

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: SEPTEMBER 14, 2011

**REGARDING: AUTHORIZATION TO DESIGNATE KENDALL AND ALEXANDRA CROSBY
TENTATIVE DEVELOPER FOR THE NORTHEAST CORNER OF PAYNE AND
PHALEN BOULEVARD (840 PAYNE AVENUE) FOR NEW KENDALL'S
PAYNE AVENUE HARDWARE STORE, PAYNE-PHALEN DISTRICT 5**

Requested Board Action

The specific actions being request of the HRA Board are as follows:

1. Designate Kendall and Alexandra Crosby as tentative developer of the Parcel at 840 Payne Avenue (northeast corner of Payne and Phalen Boulevard) for a period of 60 days.
2. Waive early notification process for the Parcel 840 Payne, Payne Phalen District 5 area.

Background

On November 3, 2004, City Council approved the Payne-Phalen Boulevard Main Street Redevelopment Plan by Resolution 04-1059. On November 3, 2004, by Resolution 04/11/10-1 HRA approved said Plan. The Plan detailed the need to undertake major improvements in the new gateway area created by the construction of Phalen Boulevard. Through many neighborhood meetings, it was determined that this major gateway needed to be revitalized to build on the new Phalen Boulevard access to the neighborhood commercial street and gateway to Payne Avenue. The Plan outlined the need to bring in a variety of new housing types together with commercial/retail services. The neighborhood, HRA, and many other partners were successful in developing the Phalen Senior Lofts in 2007 and a portion of the Whittall Townhomes. The economic downturn has affected both the completion and start of activities in this area.

As part of the widening of Maryland Avenue, Ramsey County received federal funding to construct turn lanes to facilitate better traffic flow and reduce accidents. The County has completed the widening at Arcade and Maryland and is completing the widening at Rice and Maryland. The acquisitions of properties are now underway for the widening of Maryland at Payne. The recent completion of the acquisition of Kendall Hardware on the southeast corner Payne and Maryland as part of this widening has opened an opportunity for new retail

development at Payne and Phalen Boulevard. The community strongly supports the retention of Kendall Hardware in the neighborhood and believes Kendall Hardware would be a strong anchor for the corner of Payne and Phalen Boulevard.

Kendall and Alexandra Crosby, owners of Kendall Hardware, are requesting consideration of a tentative developer designation for Parcel 840 Payne Avenue (northeast corner of Payne and Phalen) for construction of a new Payne Avenue hardware store. The original Payne Avenue Hardware has been located on the avenue for more than 50 years. The community would like to see it continue as a strong economic player along the avenue and take the opportunity to show investment at a prime location. (see Attachment **D**)

- zoning is T-2 and supports the proposed land use of retail development
- Parks and schools are located ¼ mile of development. (see **Attachment B**)
- Wilder planning district demographic profile is attached (see **Attachment E**)
- Acquisition of this property was done over many years using both local and federal funds to assemble a viable development site consisting of 2.56 acres
- .8 acre is being considered for the new hardware store, leaving over 1.8 acres for future development along Payne
- Property is located in a designated ISP/NSP targeted area and along a neighborhood commercial corridor
- Kendall currently has 12 full time employees and anticipates hiring two more full time and two part time employees with the new building

Budget Action

No budget action is being requested at this time. Estimated project costs range from \$1.4 to \$1.7 million. Financing assistance needs have been preliminarily identified, created by the difference in building costs and the actual after market value due to the economic decline of market in this area. Any financial assistance, together with terms and conditions, will be further refined during the tentative developer designation period. Recommendations will be brought back to the HRA Board for final approval.

Future Action

Public Hearings for Sale of Parcel 840 Payne Avenue.

Consideration of any financial assistance.

Financing Structure

Kendall's are working with University Bank on Arcade who has shown a strong willingness to move this development forward. University Bank has received a direct allocation of new market tax credits and Kendall's has been qualified as a new market tax credit applicant. Kendall has submitted the necessary business and personal financial statements to University Bank. The bank has indicated that this project would qualify for the financing, but final numbers will need to be completed. Kendall's will also have some funds for reinvestment from the purchase of the existing hardware store purchased by the County. Financing may include deferred land sales price and the need for additional value gap between the project costs and the actual after built appraisal.

PED Credit Committee Review

The Credit Committee will be reviewing any request for financial assistance during the tentative developer designation.

Compliance

Kendall has received and signed the 1st Acknowledgment Letter covering the compliance requirements listed below. These requirements will need to be finalized during the tentative developer period.

- Vendor Outreach Program
- Affirmative Action/EEO
- Labor Standards
- Living Wage (Exemption 20 or fewer employees)
- Business Subsidy (Exempt if assistance is less than 50% of TDC or Energy Conservation measures incorporated)
- Two Bid Policy
- Section 3
- Project Labor Agreement

Green/Sustainable Development

The project will comply with the Saint Paul Sustainable Development Policy. Xcel has indicated that the size of this project (less than 20,000 sq/ft) makes it too small for their large program. Xcel is working with the architect on getting the project into the 2030 Program.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

Primary public purpose is economic and community development:

- City of St. Paul Comprehensive Plan – Economic Development Strategy
- St. Paul Consolidated Five Year Plan- EO 3.1 Sustainability of Economic Development
- Phalen Corridor Development Strategy made a part of the Comprehensive Plan

Recommendation:

The Executive Director recommends approval of the attached Resolution designating:

- 1) Kendall and Alexandra Crosby as tentative developer of the Parcel at 840 Payne Avenue for a period of 60 days in which to finalize their proposal; and
- (2) waiving the early notification process on the Parcel 840 Payne

Sponsored by: Commissioner Bostrom

Staff: Sheri Pemberton-Hoiby, 651-266-6615

Attachments

- **Attachment A - Preliminary Plans**
- **Attachment B - Map/Address of Project, should include libraries, parks, schools.**
- **Attachment C - Public Purpose Form**
- **Attachment D – District 5 Support Letter**
- **Attachment E – Census Facts**