



ECONOMIC DEVELOPMENT AUTHORITY

1616 HUMBOLDT AVENUE, WEST ST. PAUL, MN 55118

ECONOMIC DEVELOPMENT AUTHORITY WORK SESSION

MUNICIPAL CENTER LOBBY CONFERENCE ROOM

MONDAY, AUGUST 26, 2019

IMMEDIATELY FOLLOWING OCWS

1. Open Work Session
2. Roll Call
3. Agenda Items
- 3.A. Signal Hills Redevelopment Proposal Discussion

Documents:

[EDA MEMO - SIGNAL HILLS 8-26-19.PDF](#)
[WEST ST. PAUL - DOMINIUM PROJECT SUMMARY.PDF](#)
[KMART DEVELOPMENT.PDF](#)

4. Adjourn

TO: EDA President and Board Members
FROM: Jim Hartshorn, Executive Director
DATE: August 26, 2019
SUBJECT: **Signal Hills Redevelopment Discussion**



BACKGROUND INFORMATION:

Representatives from Dominion Development Company would like your feedback. They are proposing a redevelopment project on 12 acres located on the northern side of the Signal Hills mall. The project includes two buildings. The first building would include four stories with 137 units. The rents would be consistent with workforce housing. The second building would be five stories with 232 units for independent senior living. The proposed current building elevations include a flat roof to minimize the height to the greatest extent possible.

Dominium seeks tax increment financing (TIF) to help cover the costs of site cleanup, which includes demolition of the former K-mart and Signal Hills Bank buildings. The term and amount of the TIF district have not been determined. If you support moving forward, they will submit a TIF application and project pro-forma numbers for review at a future EDA Meeting. The estimated project costs are between \$90 to \$100 million dollars.

This project meets the EDA’s criteria for a business subsidy. The project would require a rezoning to an R-4 Multi-Family Residential district and is consistent with the Comp Plan (calls for mixed-use at Signal Hills mall) and proposed housing plan.

Dominium would also apply for tax-exempt bonds and 4% affordable housing tax credits through Dakota County.

FISCAL IMPACT:

		Amount
Fund:	N/A	N/A
Department:		
Account:		

STAFF RECOMMENDATION:

Review and provide direction to Dominion Development Company.

ATTACHMENTS:

1. Project Summary from Dominion Development Company.
2. Site Plan

West St. Paul – Dominion New Construction Project

In July of 2019, Dominion Development & Acquisition signed a purchase agreement to acquire the Kmart and vacant bank property at the intersection of Butler Avenue East and South Robert Street in West St. Paul.

Dominium plans to redevelop the approximately 12-acre site into a two-building project, which will provide 232 units of senior housing and 137 units of workforce housing.

As part of the Section 42 rental housing program, the rents of all units will be capped at a level that is affordable to households that earn not more than 60% of the Dakota County area median income, adjusted by family size – the 4-person area median income in Dakota County for 2019 is \$100,000. All residents of the project will be responsible for payment of the full monthly rent. A table that includes the estimated monthly rental rates for the project is included below.

As part of the financing for this project, Dominion intends to apply for tax-exempt bonds and 4% affordable housing tax credits through Dakota County. Dominion will also be requesting financial participation from the City of West St. Paul for this project. This request will likely come in the form of TIF. Further discussion on this is also included below.

Dominium, a national developer and manager of multifamily and senior housing, has considerable development experience on projects the state of Minnesota. To date, Dominion owns and manages 8,706 units across 63 properties throughout Minnesota. In the past five years, Dominion has developed over 2,500 units of new construction senior and workforce housing in Minneapolis, St. Paul and the surrounding suburbs. We have worked in partnership with each municipality to design a great project that meets the needs of each particular City and neighborhood. We are excited to begin work with the City of West St. Paul on this transformational project. Based on initial projections, the total development cost will likely be between \$90-100 million.

Project Unit Mix:

Building 1: Senior Housing (Age Restricted 55+)

Apartment Type	# of Units	Square Feet	Proforma Rents
One Bedroom / One Bathroom	87	661	\$1,053
Two Bedroom / Two Bathroom	95	975	\$1,261
Three Bedroom / Two Bathroom	50	1,311	\$1,454
Total / Average	232	930	\$1,225

**Proforma Rents are subject to change based on changes in Area Median Income for Dakota County.*

Building 2: Workforce Housing (Not Age Restricted)

Apartment Type	# of Units	Square Feet	Proforma Rents
One Bedroom / One Bathroom	28	664	\$1,053
Two Bedroom / Two Bathroom	69	978	\$1,261
Three Bedroom / Two Bathroom	40	1,345	\$1,454
Total / Average	137	1,021	1,225

**Proforma Rents are subject to change based on changes in Area Median Income for Dakota County.*

West St. Paul – Dominion New Construction Project

Project Amenities:

The residential units will offer many desirable amenities, including an in-unit washer and dryer, refrigerator, dishwasher, oven/range, microwave, air conditioning, patios/balconies, walk in-closets and an open floor plan.

The senior housing building will provide several unique community amenities to include a clubroom, grilling and picnic areas, on-site fitness center, beauty salon, theater room, cards/crafts room, underground heated parking and additional storage space. The site will also include a nicely landscaped courtyard with walking trail connections to nearby public transit options and neighboring retail properties.

The common-area amenities for the workforce project will likely include courtyard with grilling and picnic areas, dog run and playground area, on-site fitness center, underground heated parking garage and likely a swimming pool.

Estimated Project Schedule:

Closing & Construction Start – Summer 2020

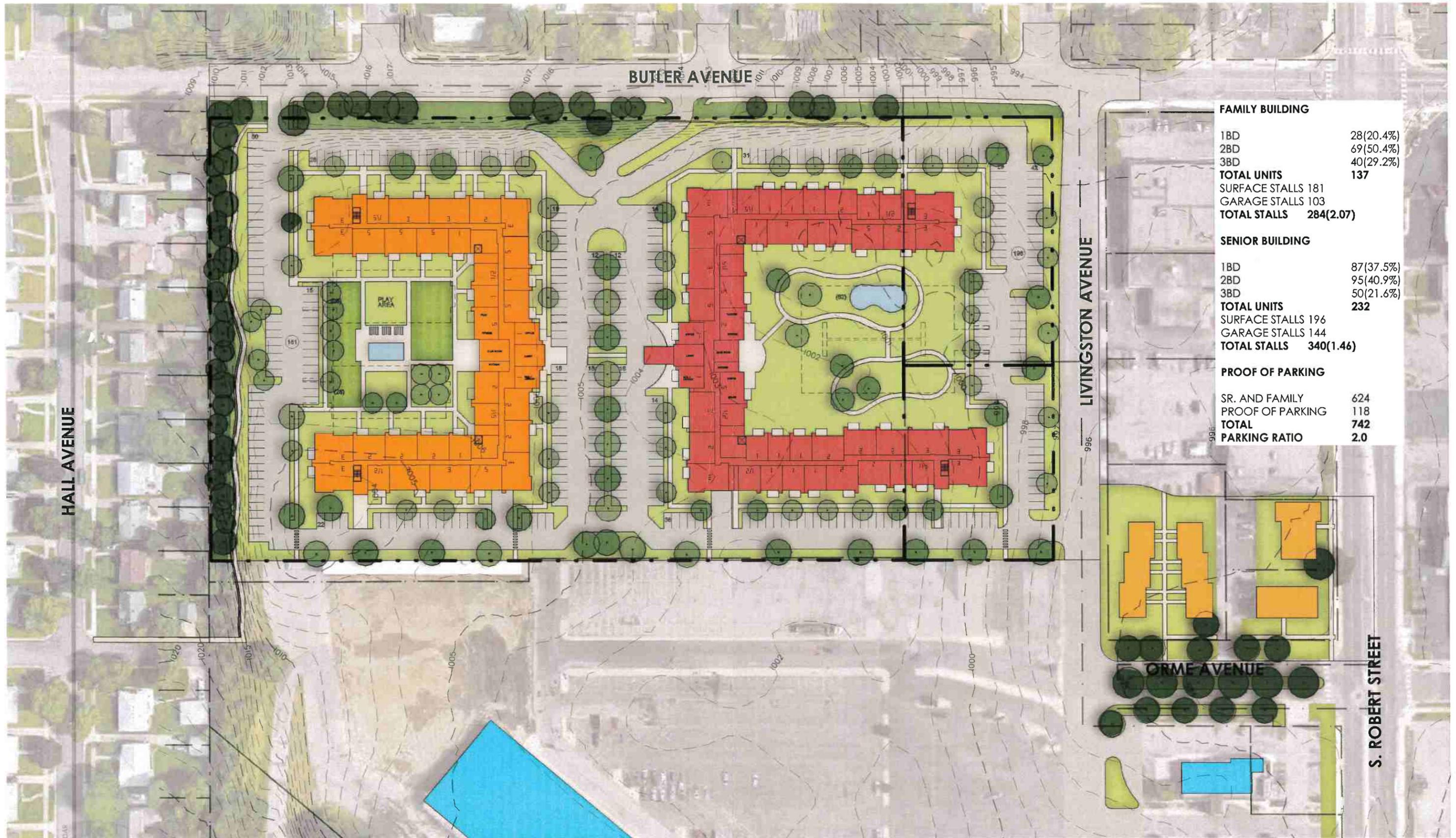
Construction Completion – Spring/Summer 2022

Stabilization/100% Occupancy – Spring 2023

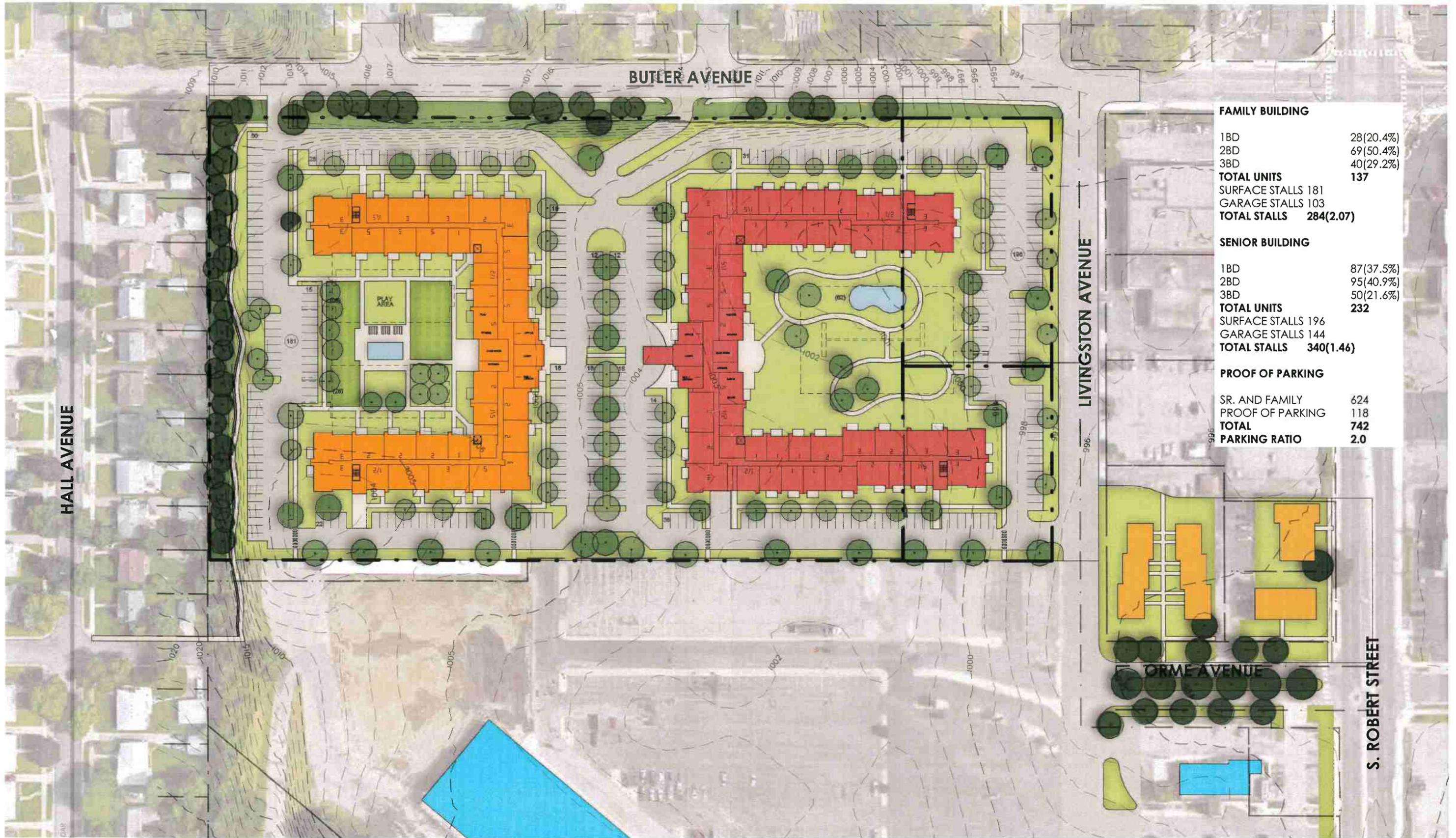
City Participation – Rezoning/TIF Request

In order for Dominion to move forward with the project, we will need to work through any needed project entitlements necessary to support the requested density and housing use proposed.

In addition, Dominion will seek financial assistance in the form of Tax Increment Financing from the City of West St. Paul. Because of the challenges of this project – the cost to assemble multiple parcels, costs of demolition and cleanup, among others – we will need financial assistance to complete this development. Other similar projects in the Minneapolis/St. Paul metro have received support from both the City and County level in a variety of forms, with TIF being the most common form of financial assistance. We will work closely with the City and with Dakota County on this TIF request and in exploring whether any HOME funds or other project cost subsidies may be available. We would like to begin discussing and negotiating this request with the City Staff, Ehlers and the Economic Development Authority.



FAMILY BUILDING	
1BD	28(20.4%)
2BD	69(50.4%)
3BD	40(29.2%)
TOTAL UNITS	137
SURFACE STALLS	181
GARAGE STALLS	103
TOTAL STALLS	284(2.07)
SENIOR BUILDING	
1BD	87(37.5%)
2BD	95(40.9%)
3BD	50(21.6%)
TOTAL UNITS	232
SURFACE STALLS	196
GARAGE STALLS	144
TOTAL STALLS	340(1.46)
PROOF OF PARKING	
SR. AND FAMILY	624
PROOF OF PARKING	118
TOTAL	742
PARKING RATIO	2.0



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