

ECONOMIC DEVELOPMENT

Introduction

The City of South St. Paul is committed to the continued redevelopment of the commercial and industrial areas of the City in addition to the rehabilitation and redevelopment of the City's housing stock. These redevelopment investments revitalize declining areas of the City and contribute to the continued vitality of the community. Redevelopment of the abandoned Swift and Armour meat packing plants, and more recently the South St. Paul Stockyards, have transformed much of the former heavy industrial land into a prosperous business park and allowed the area to continue as the community's employment center. Economic development investments in housing programs have refreshed sections of the City's housing stock and provided opportunities for new housing construction and more diversified housing choice.

South St. Paul's Housing and Redevelopment Authority is the primary agency that carries out the City's economic development goals. The HRA provides a number of different programs, from housing to commercial and industrial development, which help to keep South St. Paul a viable, vibrant place to live and work. Progress Plus, an economic development partnership between the River Heights Chamber of Commerce and the cities of South St. Paul and Inver Grove Heights, and South St. Paul Futures, a for-profit development corporation, are also valued partners in City's mission for economic development and redevelopment.

South St. Paul Housing and Redevelopment Authority (HRA)

History / Background

The South St. Paul Housing and Redevelopment Authority (HRA) was established in 1964 to revitalize Concord Street after the closing of the Swift and Armour meat packing plants. At the time over 10,000 people worked in South St. Paul.

In 2007, the HRA's administrative budget totaled \$686,300. The HRA staff is comprised of 12 full-time and 3 part-time employees. The total operating budget for 2007 was 3.6 million dollars.

HRA Primary Goals

The primary goals of the HRA are to:

1. Provide and encourage development of decent, safe, and sanitary housing for all citizens, principally those of low and moderate income, and
2. Clear, redesign, reconstruct, and revitalize commercial and industrial areas and provide stimulus for new development and employment opportunities.

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HRA Programs

In order to accomplish their primary goals the HRA administers several programs including:

- a. Rediscover South St. Paul; a housing program that includes acquisition and demolition of blighted properties to create single family development opportunities,
- b. First time homebuyer money, and
- c. Home remodeling / a home remodeling advisor program, and home improvement loans.
- d. Operation of two senior high-rise buildings with a combined total of 298 units.
- e. Administration of the Housing Choice Voucher program assisting 300 families.
- f. Administration of a Tax Increment Financing Program that provides financial assistance for commercial and industrial development.

Housing Programs

The housing programs provided by the HRA are diversified and include Federal, State, and local programs. Housing programs include: Federal Programs such as Housing Choice Voucher (HCV) and CDBG (Community Development Block Grants), and local programs such as Rediscover South St. Paul. Some additional housing programs are provided by the Dakota County Community Development Agency (CDA).

Federal Housing Programs

Housing Choice Voucher (HCV)

The HRA administers a program that provides rental assistance for over 300 families via the HCV program. Applications for the program are taken by HRA staff. Unit inspections and certifications are completed annually to insure livability of rental units.

Community Development Block Grants (CDBG)

The South St. Paul HRA is a sub-grantee of the Dakota County Community Development Agency (CDA) for the CDBG program. CDBG funds are used primarily for the acquisition of blighted properties. These properties are acquired voluntarily and demolished. The vacant lots are then sold for the construction of new single-family homes. These new homes are considered affordable to households earning 80% of the median income or less, the metropolitan area threshold for affordability. The HRA also utilizes CDBG funds to provide home rehabilitation loans to residents with incomes at or below 80% of median income.

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Local Housing Programs

Single Family Home Rehabilitation Loans

Deferred loans of up to \$25,000 are available to South St. Paul home owners to cover improvements or repairs such as roof replacement, furnace replacement, insulation, electrical and plumbing repairs. The loans do not require monthly payments and the interest on the loans is forgiven if the loan is repaid within the first five years.

Remodeling Advisor

Technical assistance is available for homeowners considering home remodeling. The Remodeling Advisor offers homeowners advice on cost estimating, contractor selection, and financing. There is no cost to the homeowner for this service.

CAP Agency Energy Assistance and Weatherization Programs

The Energy Assistance Program provides grants to help income qualified homeowners pay for their heating bills. The program is administered by the Scott-Carver-Dakota CAP Agency. The Weatherization Program, which is administered by the CAP Agency and Dakota County CDA, provides income qualified homeowners a grant to help make their home more energy efficient.

Rediscover South St. Paul (New Construction Program)

Lots are available for sale to families committing to build a new single-family home valued at more than \$250,000.

Rental Rehabilitation

The Center for Energy & Environment provides technical assistance and financing for rental property owners. The Dakota County Community Development Agency (CDA) administers a Rental Rehabilitation Loan Program to help improve the safety, integrity, accessibility and curbside appeal of affordable rental housing in the county.

East Roosevelt Neighborhood Strategy Area

While the HRA programs are used City-wide, one area of the City has received more attention than others. This area is the East Roosevelt Neighborhood Strategy Area, as shown in **(Map 3)**. The housing stock in this area is some of the oldest in the City and was identified (beginning in 1970) as an area that needed assistance. Housing programs in this area have been successful in improving the livability of this part of the City. For example, since the inception of the Rediscover South St. Paul program over 50 new homes have been built through this program alone, in the East Roosevelt Neighborhood Strategy Area.

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Commercial and Industrial Programs

As with its housing programs, the HRA utilizes a variety of programs to attract and retain commercial or industrial businesses. The HRA has established a number of Tax Increment Financing and Redevelopment Areas (**Map 3**) in the City. These areas are located along Concord Street and provide incentives for commercial and industrial development and redevelopment.

Tax Increment Financing (TIF)

TIF is the primary tool used by the HRA for its commercial and industrial developments. The HRA has developed the following guidelines for the use of public funds in projects:

1. Maximum public dollars to jobs created/retained ratio 10,000:1.
2. For each \$1.00 of public investment, there should be \$1.50 of private investment dollars.
3. Must be 100% increase in assessed valuation, a minimum capital cost of \$250,000, or the prevention/elimination of blight.
4. Cash flow coverage for the entire project meets or exceeds 1.2:1.
5. Priority consideration given to:
 - * manufacturers employing skilled workers with wages above \$17,500,
 - * companies constructing facilities that will significantly enhance communities aesthetics and image,
 - * local companies,
 - * expanding companies that will enhance the economics of local companies, and
 - * developments that maximize land use density.

TIF funds may be used either in the District or the redevelopment areas identified by the HRA. A number of properties along Concord Street and Concord Exchange have been acquired due to their blighted condition and zoning nonconformity.

Other Funding Sources

In addition to TIF funds, the HRA also participates in assisting businesses by leveraging other sources of financing:

- Industrial Revenue Bonds
- SBA-504 Loans
- Low Interest Loans; Revolving and Rehabilitation
- Sewer Availability Credits
- Project Gemini (Xcel Energy electric rate subsidy)
- Land Write-Down
- Access to State Programs

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Progress Plus

The City and HRA also work with Progress Plus, a public/private economic development partnership whose mission is to attract and grow jobs and tax base in South St. Paul and Inver Grove Heights. The organization actively markets the communities to businesses and organizations looking to expand or relocate, helps retain existing businesses and jobs, and assists in ensuring that the business climate is conducive to growth and investment.

South St. Paul Futures

South St. Paul Futures is a private, for profit, development corporation that provides fixed asset loans of up to \$50,000 to credit worthy firms that are located in or relocating to South St. Paul.

Commercial and Industrial Development Areas

Industrial Areas

- ***BridgePoint***

This area generally located east of Concord Street, north of 494 and west of the Mississippi River was formerly occupied by the main employment centers of the City: the Swift and Armour meat packing plants, and the Stockyards. Most of the area between Armour Avenue and Grand Avenue has been redeveloped into modern office/industrial uses. These types of uses are anticipated to be developed throughout the remainder of BridgePoint area and encompass the majority of the property north of Interstate 494 and east of Concord Street.

- ***BridgePoint Business Park***

This approved development is one of the largest tracts of land in BridgePoint. Construction of the first of 3 office/warehouse buildings on the 29 acre site will begin in summer 2009 and eventually this former home of the Central Livestock stockyards will accommodate 316,000 square feet of office/warehouse space.

- ***494 Corridor***

The Interstate 494 corridor through South St. Paul is an important gateway to the community and the City has identified the image of the community as seen from 494 as vital to redevelopment efforts elsewhere in the City. Going forward the vision is to have this corridor showcase the high quality redevelopment efforts in the area. The 494 Corridor would specifically focus on sites in the areas off of Interstate 494 located between Armour Avenue on the north, Richmond Street on the South, and Concord Street on the West. The 494 Corridor area would establish limits on the types of uses and institute site and architectural standards similar to the developments occurring in nearby metro area communities. There are a

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few challenges in the 494 corridor including two remaining heavy industrial facilities which generate odors and large amounts of exterior storage. Additionally, unlike the northern portion of the corridor only a portion of the south side of the corridor is protected by floodwalls/levees.

- ***Danner Site***

The Danner site is a 38 acre piece of property located just south of Interstate 494 and bordered by Hardman Avenue on the west, the Mississippi River and Mississippi River Trail (MRT) to the east, and the Dakota Bulk Terminal and MRT to the south. The site has been used as a temporary location for rock crushing for a local contractor and this interim use has helped to surcharge the site in preparation for redevelopment. The site offers an excellent opportunity for a higher finish office/industrial development similar to the development occurring in the neighboring cities like Saint Paul. The Danner site is seen as the potential cornerstone in achieving the improved image for the 494 Corridor.

Commercial Areas

While commercial development has lagged behind the development of the industrial and residential sectors, it remains a vital component of the community. Over the past 5 years the City has adopted new standards for development in the North Concord and Concord Exchange commercial areas to prepare the areas to be reborn as mixed-use areas. The City is also interested in studying the standards and development potential of the commercial areas along South Concord and in the area of Southview Boulevard & Marie Avenue.

- ***Concord Exchange***

In addition to the City's continued commitment to develop BridgePoint, a new emphasis has been focused on the redevelopment and revitalization of the Concord Exchange area. This area, at one time, was a vibrant commercial area occupied by banks, restaurants, bars, offices and varying retail and entertainment establishments catering to the workers at the Stockyards and the meat packing plants. However, this retail area understandably suffered with the closing of the meat packing industry, as the employees from those plants provided many of the patrons for this business area. In 2003, the City sought to address the issue and created a mixed-use zoning for the area; the Concord Gateway Mixed Use zoning district (CGMU). The proposed mixture of uses provide new opportunities for commercial development and residential development which can help support the commercial property in the district and also provide housing for people working in the adjacent BridgePoint Business Park.

- ***Southview & Marie***

Southview Boulevard and Marie Avenue developed as a retail area to serve the day to day needs of South St. Paul families and the area still serves as South St. Paul's commercial center. The location of this area is

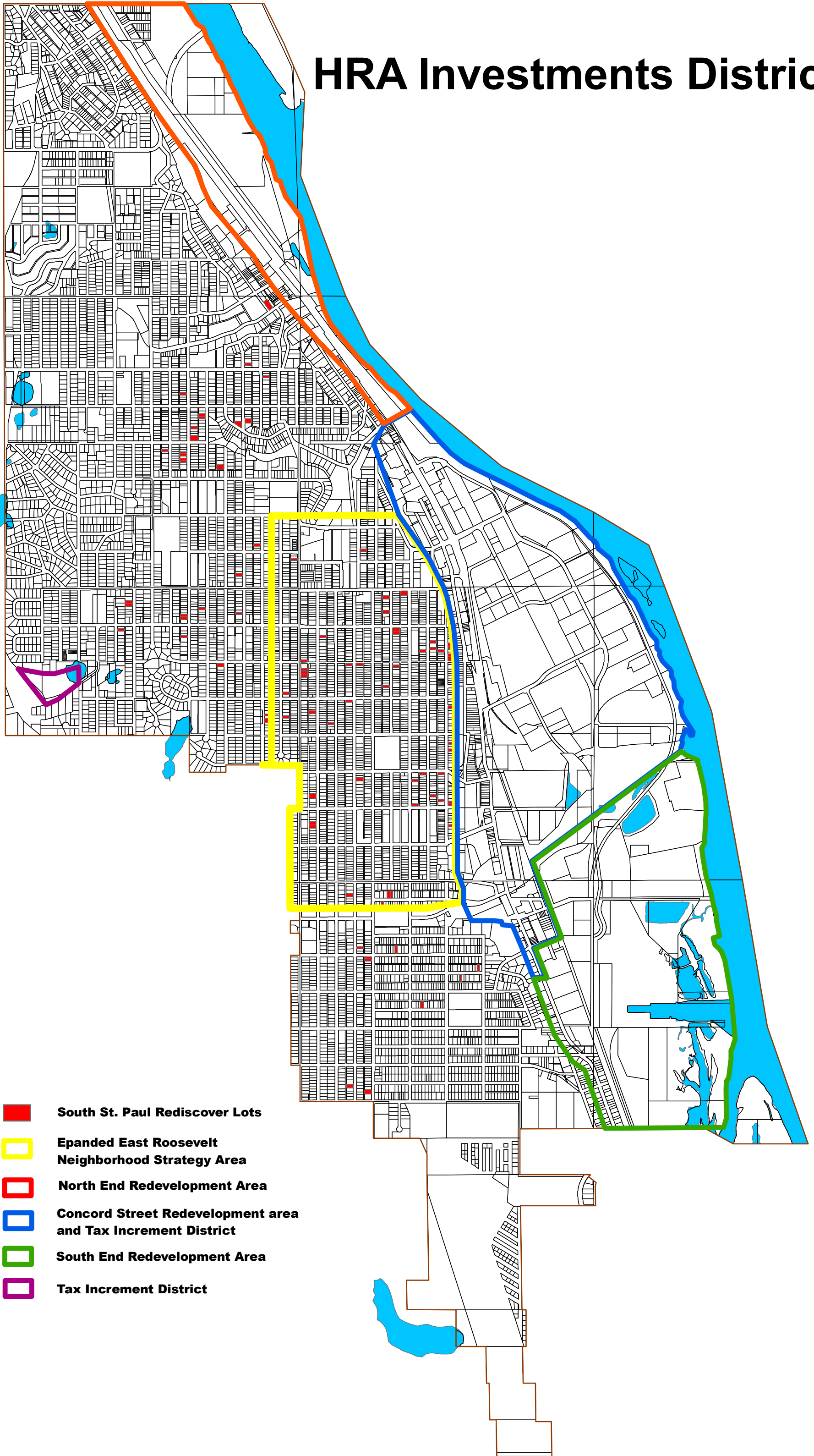
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somewhat tucked away from the main regional thoroughfares which has helped to preserve its character as a local business area. However, the location also makes it difficult to attract customers from outside of the City to visit the area. Additionally competition from the larger chain retailers in adjacent communities has placed pressure on the Southview and Marie businesses. The City will need to review land uses and determine actions necessary to help reinvigorate this business area, which may include; new regulations (potentially incorporating mixed-use / transit-oriented development [TOD]), reviewing parking standards and exploring signage.

- ***Central Square / 5th & 7th Avenues***

The property adjacent to Central Square Park along 6th Avenue North and 7th Avenue North is proposed to be mixed-use. The areas between Marie Avenue and Southview Boulevard along 5th and 7th Avenues South are proposed to be mixed-use zones. Commercial and mixed-use redevelopment of these areas will be essential in connecting Marie Avenue to Southview Boulevard and providing focus around Central Square Park and should serve to strengthen this central commercial area.

HRA Investments Districts



-  **South St. Paul Rediscover Lots**
-  **Expanded East Roosevelt Neighborhood Strategy Area**
-  **North End Redevelopment Area**
-  **Concord Street Redevelopment area and Tax Increment District**
-  **South End Redevelopment Area**
-  **Tax Increment District**