in the Railroad Island neighborhood. It was sold in November 2012 for \$134,500.

The city's NSP homes are reinvigorating neighborhoods, providing homes for families, some of whom are first time buyers; encouraging existing homeowners to make investments; and providing comparable sales for appraisals which help strengthen the local real estate market.

SAINT PAUL NSP STATS

Vacant buildings rehabbed and sold for homeownership	90
Affordable rental housing properties rehabbed	26
Vacant buildings demolished	86
Total	202



Pictured here are some of the Housing team members that work with the Neighborhood Stabilization Program.

Back: Sarah Zorn, Marty McCarthy, Tchu Yajh, and Michelle Vojacek.

Front: Roxanne Young, Joe Musolf, and Cindy Carlson-Heins.

Planning

The Planning team serves as the primary staff to the Saint Paul Planning Commission and Heritage Preservation Commission, which advise the Mayor and City Council on historic preservation, planning, and zoning issues. Responsibilities include the citywide Comprehensive Plan, neighborhood plans, zoning code amendments, zoning applications, and historic preservation. The Planning staff also work closely with the Housing and Economic Development teams, collaborating on the LRT Green Line and other development projects citywide.

Major Initiatives

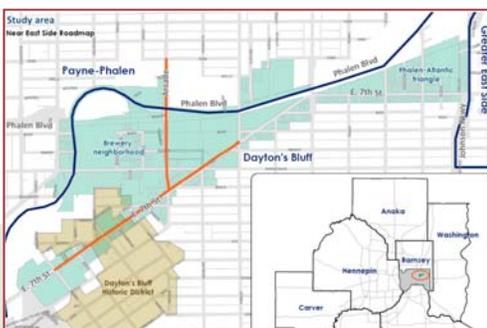
In 2012, Planning staff completed six area plans and five zoning studies, participated with the Public Works Department and regional partners on a number of transportation planning projects, and processed 56 zoning and 24 subdivision applications. Major progress was made on additional projects such as the Ford Site, which will see demolition starting in spring 2013, and zoning studies for industrial districts and urban agriculture.

- **Great River Passage Master Plan** - This long-term plan for unifying the entire length of Saint Paul's Mississippi Riverfront into one comprehensive vision will be realized over the next 30-50 years. The plan, led by the Parks Department, envisions the river corridor as an interconnected system of parks and trails that connects to private development in neighborhoods adjacent to the river.
- **Student Housing Zoning Study** - Staff studied potential zoning responses to a conversion trend of single family homes and duplexes into college student rental housing. The City Council approved restrictions on conversions in portions of two neighborhoods (Macalester-Groveland and Union Park) to address the problem.
- **Near East Side Roadmap** - This plan contains strategies to guide public and private reinvestment in the coming decade in an area along E. 7th Street identified as the Near East Side. Commercial and residential real estate, multi-modal streets, pedestrian-oriented improvements, community building, land use, and

- **Greater Lowertown Master Plan** - This plan was prepared under the direction of a community task force. It contains goals, objectives and strategies based on the chapters of the Saint Paul Comprehensive Plan, with additional sections to address specific neighborhood issues, such as the arts and environmental sustainability.



- **Transportation Planning** - Planning staff participated in a number of projects related to transportation planning in 2012, including design review of improvements to bikeways (Jefferson, Prior and Charles), Gateway Corridor Alternatives Analysis, Metro Transit Arterial Transitway Corridors Study, and the Northwest Transportation Study. Ongoing projects in 2012 led by planning staff include a Streetcar Feasibility Study and a comprehensive Complete Streets Design Manual.



rezoning are topics addressed in the plan.

Saint Paul Market Watch

The inaugural issue of the Saint Paul Market Watch was released in October 2012. The information summarizes ways Saint Paul is changing in response to an evolving social and economic landscape. Information includes social and demographic characteristics, employment, and trends in housing and development. This semi-annual report will be published in April and October.

Heritage Preservation

- 433 design reviews were conducted including major reviews of Schmidt Brewery, Union Depot, and the Chittenden/Eastman projects.
- Staff continued to participate in Section 106 reviews to determine impacts to historic properties receiving federal funding. In 2012, reviews were done for the Union Depot, 3M Plant stipulations, Public Safety Building Mitigation, and Central Corridor stipulation requirements.
- The 22nd annual Heritage Preservation awards were announced in May during Heritage Preservation month. The awards are sponsored by the Heritage Preservation Commission and the Saint Paul Chapter of the American Institute of Architects.

Projects recognized include: The Livery, 1644 Summit Avenue, Phalen Park Bridge, Otto & Marie Hamm Muller House, the Lofts at Farmers Market and Boy Scout Base Camp.

The Cultural Heritage Award went to Jane Bowman Holzer. Recognized education projects included the Como Woodland Outdoor Classroom Project and the Garden Club of Ramsey County.



BEFORE

Otto & Marie Hamm Muller House

AFTER
This home was built in 1891 and Michel Taylor has worked to carefully repair and update the home's exterior.



PROJECT SPOTLIGHT: LRT GREEN LINE



The tracks are down, stations are in place, and testing of the new light rail vehicles on the LRT Green Line will begin in summer 2013. In a little

over a year, the Green Line will be operational, transporting thousands of people from the Union Depot in Saint Paul, through neighborhoods, to the University of Minnesota and downtown Minneapolis.

The value of projects completed or in the planning/design phases along the corridor from 2006-2012 totaled an estimated \$608 million.

There's room and demand for more development along the corridor, including: 1,000 hotel rooms, 9,100-11,250 rental units, 1 million sq. ft. of retail space, 2,175-3,450 owner-occupied units, and 5.7 million sq. ft. of office space.

Assisting Businesses

The Ready for Rail Loan Program has provided 239 loans to 199 businesses totaling over \$3.4 million.

The program, funded by the Saint Paul HRA, City of Minneapolis, Metropolitan Council, and Central Corridor Funders Collaborative, provides eligible businesses up to \$20,000 to help with lost revenue due to construction of the light rail line. After five years, the loan is forgiven provided the business stays in operation.

The Neighborhood Commercial Parking Pilot Program has assisted 24 projects totaling \$1.7 million. This program assists businesses affected by the loss of on-street parking due to light rail construction, with improvements to maximize parking and safety on privately-owned, off-street lots. It also involves alley paving and residential buffering.



Schmidt Brewery



The Penfield



Ford Site



Mayor Christopher B. Coleman

Councilmembers

- Ward 1 - Melvin Carter III
- Ward 2 - Dave Thune, HRA Board Chair
- Ward 3 - Chris Tolbert
- Ward 4 - Russ Stark
- Ward 5 - Amy Brendmoen
- Ward 6 - Dan Bostrom
- Ward 7 - Kathy Lantry, Council President

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