

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 11, 2019

**REGARDING: MUSIC FOREST CAFÉ LEASE EXTENSION 151 EAST SEVENTH
STREET (TENANT SPACE BLOCK 19 PARKING RAMP) DISTRICT 17
WARD 2**

Requested Board Action

Approve Music Forest Café lease extension for use of tenant space at Block 19 Parking Ramp.

Background

The Block 19 parking ramp was constructed in 2004 with a tenant space at street level at the corner of Jackson and East Seventh. This tenant space has been difficult to lease, with only one other tenant for a period of three years prior to the existing tenant. Music Forest Café contracted to lease this space in 2014. The owner of the Music Forest Café, Bill Hosko, has invested significant material and sweat equity to transform this space into a coffee shop, performance space, art gallery and framing shop. Mr. Hosko intends to obtain a beer and wine license to broaden the business offerings. Construction of a new hotel across the street to be completed within the next year should bolster the business activity at this location.

The existing lease has expired, and HRA Board approval is required for a lease extension. The proposed lease extension is from January 1, 2020 to January 1, 2025 with one option to extend another five years. The proposed lease payment for new term is \$1,300/month. The option lease payment is \$1,400/month. The lease extension includes a provision for the Music Forest Café to pay an additional \$360/month for five years to pay off a past-due rent balance from the initial term.

Budget Action

N/A

Future Action

N/A

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The property is in the Fitzgerald Park neighborhood in downtown Saint Paul. The Fitzgerald Park Precinct Plan's vision is for a diverse, mixed-use, human-scaled neighborhood that celebrates culture, education and the arts, while providing for the needs of a growing residential population during all hours of every day and evening. The plan calls for first floor uses that activate the street and for retail and service businesses to utilize small storefronts so that streets and sidewalks are pedestrian-friendly. The business in question is a retail and service business in a small storefront that helps activate the street. Extending the lease allows a street level storefront business to continue operations that make the street and sidewalks in the area pedestrian-friendly. Strategy 4.17 of the Downtown Development Strategy supports opportunities for additional neighborhood serving retail and services in close proximity to concentrations of housing, as downtown's population and trade area grow sufficiently large. Land Use policy 1.35 in the land use chapter of the 2030 Comprehensive Plan calls for promoting and adding entertainment activities, cultural activities, and visitor accommodations to support them.

Recommendation:

Approve Music Forest Café lease extension.

Sponsored by: Commissioner Noecker

Staff: Gary Grabko 266-6709

Attachment

- Map