

# Commercial Vitality Zone

## 2017 Staff Funding Recommendations and Progress Report on 2015 and 2016 Zones

January 17, 2017

### Purpose of Commercial Vitality Zone (CVZ) Program

The CVZ program is an annual fund of \$750,000 used to invest in neighborhood commercial districts to promote vitality, growth and equity. It is funded by an annual sales tax revenue account from the City of Saint Paul's ½-cent local sales tax, known as Sales Tax Revitalization or "STAR".

Identified commercial districts for CVZ program investment have assets with potential, organizations and businesses with capacity, and/or community-developed plans in place. This long-range commercial investment strategy will attract and retain businesses and customers, create quality job opportunities, grow and expand business success, expand the tax base, and ultimately strengthen our neighborhoods and communities. CVZs vary in size and scale, but they are typically part of a larger network – linking other zones in the urban fabric.

### Criteria for Choosing Implementation Zones

1. Projects are catalytic. They:
  - a. leverage other investments; and
  - b. build off existing plans, have neighborhood support, and engage capable partners.
2. Projects promote equity. They are targeted toward Racially Concentrated Areas of Poverty, as defined by the Metropolitan Council.
3. Projects have the potential to maximize the expected outcomes of the program, including:
  - a. vitality – projects will strengthen commercial areas and make them more vibrant
  - b. growth – projects will grow the tax base
4. There are identified feasible and visible capital projects.

### Funding Plan

The CVZ program utilizes \$750,000 of sales tax revenue each year. In initial program years (2016 and 2017) the program was envisioned to allocate at least \$625,000 for implementation and up to \$50,000 for pre-development planning, with \$75,000 to fund administrative expenses. However, it has been determined that pre-development planning is not an eligible for use of STAR dollars, which are restricted to capital projects (with the exception of Cultural STAR program dollars). The proposed 2017 CVZ planning area of Rice St at Larpenteur, and the allocation of 2016 CVZ planning funds to Rice St from University Ave W to W Pennsylvania Ave are recommended to be funded by the alternative budgeted source of the Historic Fire House, totaling \$100,000.

**2017 funding recommendations:**

Cesar Chavez St (aka District del Sol)	Implementation	\$ 312,500
Selby at Victoria (aka Central Selby)	Implementation	\$ 312,500
Rice St south from Larpenteur – to be swapped with Historic Fire House funds	Pre-development Planning	\$50,000 of HRA Loan Enterprise funding
Historic Fire House HRA Loan Funds to Rice and Larpenteur planning	Swap for STAR-CVZ funds	\$ 50,000
	Administrative Expenses	\$ 75,000
<b>2017 CVZ Allocation Total</b>		<b>\$ 750,000</b>
2016 CVZ Pre-development planning allocation to Rice St from University to Pennsylvania	2016 CVZ Pre-development planning allocation	\$50,000 of HRA Loan Enterprise funding
Historic Fire House HRA Loan Funds to 2016 CVZ planning at Rice St from University to Pennsylvania	Swap for STAR-CVZ funds	\$ 50,000
<b>2016 CVZ Allocation Change</b>		<b>\$ 0</b>

**2017 Funding Recommendation Background**

***Cesar Chavez St / Robert St -- District del Sol – Implementation - \$312,500***

The District del Sol area of the West Side neighborhood has been identified as a commercial zone since the mid-1990s. It has experienced a wide variety of investment over a long period of time, but has suffered, as much of the city has, from the effects of the Great Recession, during which, initiatives by private and non-profit entities stalled. Currently, there are two HRA-owned properties in the district (430 S. Robert, and 128 Cesar Chavez), as well as the recently sold HRA property at 72 Cesar Chavez for a mixed-use develop. A number of properties are owned by non-profit development agencies plus several vibrant and vital commercial endeavors. There are buildings for sale/lease on Robert between Isabel and Congress which are underutilized and nuisance properties for the residents on Isabel between Livingston and Robert.

The area is served by two bus routes and is within the proposed Robert Street Transit investment area. Other community assets include several park facilities, the highest number of public art installations in the city, and bicycle and pedestrian infrastructure.

In 2013, the City Council adopted [The District del Sol Plan](#) which outlines plans and recommendations to revitalize the area. These recommendations could be taken into consideration in a community-oriented process to determine investments with the Commercial Vitality Zone funds.

Identified community partners in the area include Neighborhood Development Alliance (NeDA), West Side Community Health Services (La Clinica), Wellstone Center, Neighborhood House, El Rio Vista Rec Center, and West Side Community Organization.

Recent government funding in the zone includes over \$8 million in LIHTC awards, Met Council LCDA and LHIA funds for 72 Cesar Chavez (\$950,000), Met Council LCDA pre-development funds (\$40,000), LCDA Development (\$500,000), DEED clean-up grant (\$40,000) and TBRA clean up funds (\$40,000). Between

1997 and 2007, staff estimates that there has been approximately \$1,000,000 of private investment in the district.

Tax base and job growth are expected from HRA properties and other parcels being placed back on the tax rolls, with \$50,000 in projected property tax, and up to 50 jobs added with an average wage of \$15/hour.

CVZ funds will allow for improvements around these investments that further catalyze their impact.

Potential projects within the zone include:

- Continue façade improvement program targeting destination, commercial and institutional uses; if possible, concentrate loans within single blocks to achieve a greater aesthetic and economic impact.
- Construction of a two-story building with community-serving retail on the first floor and community office space and conference space on the second floor at 430 S. Robert Site.
- Gap funding for a two to three-story building for a flexible arts/community space on the first floor of 72 Cesar Chavez, an affordable mixed-use development. Another potential use of the funding includes innovative storm-water practices at 72 Cesar Chavez.
- Renovating La Placita and providing space for the expansion of outdoor seating for El Burrito Mercado. Funding for El Burrito Mercado to build a second story and put an elevator in place.
- Enhancing the retail environment at Robert Street and Cesar Chavez or Robert Street and Isobel across from the planned 430 Robert Street development, particularly focused on underutilized structures and vacant properties.

### ***Central Selby – Implementation - \$312,500***

Central Selby is the segment of Selby Avenue between Dale and Lexington. While the segments east of Dale and west of Lexington have seen substantial private investment in recent years, Central Selby has experienced less private investment. Central Selby represents the southwest quadrant of the historic Rondo neighborhood, a community that was severed by the construction of Highway 94. The neighborhood is served by three bus routes, the 21 along Selby, the 65 along Dale, and the 83 along Lexington. Victoria Street and Victoria Bridge provide pedestrian access to the Victoria (or Rondo) Station of the LRT and Victoria Street is the central north-south route through old Rondo.

The Rondo CLT/CHDC Selby-Milton-Victoria project will create 34 units of affordable senior housing and 9,300 square feet of commercial space on two HRA-owned sites along Selby, one near Milton and one at Victoria. Tax base and job growth are expected from these project. At the same time, Rondo Avenue, Inc. is creating the Rondo Commemorative Plaza just off Victoria at the corner of Concordia and Fisk. Finally, Saint Paul Design Center and Better Bridges are helping create a vision of pedestrian enhancements along Victoria Street, which is identified as the main pedestrian corridor between Selby Avenue and the Green Line. Potential locations for investments include the blocks leading to the Victoria Bridge over I94 and a community vision for a land bridge over the highway.

Identified community partners for this zone include Central Selby (formerly the Selby Avenue Action Coalition), Rondo Community Land Trust, Community Housing Development Corp., Rondo Avenue, Inc., Neighborhood Development Center, Network for Seniors, Summit-University Planning Council, Walker West Music Academy, and artists Seitu Jones and Ta-Coumba Aiken.

Recent City investments in the zone includes: Neighborhood STAR (\$200,000), HOME (\$300,000), CDBG (\$500,000), and Land Sales Proceeds (\$450,000). Other government funding includes Met Council LCDA funds (\$597,000), and Capital Region Watershed District funds (\$95,000). Private investment in the Selby-Milton-Victoria project exceeds \$10 million.

CVZ funds will allow for improvements in the district surrounding these current investments that further catalyze their impact by enhancing access and improving connectivity. CVZ will also help implement the neighborhood's plan, the [Summit-University \(District 8\) Plan](#) from 2009, which outlined several economic development strategies, including:

- Prioritizing commercial development on vacant lots and buildings west of Dale Street
- Fostering “cultural tourism as an economic driver for business and workforce development”
- Work with Selby Avenue representatives to “move forward ideas and initiatives that promote Selby Avenue’s revitalization, [and]...”
- Continue efforts to foster minority business start-ups, retentions, and expansions from within the community.”

### ***Rice St at Larpenteur – Pre-Development Planning - \$50,000***

Rice Street is a long commercial street with many businesses and services. Development along this corridor ranges from streetcar commercial to car-oriented strip commercial along much of the northern segment. Housing stock is made up of small single-family homes that tend to be more affordable than city averages, as well as affordable rentals. The neighborhood is quickly diversifying from being a white, working class neighborhood to one of many new immigrants, particularly from Southeast Asia. The Rice Street area is often overlooked by community development agencies, and lacks capacity after a local community development corporation went out of business a few years ago.

Momentum along Rice Street is building due to two efforts—a multi-jurisdictional planning effort and a corridor study being undertaken by Ramsey County. The Saint Paul Area Chamber of Commerce has been convening the cities of St. Paul, Roseville, and Maplewood, as well as Ramsey County, to focus on revitalizing Rice and Larpenteur. Smart Growth America facilitated two meetings earlier this year, and the partnering agencies are continuing the effort to find solutions for this intersection. While the cities have been focusing on their joint effort, Ramsey County has initiated a study that looks at the functionality of the transportation corridor and will recommend future transportation investments.

Several public realm challenges along Rice decrease the mobility for pedestrians, and lower the character of the commercial corridor. Filling in the sidewalk gaps and adding decorative fencing and landscaping to define space would both immediately improve the area, and potentially induce private and public investment alike. However, there is a greater need for a commercial revitalization plan that goes beyond filling the sidewalk gaps. The CVZ pre-development funds will leverage the planning dollars of adjacent cities and the county in this revitalization effort, in order to build on this early momentum to develop a large, collective vision for the area.

## Progress Report on 2015 and 2016 Zones

### 2015 Zones

Payne Avenue – East 7 <sup>th</sup> Street to Minnehaha Avenue	\$337,500
Phalen Village – 1365-1371 Phalen Boulevard & 1150-1186 Prosperity Avenue	\$337,500
North Snelling Avenue	\$ 75,000
TOTAL	\$750,000

### 2016 Zones

East 7 <sup>th</sup> Street and Arcade Street	Implementation	\$350,000
Como-Front-Dale Intersection	Implementation	\$350,000
Rice Street – University Avenue W to W Pennsylvania Avenue	Pre-development planning	\$ 50,000 of HRA Loan Enterprise funding
TOTAL		\$750,000

### Lower Payne Avenue – 2015 Implementation - \$337,500

#### Background

The area of focus for this zone is Payne Avenue from E 7<sup>th</sup> St to Minnehaha Ave. Many recent investments have been made in the Lower Payne Area, as listed below under the "Status Updates" heading. In 2014, a planning process led by Saint Paul Design Center led to a Payne Avenue Street Improvements report, which provided the basis for many of the implementation recommendations for commercial vitality improvements along this corridor.

CVZ funding implemented strategies to improve walkability, improve connections to Swede Hollow Park, assist current businesses in opportunities for growth, address future development, and improve overall quality of life.

#### Selected Project for CVZ Funding

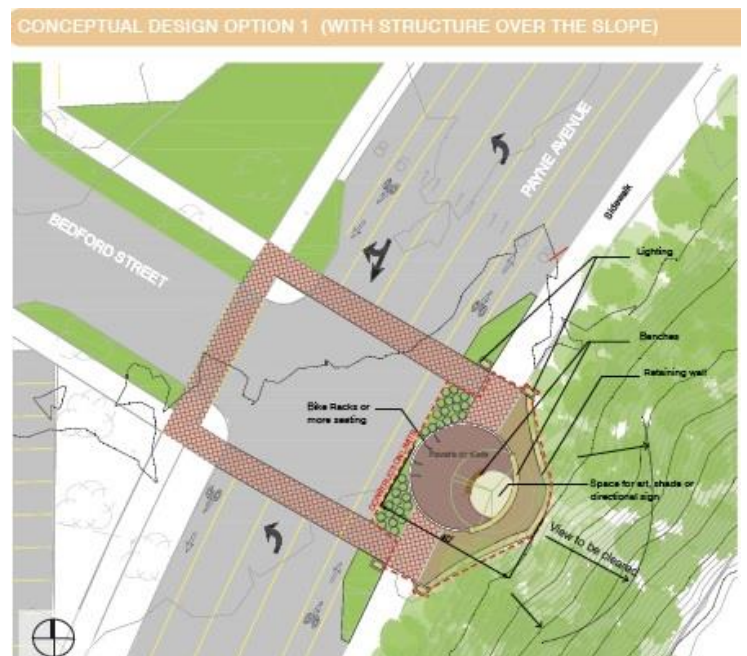
##### Swede Hollow Overlook

Budget: \$275,000

The Swede Hollow Overlook, first identified through the Design Center's 2014 neighborhood design workshop, emerged with the most combined first-place votes in staff-conducted community outreach (17). It also has advantages of having a clear potential benefit to adjacent commercial; being a distinct short-term capital project; highlighting a cherished natural area; and serving as a landmark and place-maker.

#### Status Update

PED is working with Parks and Recreation Design and Construction staff to design and build out this



overlook, which will occur in 2017. Community engagement regarding the design and timeline will take place in early 2017.

The remaining question for CVZ funds is how the unused CVZ dollars will be used. One idea from community engagement that took place in 2016 included gateway features and public art at E 7<sup>th</sup> St and/or Bedford St.

Other investments in the area planned and/or completed since 2014 include the following:

<b>Project</b>	<b>Year</b>	<b>Source and Amount</b>
Karibu Grocery and Deli (719 Payne Ave)	2016	Neighborhood STAR Grant \$105,000; Loan \$90,000
Payne and Bedford Intersection Improvement	2016	8 80 Vitality Fund \$746,000; Assessments \$254,000
Village on Rivoli	2014	Neighborhood STAR Grant \$227,000
Payne Ave Reconstruction – included in Ramsey County’s 2016 5-year plan	TBD	Ramsey County; Potential local and state sources

### **Phalen Village – 2015 Implementation - \$337,500**

#### ***Background***

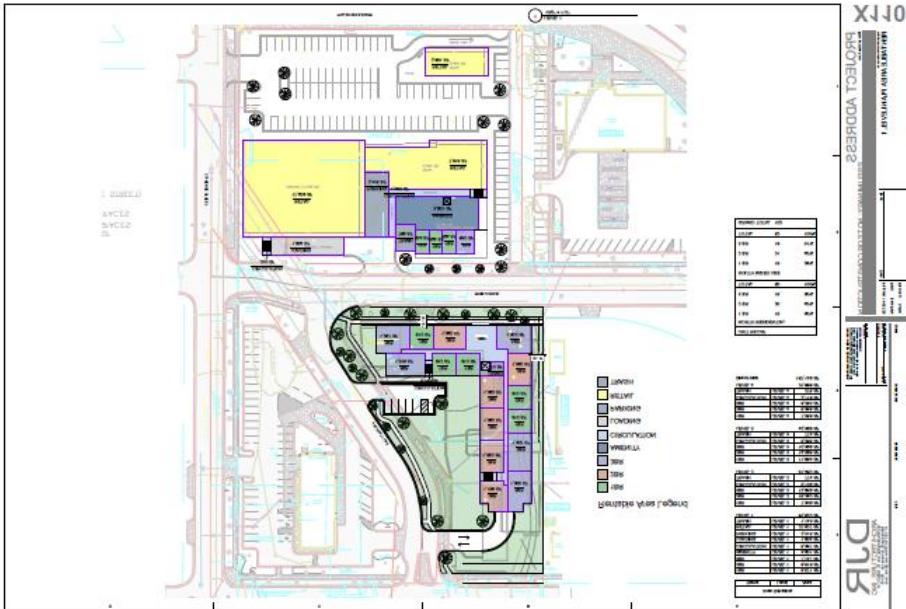
The City of Saint Paul has been involved in the Phalen Village Project since it developed its first plan to revitalize the entire area over 20 years ago. The current project creates a new physical and social center for the Phalen Village community, in the area of 1365-1371 Phalen Boulevard and 1150-1186 Prosperity Avenue, through coordinated public infrastructure improvements that catalyzes private investment.

The project consists of three phases that will: 1) re-establish the street grid, and construct a “woonerf” (a fully-functioning street that gives preference to non-motorized-vehicle modes) that will run east-west through the site on Rose Avenue between Cub Foods and the Bureau of Criminal Apprehension; 2) relocate utilities; and 3) add affordable townhomes and apartments, a new mixed-use building, and commercial/retail/office space.

#### ***Selected projects for CVZ funding***

CVZ funding will contribute to site preparation for the planned or alternative developments. This will include:

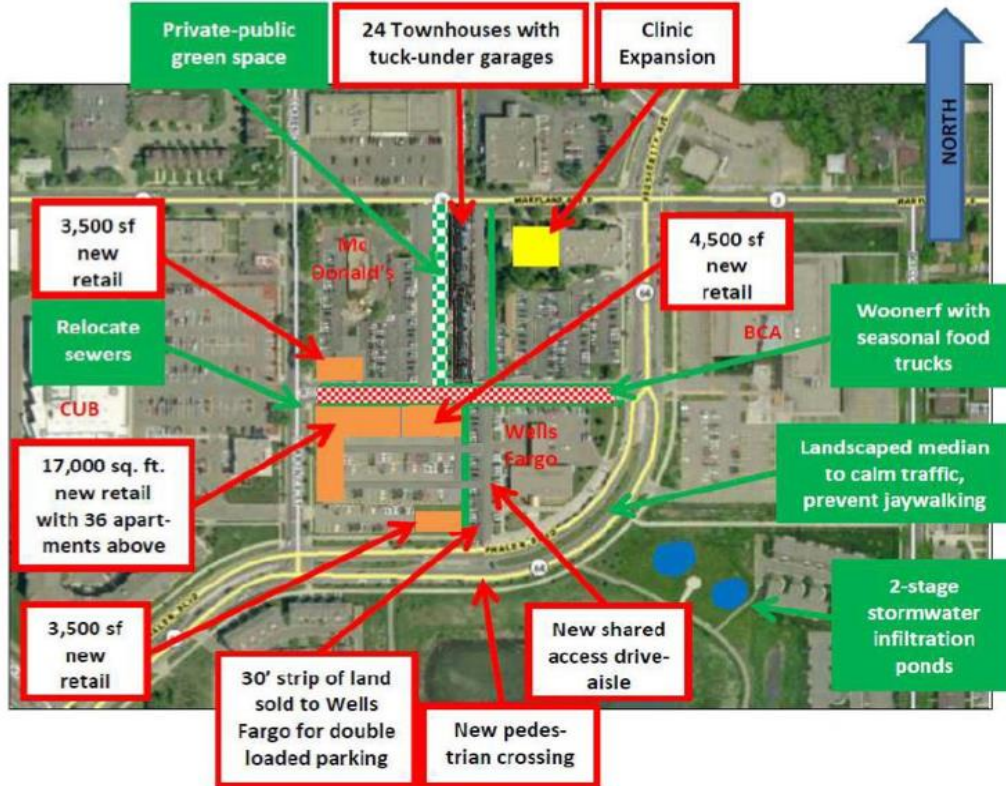
<b>Description</b>	<b>Cost</b>
Demolition and site set-up costs for 1186 Prosperity	\$10,000
Utility Relocation	\$80,000-\$100,000
Woonerf build-out	\$240,000-260,000



Potential Site Plan for final parcels of Phalen Village

**Status Update**

Funding for the affordable housing units has experienced delays, and the project may need some changes. Regardless of the development project that moves forward, the CVZ funds will contribute to site set-up that will make the site more attractive to alternative development projects that may need to be pursued.



Phalen Village Project

## North Snelling Avenue – 2015 Implementation - \$75,000

### Background

In 2015, MnDOT reconstructed Snelling Avenue from Dayton Ave to Pierce Butler Route. The City of Saint Paul contributed \$525,000 from the 80 Vitality Fund to further enhance the pedestrian environment. Above-standard lantern-style lighting was also added, with an assessment charged to property owners to cover the cost difference above the cost of standard lighting.

Simultaneously, Metro Transit built out infrastructure for the A-Line Arterial Bus Rapid Transit (BRT) line that began operation in June 2016.

### Selected projects for CVZ funding

The CVZ funds a buy-down of the lighting assessment. This project also received \$75,000 in Year-Round STAR, which resulted in an approximate reduction in the assessment charged to property owners by 15%.

### Status Update

This project is complete.

## East 7th Street and Arcade Street – 2016 Implementation - \$350,000

### Background

In 2012, the Near East Side Road Map Study was completed with intentional focus on the East 7th Street commercial corridor, along with adjacent commercial-industrial property along Minnehaha Avenue (Middle Section south), and the commercial node near Atlantic Street and Johnson Parkway. The Road Map is an action/implementation strategy that assesses and recommends – at the scale of a city block – key property and streetscape improvement strategies in support of a vibrant commercial district. It also identifies and recommends capacity- and community-building efforts.



**Near East Side Roadmap**

An Addendum to the Saint Paul Comprehensive Plan - page 4



The CVZ funds allow for further implementation of strategies and plans recommended by the Road Map and the Community Health Project Plan (2016) – funded by the Robert Wood Johnson Foundation’s Invest Health Initiative.

**Status Update**

Potential investments with CVZ funds include:

Description	Cost
Improvements to Hamm Park and Swede Hollow Park along Greenbrier St	\$170,000
Lighting improvements on exteriors of businesses along E 7 <sup>th</sup> St	TBD
Develop wayfinding created by local artists to local businesses	TBD
Convert outdated lighting posts to LED lighting	\$90,000

**Como-Front-Dale Intersection – 2016 Implementation - \$350,000**

**Background**

Como-Front-Dale currently features locally-owned businesses, including several restaurants, a gas station, a hardware store and other neighborhood services. However, there are several potential redevelopment opportunities in the area, including underutilized surface parking lots and vacant storefronts and lots. As an intersection of three major streets, it lacks a cohesive character that could be improved through streetscape improvements. Better accommodating multiple modes of transportation and improving the attractiveness of the area will bring more commercial interest to the area.

The most recent [North End District 6 Plan](#) was adopted in 2012, and it references the 2010 streetscape and intersection study by the Metropolitan Design Center called “Como/Front/Dale, Rethinking the Intersection”. This study outlines transportation-specific recommendations to make the intersection more functional for pedestrians and bicyclists. In addition, the plan calls for rezoning along Como Avenue toward more commercial and mixed uses.



*Intersection Conditions – from Metropolitan Design Center study (2011)*

### ***Status Update***

In the fall of 2015 a series of community engagement sessions was held to gather input on potential improvements at the intersection. Presentations to the neighborhoods were held in the spring and fall of 2016.

A universe of ideas for projects at the intersection is being developed from feedback from the engagement sessions and also drawing from the 2010 Metropolitan Design Center study. Specific project feasibility is being evaluated across departments at the City and with other partners. Projects are being grouped as short, medium, and long term implementation.

Potential investments to the intersection include crosswalk and bike lane improvements, addition of landscaping/planters, parking lot fencing at southwest and northeast corners, intersection placemaking projects, and business improvement fund.

Next steps include continuing engagement with District 6 and District 10 Councils, finalizing the CVZ project elements, and implementing the priority projects in 2017.

### **Rice Street (W Pennsylvania Ave to University Avenue W) – 2016 Pre-development Planning - \$50,000**

#### ***Background***

Rice Street has a number of assets that offer significant economic development potential. Como Avenue is a major transportation connection to commercial and industrial areas in both Saint Paul and Minneapolis, as well as the eastern metropolitan region. University Avenue is a multi-modal transportation connection between the central business districts of both Minneapolis and Saint Paul. In addition, the commercial/industrial infrastructure at Pennsylvania Avenue and Rice Street offers possible economic multipliers and probable retail consumers. Finally, the State Capitol offers potential human resources and substantial retail consumers.

#### ***Status Update***

Rice Street project is currently in the predevelopment stage which involves key stakeholders, including Capitol Area Architectural and Planning Board (CAAPB) and neighborhood groups, in developing an economic development strategy. There are various methods of community engagement being used to collect preferred ideas for the Rice Street project, including annual Frogtown Neighborhood Association public engagement meetings and Safe Summer Nights, which is a partnership between the Saint Paul Police Department and community. In addition, an RFP will be issued for deeper engagement and identification of opportunity sites and economic development strategies.

In addition, PED's Parking Fund is contributing to a Parking Study to assess the need and supply of parking for many institutions and entities that have parking needs for employees, patients, customers and others. Key partners as a part of this study includes the State of Minnesota Department of Administration, SmartTrips, MetroTransit, Health East, Region's Hospital and area neighborhood groups.

Lastly, Ramsey County is conducting a traffic study of Rice Street from Larpenteur southward, and will cover this area to determine future road reconstruction plans.