Department of Planning and Economic Development Overview

Director’s Message
I began our 2010 Annual Report with, “It’s been a tough year.” While we didn’t see seismic shifts in the economy in 2011, the ‘numbers’ are moving in the right direction with median incomes greater than many peer cities and unemployment below the national average.

Like many cities, we’ve seen a decline in property values, but the pace of decline has slowed considerably. In addition, foreclosures have decreased by 23% over the last year alone. 2012 will see a continued push to realize the promise of the Neighborhood Stabilization Program, for which PED received more than $2.7 million in 2011 on top of the nearly $30 million received prior to 2011.

We also enjoyed positive growth in private sector investment. PED worked with our partners to take advantage of new tools made available by the Jobs Bill and federal stimulus, resulting in the creation of construction and permanent jobs. Using these tools, we are closer to finalizing the financing or completing construction of the projects Mayor Coleman outlined in his 2010 Rebuild Saint Paul initiative: Frogtown Square, Cossetta’s, J&J Distributing, Schmidt Brewery, Lofts at Farmer’s Market, and Penfield. Overall, private development permits increased by 17%, valued at over $352 million.

Central Corridor remained a key focus in 2011, as well, which will continue in 2012. With our partners, we launched two key initiatives to help business owners through construction - the Central Corridor Ready For Rail loan program, and the Central Corridor Parking Program, to help mitigate the loss of off street parking. We also published the Central Corridor Development Guidebook as a tool for developers as they pursue new development along Central Corridor.

Little is accomplished without the efforts of committed staff and many, many partners.

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 2012.

About PED
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.

Numbers
Total full-time employees as of December 31: 73.2
2011 Operating Budget: $8.6 million
2011 HRA Budget: $56.2 million
Grants secured by PED: $19.1 million
Demographic Data

- Total population: 285,068
- 51% female and 49% male
- Median age: 31.4 years
- 25% under 18 years of age
- 9% 65 years of age and older
- 16.9% are foreign born
- 25.7% speak a language other than English
- 60% White
- 16% Black
- 15% Asian
- 10% Hispanic

Household Data

<table>
<thead>
<tr>
<th></th>
<th>Saint Paul</th>
<th>Metropolitan Statistical Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of households</td>
<td>111,534</td>
<td>1,272,677</td>
</tr>
<tr>
<td>Average household size</td>
<td>2.4 people</td>
<td>2.5 people</td>
</tr>
<tr>
<td>Percentage of family households</td>
<td>52%</td>
<td>65%</td>
</tr>
<tr>
<td>Home ownership rate (owner occupied)</td>
<td>54%</td>
<td>71%</td>
</tr>
<tr>
<td>Median household income</td>
<td>$45,439</td>
<td>$62,000</td>
</tr>
<tr>
<td>Percent of residents below poverty level</td>
<td>22%</td>
<td>11%</td>
</tr>
<tr>
<td>Median residential property value</td>
<td>$205,400</td>
<td>$216,300 (Ramsey County)</td>
</tr>
</tbody>
</table>

Vacancy and Foreclosure Data

- Total Saint Paul residential units: 120,745.
- Saint Paul received 1,036 pre-foreclosure notices for property owners (23% decrease from 2010).
- Ramsey County conducted 1,036 sheriff sales in the City of Saint Paul (7% decrease from 2010).
- Saint Paul vacancy rate as of December 31, 2011: 6.6% vs. 8.8% Metropolitan Statistical Area.

Education and Labor Data

- 87% of people 25 years and over have graduated from high school.
- 37% have a bachelor’s degree or higher.
- 2011 Q3 average employment (all sectors): 171,316.
- 2011 unemployment rate: 8.3% vs. 7% Minnesota and 9.4% nationwide.
- Largest employer sectors: Education and Health Services (32%), Government (13%) and Professional and Business Services (12%).
**Sustainability and Diversity**

**Sustainability Efforts**

The Saint Paul Sustainable Building Policy, which became effective in July 2010, was applied to several development projects in 2011. Kendall’s Hardware, Cossetta’s expansion, Penfield, West Side Flats, Schmidt Brewery and other projects are complying with the policy and, by doing so, are meeting specific environmental standards related to energy conservation, use of potable water, stormwater runoff, reduction of construction waste, and indoor environmental quality. The policy received significant attention around the state and serves as a model for other cities, solidifying Saint Paul’s role as a regional leader in sustainable development.

**Sustainability Achievements**

- The City added four electric vehicles to its fleet and purchased and installed 14 public charging stations in city parking ramps, with plans to add two public charging stations outside Union Depot and four solar powered public charging stations in Como Park. Saint Paul received a Certificate of Commendation from Governor Dayton in recognition of the City’s leadership in advancing electric vehicle deployment.

- PED provided rebates to replace 184 old refrigerators with new efficient ENERGY STAR refrigerators in multifamily residential buildings in 2010 and 2011 as part of the Multifamily Energy Rehab Pilot Program (Cool Cash for Cold Clunkers).

- Saint Paul Energy Smart Homes provided over $294,000 in no interest deferred loans to more than 70 homeowners to make energy saving improvements to their homes in 2011.

- Public Education and Climate Change Challenge Grants assisted the Neighborhood Energy Connection Home Energy Squads to identify and serve 1056 homes. Annually, those customers will collectively save an estimated 561,477 Kwh of electricity, 105,616 therms of gas and $24,062.

- Energy-efficient lighting was installed in three HRA-owned parking ramps for an annual operating savings of $47,609. This is in addition to the annual savings of $136,868 from the six ramps retrofitted in 2010.

- All homes being rehabilitated under Neighborhood Stabilization Program (NSP) participate in the Xcel Energy Home Performance with ENERGY STAR program. The homes undergo an energy audit followed by the implementation of energy saving strategies.

- PED is partnering with the Capital Region Watershed District (CRWD) to achieve enhanced stormwater management at NSP sites. In 2011, CRWD created 15 landscape plans featuring rain gardens, native plants, and grading solutions for NSP houses.

**Commitment to Diversity**

**Section 3** is intended to ensure that when new employment or contracting opportunities are generated from projects partially or wholly funded with monies from HUD, preference is given to low- and very-low income persons or businesses in the community where the project is located. In 2011:

- 251 metro-businesses and 880 residents received Section 3 certification.

- PED/HRA and its sub-recipients awarded over 56% of Neighborhood Stabilization Program (NSP) residential rehabilitation projects to Section 3 certified general contractors.

- Thirty three (33) Section 3 subcontractors were awarded a total of $1.13 Million as part of the City’s NSP program.
Central Corridor Light Rail Transit (CCLRT) construction continues. The $1 billion project linking Saint Paul’s neighborhoods with both downtowns, the University of Minnesota, the airport, and other destinations throughout the region, was a major focus of the Department of Planning and Economic Development in 2011. Below are key CCLRT projects that were completed or in progress in 2011:

- Zoning code amendments and property rezonings recommended in the Central Corridor Zoning Study were adopted by the City Council in April, which was an important step for implementation of the Central Corridor Development Strategy and station area plans. These zoning changes significantly expanded development capacity along University Avenue and will ensure that new development is transit-oriented and pedestrian-friendly.

- With the adoption of the Hamline, Western and Victoria Station Area Plans by the City Council in October, the City has completed station area planning for Central Corridor. The eleven station area plans address the areas within ¼ mile of the station platforms and address issues of land use, built form, mobility, and public realm.

- The Central Corridor Transit Oriented Development Guidebook was created to assist business owners, developers and others interested in investing in Central Corridor with concise information about the City’s adopted plans and design requirements for new development, and also includes tips for business success.

- Proposed development projects along the Central Corridor are being reviewed by an interdepartmental City staff team led by the Saint Paul Riverfront’s Design Center. The Central Corridor Design Center offers early feedback on development concepts to encourage new development that is consistent with the City’s adopted Central Corridor plans.

- The Central Corridor Brownfield Assessment Program, funded through a federal Environmental Protection Agency grant, provides resources to complete environmental site assessment of potential contamination on redevelopment sites along Central Corridor. Twelve sites are currently enrolled in the program and assessments have been completed or are underway, and more will be completed in 2012.

Central Corridor Ready For Rail Small Business Forgivable Loan Program

This is a program of The City of Saint Paul Housing and Redevelopment Authority in partnership with the City of Minneapolis, Metropolitan Council & Central Corridor Funders Collaborative.

Available for businesses located in both Saint Paul and Minneapolis, the Central Corridor Ready For Rail Small Business Forgivable Loan Program is designed to provide a safety net for businesses that show a decline in sales due to the construction of the Central Corridor LRT.

The program was fully launched in July 2011. As of December 31, 73 loans (16 in Minneapolis and 57 in Saint Paul) have been approved totaling $1,036,074, and average about $14,000 per loan.

Eligible businesses can access up to $20,000, with loan amounts depending on demand and demonstrated loss of revenue. Distributions are structured as 0% loans that will be forgiven at a rate of 20% for each year the business operates on the Central Corridor Light Rail Line. The loan is 100% forgiven after five years.
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 the redevelopment, rehabilitation and contamination cleanup of commercial properties, and stabilizing commercial areas and neighborhoods through economic development. In 2011, PED worked on more than 187 development projects, representing more than $25 million in public investment. These projects created or will create more than 246 permanent jobs and 211 construction jobs. It’s important to note that many private development projects were completed without any public assistance. According to the Saint Paul Department of Safety and Inspections, in 2011, a total of 816 permits were pulled for new commercial, remodeling and repair work, an increase of 17% from 2010.

FINANCIAL ASSISTANCE

Planning and Economic Development uses a variety of financing tools to spur economic development. Below is a sample of major awards in 2011.

**Economic Development Activity**

<table>
<thead>
<tr>
<th>Award Type</th>
<th>Projects Closed or Awarded</th>
<th>Total Amount Awarded</th>
<th>New Permanent Jobs</th>
<th>Project Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Samples of major 2011 awards only)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invest St. Paul (ISP)</td>
<td>1</td>
<td>300,000</td>
<td>2</td>
<td>Libby Law Office</td>
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<tr>
<td>Cultural STAR</td>
<td>59</td>
<td>1,745,306</td>
<td>n/a</td>
<td>Amsterdam</td>
</tr>
<tr>
<td>Neighborhood STAR Programs</td>
<td>3</td>
<td>256,000</td>
<td>25</td>
<td>SPARC and Greater Frogtown Programs</td>
</tr>
<tr>
<td>Neighborhood STAR Projects</td>
<td>26</td>
<td>2,031,568</td>
<td>46</td>
<td>Schmidt Brewery, Hamm’s Brewery</td>
</tr>
<tr>
<td>Community Development Block Grants</td>
<td>9</td>
<td>350,379</td>
<td>5</td>
<td>180 Degrees, Bymore Mercado</td>
</tr>
<tr>
<td>Jobs Bill Tax Increment Financing (TIF)</td>
<td>2</td>
<td>3,895,715</td>
<td>100</td>
<td>Schmidt, Cossetta’s</td>
</tr>
<tr>
<td>Conduit Bonds (non-housing)</td>
<td>1</td>
<td>17,540,000</td>
<td>28</td>
<td>NOVA Classical Academy</td>
</tr>
</tbody>
</table>

**Victoria Park/Nova Classical Academy**

The pace for creating a new regional park on the former Exxon tank farm picked up considerably in 2011 with the placing of over 200,000 cubic yards of fill and the installation of new environmental remediation equipment. PED looks forward to turning this 40 acre property over to the Parks Department sometime in 2013. Meanwhile, the HRA sold some of its remaining property on the adjacent former Koch site to Nova Classical Academy for their new K-12 school building.

Nova Academy is one of the premier public charter schools in Minnesota, and this development will allow them to expand and consolidate all their activities in one new facility. Nova’s new building will be ready for the start of school in the fall of 2012.
**PENFIELD/CITY APARTMENTS**

On December 21, 2011, the Saint Paul Housing and Redevelopment Authority and Penfield Apartments LLC approved the financing and development of the $62 million Saint Paul City Apartments. The project is located on the block bounded by 10th Street, Minnesota, 11th Street and Robert, will include 254 market rate apartment units, a 28,000 square foot Lund’s grocery store and 329 structured parking spaces. Located just a block from the 10th and Cedar light rail transit station, with a LEED Silver certification and a green roof, the project will be a model of transit-oriented, sustainable development.

This project will be transformative and catalytic, building upon the successes enjoyed in Lowertown and elsewhere in downtown. A Lund’s grocery store will provide a key amenity with a broad range of retail and services. Development of the Lund’s store with market rate housing above sends a signal to developers, future residents, and prospective businesses that downtown has “arrived.”

**HOME LOAN FUND ACTIVITIES**

The staff of the Home Loan Fund work quietly, methodically and without fanfare assisting homeowners in Saint Paul with home improvement and emergency deferred loans for home improvements.

Tchu Yajh, PED loan specialist, talks with hundreds of homeowners assessing which type of loan product best works for each. Yajh, who is bilingual, frequently visits homeowners to assist them with the loan process. Yajh then hands the file over to Dan Elsen or Ron Detomaso, both rehab advisors. Elsen and Detomaso meet with the homeowners to determine their home improvement needs/wants and assist homeowners with a scope of work for rehab; getting bids from contractors, and alerting Yajh when a contractor is selected.

Over the past 5 years, the Saint Paul Home Loan Fund has provided over $5,000,000 in financing to homeowners for repairs to their homes.

In addition to being a loan specialist, Yajh is also a certified housing counselor and assists our housing counselors with foreclosure prevention counseling.

**HOUSING ASSISTANCE**

- Originated 97 CDBG Deferred Loans for home improvement projects in Saint Paul.
- Assisted in funding to 54 households for the Lead Hazard Control (lead window program) with Saint Paul-Ramsey County Public Health.
- Originated 10 Minnesota Housing Finance Agency’s CRV Program rehabilitation loans in 2 target neighborhoods.
- Originated 3 Minnesota Housing Finance Agency’s Fix Up Fund/Community Fix Up Fund Rehabilitation Loans.
- Assisted 108 first time home buyers through the CityLiving mortgage program.
- Assisted 21 first time home buyers through the First Time Home Buyer Mortgage Credit Certificate Program.
- Assisted 667 households through foreclosure prevention counseling, helping 169 homeowners avert foreclosure. 299 of the 667 households remained in counseling at year end.

**HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM**

- Saint Paul received $3.3 million from the American Recovery and Reinvestment Act to administer the Saint Paul Homelessness Prevention and Rapid Re-Housing Program (HPRP).
- 4,236 homeless, or at-risk of being homeless, families, single adults and youth were served; approximately 84% successfully exited the program since the beginning of the program.
- Worked with Ramsey County to combine HPRP funds with $2.6 million of State Family Homeless Prevention Assistance Program. The funds were also used to screen 14,000 people for eligibility into the HPRP program.
- Leveraged more than $165,000 Federal Temporary Assistance for Needy Families funds for two emergency assistance workers, decreasing the wait time for homeless residents to schedule an Emergency Assistance appointment.
- Partnered with Ramsey County HRA to leveraged NSP1 property acquisition funds to develop supportive housing for six returning veterans.
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 planning, zoning and historic preservation issues. Responsibilities include the citywide Comprehensive Plan, neighborhood plans, zoning code amendments, zoning applications and historic preservation.

Planning Highlights

In addition to the projects highlighted on page 5, Planning staff also worked on a variety of additional projects related to Central Corridor throughout 2011 including: construction/access issues, parking improvement and management, public art, parks implementation planning and stormwater planning. Other highlights included:

- The Smith Avenue Revitalization Plan, from the High Bridge to Dodd Road in West St. Paul, lays out strategies for ensuring Smith Ave. is a vibrant, mixed-use thoroughfare that meets the needs of area residents and businesses.
- The work of the West Midway Task Force continued throughout the year, looking in depth at this large industrial area to determine how to strengthen it as a place for industrial businesses and jobs.
- After 86 years, the Ford Plant closed in December. Planning work throughout 2011 focused on completing several reports, including one related to sustainable redevelopment. Plant decommissioning, environmental assessment, marketing of the site, and work on a possible zoning framework for future development will be the major activities for 2012.
- Neighborhood planning work in 2011 for an industrial area in the North End-South Como area and the Near East Side along E. Seventh Street will be ready for Planning Commission review in early 2012.
- Planning staff assisted with work on the Great River Passage Master Plan, the City’s 50-year vision for its 26 miles of Mississippi riverfront, and the Lowertown Master Plan, which defines future directions for this vibrant area of downtown Saint Paul.

Zoning Highlights

- Fifty-four properties along Ford Parkway and Cleveland Avenue were rezoned as part of the Highland Village Zoning Study, most of them to Traditional Neighborhood 2. The rezonings will help ensure better design and pedestrian-orientation for new development.
- The District 9 Residential and Commercial Zoning Studies resulted in zoning changes to properties to better match existing residential uses and to ensure future commercial development along W. Seventh Street is consistent with the adopted community plan.
- The Solar Energy Zoning Study developed clearer zoning regulations for the development of solar energy systems.
- The Planning Commission and staff processed 71 zoning applications, a 16% increase from 2010.

Historic Preservation Highlights

- The City Council adopted the Jacob Schmidt Brewing Company Historic District as a Saint Paul Heritage Preservation Site in May.
- The Victoria Theater on University Avenue was designated a historic site by City Council in May.
- The Heritage Preservation Commission (HPC), in partnership with Historic Saint Paul and the Ramsey County Historical Society, conducted a Historic Resources Inventory of portions of the Payne-Phalen, Thomas-Dale and West 7th Street neighborhoods.
- HPC staff continued to participate in Section 106 reviews to determine impacts to historic properties for projects receiving federal funding, from large projects such as Central Corridor and Union Depot to smaller projects such as electric vehicle charging stations and solar panels.
- Design Review - The HPC reviewed 499 applications during 2011, 77 more than the 422 applications reviewed in 2010.
Libby Law Office

Central Corridor Construction (Metropolitan Council)

Seestedt Carpets

(From left to right: Frogtown Square; Hamline, Victoria and Western Station Area Planning; Lofts at Farmer’s Market)
Christopher B. Coleman, Mayor
Melvin Carter III  Ward 1
Dave Thune  Ward 2
Pat Harris  Ward 3
Russ Stark  Ward 4
Lee Helgen  Ward 5
Dan Bostrom  Ward 6
Kathy Lantry, President  Ward 7

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