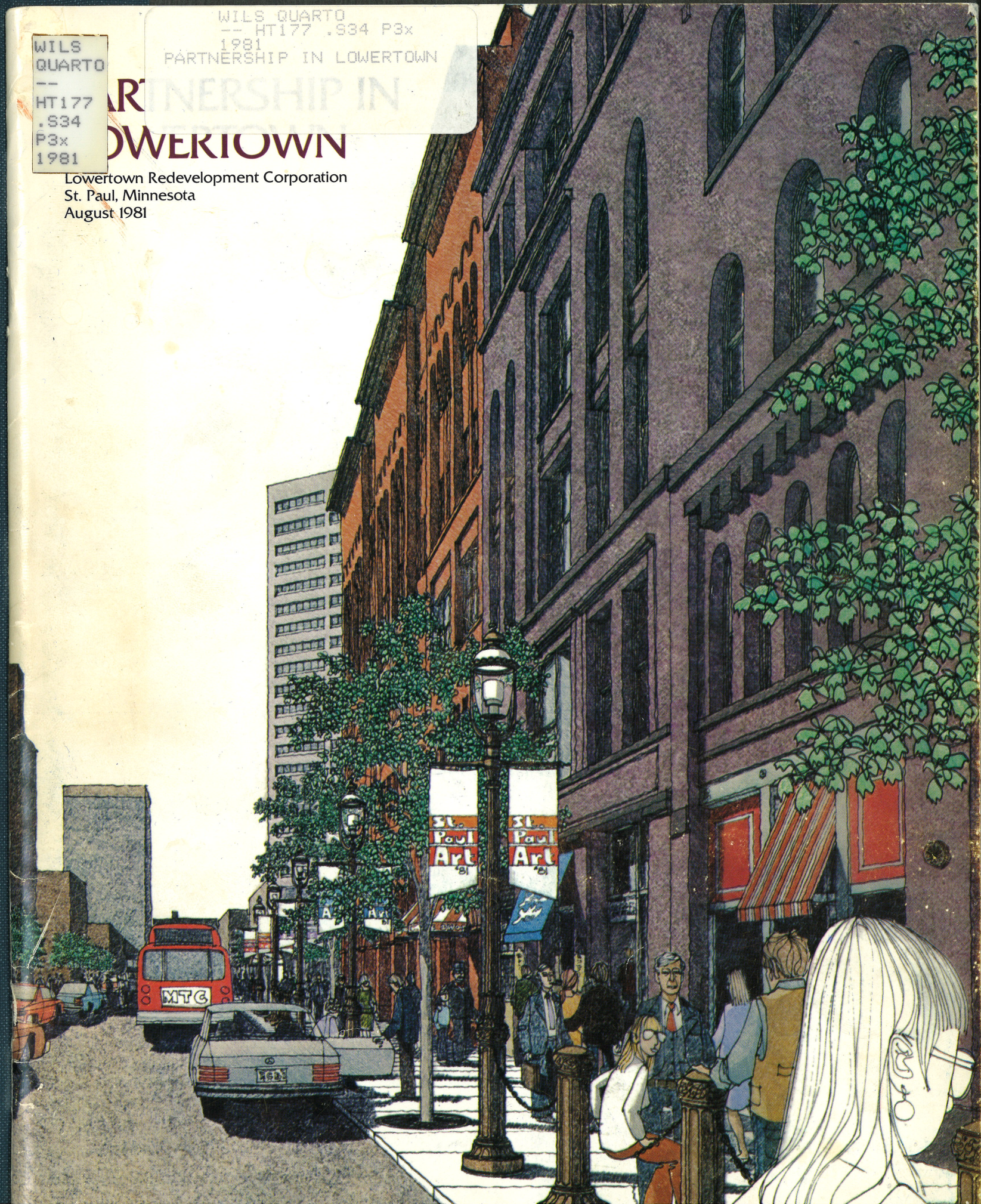


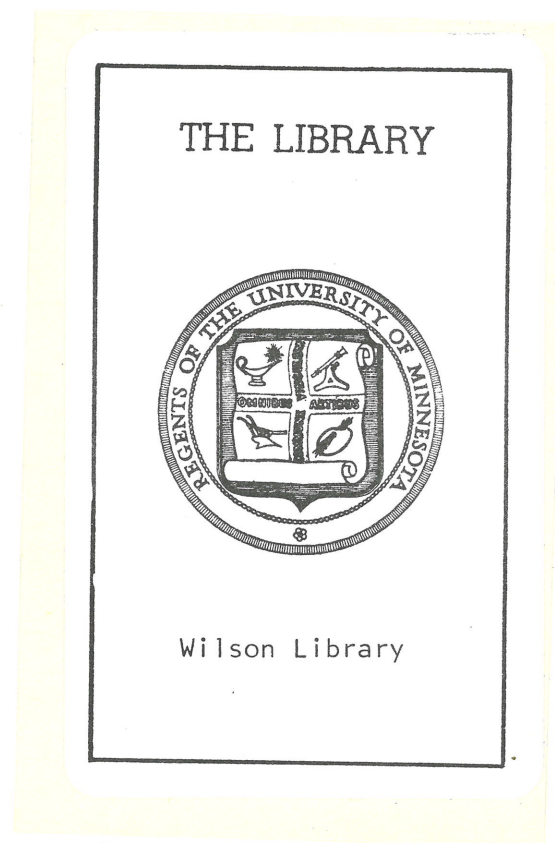
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Lowertown Redevelopment Corporation
St. Paul, Minnesota
August 1981





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PARTNERSHIP IN LOWERTOWN

Lowertown Redevelopment Corporation
St. Paul, Minnesota
August 1981



Summary

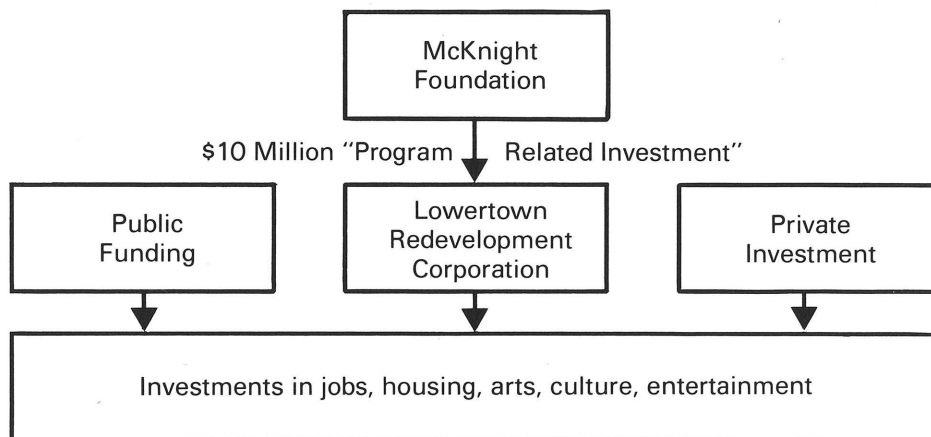
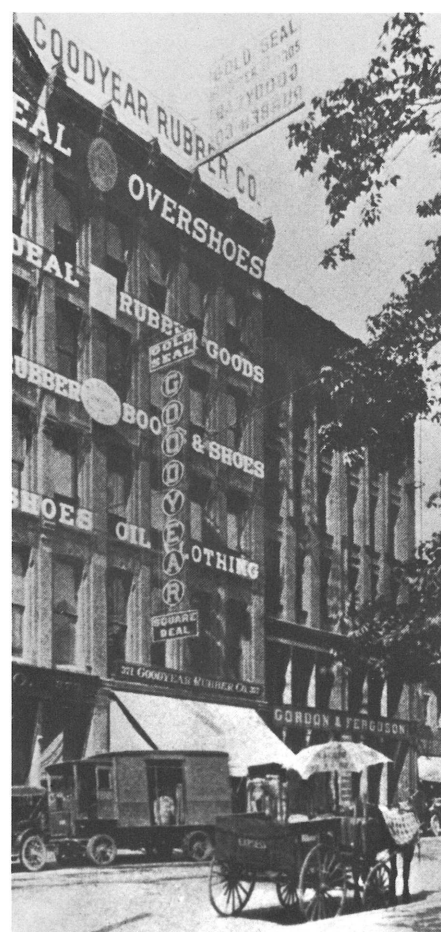
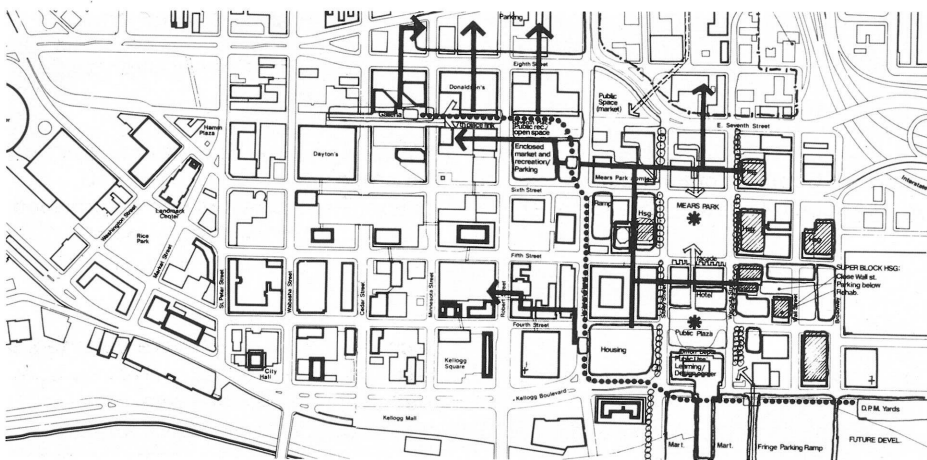
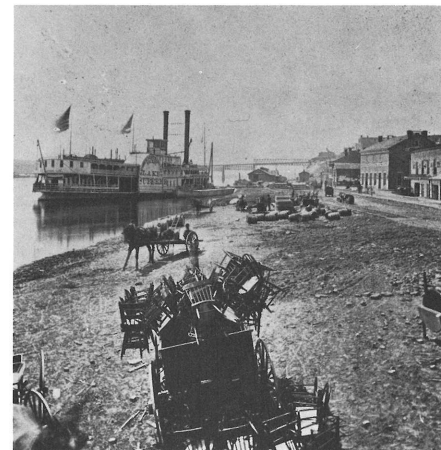
Dynamic change is occurring in downtown St. Paul. Although subject to the same economic decline as other large American cities, downtown St. Paul today is enjoying substantial resurgence. A major part of that resurgence has been set in motion in the area known as Lowertown, where momentum can and should be maintained.

The Lowertown Redevelopment Corporation (LRC) is a key factor in Lowertown's change. Created to give the overall revitalization effort identity, importance, flexibility, and apolitical action capability, the private, non-profit LRC acts both as agent and as catalyst for development, giving those efforts the clear and continuing focus which they require.

Working in partnership with the City and private sector, the LRC is supported by the McKnight Foundation which pledged \$10 million to revitalization of Lowertown in April, 1978. Of this amount, \$9 million was designated for concessional, subordinated loans or guarantees of first mortgage debt. One million was designated for project development, limited financial support to projects of special value, and operations of the Corporation.

The information reported here covers only the highlights of a complex program in full evolution. It shows that the investment climate in Lowertown is in the process of fundamental change; that Lowertown is becoming a good place to invest; that McKnight Foundation resources vital to the Lowertown revitalization effort are successfully leveraging other investment; that the City of Saint Paul has provided major help; that the pursuit of quality development as part of the larger vision of an "urban village" promises to pay off; and that a partnership of the City and its agencies, particularly the Department of Planning and Economic Development and the Port Authority, a special-purpose non-profit vehicle such as LRC, and the private sector works well in the Lowertown section of downtown St. Paul.

Chapter I Introduction



A. The Area

For its first twenty years, the city of St. Paul consisted mostly of the area we now call Lowertown. The community had a steamboat levee, business district, churches and homes.

When the railroads replaced the river traffic, the vital heart of the city moved west to higher ground. Lowertown became an area of jobbers and wholesalers handling the freight traffic generated by its position between the rail yards and the new business district to the west.

In the 1950's the last of the old residential neighborhood of Victorian houses disappeared in the path of Interstate 94, and much of the rail yard soon disappeared, as well. Lowertown luckily experienced a benign neglect which spared its landmarks and ambience, but a pattern of gradual disinvestment set in.

B. The City's Initiative

In 1977, the city of St. Paul examined its downtown and decided on a major drive to revitalize Lowertown, by this time a largely neglected area of warehouse and wholesale buildings. Mayor George Latimer held preliminary discussions with the McKnight Foundation, which was interested in generating large scale urban development in St. Paul as a national demonstration of new approaches toward urban revitalization.

The Mayor's office and the Department of Planning and Economic Development submitted a detailed proposal to the McKnight Foundation in February 1978 after selecting Lowertown as a priority site for revitalization. "There is no other opportunity in St. Paul as important as the Lowertown redevelopment opportunity," the proposal stated.

According to the proposal, public funding and policy first would establish a positive redevelopment climate through the creation of Lowertown Redevelopment Corporation, which would be a private, non-profit entity acting as the catalyst for development. The City, the Corporation and the private sector would, together, nurture a process of sustained, fundamental change.

The City's proposal was bold and innovative. It estimated that in a first stage, \$10 million of Foundation monies could leverage an additional \$100 million to a total investment of \$110 million — stimulating housing, commercial development, and new jobs in the area.

The \$10 million would pay operating costs for the Corporation, which would conduct a design, financing and marketing program, coordinate public improvements, identify lead projects, set up a revolving loan fund and provide seed money for highly visible selected projects of special value in Lowertown's central core, the district surrounding Mears Park.

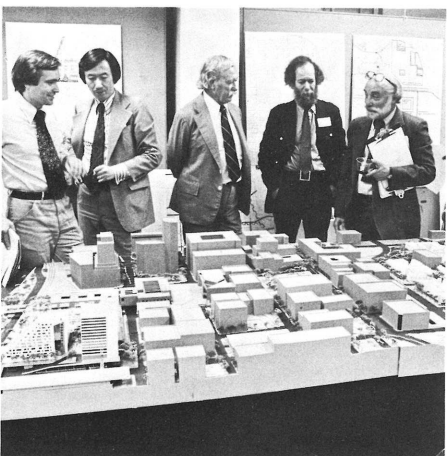
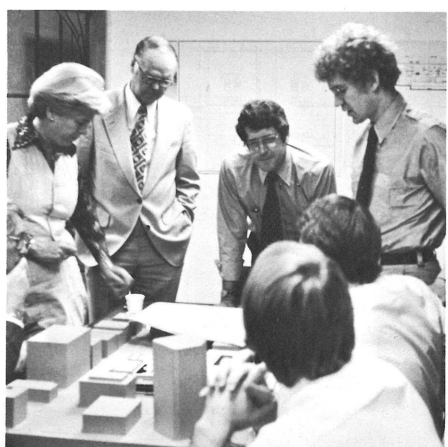
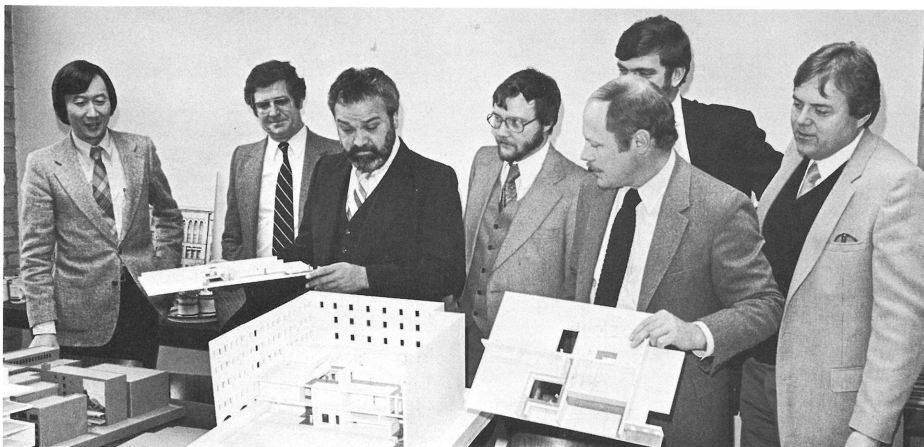
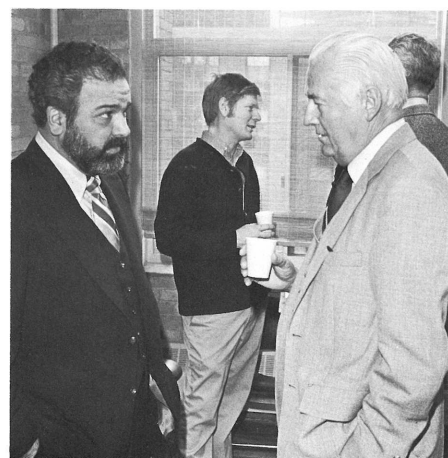
The City's proposal described a second stage which would focus on the riverfront and the large, decrepit train depot to the south, the underused railroad rights-of-way to the southeast, the several blocks north of the central core of Lowertown, and other peripheral sites. This second stage contemplated seeking an additional \$10 million at some later date which would then leverage an additional \$80 million to a total investment of \$90 million.

The City pledged to integrate its own capital improvements program and the existing Downtown Development Plan with the Corporation's efforts.

C. The McKnight Foundation's Commitment

In April 1978, the Foundation approved the proposal and committed \$10 million. The money was to be provided in annual and project-by-project allotments, subject to prior review.

During the next few months the necessary IRS rulings were obtained, a seven-member board of directors from the business, civic and financial community was organized, and the Lowertown Redevelopment Corporation was formed and staffed. The Corporation was to be kept small, with a staff of no more than four persons. The Executive Director was appointed August of 1978. Full operations began in January 1979 when the remaining staff were in place.



Chapter II Progress to Date

A. Corporate Functions

LRC's work encompasses five general areas:

1. Comprehensive Planning

Based upon the City's downtown plan, LRC develops urban design concepts for public open spaces, for street and landscape amenities and for preserving the architectural character and integrating new design. The Corporation develops and refines these concepts from market, financial and economic analyses, traffic and circulation patterns and commercial and retail service studies. LRC conducts research on energy conservation strategies and explores new sources which can be applied to existing buildings.

2. Design Programming and Guidelines

Using the framework of an "urban village" as a guide, design activities range from defining potential uses for City consideration in four major planning areas, to reviewing specific project designs for properties on which corporation financing may occur. These activities include setting design standards, architect selection and design reviews of projects sponsored by the corporation and giving advice on those generated outside LRC.

3. Development Financing

LRC makes both recoverable and non-recoverable program expenditures. These either help set the framework for future project investment (three to five years) or go directly into development projects. These expenditures include financial feasibility studies; preliminary design; economic, market, legal and appraisal studies; building and site surveys; soil tests; grant applications; marketing; energy studies; art fairs; and historic preservation efforts.

The Corporation submits financing proposals to the McKnight Foundation. Those approved are routed through LRC in the form of concessional loans for gap financing vital to the development of key projects. Similarly, LRC guarantees debt to facilitate first-mortgage financing.

4. Marketing and Communication

To make developers, investors, the media and the general public aware of the development process and the state of projects in Lowertown, LRC prepares and distributes developer packets, news articles, press kits, reports, and other materials and supports and participates in seminars on economic development, historic preservation, urban design and downtown revitalization.

5. External Relations

LRC remains actively in touch with important local and national organizations involved in urban development. These include the Chamber of Commerce, the Lowertown Community Council, Downtown Council, Operation '85, historical societies, the University of Minnesota School of Architecture, the Macalester College Urban Studies Program, the U.S. Department of Housing and Urban Development, the U.S. Department of Transportation, the National Endowment for the Arts, Partners for Livable Places, the American Institute of Architects, national preservation organizations and other groups.

LRC has worked on several important issues that affect the area: an area housing program; airport zoning; district heating; the Downtown Development Plan; sign ordinances; parking and circulation; the Farmers' Market; historic preservation; street beautification; transit improvements; the Negotiated Investment Strategy (with State and local government); the role of theater and art in the district; a solar access protection study; facade protection; and many other important matters.

LRC Functions and Activities

Comprehensive Planning	Design Programming	Development Financing	Marketing	External Relations
Mears Park Precinct	Block 40 Design	Block 40 Loan	Developer Contacts	City Agencies
North Quadrant	Park Square Court	YMCA Loan Guarantee	Lowertown Festival	Mayor's Office
River Garden	Butwinicks	Park Square Court	Publications	PED/Port Authority
Industrial Park	American Beauty	Loan Guarantee	Slide Shows	Other Departments
Art District	Public Art	Section 8	Seminars	Federal Agencies
Energy Efficient Community	Street Landscaping	Feasibility Studies	Conferences	Development Community
Traffic and Circulation	Learning Lab		Articles	Preservation Interests
Historic Preservation	Block L Guidelines			Downtown Business
Airport Zoning	Block C Review			Area Universities and Colleges
Sign Ordinance	Homtel			

B. Dramatic Change Underway

Between 1967 and 1977, total investment in Lowertown was about \$22 million. Between 1978 and 1980 and since the City decision to revitalize the area, \$24 million in new development has been completed, started, or committed. Projects with an investment value of an additional \$117 million are now in advanced planning with the LRC playing a design, development & financing role in \$77.4 million of this total, and a design review and assistance role in the rest. Seventeen major real estate sales have been transacted. New links, both psychological and physical, have been forged to the rest of downtown St. Paul.

Clearly, in the past three years investment and development in Lowertown have experienced a dramatic, positive turn-about. A major Twin Cities corporation (Control Data) has renovated 300,000 square feet of space in two Lowertown buildings for a pilot Business and Technology Center to serve small businesses. A major insurance company is building on the edge of Lowertown rather than moving to the suburbs, the Farm Credit Bank System is expanding, reflecting confidence in the City's development commitment to downtown. The skyway system reaches into Lowertown. New street landscaping is in final planning stages.

Between 1978 and 1980, 255 housing units, 20 percent of them for low-income residents, came on line, 356,000 square feet of commercial space was renovated or added, and about 930 new jobs were added to the area.

Projects in advanced planning stages are estimated to provide:

- housing for 900 persons in 450 apartments;
- athletic and social facilities for downtown workers, residents, and visitors in a new YMCA;
- an improved street environment in nine blocks;
- a relocated, attractive, small performing arts theater;
- art work of two leading contemporary artists distinguishing public areas;
- theme retail and restaurant facilities in exciting, quality space (including up to 60 new stores and 6 restaurants);
- the renovation or addition of 600,000 square feet of commercial space;
- additional retail sales of approximately \$20 million per year;
- an approximate increase in real estate tax of \$2 million annually;
- a new, 200 room hotel.

These projects will have major impact upon St. Paul's economy by providing employment for nearly another 1,800 persons, the majority of these in the medium income range.

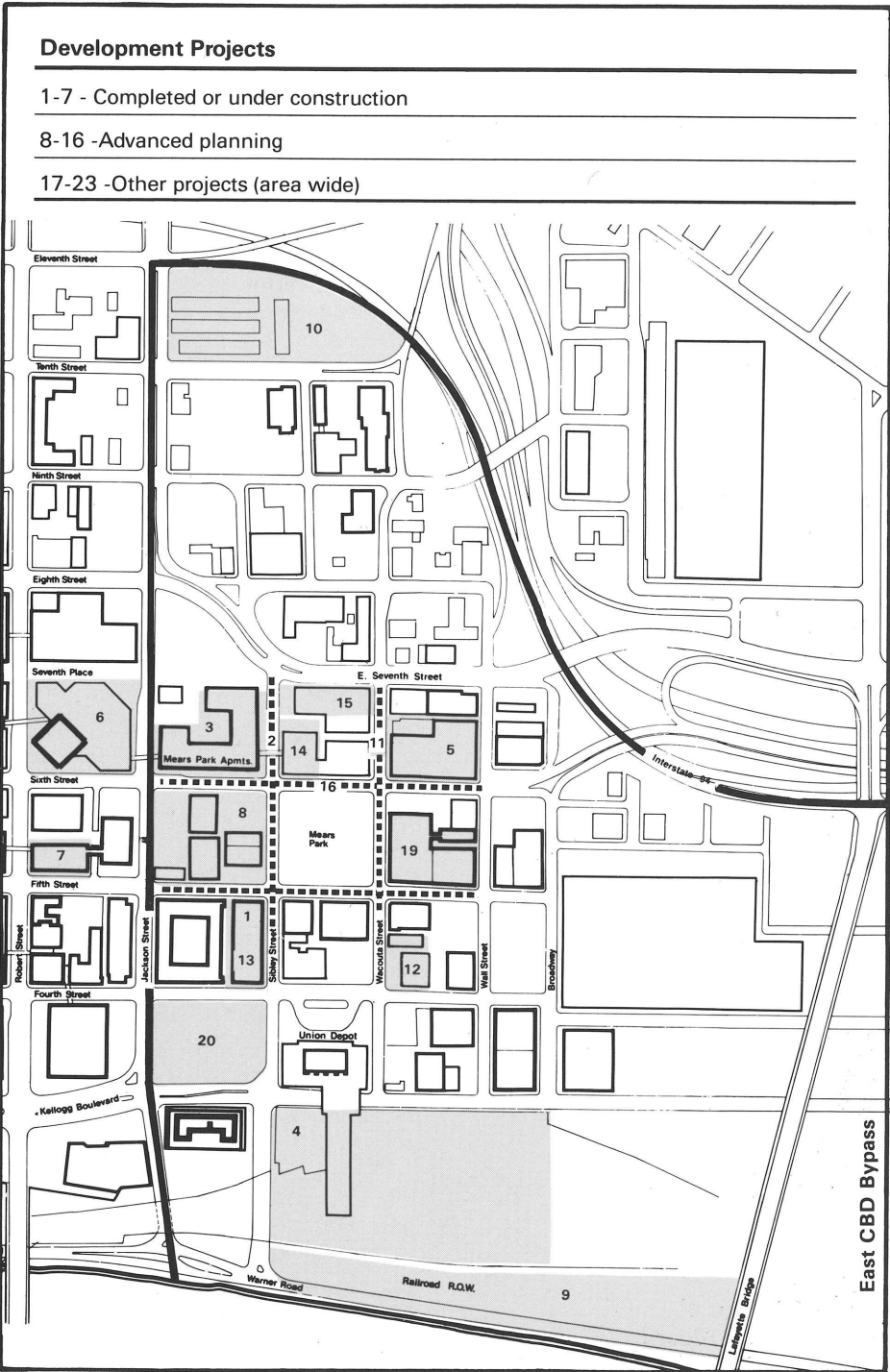
The City of Saint Paul will have received \$5,100,000 in capital grants and an annual subsidy of \$500,000 for thirty years for housing low-income people. LRC has received \$117,500 in grants from the NEA. The City and LRC have received \$10,000 from the St. Paul Foundation for various arts and amenity programs.

C. Direct Leverage

To date, \$5 million of the \$9 million set aside by the McKnight Foundation for program-related investments has been committed. The money will directly leverage some \$77.4 million in development and influence nearly \$40 million in additional development. Furthermore, more than half of the money spent to date for operations and project development will be recovered for future use.

D. Development Projects

Some of the major projects in Lowertown have direct LRC and/or City participation. Others were influenced indirectly by the McKnight Foundation's commitment, the creation of LRC, and the support of the City.





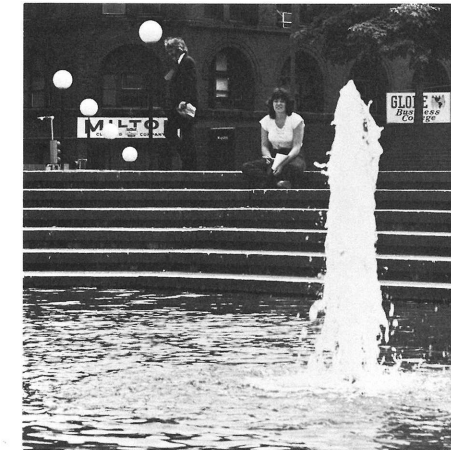
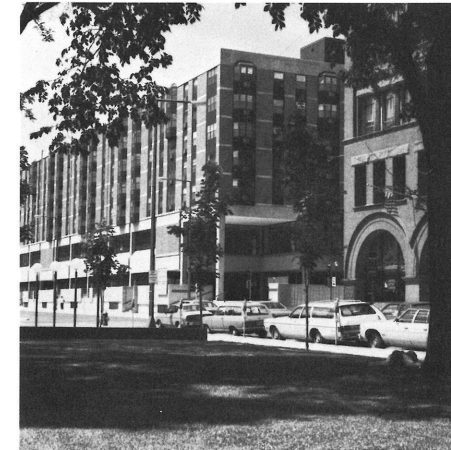
Completed or Under Construction

1. Nalpak Building, Phase I

The first phase renovation of the building to office space has been completed by the owner.

2. Mears Park Apartments/Park Square Court Skyway Bridge

The skyway linking the Park Square Court retail/office building to the new Mears Park apartments was completed in 1979 financed by the city and the adjoining owners.



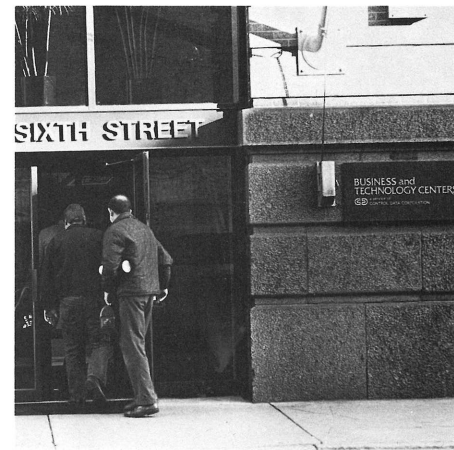
3. Mears Park Place

The City's desire to provide a residential base in Lowertown began here, at Sixth and Sibley Streets, with the 255-unit Mears Park Apartment complex. This project involves significant city participation and Minnesota Housing Finance Agency financing.

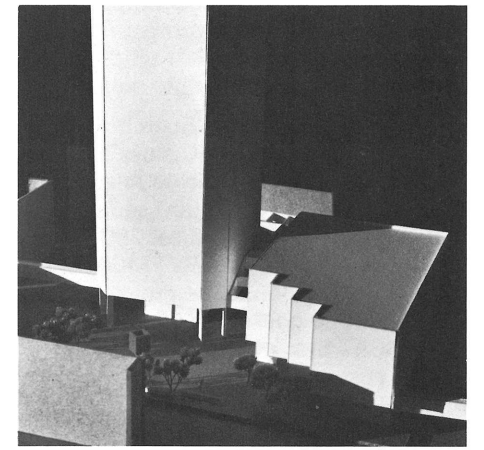
4. Post Office Expansion

The Post Office acquired a 10-acre site on Third Street and redeveloped it as parking and loading space.





5. Control Data Corporation Business and Technology Centers Pilot Project
Renovation of the Buckbee Mears Building at Sixth and Wacouta Streets is complete. This building is the site of a pilot for a proposed series of Business and Technology Centers that Control Data Corporation is organizing throughout the country. The center offers computer hardware and software, management, accounting and other services to small businesses. The first Center opened in April 1979 and was quickly occupied. Subsequently, Control Data Corporation acquired and renovated a second building in Lowertown — the Rayette Building, where the company offers manufacturing and office space. LRC performed a design review of the first building, which maintained the character of the building while saving an estimated \$460,000 which would have been spent on facade changes.

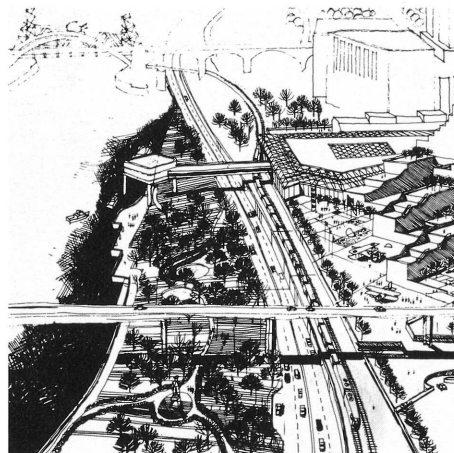


6, 7. Minnesota Mutual Life insurance expansion and Farm Credit Banks
At the City's request, LRC provided design review and suggestions to the Minnesota Mutual Life Insurance Company for the building on Robert and Sixth Streets, adjacent to Lowertown. This effort attempted to assure that the structure would have a positive impact on Lowertown. A similar effort was made on the Farm Credit Bank expansion project. These two projects are not included in the list of projects completed or under construction. But they total approximately \$45 million, have significantly helped to alter the investment climate, and reflect the City's commitment to the area and to downtown development.

Advanced Planning

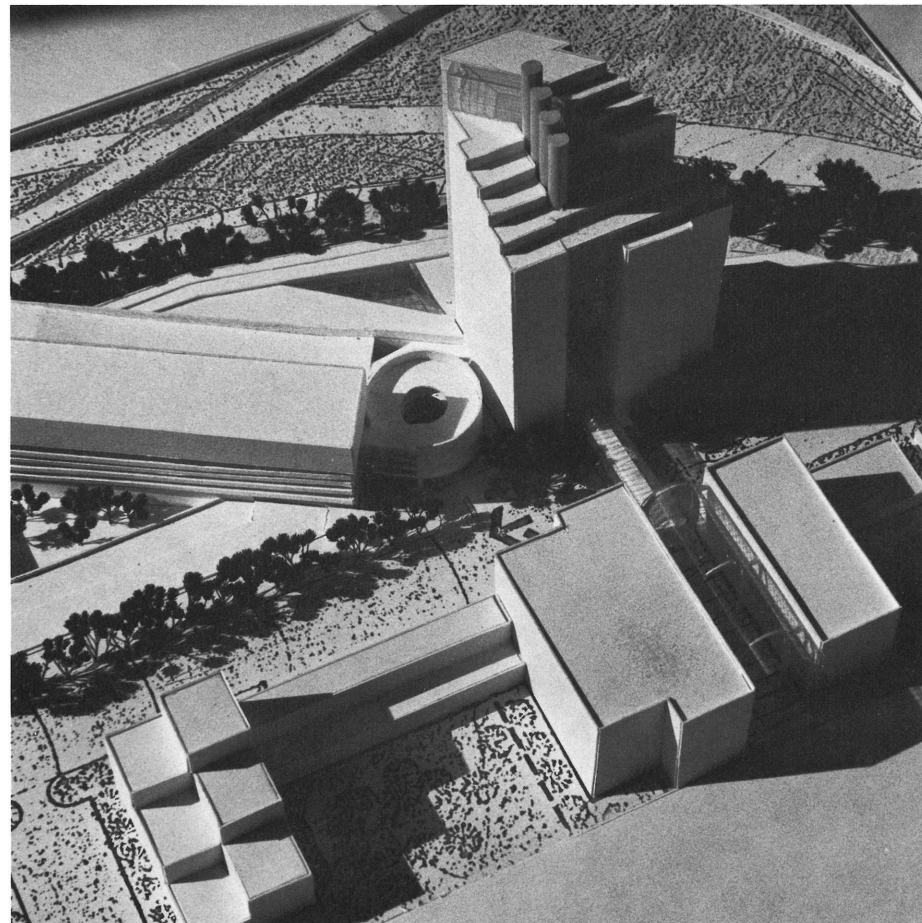
8. Block 40

Block 40 lies to the east of the Mears Park, between Fifth and Sixth Streets. The project, in which LRC plays a central design and financing role, will total approximately 750,000 square feet of housing, retail, office, 750 parking spaces, and a new YMCA. LRC will loan \$2 million to the project developer and guarantee \$2 million of the YMCA's first-mortgage debt. Total project cost is estimated at \$72.8 million (by the developer).



9. Urban Park and Warner Road Relocation

Under the Great River Road program, the City sought and obtained \$2 million to relocate Warner Road and create an urban park on the riverfront.

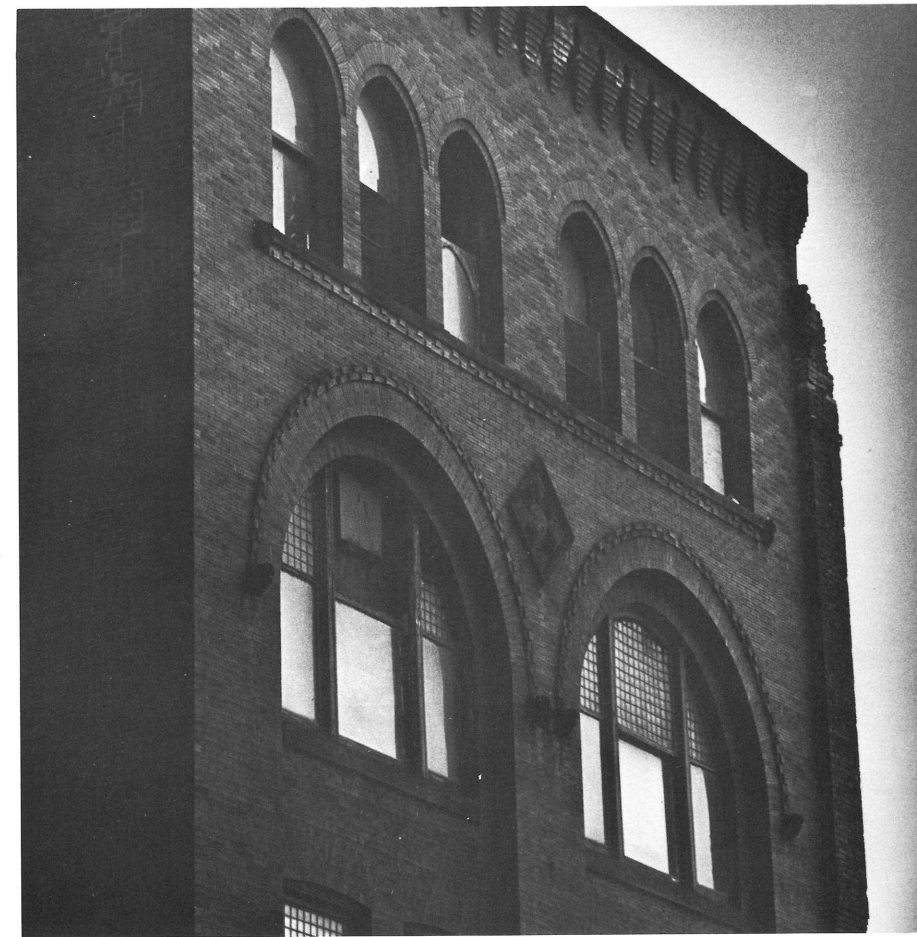


10. Granada Royale Homotel

A Homotel has been proposed for the present Farmers' Market site. The proposal includes 200 hotel rooms, banquet halls and restaurants and a 330 space parking ramp. A second stage will add 100,000 square feet of office space. LRC's role on this project has been to assist the City's Port Authority and Department of Planning and Economic Development on design review to make certain they will relate properly to future development in the adjoining area. Cost for the first stage is estimated to be \$18 million and the total project cost, \$30 million.

11. Control Data Business and Technology Center Skyway Link

The City has set aside \$400,000 in its capital improvement program for a skyway link between Park Square Court and the Control Data Business and Technology Center. Preliminary designs are underway. LRC is assisting the City, Control Data Corporation, and building owners on the skyway route.

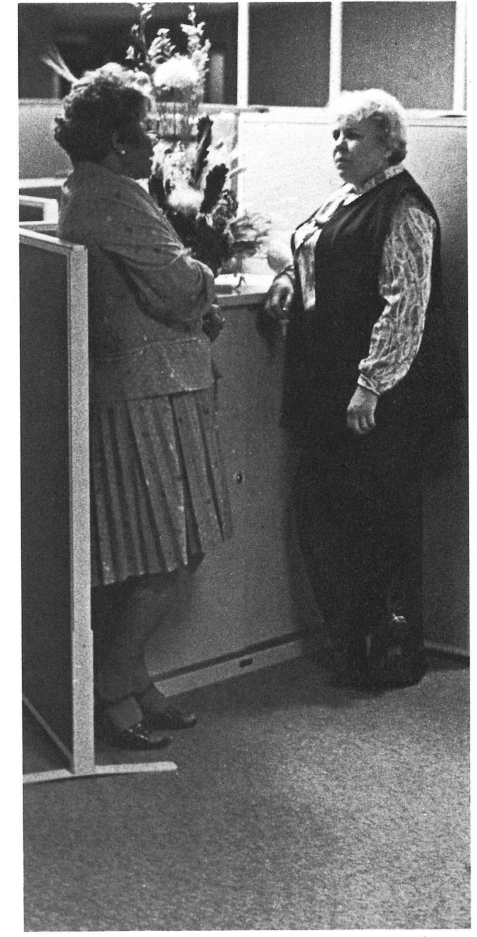


12. American Beauty and Jax Buildings

Preliminary design work has been completed on a renovation of both buildings for housing or office and retail space and to convert a parking lot between the two buildings to a new plaza and retail space. LRC assisted the owner in creating the development concept, contracting with architects and interior decorators, creating a model office and establishing a pre-leasing scheme.

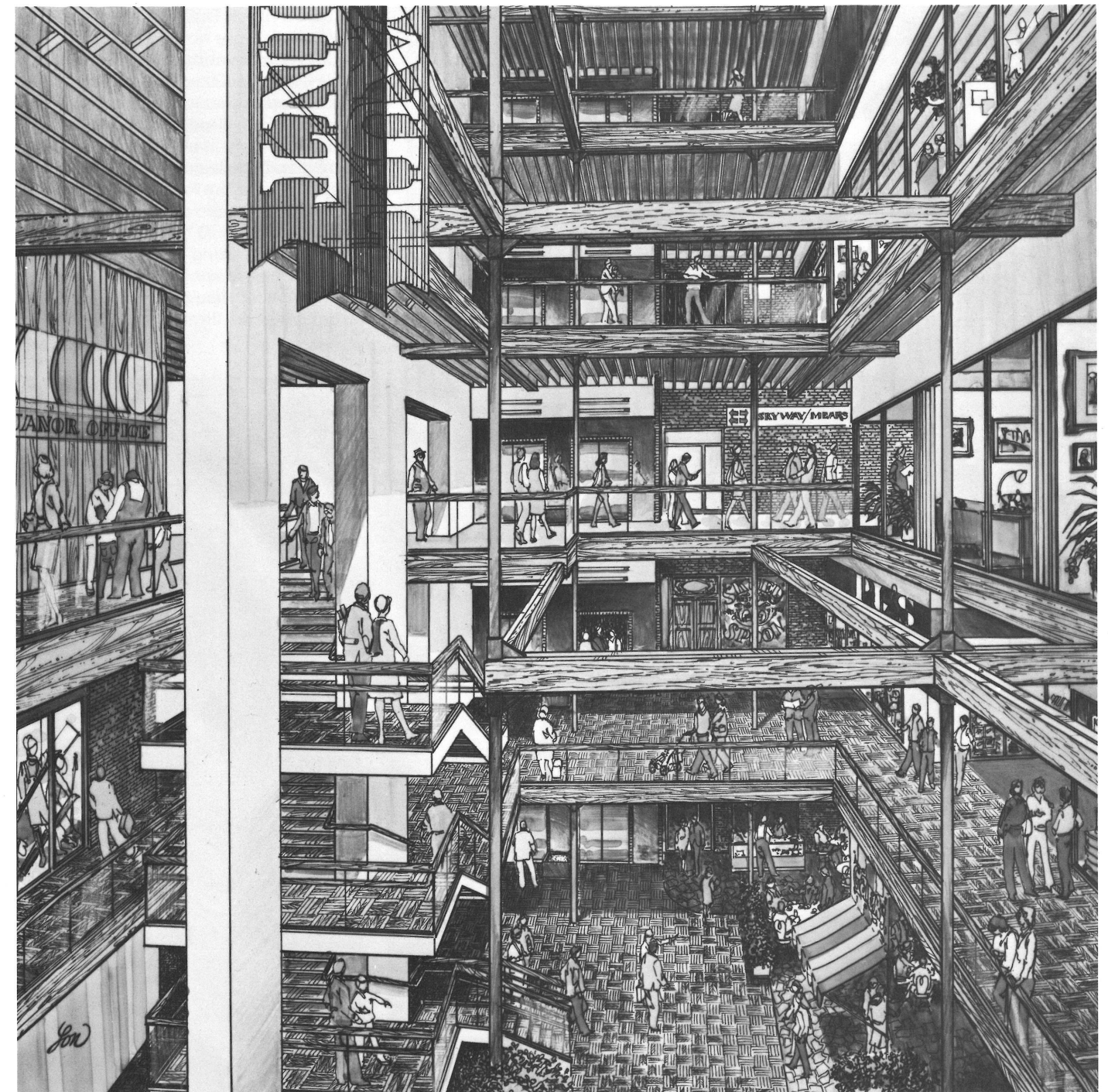
13. Nalpak Building, Phase II

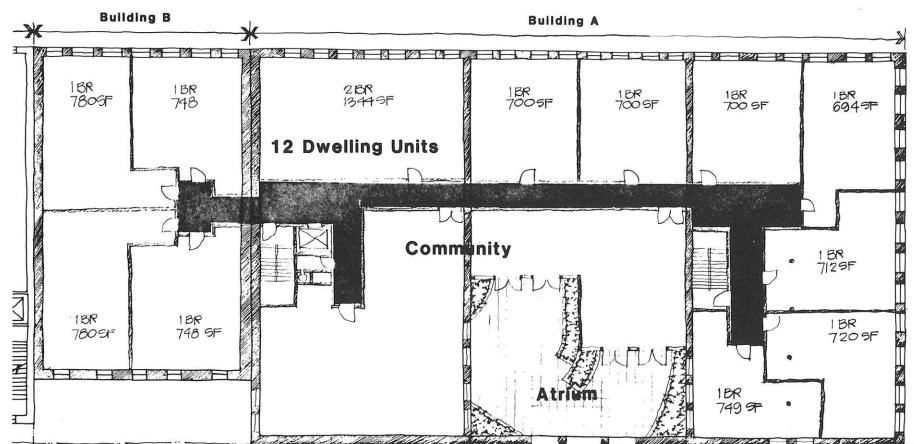
Financing arrangements are in progress for the second phase of renovation of the Nalpak Building. No LRC or City participation is planned at this time.





14. Park Square Court Building
A new partnership is redesigning the structure for more active retail and office activities. New offices will be built over former alley space, two new atriums will bring light to central spaces and a new entrance will face Sixth Street and Mears Park. LRC has assisted the developers with design concepts, advice on signage, preservation information, and financing, committing \$1 million to guarantee part of the first-mortgage debt. Total project cost is estimated at \$4.6 million.





15. Butwinick Building

A furniture store now occupies this fine building on Seventh Street between Sibley and Wacouta Streets. After the owner approached LRC for assistance, a potential developer was brought in and preliminary feasibility studies were completed. These suggested renovations of the first floor and ground levels for commercial space and the upper levels for 56 housing units. The Minnesota Housing Finance Agency is now processing the building owner's application for financing of this project, estimated at \$3.2 million.



16. Street and Transit Improvements

Through the Federal Government's Negotiated Investment Strategy (NIS), the city sought and obtained federal commitments for street and transit facility improvements that are crucial to the overall urban design effort. LRC played a leading role in designing a program, prepared an application to the U.S. Department of Transportation, organized a scheme for local public support and generated necessary local private support. Total project cost is estimated at \$800,000.



Other Project Activities

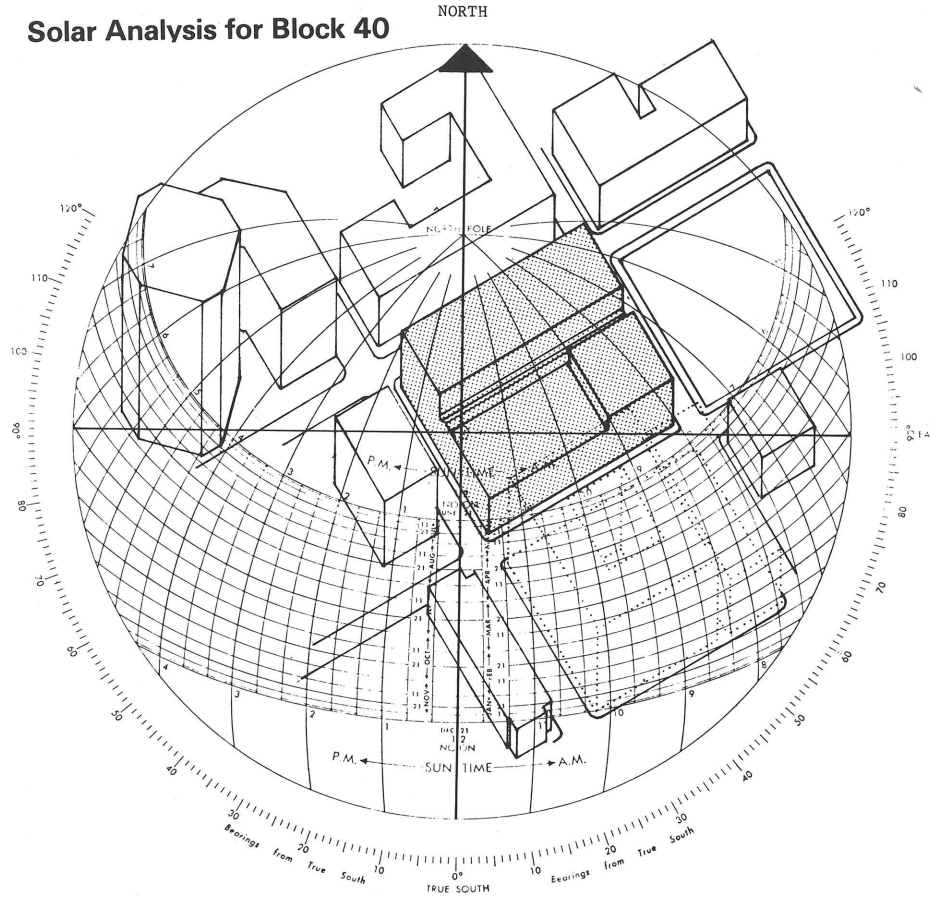
17. Energy Projects

LRC has received a grant of \$25,000 from the National Endowment for the Arts and is also working with the Solar Energy Research Institute for applied research into important energy-saving programs, including retrofitting of existing buildings and passive and active solar energy application. LRC is also working with the University of Minnesota School of Architecture on some aspects of this program.

18. Economics of Amenity

Lowertown Corporation worked with Partners for Livable Places, a national organization focused on urban conservation, in the past year and helped initiate the Pilot City program. St. Paul has been selected as one of thirty pilot cities that will participate in a national research program into the economic benefits of public amenities. Lowertown will be an important site for this work. LRC prepared a grant application to the Saint Paul Foundation which has approved the first year's funding of \$10,000.

Solar Analysis for Block 40

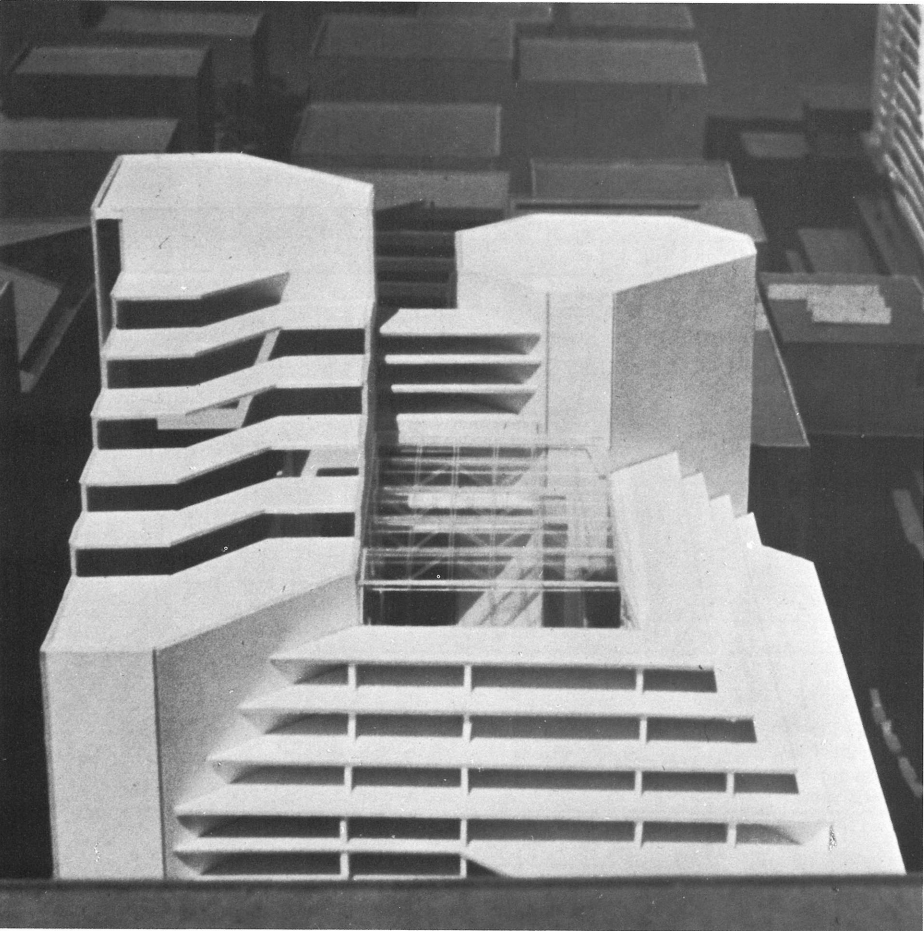


19. Building Retrofit

Plans are being developed to establish a fund for energy and facade improvements in several other key buildings to complement Block 40, Park Square Court and street improvement projects around Mears Park.

20. Block L

At the request of the City of St. Paul, LRC undertook a design study for this vacant property located strategically between Burlington Northern Home Office and the main post office, and between the Federal Courts Building and the Union Depot. The site has great potential for office, housing, and/or commercial development, especially when it is tied with adjoining blocks to its north, east, and west via skyways. It could spur the renovation of the Depot and the development of the riverfront. A set of design guidelines have been prepared for interested developers. An



urban design model illustrates the guidelines. LRC in collaboration with the City of St. Paul is exploring with prospective developers in seeking quality development in the area.

21. Arts

Plans to integrate important art works into one or more Lowertown projects have been developed. Based on the advice of an expert selection panel, two leading contemporary artists have been selected to do work for the first public galleria in Lowertown. These recommendations have since been approved by the NEA review panel. That panel's

recommendation has since been confirmed by the National Council for the Arts. To support their work, a grant of \$75,000 from the National Endowment for the Arts has been approved. This grant will be matched by \$75,000 tentatively committed locally. Artists will be visiting St. Paul soon to begin developing concepts for these works. LRC is also working with the Park Square Court Theatre Group on plans for the group's future facility. Earlier, LRC worked with the Art Space Reuse, a private non-profit organization, on plans seeking to find ways to provide more housing for artists in the area.



22. Neighborhood Strategy Area
Before the establishment of LRC, the City of St. Paul applied to the U.S. Department of Housing and Urban Development for designation of Lowertown as a Neighborhood Strategy Area. This would provide subsidies for rehabilitating Lowertown buildings for low-income housing. The City secured a HUD commitment to subsidize 225 units of Section 8 housing. Lowertown's housing plans call for a mixture of housing, including at least 20% low-income.

After LRC was established, the Corporation worked with the City to administer the Neighborhood Strategy Area program. Owners of about twenty buildings and a number of developers were encouraged to explore this program. LRC and the City found that the majority of the buildings identified in the plan were committed to other commercial use or could not feasibly be converted. However, LRC and the City managed to get two projects initiated, which are designed to use 80 units of Section 8 housing. They are now being processed by the Minnesota Housing Finance Agency.

23. Negotiated Investment Strategy
LRC participated directly in a national experiment in intergovernmental relations, "Negotiated Investment Strategy," which was designed to help local governments establish their development priorities as the basis for allocation of federal funds rather than rely on federal priorities. St. Paul is one of three cities nationwide to test the new program, and Lowertown one of three targeted areas within St. Paul.

LRC drew up a comprehensive report of development priorities that was used as the basis for negotiations. Representatives from federal, state, and local governments, and LRC staff participated in the discussions, which stretched over several months.

The meetings resulted in recommendations and a commitment by the Federal Regional Council to give priority consideration to specific Lowertown projects up to a total of \$6.1 million. LRC and the City followed through with applications to the Department of Housing and Urban Development and

the Department of Transportation. HUD made a \$4.8 million urban development action grant for Block 40. DOT is in the final stages of making a \$325,000 Section 3 grant for street-scape improvements as part of a total street improvement program of approximately \$800,000.

E. Block 40 Pilot Project

The character, complexity, and scale of the Lowertown Redevelopment Corporation's efforts on Block 40 are indicative of the overall effort to create an exciting, mixed-use urban village in

Lowertown. The project is being carried out in close partnership with the Mayor, the Department of Planning and Economic Development, and the Port Authority of Saint Paul.

Several factors make Block 40 one of the most important projects in Lowertown: The site lies at the center of Lowertown and contains three historic buildings. Also, the project to combine historic preservation with creative new design offers an opportunity to use a variety of creative financing techniques and to combine a mixture of land uses.

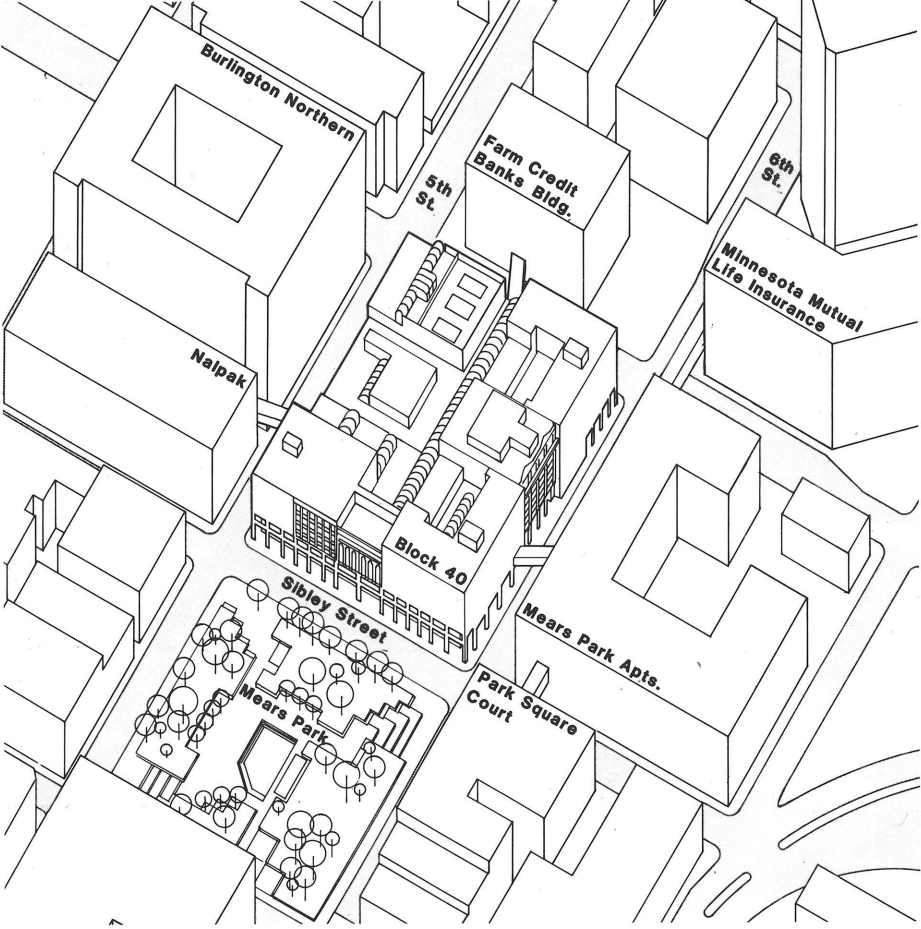
Five separate buildings occupy Block 40: The McColl Building is on the National Register of Historic Places. The Sperry and Aslesen Buildings date from the late 19th century. The Sibley Building was completed in the 1920's and the unfinished First National Bank Building drive-in facility was built in the early 1970's. There are three surface parking lots on the block, which totals approximately 90,000 surface square feet.

The LRC discussed the future of the block as early as November, 1978, creating the development idea and determining then that a major mixed-use development could be there. LRC took on the role of an interim developer while working with the owners and a prospective developer (who had property rights on the block and expressed interest in the project.) LRC and they jointly sponsored and financed a market analysis to determine the proper direction for development efforts. Begun in February 1979 and completed that May, the market analysis surveyed potential urban growth as well as the housing, shopping and amenity preferences of people likely to be drawn downtown. That analysis indicated a strong investment potential for housing, retail and office development for the block.

Investment Activities in Lowertown 1978 - 1983 (\$ millions)

Projects	Completed/Under Construction	Advanced Planning	All
Control Data - Buckbee Mears	6.0		
- Rayette	1.5		
Nalpak	1.5	1.5	
Skyway	.3	.4	
Urban Parks		2.0	
Block 40		72.8 ^a	
American Beauty		1.6	
Park Square Court		4.6 ^b	
Farmer's Market		30.0 ^c	
Butwinick		3.2	
Streetscape - Sec. 3		0.8	
Post Office - Depot	2.3		
Mears Park Apartments	12.0		
Other	.3		
	23.9 ^d	116.9 ^{d,e}	140.8

a. McKnight Foundation commitment \$4 million
b. McKnight Foundation commitment \$1 million
c. Phase I includes a hotel, banquet facilities and parking totaling \$18 million
d. Excluding \$37 million Minnesota Mutual and \$8 million Farm Credit Expansion
e. Excluding \$117,500 NEA grant, \$10,000 St. Paul Foundation grant, \$133,750 matching contribution by property owners participating in project development.



During this period the LRC became aware that the YMCA was looking for a new location for a first-class athletic facility. LRC staff persuaded YMCA officials that Block 40 could be the site for the new facility within an exciting mixed-use development. A key amenity to the urban village would then be in place and the Y would have a built-in clientele.

LRC considered more than 50 national and local design firms in selecting an architect for the project. With the advice of property owners, the prospective developer and an advisory

architect with extensive design and preservation experience, the list was narrowed to 10 semi-finalists. Next, a selection committee composed of the developer, Block 40 owners' representatives, downtown business leaders, LRC and city staffs and advisory architect reduced that list to four firms for interview, from which the final project architect selection was made.

The architects incorporated a comprehensive set of design guidelines from the LRC into their initial schematic design studies. The guidelines included program, circulation and access,

historical preservation, building mass, solar access, energy efficient design and public amenities.

While design work proceeded, St. Paul was selected to participate in a national experiment involving federal, state and local governments called the Negotiated Investment Strategy, described earlier. The City named the Lowertown revitalization program as a high priority and Block 40 as the focus of possible federal assistance.

As the design work proceeded, market analysis for the project was brought up

to date, the project was priced and initial feasibility established. It was evident that gap financing would be vital to the project. LRC sought and received a loan commitment of \$2 million from the McKnight Foundation. This money became the basic commitment on which all the other financing was built.

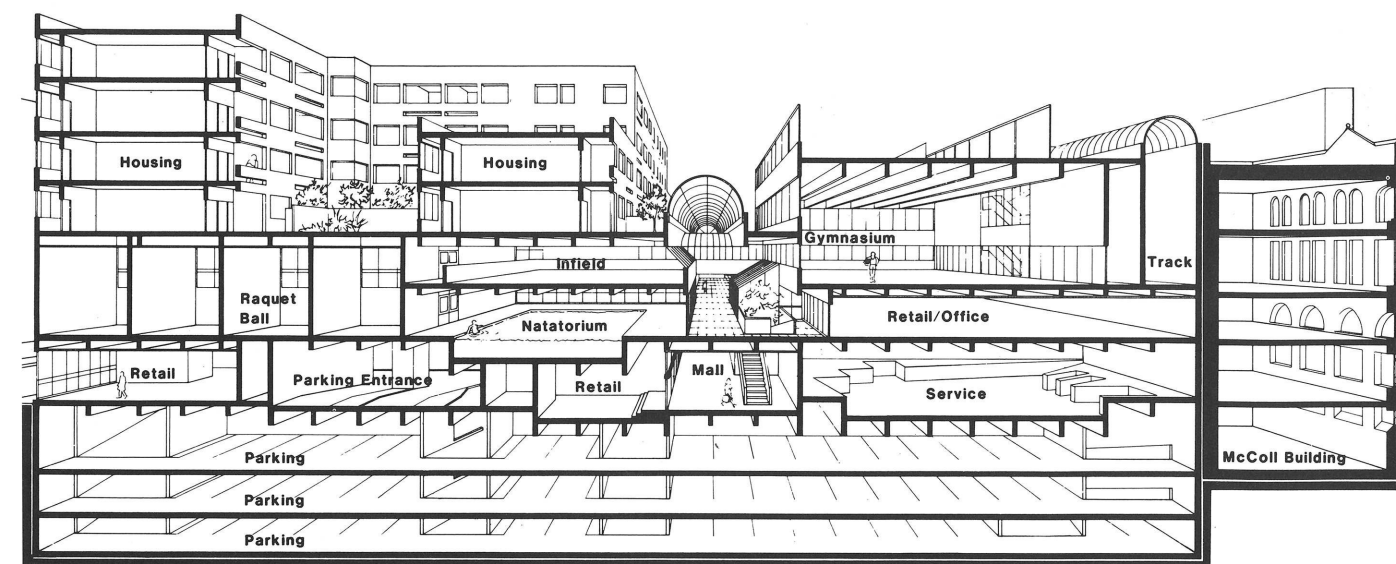
Other commitments were made by the Port Authority of St. Paul to finance the parking ramp, by the Minnesota Housing Finance Agency for housing, by underwriters to place industrial revenue bonds financing for office and

retail development, and by the YMCA to do its own financing. These and developer equity commitments were used as the basis for an Urban Development Action Grant proposal prepared by the LRC, presented to the U.S. Department of Housing and Urban Development by the City, and approved for \$4.8 million in April 1979.

LRC worked closely with a tentative project developer. But at a crucial point in the project, the developer decided not to exercise its option to purchase several key parcels on the block. At LRC's request, the City then took action

to acquire these key parcels, and the LRC re-assumed the role of interim developer until a new one was selected.

The LRC proceeded with site and building surveys and soil tests. Design development with a local architectural firm proceeded as well. A national economic consultant was engaged to update market studies and financial analyses. A leading local contractor developed more definitive construction costs. And simultaneously, the City and the LRC worked actively to recruit a new developer. Many expressed strong



ST. PAUL LOWERTOWN
BLOCK 40 DEVELOPMENT

interest. Four made proposals. One with an impressive track record and strong financial backing was selected. The selection was made on the basis of the degree of compliance with Lowertown development goals, and quality of design as recommended.

Under the new developer — a large, experienced Twin Cities group — the size and cost of the project doubled. More parking, more housing and more office and retail space were added. The present design has 170,000 square feet of retail/office space, 350 housing units, 750 parking spaces and the

anticipated YMCA. The developer is working on a detailed contract with the City and the final arrangements for financing. The Port Authority of Saint Paul has approved the issuance of \$30 million of industrial revenue bonds for the project.

The role of the LRC in project conception and management of the development process is altering as the developer moves into place. Also City assistance through the Department of Planning and Economic Development, has become more important in the last six months, involving actions by the

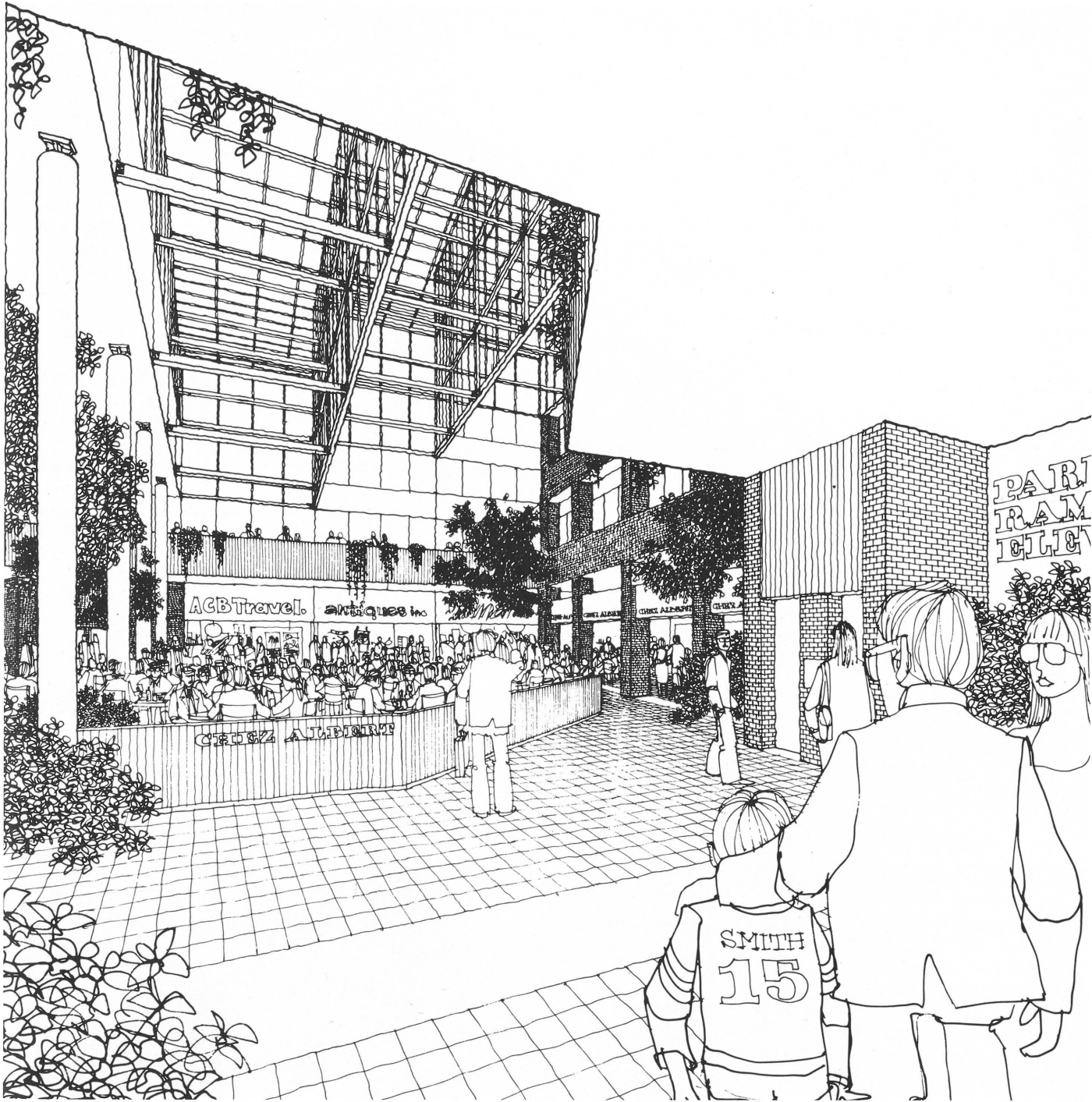
City Council, HRA Board, Port Authority and other groups; property conveyance, alley vacation; potential condemnation; and relations with the Department of Housing and Urban Development.

As described earlier, an important aspect of the Block 40 project is a potential arts program which would integrate significant art works into the development. A proposal to the National Endowment for the Arts seeking \$75,000, to be matched by local sources, has been approved and will make possible permanent large-scale environmental art in the public gallery of the project. Temporary exhibitions and performing arts activities funded through other sources are also planned.


The commitment by many parties to a single goal — that of a project of significance and quality to spur Lowertown's development objectives in a massive way — will bring the second largest development project in the history of downtown St. Paul to fruition.

Block 40 Key Steps in Pre-Development Process

	'79	'80	'81	'82	'83
1. Convene Owners					
2. Market Studies					
3. Schematic Design					
4. Urban Development Action Grant					
5. Negotiation with First Developer					
6. LRC as Interim Developer					
7. Developer Selected					
8. Final Design					
9. Construction Begins					



Chapter III Development Strategy



The approach being taken to redevelop Lowertown is two-fold: evolving guidelines for physical land use and building design in four subareas in Lowertown; and infusing the results with a set of community values.

A. Building an Urban Village

The goal of the LRC and the City is to create in Lowertown an "urban village" where people can live and work, where visitors can linger and residents put down roots. The concept begins with people and their needs.

To achieve the goal, LRC, in the context of the City's overall goals and Downtown Development Plan, has chosen a comprehensive approach to revitalization — viewing the area as a completed picture. In this context, urban development takes into consideration not only buildings and open-spaces but also their interaction. The approach includes accommodating and planning for social amenities, giving attention to economic factors and providing for community needs and services over the long term.

Creating an urban village involves five simultaneous efforts: (1) providing new housing, (2) creating new jobs and spurring economic development, (3) using innovative financing techniques and investment incentives, (4) making use of energy conservation techniques and technologies and (5) continuing to create places for people.

1. Housing

Plans call for building up to 3,000 units of housing over a 10 to 12-year period. Those will include high- and low-rise units in new and rehabilitated structures serving all income groups. The housing developments will be accompanied by park, open spaces, indoor gallerias, outdoor plazas, fountains, sculptures, and pedestrian greenways as well as other amenities. The residential population of the community will grow to 5,000 or 6,000. The Minnesota Housing Finance Agency, the Department of Housing and Urban Development, housing revenue bonds and conventional sources will be used for financing.

2. Job Creation and Economic Development

The physical redevelopment plan bolsters the economic climate for investment and new jobs and the preservation of the existing job base in the community. The plan will make possible about 5,000 new jobs during the 1980s — a two-thirds increase over the present employment base of 7,500. The new jobs will be provided by the development of new and renovated commercial space, such as the proposed mixed-use projects, Control Data's Business & Technology Center, and by new industrial development.

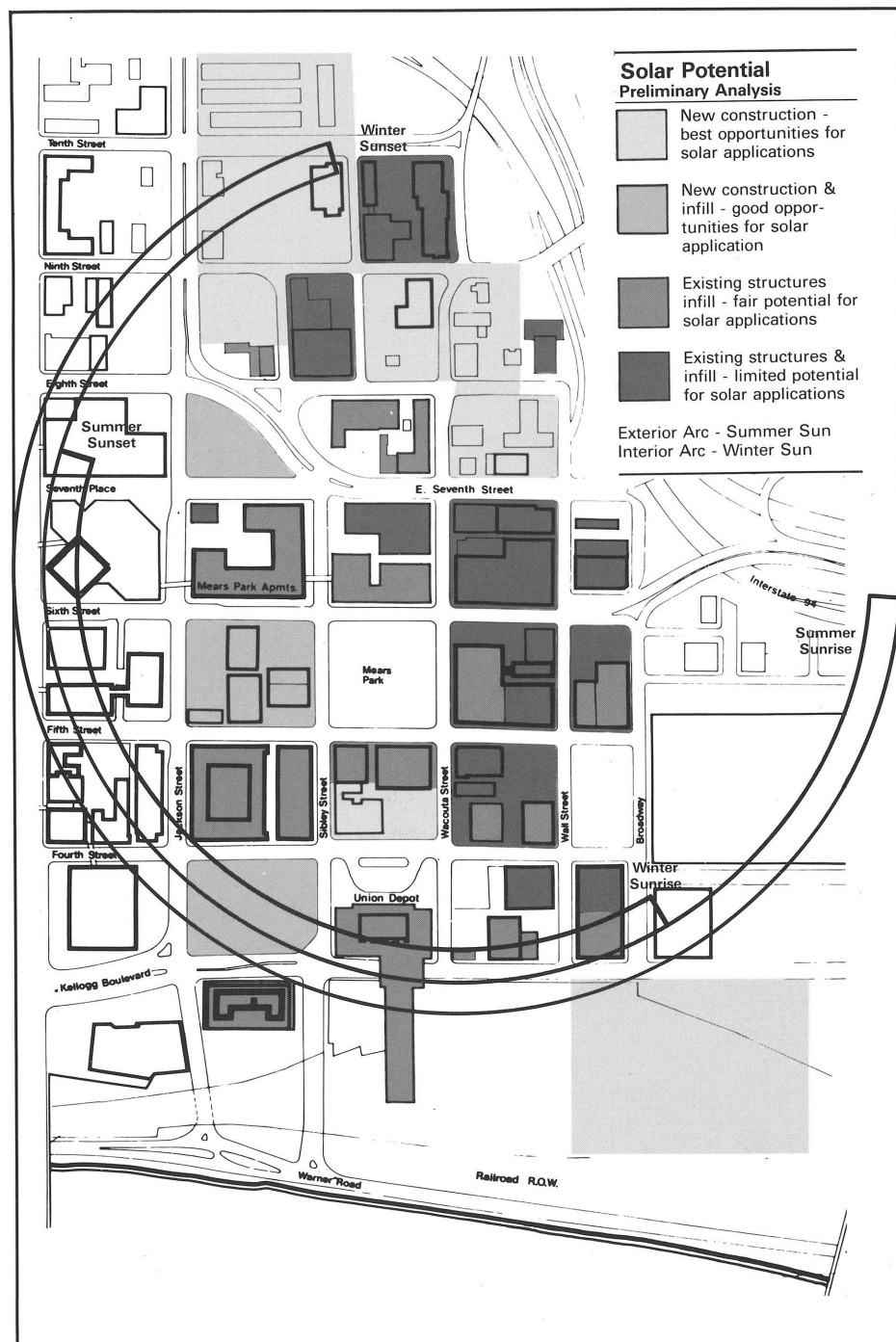
Before the City's involvement, Lowertown could not attract significant new economic activities because the external costs and risks were too great. But as expectations about Lowertown change, those expectations will lead to new investment and development.

3. Investment Objective

LRC's initial investment objective is to achieve a \$110 million total, using the McKnight Foundation's \$10 million as the lever. The longer-term investment objective is \$500 million. This figure is based on planned major housing developments in the North Quadrant, large scale development along the riverfront, and the potential creation of an industrial park.

The concept relies on a public-private partnership to create the necessary conditions to stimulate private investment. The LRC and the City are guiding the nature and timing of new development with this in mind. The City's financial and legislative assistance has been mobilized. The Minnesota Housing Finance Agency and the St. Paul Port Authority are offering financial backing on attractive terms. With the McKnight Foundation commitment, the LRC has the financial resources it needs to arrange critical front-end financing on key projects to get development started.

The urban financing system consists of public tools such as the City's Port Authority and Department of Planning and Economic Development and the state's Housing Finance Agency, private tools such as institutional investors and banks and a special-risk financing entity, the LRC. Together, these resources constitute an effective working partnership.



4. Energy Conservation

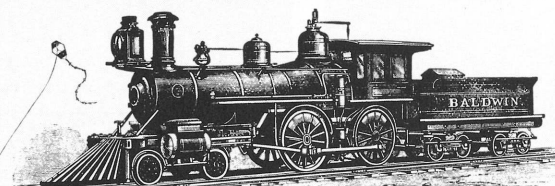
LRC will seek energy efficiency in new construction or renovation projects. The objective is to reduce energy costs and consumption by considering energy sources, energy use and control, and alternative use strategies. To do this LRC works with the St. Paul District Heating Development Company, which is developing a centralized district energy distribution and generating system, with construction expected to begin in 1981. Lower energy costs will make Lowertown an attractive location for business, industry and housing.

Together with the City and the Lower-town community, the LRC will work with interested owners to establish an energy budget for each type of building use, both new and existing, within the development district. This budget will include all forms of energy use and recommended guidelines to meet budget goals.

Comprehensive energy audits on representative area building types will identify applicable energy-saving steps.

The LRC is advising interested property owners engaged in adaptive reuse and is considering establishing a revolving loan program for capital improvements to conserve energy. Owners of buildings with historic significance will be encouraged to protect the significance of their buildings, while retrofitting is taking place.

Lowertown River Track Revival



A WHISTLESTOP PARTY!

Hey Everybody!
the Lowertown
Whistlestop Party!



Come on down to
River Track Revival
Enjoy Ethnic Foods,



Music, Dancing, Arts &
Crafts Demonstrations,



Folk Dances, Model Railroad & Memorabilia,
and a Street Circus.



Entertainment by
Willie and the



Daisy Dillman Band,
Bees, the Wolverines

Classic Jazz Orchestra and Blue Rock!

Come celebrate St. Paul's 125th Anniversary.



St. Paul Union Depot
4th Street between Sibley and Wacouta
Saturday, October 6

10:00 AM Opening ceremony	11:00 AM - 8:00 PM (continued) Midwestern Sioux Performers Minnesota Vocal Jazz Ensemble Shoreview Moonlighters
11:00 AM - 8:00 PM Minnesota Traditional Morris Edelweiss	4:00 PM The Daisy Dillman Band
Mooncoin Celi Dancers/The Blackthorn Band The Ethnic Dance Theatre/The Balkan Women's Choir The Vasa Junior Swedish Folk Dancers Swedish Folk Dancers The Middle Eastern Folk Ensemble Mexican-American Children's Dance Group / Royal Silo-ets El Ballet Folklórico De Minnesota	5:45 PM Willie and the Bees 7:30 PM Blue Rock 9:45 PM Wolverines Classic Jazz Orchestra



Tickets available at Dayton's and Wax Museum all stores
Evening concert \$4.00 Day festival \$1.50

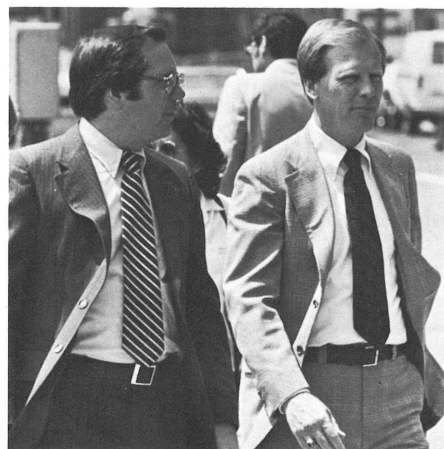
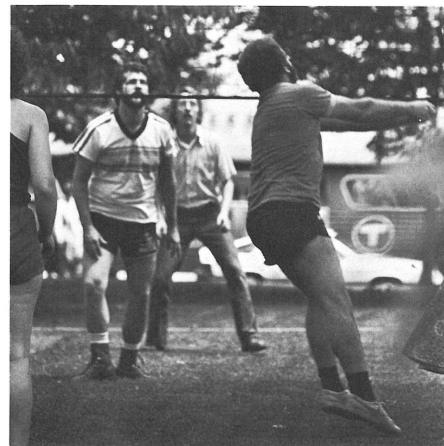
**Don't
miss it!**



5. The Arts

The LRC will attempt to make the area more hospitable to the arts and artists. It will seek to create social, economic and housing opportunities that will help an art colony to thrive and in some cases, have important secondary retail effects.

The LRC intends to work toward developing a comprehensive art district on the base of a small, existing art colony. Other major components of such a district will include an arts center, a performing arts theater(s), public art projects, and programs and events in the parks and public spaces.



New Downtown Housing Village
25 acres medium-rise & modern
density/high-rise at selected locations

New "Village Common"
indoor mall/mini park/plaza/
convenience stores/day care
center/community facilities

"Skyway" Connections
to downtown core and around Lowertown

New Mixed-Use Project
specialty shops/restaurants/YMCA/
cinema/offices and housing/interior court

12 Blocks Adaptive Use Project
retrofitting/energy conservation/
district heating/historic preservation/
skyways/Section 8 housing

Art District Development
art center/art festivals/artists'
studios/artists in residence

**Union Depot Renovation and
Riverfront Development**
housing/offices/hotel/retail riverfront
esplanade and garden/great river
road/relocating Warner Road

Street Beautification
pedestrian greenways/historic
lighting/sign and billboard regulation

Fringe Parking and Shuttle Services
transit improvement

New Industrial Park
and east CBD bypass



B. The Four Quadrants

A sustained process of planning for change will help make the urban village concept a reality in Lowertown. Successful development must be nurtured deliberately and carefully so that the community will have the strength to withstand economic changes. Completion of the plan for Lowertown will take about twenty years.

The development strategy for Lowertown must also have vision and flexibility. Future development in the area cannot be based solely on projections

of current market trends or past absorption patterns for commercial and retail space, and housing. The development plan is based instead on undertaking bold initiatives to create a market.

Examples illustrate the idea: Loring Park in Minneapolis took vision and courage. A successful housing area in downtown Minneapolis could not have been predicted by relying on past trends or traditional market analyses. Similarly, the successful regional exhibition and family recreational and tourist center on the waterfront of Toronto, the "Ontario Place," required

vision, careful planning and coordinated public/private implementation strategies. Some of the potential Lowertown projects will require similar vision, planning and action.

Lowertown, for development purposes, is divided into four sections, or "quadrants." The comprehensive urban design framework envisions specific uses within each quadrant, and a progressive schedule for development.

Development begets development: Projects in Lowertown will reinforce one another economically. The effect of development on the community will be synergistic; that is, the whole will be greater than the sum of the parts.

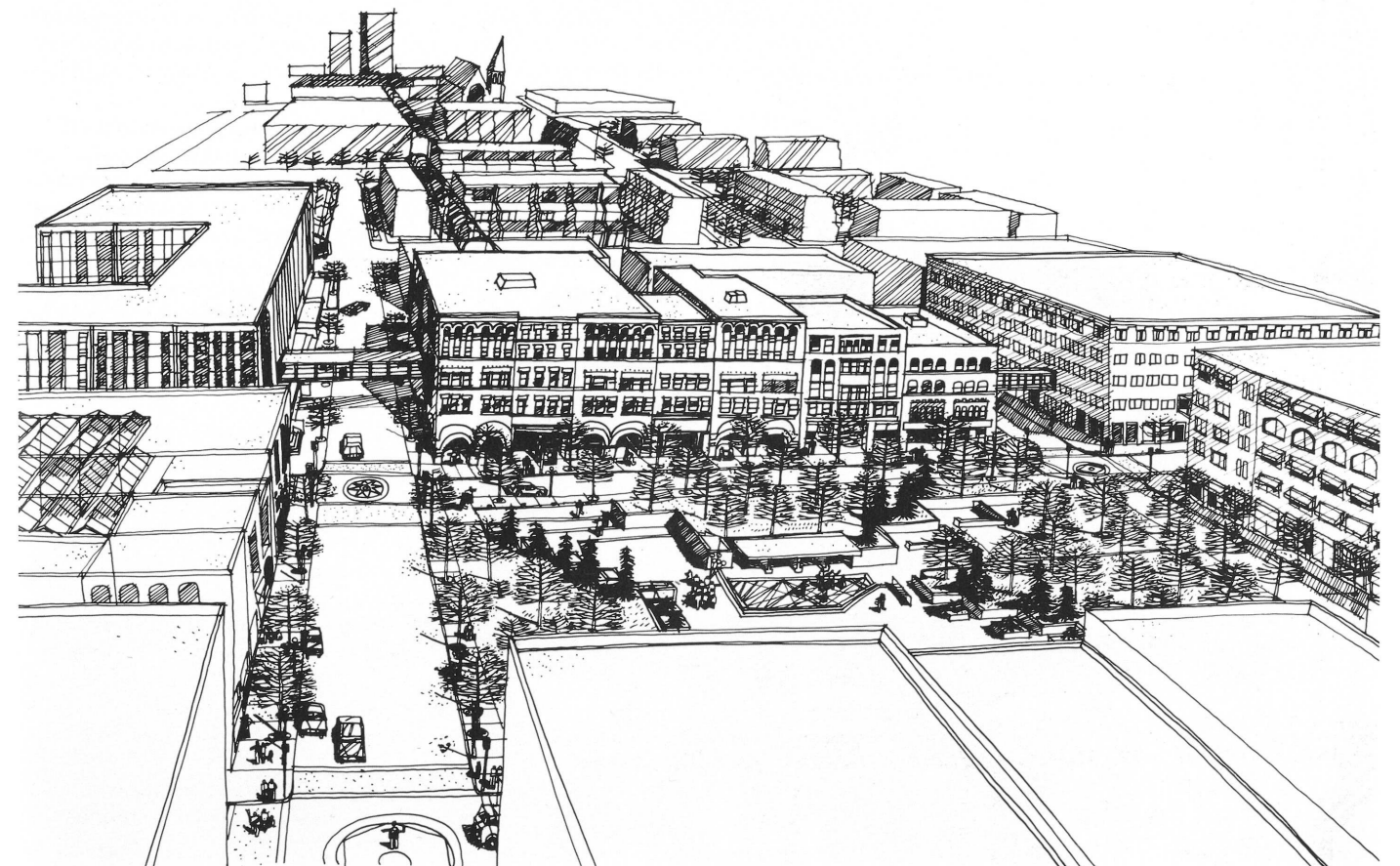
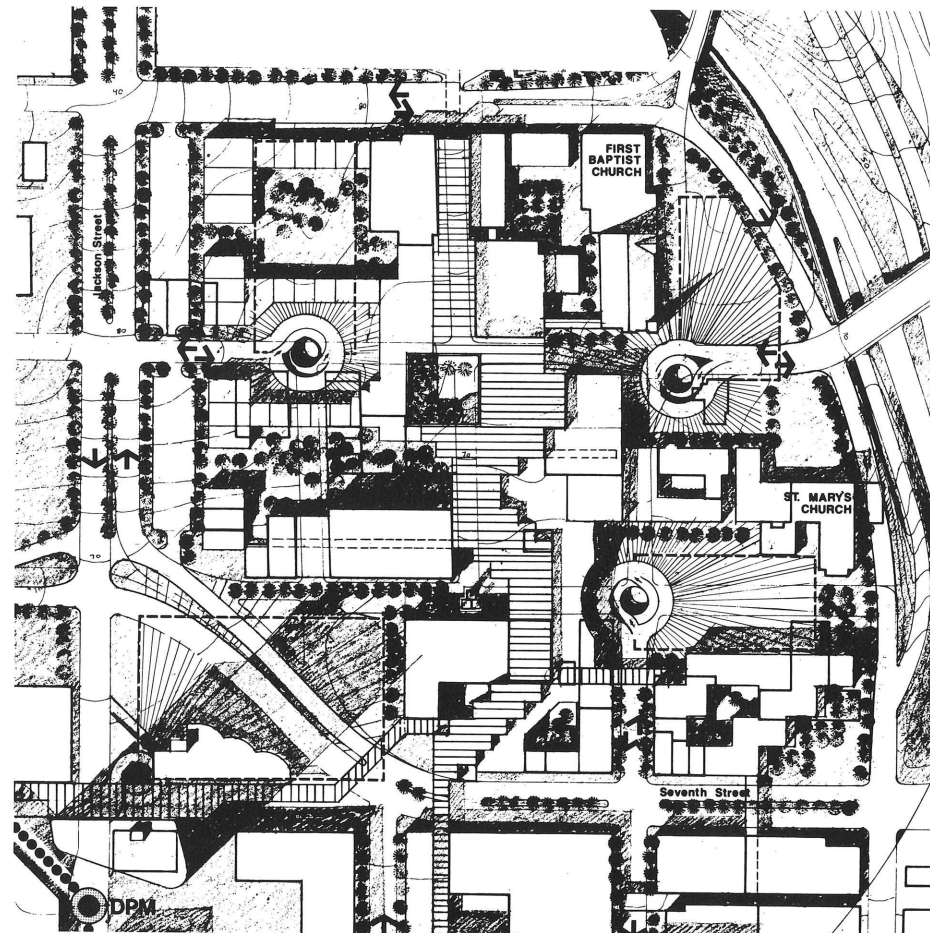
The Central Quadrant (the area surrounding Mears Park) has been targeted for action first, and the other areas will follow, building on the strength of the center. The direction of development depends on opportunity — on creating a market for different uses in the plan and persuading private entrepreneurs that there are major investment opportunities.

1. Northern Quadrant (North Village)

- Reroute through traffic from the housing area by providing a ring street, and vacating local streets.
- Add significant open space amenities, such as enclosed pedestrian malls, greenways, vest pocket parks and atriums.
- Build a mixture of low- and high-rise buildings containing mostly market rate housing with some low-income subsidized housing.
- Provide moderate-density townhouses, maisonettes and garden apartments.
- Provide essential community service facilities, including convenience stores.

2. Central Quadrant (Mears Park)

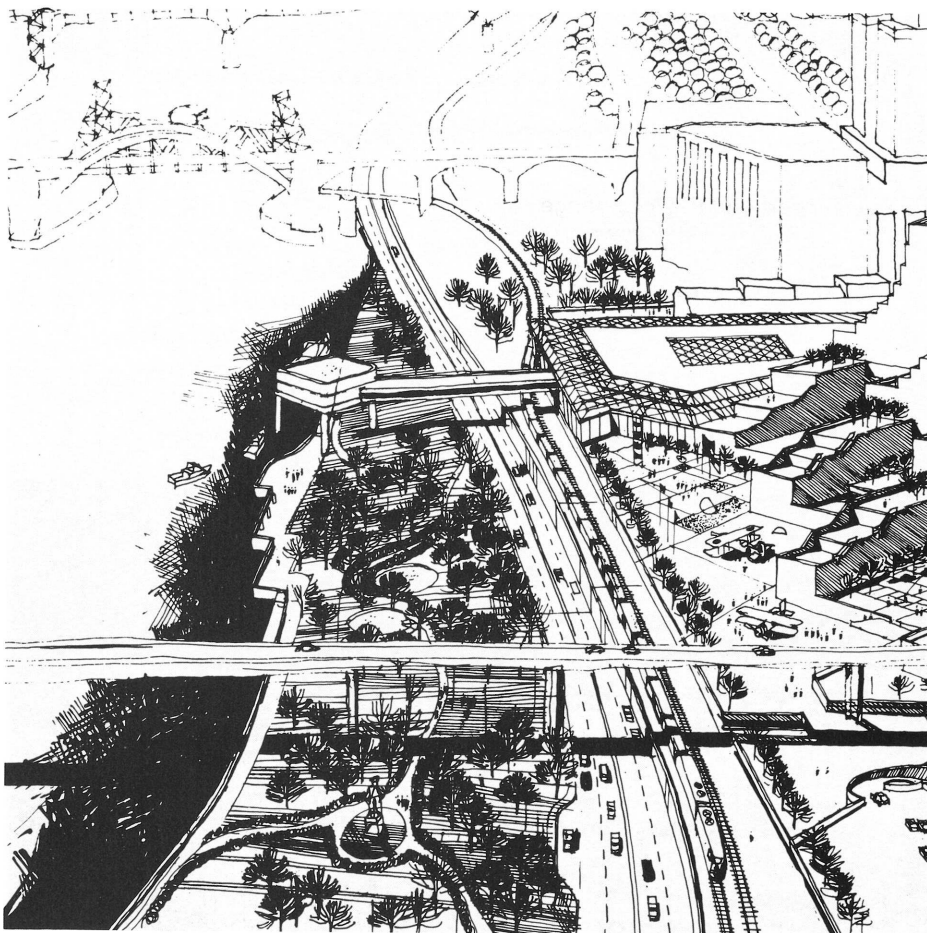
- Maintain the employment base surrounding the park.
- Increase the number of housing, office, retail and employment facilities in the area.
- Carry out a street and landscape beautification program, including greenways to the downtown core, the riverfront and the North Quadrant.
- Improve sidewalk, signage and lighting systems.
- Improve public utilities.
- Create a mixed-use development on Block 40.
- Undertake energy studies and improvements.
- Restore landmark building facades.
- Reroute through traffic and truck traffic from Sibley Avenue.





3. Southern Quadrant (Riverfront)

- Reuse the Union Depot and its adjacent air-rights for a mixed-use development and park.
- Recycle adjacent buildings for new uses.
- Redevelop Block L for office and/or high density housing, with other auxiliary retail uses.
- Reroute Warner Road, making it a parkway, and redevelop adjoining land into a public park along the Mississippi River.



4. Eastern Quadrant (Industrial Park)

- Develop an industrial park to house "clean" light industrial uses.
- Develop access roads and railroad rights of way.
- Divert present truck traffic to alternative routes, including the proposed east central business district bypass.

Several other elements are critical to Lowertown and downtown:

1. Lowertown must be closely linked with the downtown core. Thus, more skyways and pedestrian greenways to and from the downtown core are all of critical importance to Lowertown. An effective and convenient shuttle bus service and attractive buses to and from Rice Park are essential.

2. The airport zoning ordinance as originally proposed by the Minnesota Department of Transportation will put severe restrictions on future development in Lowertown. The variance as proposed by the City Planning Commission, a reasonable solution, is worthy of further study and support. More discussion should be

conducted with the property owners in the area.

3. Plans for Lowertown must have vision anchored in pragmatism. Development projects depend on careful market analysis and implementation strategies. Individual components of the overall plan are adaptations of successful development projects in other cities. The purpose, however, is not to mimic other cities but to benefit from their experience.

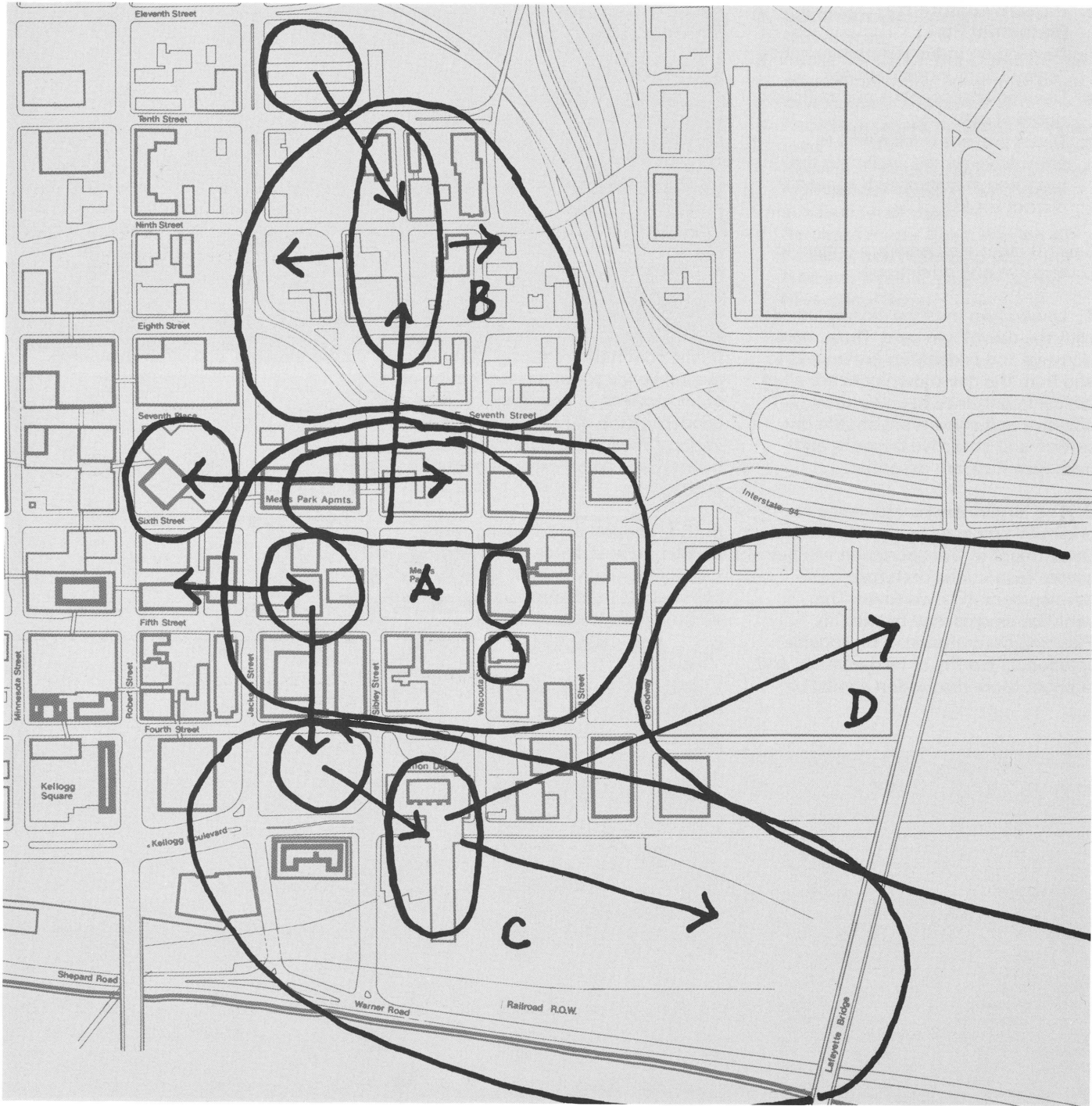
4. Revitalization in Lowertown depends on a strong and continuing public commitment taking many forms: overall policy planning; application of public powers to acquisition of land and condemnation, if necessary; use of various public financing tools and incentives; capital improvements; zoning, etc.

5. City support and the long-range development strategy for Lowertown will substantially benefit not only the community, but the metropolitan area, and the state, as well.

6. Lowertown development requires a carefully programmed development strategy. On the one hand, the development momentum built up over the past two years through the efforts of LRC, the City and the community will be sustained. On the other hand, over-speculation on land and building may be avoided. It takes a balanced development strategy with careful programming to achieve these dual objectives just outlined. It will also call for careful evaluation of possible needed new initiatives in the future, including land acquisition, the creation of a tax-increment financing district, zoning amendments, and other measures.



Chapter IV Future Prospects



A. Near Term Program

LRC's near- and long-term concerns focus on a number of projects, some of which have already begun. In the near future, the highest priority will be assigned to:

- Block 40 - mixed use development
- Block 40 - Program for Arts in Public Places
- Park Square Court - mixed use development
- Butwinick Building - housing development
- Streetscape improvements

- Stimulation of a housing project of scale
- Building renovation program

Second priority projects include:

- Hometel design assistance
- Farmers market site alternatives
- American Beauty and Jax Building conversions
- Energy conservation strategies

The heavy concentration of these projects on the central core of Lowertown is intentional. These are projects of major impact in the area.

Being in close proximity, they reinforce each other.

LRC will consult and administer design assistance, design review, and provide materials and information. The building renovation package and the housing efforts will require program conception, project planning, design and marketing assistance from LRC staff. LRC also anticipates helping with site selection, control and project financing of additional housing.

Underpinning these efforts is the attempt to complete projects which are

Development Momentum and Relationship

	Quadrants	Lead Projects	First Effects	Second Effects
A	Central (Mears Park)	Block 40	Park Square Court Butwinick Street Beautification	Rehab and Infill Energy Audit Building Retrofit
B	North (North Village)	Hometel (Port Authority, P.E.D.)	Pilot Housing Street Changes Winter Garden	Apartment Housing Condominium Convenience Stores
C	South (Riverfront)	Block L	Depot Renovation Air Right Aquisition	Riverfront Park Housing Office
D	East (Industrial Park)	Bypass	Service Roads	Industrial & Business Development

already underway. Additional visible construction in the area is the goal, with the most likely focus being a major market-rate housing project. Retail and office space in current projects will be absorbed into the market during the next three years. However, LRC will support additional small-scale building conversions as these seem feasible, within the market focus, and appropriate to the overall goals.

B. The Long-Term Program

It is apparent that the high priority given by the city to Lowertown's revitalization, reinforced by the McKnight commitment, has led to investment and projects which show important progress toward the creation of an "urban village."

Completed projects and those in planning represent roughly one quarter, or the first stage, of the overall program.

The central long-term goal of these

efforts is an economically and socially revitalized urban village in the middle of the City which will bring new jobs, housing, commercial development and year-round activities to downtown St. Paul. By so doing, Lowertown will once more contribute to the economic and social vitality of the inner city.

The commitment is to combine urban preservation, adaptive reuse and new construction to meet the City's housing goals, improve neighborhood quality, generate economic growth and deliver cost-effective public services to residents. Downtown St. Paul repre-

sents a major land resource of the entire city for meeting the city's goals for new housing construction for the next ten years.

With the shortage of rental housing becoming more serious each year, large-scale mixed-use projects, such as those proposed for Lowertown, offer solutions. Much of the land in the area is tremendously under-utilized. More intensive use of all available property can assist in reducing tax burdens, provide additional housing choices, create new jobs and attract purchasing power to the downtown area.

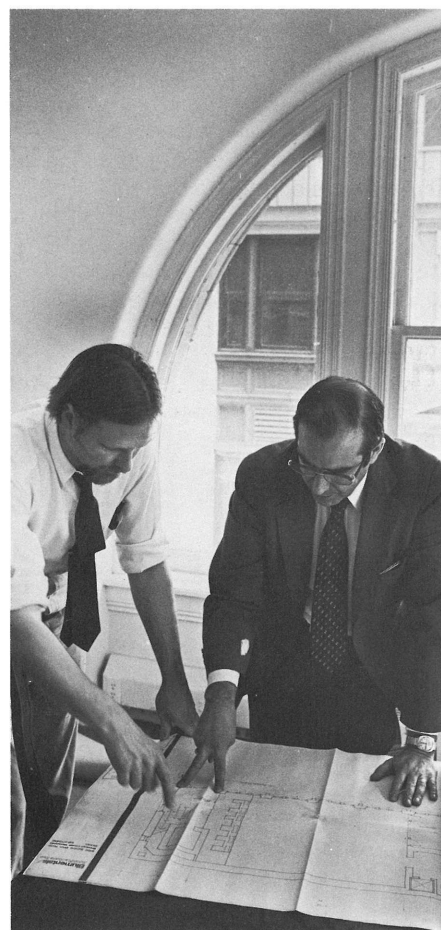
The opportunity to combine economic development in its traditional forms of retail/office/industry with the new and exciting elements of downtown housing, riverfront recreation, artistic and cultural meeting places makes the Lowertown project significant. Without Lowertown and its planned revitalization, the full potential of downtown St. Paul cannot be realized—there simply would not be enough land, enough purchasing power or enough of a "critical mass" to build on to support the other functions located in the core city.

C. Long-Term Objectives and Benefits

The long-term Lowertown program will help the City of St. Paul achieve the following development objectives and benefits:

1. Attract another \$300 - \$400 million in new private investments - Infusion of new capital into the area will maintain and enhance land values, increase the tax base, create new employment opportunities and widen housing choices for downtown workers and St. Paul residents as a whole.

2. Expand job opportunities by an additional 4,000 jobs - The proposed type and density of development in new commercial industrial and service businesses in Lowertown are designed to create new jobs while protecting the small firms already in the area. The objective is to plan comprehensively to meet market needs of future employers. Elements of the Lowertown development plan include necessary improvements to the public infrastructure (sanitary and storm sewer capacity, bypass of heavy traffic, fringe parking) and specific development projects.

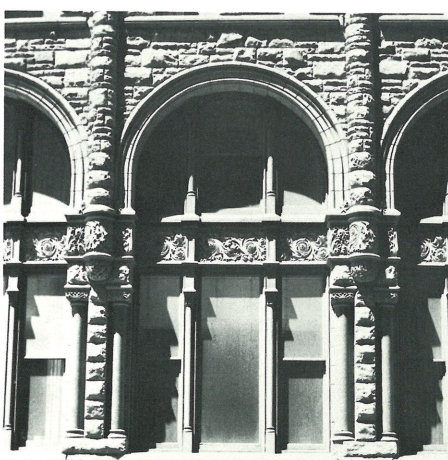


3. Provide new housing by an additional 2,000 units - Three sub-goals are particularly important in the housing sector: to create a sufficiently large resident population to support necessary services; to offer quality housing for a broad mix of ages, incomes and ethnic backgrounds; and to make the social and cultural facilities of the larger downtown accessible on a daily basis to City residents. The introduction of new forms of residential land use into the downtown area will afford the downtown worker a greatly expanded choice in lifestyle, will increase opportunities to conserve



energy allocated to the residential sector, and will better enable the City to achieve its broader housing goals.

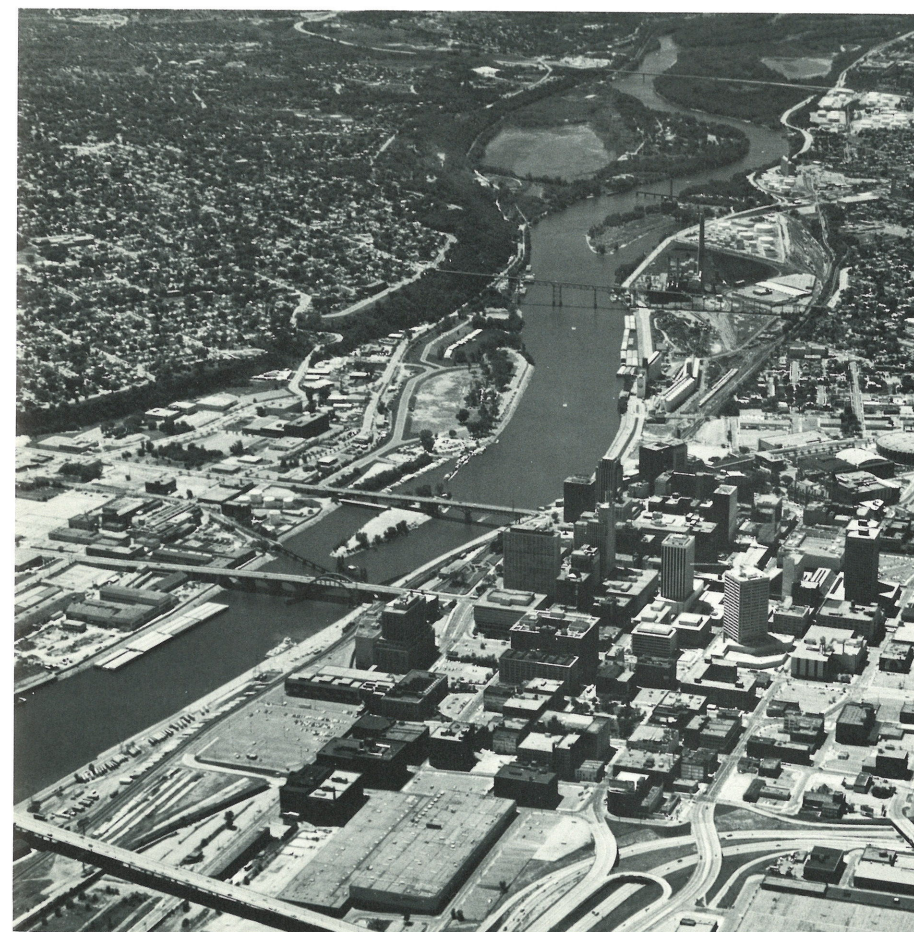
4. Design an environment which is beautiful, functional and stimulating - The objective is to apply urban design principles as an integral and necessary part of the development process in revitalizing a neighborhood. The Urban Village which the Corporation is seeking to create within Lowertown will be distinguished by excellence in architectural and urban design. Objectives will be to develop open spaces for pedestrians to relax and enjoy,



shopping and entertainment centers, enclosed atriums or other climate-controlled open space, and functional and attractive ways for moving through the downtown without competing with automobile and truck traffic.

5. Support of the arts - The very concept of a city denotes a social environment, a society with its own culture. A city's downtown is the natural focus for expressing cultural values and concentrating activities. Lowertown contains a significant amount of St. Paul's arts activities. A number of practicing artists and artisans live and work here; a community theater is housed in the Park Square Court. The objective of proposed development is to enrich the cultural resources of the city, provide reasonably priced studio space to support artists, and make the artists and their work highly accessible and visible in the everyday life of the downtown community. An additional objective is to create a role for public art, a place for artists to thrive and an opportunity to achieve and express cultural/artistic values in downtown neighborhood setting.

6. Preserve the character and amenities of older buildings - If Lowertown is to become a link with the City's past and a promise for its future, its structurally sound older buildings must be conserved and woven into the fabric of the new community. One of the main assets of the district is the availability of low-cost space for small businesses. The infusion of new investments will not result in wholesale dislocation of existing enterprises if development objectives are achieved. Significant amenities exist within some of the older buildings. Their Victorian brick architecture is one of the important



distinguishing features of the community. Preservation, adaptive reuse and new construction which fit the scale and visual quality of the earlier era are important development objectives.

7. Take advantage of the Mississippi Riverfront as a unique natural resource - Saint Paul exists because of its location at the head of navigation on the Mississippi River. The topography of the city creates opportunities for reestablishing a visual and activity link between the River itself and other downtown functions. The objectives

are to create a riverside park adjacent to the Lowertown community to offer open space and river views to downtown residents and visitors and to make the riverfront itself accessible to pedestrians from the Lowertown area. Because the river has meaningful historic importance to the location and development of Saint Paul, the opportunity to make it visually accessible to Lowertown and its riverbanks a resource for enjoyment and relaxation should not be overlooked.

These long-term goals are reflected in long-range programs for the development of the Riverfront, the depot and the North Quadrant, which will need at least the same degree of care and attention as Block 40. Site control, relocation, traffic, front-end financing, market focus, zoning and infrastructure are pressing issues that will need resolution. Three to four years of planning and considerable resources will be required to prepare those areas for development.

In the near term, beginning planning efforts should go forward, since the fundamental concepts they involve are important to the larger goals of the City. These projects were contemplated for development in the second stage of the Lowertown plan.

Mutual Complimentary Roles of City of St. Paul,
Lowertown Redevelopment Corporation and Private Sector

City's Role	LRC's Role	Private Sector
1. Citywide planning and policy formulation	1. Area and project specific development program.	1. Project specific financing
2. Land use, zoning, thoroughfare plan decision	2. Gap financing	2. Developing
3. Condemnation and aquisition	3. Design review and coordination	3. Managing
4. Codes and regulations	4. Area wide marketing program	4. Marketing
5. Tax exempt, tax increment financing, federal funding		
6. Capital improvements		

D. The Needed Commitment

The success of these future efforts will partly depend on the public/private partnership's ability to resolve a series of critical issues which continue to affect the overall development program in Lowertown. The mood of this and possible subsequent administrations in Washington, the continued interest on the part of the private and public sectors locally, and the enlightened interest and participation of local residents and owners will all play a part. A continued source of gap financing will be required to maintain the emerging favorable investment atmosphere.

E. The Role of LRC

The diverse role of the Lowertown Redevelopment Corporation in the context of these objectives includes:

- 1. **Leverage to the private sector** to help make things happen in the market place;
- 2. **Interim developer/change agent** - stimulating development projects for expanding employment and tax base;
- 3. **Visionary leader** to create new concepts of livability in the back-to-the-city movement;
- 4. **Vehicle** for addressing social needs and aspirations consistent with broad city goals.

F. Critical Roles of a Private, Non-profit Corporation

Urban redevelopment efforts elsewhere in the country use methods similar to LRC's tailored to the diverse needs of their individual communities.

In Lowertown, a public/private partnership exercised through a private non-profit corporation is clearly a practical and effective arrangement for achieving long-term development goals.

Experiences here as well as elsewhere have shown the non-profit corporation combines the best attributes of public and private entities. It can effectively garner support from both public and private sources. Such corporations are independent of city governments, yet have the ability to work closely with municipal planning and development staffs. Their independence frees them from restrictions, such as red tape and uncertain budgets, often imposed on the public sector. They can use financing tools not available to public entities. And the non-profit development corporation is potentially better able to make the long-term commitment to the development of a community that is needed for any significant civic undertaking.

Effective guidelines must be applied to a larger area over a period of time to achieve quality urban design. These guidelines must set some basic common parameters for building and site design, so that adjoining projects may be related to each other. The basic objective must not be merely building individual monuments to satisfy the owner and/or designer's ego; rather, the building of an attractive and livable community should be the primary concern.

Quality urban design must be undertaken gradually rather than by expedient construction. Slow and carefully nurtured growth produces satisfying communities.

One of the most successful urban renaissance projects to emerge recently is the Charles Center/Inner Harbor project in downtown Baltimore. The project has been underway since 1959, and has generated up to \$775 million in investment. The project is nurtured and coordinated by a private non-profit corporation similar to LRC. Close examination of that experience reveals that development flourished because of a long-term commitment to the project, close public and private partnership, and continuous attention to the quality of project design.

Cities such as Providence, Pittsburgh, Boston, Chicago, and Detroit are also using effective instruments like LRC for downtown development. In fact, more cities are establishing corporations like LRC to help them realize their development objectives.



Inner Harbor, Baltimore



Station Square, Pittsburgh

Conclusion

A process of successful development has clearly been set in motion in Lowertown. City and McKnight Foundation support have been crucial during the last three years of positive change in the investment climate. The McKnight Foundation's loans and guarantees, passed through the LRC into key projects, will have major economic impact as those projects develop.

Extreme concern for their impact on the environment, and for their design quality, will help to define Lowertown as a place of special character in the city. These efforts will add immeasurably to the City's richness and vitality in many ways, not the least of which is the generation of needed jobs and revenues.

This progress results fundamentally from a working public/private partnership in which LRC has fulfilled its promise to the McKnight Foundation to use the foundation's revenues as leverage for further investment while serving the foundation's charitable purposes.

The best interests of St. Paul require that the redevelopment momentum that has been established and institutionalized be maintained over an extended period of time. The non-profit Lowertown Redevelopment Corporation is in the advantageous position of being able to sustain that momentum as well as to take new initiatives for the City's economic interests and social well being.

Lowertown's development into an attractive urban village will help make St. Paul stand out as one of the most livable cities in the nation.

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