



*Guiding the next transformation for
a new generation*



WEST ST. PAUL SIGNAL HILLS CENTER

JULY 2014

A ULI MN Technical Assistance Panel



Urban Land
Institute
Minnesota



URBAN LAND INSTITUTE MINNESOTA

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Supported by ULI Minnesota, the nationally recognized Regional Council of Mayors (RCM) was formed in 2004 and represents Minneapolis, Saint Paul and 36 municipalities in the developed and developing suburbs and Greater Minnesota. This collaborative partnership provides a nonpartisan platform that engages mayors in candid dialogue and peer-to-peer support with a commitment towards building awareness and action focused on housing, sustainability, transportation and job growth.

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ULI has a long history of providing unbiased, market-based solutions and best practice advice on land use and building resilient and competitive communities through Advisory Services. At ULI MN, three advisory service options are offered to policy leaders. Each option, including the TAP, engages ULI MN real estate professionals who volunteer their time and talent to contribute their wisdom and expertise. For more information visit minnesota.uli.org.

“With the assistance of a ULI MN TAP, our city has moved forward on a key redevelopment project that expands rental housing options for residents. The TAP provided immeasurable assistance and was vital in guiding the strategic directions for property.”

Mayor Sandra Martin, City of Shoreview

THE CITY SHOULD BE PREPARED TO CAPTURE NEW OPPORTUNITIES AND “SET THE STAGE” IN THE MIDST OF TRANSITION.....BUT ONLY WHEN THE TIME IS RIGHT.

This was a key theme for the TAP panel on a summer day in July 2014 as the expert team plowed through the history, community aspirations, market shifts and infrastructure challenges of Signal Hills Shopping Center and surrounding parcels. The TAP began with an evening dinner and presentation by the City policy leaders and staff, followed by a tour of the site and City. The team then spent the next full day interviewing stakeholders and then rolling up their sleeves to brainstorm and develop concrete recommendations related to positioning the City to respond to renovation and redevelopment of the Signal Hills area.

The panel conversations included fond stories of the past experiences with Signal Hills when it was the bustling spot for the region to shop at JC Penney and Herbergers, catch a movie, go out to eat or court a date. Then the stories gravitated to the market shift which has significantly impacted the center, and many other strip and covered shopping centers as they struggled when the Mall of America was built in 1992.

Geographically situated in the middle of North and South Robert Street Corridor in West St. Paul, Signal Hills, *when initially built in 1959, was one of the first covered malls in the nation.* At that time, the area was a Greenfield and development of single family homes and small businesses were in their infancy. Unfortunately, Signal Hills has fared worse than many of the southeast metro megamall's competitors, due to its size, orientation to the street and a variety of other market factors. There have been many attempts by the ownership to reposition the center. Some successes but mostly short term fixes to a long term need for a transformative redevelopment of the area.

The area has future potential as it is *strategically positioned at the end of a future BRT or Streetcar station connecting it to St. Paul,* younger demographic and affordable, quality housing stock, nearby recreational areas and heavily traveled Robert Street Corridor. But legal and market conditions will hinder the ability for the City to play a role in the redevelopment until 1.) K-mart's leasehold interest expires or the store closes and 2.) the ownership of the center and surrounding properties desires to engage the City in aligning goals for redevelopment of the area.

What should the City's role be in transformation of the area? With its limited financial capacity and conflicting needs in other areas of the City, prioritization will be critically important.

The TAP explored the questions asked by the City and provided recommendations within the confines of these issues. In addition, the TAP members engaged in conversation regarding other opportunities in the City to expand upon its current assets - *building strength on strength.*

“The TAP provided a great opportunity to keep the discussion alive about the important role this study area has regarding the transformation of the Robert Street corridor while adding to the public realm of the community - Signal Hill Shopping Center area is a site who's time has not yet arrived” ”

Bob Lucius, RSP Architect & West St. Paul TAP Chair

TECHNICAL ASSISTANCE PANEL

Technical Assistance Panels (TAP) of the Urban Land Institute Minnesota District Council (ULI MN) are convened at the request of a community to address specific development challenges, such as site redevelopment options, downtown revitalization or environmentally sound development in an area.

TAPs consist of nonpartisan experts who offer recommendations, not mandates, based on the issue at hand and the expertise of the panel. The goal is to offer ideas for realizing local and regional aspirations. The intensive working sessions focus on synthesizing community input with panel expertise to form a final set of recommendations. In this case, the City of West St. Paul asked that a TAP help evaluate land use options for Signal Hills Shopping Center and surrounding parcels, an underutilized area along Robert Street, a major commercial and transportation corridor in the City.

A TAP was assembled that included an interdisciplinary panel of experts in the real estate, planning and development fields to explore the project, its potential for renovation and/or redevelopment and provide local policy leaders with recommendations and site considerations to help the project move forward. A TAP typically approaches the assignment from several perspectives; including market potential, land use and design, financing and development strategies, and implementation. Panel members are ULI MN members and experts who volunteer their time because of a commitment to the principles of redevelopment, planned growth, economic expansion, and local and regional capacity-building.

THE PANEL

WSP TAP Chair: Bob Lucius, RSP Architects, specializing in retail projects

Eric Anderson, Ryan Companies, senior housing real estate development, construction, and management

Patricia Gnetz, Senior Vice President, U.S. Bank commercial lending division

T.J. McElroy, Dominion Inc., market and affordable housing developers

Jim Nelson, Eberhardt Advisory, commercial real estate strategy, representation, and consulting

Tammy Omdal, Senior Vice President and Manager of Public Finance, Northland Securities

Howard Paster, Paster Enterprises, shopping center owner, manager, and developer

Cathy Bennett and **Gordon Hughes**, ULI MN facilitators and consultants



EXECUTIVE SUMMARY

THE PANEL'S CHARGE

The City gave the panel four questions to guide its recommendations. The panel considered the questions as it developed recommendations. In brief, the panel's answers to the questions were as follows:

Question #1: What, if any, incentives should be considered to expedite the revitalization of this study area? In general terms, what would the market expect in terms of financial participation in order to undertake a significant revitalization of this properties?

- **Any developer would request City participation and partnership in the form of incentives for redevelopment of the study area, including but not limited to land write-down, infrastructure improvements, and creation of amenities that reduce the financial risk for the developer.** The properties are handicapped by multiple ownership entities and leasehold interests. The conversion of many of the apartment units to condominiums greatly complicates efforts to assemble this portion of the area in that one or two owners could effectively forestall acquisition of an entire building (assuming that eminent domain is not an option). As a result of this complicated ownership situation, any developer would likely expect a substantial financial commitment from the City and other public bodies, as well as a upfront indication by the City, through rezoning or other actions, that it is strongly committed to partnering on a redevelopment project.

Question #2: Would the incorporation of public spaces, such as a Town Square and Community Center, enhance the revitalization potential of the study area?

- **A major city community center does not make sense for this area and would not draw either businesses or housing to the site.** A transit center and small neighborhood public gathering space, however, would be assets. If a Town Square, Community Center, or new City Hall is deemed by the City to be needed and desirable, the Panel believes such public uses would be better located farther south on Robert Street or on the golf course property.

EXECUTIVE SUMMARY

THE PANEL'S CHARGE (CONTINUED)

Question #3: What design elements are particularly important to incorporate for maximum benefit to commercial tenants and residents of this project?

- **Design elements for the area should help connect it to the residential neighborhood directly to the west and to other areas of the city.** These design elements might include:
 - ⇒ A small neighborhood-appropriate park.
 - ⇒ Connections to other amenities, including nearby public pool and schools. Connection of this area to the neighborhood to the west (for pedestrians/bikes but not autos) is deemed to be a critical element for any redevelopment.
 - ⇒ A pond or water feature to serve as an amenity and to provide storm-water management facilities.
 - ⇒ One-stop shopping for the retail (stores and parking not spread across a large area).
 - ⇒ Significant landscaping and place-making features.
 - ⇒ Use of different materials in crossways and walkways to both clearly identify them and add interest to the properties.
 - ⇒ Fiber for fast internet connectivity.

Question #4: Given current economic conditions, the proximity of this area along the Robert Street corridor, and the community's interest in revitalizing this area into an anchor for the future of West St. Paul, what land uses and development densities are possible and appropriate for this site?

- **Appropriate land uses in the study area could include:**
 - ⇒ Medical offices and/or an urgent care clinic.
 - ⇒ Small lot, zero lot line single-family ownership housing, especially on the western edge of the site.
 - ⇒ Three- to four-story multi-family housing (about 30 units per acre).
 - ⇒ Rental townhomes.
 - ⇒ A smaller retail center, with no big-box stores.
 - ⇒ A transit center with a park-and-ride ramp that would also provide parking for the retail center.
- The area would *not* be appropriate for office space, a nursing home, big box retail, an enclosed mall, market-rate senior rentals, or condominiums.

EXECUTIVE SUMMARY

KEY RECOMMENDATIONS

Although there is strong potential for the site with mixed use, including both multi-family and single-family housing, retail (but with a smaller number of smaller stores), and a transit center, the owners of most of the properties currently have no strong incentive to redevelop the area. The area is underutilized, but the owners are able to attract enough retail to make financial sense for them without major investment and changes at this time. In addition, the long-term lease on the Kmart property provides a significant impediment to a comprehensive redevelopment effort. In light of these conditions, the panel agreed that strategic steps could be taken by the City to position the center for redevelopment and revitalization in the future.

- Shift from mutually distrustful to mutually beneficial relationships. The owners (Azure Properties) and the City of West St. Paul have a mutually distrustful relationship at present, for a variety of historical and current reasons. To move forward, the City should strive to create a **positive relationship with the owners** that would allow them to partner in developing the site in ways that would be of benefit to both.
- Work with the owners to **develop a Memorandum of Understanding (MOU)** that would—in a non-binding agreement—lay out what both sides are willing to do, with a timetable for actions that might include working with Metro Transit to place a transit hub in this location and rezoning the area to mixed use (the City) and offering only short-term leases to retailers (the owners) so redevelopment could occur in a timely way.
- Agree on a timetable for developing an MOU and taking steps to redevelop the area. If the owners are unwilling or unable to work with the City, the City should make Signal Hills a lower priority and **move forward with other City priorities in the corridor**.
- At the same time, the City should pursue **acquisition of the other parcels in the Signal Hills area** (the former bank building and the apartment/condos) both to create a transit center and to more proactively set the table for future redevelopment.
- This area is **not the right location for a new City Hall/Community Center**. An alternate location discussed by the panel included the more central area to the south on Robert Street, on land already owned by the City with existing amenities or linkage to existing amenities. The golf course or near the soccer dome was also suggested.
- If the City is able to mutually agree on a plan with the owners of most of the Signal Hills center properties, it should **revisit the Renaissance Plan of 2001 and update Plan C** so that it would be a multi-use area that includes retail, apartments, single-family homes, neighborhood-sized amenities, and a transit center.

CITY/SITE PROFILE

CITY OF WEST ST. PAUL

West St. Paul is a first-ring suburb of 5 square miles, just south of the City of St. Paul. It is fully developed, with a racially and ethnically diverse population of 20,000.

There are about 7,000 homes in the city and the home ownership rate is 58 percent.

The median home value for the city is \$155,000, which makes it a good value for young families who want an urban experience but also want to have a house and a yard. There is little high-end housing (\$400,000–\$650,000) in the city.

Since the city is fully developed, there is little new housing to sell, yet many residents, both young and old, would like to stay in West St. Paul even as their housing needs change; in 2013, the city had more housing renovation permits than ever before in its history.

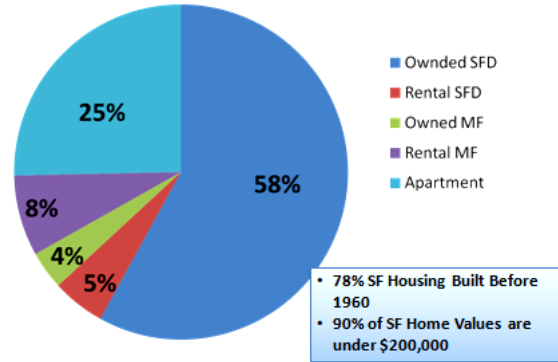
The largest group of residents (almost 37 percent) is people who are age 50 or older but, conversely, there also are a growing number of young families hoping to buy and/or rent homes there. Because of the high number of housing units occupied by older residents, City staff expect that as many as 1,000 of the 7,000 homes in the city will change ownership within the next 10 years.

ROBERT STREET

Robert Street (Trunk Highway 952) is the main north/south transportation route through the heart of the commercial business district in West St. Paul. From the south end of the city to Butler Avenue on the north, the street is a five-lane undivided roadway with no parking. Average daily traffic (ADT) is from 16,000 to 26,000 vehicles per day.

Commercial enterprises along Robert Street include some big box stores (both Target and Wal-Mart, Lowes Home Improvement, Best Buy, etc.), casual dining (quick service and full-service, from Culver's and Baker's Square to McDonald's and Granny Donuts), and a variety of medium-sized chain stores and individual small business that sell services and/or products (Computer Fixx, Perfect Picture Frame). There are no fine-dining restaurants along Robert Street and perhaps no future market potential for them along this busy corridor.

Housing Types – Site Area (2011)



About 70 percent of West St. Paul residents are white and there is a large (more than 18 percent) Hispanic population. African Americans account for just fewer than 6 percent of the population.

City leadership believes that West St. Paul is in position to grow and prosper if it makes the right investments in infrastructure, housing, and new businesses. A full-time person has been hired specifically to market the city to potential residents, businesses, and consumers.



CITY/SITE PROFILE

The City has been able to gain \$300 million in commercial development over the last few years, to fill in some retail holes. The existing Target became a SuperTarget, which was incentive for Applebee's to build a restaurant nearby. City leaders believe there is potential for another \$200 million in retail development along the street in the next 10 years.

After the Signal Hills Shopping Center changed focus in the 1990s, development along Robert Street shifted to the south. City staff believes there is a need for an economic generator on the north end of the city along Robert Street.

Next year (2015), major construction will begin on Robert Street. It will include road surfacing, infrastructure improvements, consolidation of access (eliminating left turns from non-signalized side streets), center medians, streetscaping, and gateway elements. The \$32 million road improvement project is expected to take about a year. The City will pay about half of the costs of the project; federal funds will cover the remaining half. The improvements are expected to encourage significant private investment along the street.



Many business owners look at the Robert Street project with mixed feelings. While it may ultimately lead to better visibility for the businesses along the street, and create a better atmosphere to encourage shopping, it will make travel on the street difficult during construction, and the permanent changes in access may make it harder for customers to visit some businesses.

SIGNAL HILLS SHOPPING CENTER AREA

The Signal Hills Shopping Center, developed in the 1950s and 1960s, was one of the first enclosed shopping malls in the country. It included a popular movie theater and a Herberger's department store and was a draw for shoppers and moviegoers from the neighborhood and the southeastern region.



As the suburbs further south developed and new shopping centers opened, Signal Hills lost much of its cachet. In the mid 1990s, the center was redeveloped. The enclosed mall was removed and it became a strip mall, with a Kmart on one part of the site.

Study Area Property Parcels Ownership & Total Market Values

The properties in the area include several different pieces: (See parcel map and detail attached)

West Side of Robert Street			2013 Value				
Fee Owner	Tenant	Land Area (acres)	Land	Building	Total	Net Taxes	
Signal Hills Company LLC	1201 Robert Street Signal Hills Mall	16.8	\$ 5,031,000	\$ 340,300	\$ 5,371,300	\$ 216,917	
Signal Hills Company LLC	1193 Robert Street Caribou Coffee	0.24	\$ 193,300	\$ 529,800	\$ 723,100	\$ 29,398	
Signal Hills Company LLC	1225 Robert Street Subway/SYOB/T-Mobile	0.53	\$ 302,500	\$ 855,000	\$ 1,157,500	\$ 47,058	
Signal Hills Company LLC	1201 Robert Street Kmart	10.01	\$ 2,888,500	\$ 1,611,400	\$ 4,500,000	\$ 224,670	
Restaurants, Etc	100 Signal Hills Ave Bekn (vacant)	1.44	\$ 185,600	\$ 58,700	\$ 244,300	\$ 12,652	
Chris & Mike LLC	1133 Robert Street Walgreens	0.96	\$ 505,300	\$ 1,111,200	\$ 1,616,500	\$ 64,265	
Signal Hills Company LLC	1137 Robert Street Good Year	0.72	\$ 344,500	\$ 205,300	\$ 549,800	\$ 20,897	
Orielly Automotive	1155 Robert Street Orielly Auto	0.84	\$ 400,400	\$ 429,700	\$ 830,100	\$ 32,293	
Healthy Spaces	1167 Robert Street Apartment	0.23	\$ 100,000	\$ 374,100	\$ 474,100	\$ 8,844	
Elizabeth McDonald	97 Orme Street E Apartment	0.23	\$ 85,300	\$ 349,700	\$ 435,000	\$ 8,116	
Justin Noll	81 Orme Street Townhouse		\$ 253,200	\$ 875,500	\$ 1,128,700	\$ 13,204	
Totals		32	\$ 10,289,700	\$ 6,740,700	\$ 17,030,400	\$ 678,313	

CITY/SITE PROFILE

SIGNAL HILLS SHOPPING CENTER AREA

The area includes several different pieces: (See parcel map and detail attached)

- The strip mall, angled at the southwest portion of the site, partially backed along Moreland Avenue East. This is owned by Azure Properties.
- Kmart, at the northwest corner, with a large parking lot in front of it on the east. This portion is also owned by Azure Properties, but Kmart has a long-term lease.
- An undeveloped green triangle behind the strip mall, on the southwest corner of the site, behind the curve of the strip mall. This also is owned by Azure Properties.
- A small former bank building just to the east of the Kmart site. The building is vacant and held by its mortgage holders.
- Walgreen's, Good Year, and O'Reilly Auto, parcels on the southwest corner of Robert Street and Butler Avenue.
- Townhouses and apartments/condos just south of the businesses on the southwest corner of Robert Street and Butler Avenue.

The entire site is zoned for commercial use; rezoning would be needed to allow a mixed-use development.

TRANSIT

As part of an on-going process to evaluate the Robert Street corridor for improved transit service, the Dakota County Regional Rail Authority recently commissioned a study to evaluate the impact of BRT and streetcar service on development throughout the corridor. The report concluded that there will be an impact, but not to the point of being able to support development on the scale of what is considered "catalytic." Furthermore, streetcar service was generally considered to have more impact than BRT because of its perceived permanence and cachet (Stantec June 2014 draft report).

Robert Street would be appropriate for high-frequency transit (10 to 15 minute waits for the next vehicle). Currently, three alternatives are being considered:

- BRT on Hwy. 52
- BRT on Robert Street
- Streetcars on Robert Street

According to Joe Morneau, Dakota County transportation manager, all Robert Street transit alternatives are still under consideration.



STAKEHOLDER INTERVIEWS

CITY LEADERSHIP COMMENTS

Mayor John Zanmiller said he has heard, “You can get everything from shoes to salvation on Robert Street,” from the time he was a child. Robert Street used to be the premier shopping district in the East Metro and still provides \$17 million in annual sales tax to the City—without a single car dealership on the street.

The Signal Hills Shopping Center site could help solidify the city’s identity, Zanmiller said. He would like to create a place that’s a destination on the north part of Robert Street—“and there’s a new City Hall somewhere in the plans. We could be throwing it out for bids in a year.” He said he believes there is room in the city for two active nodes; one at Town Center and one to the north, where there is greater population density.

Zanmiller said he thought quality high-density housing of no more than four stories would work on the site, with “a multi-use community gathering space that we can sell to residents.”

Councilperson Jenny Halverson agreed with the idea of a Community Center, but said young families in that area are not interested in workforce housing. “Our preference is for owner-occupied housing.” She said rentals for seniors on the site might be acceptable.

PROPERTY OWNERS COMMENTS

Tom Schuette, property manager for Azure Properties, said the Robert Street changes will affect the Signal Hills Shopping Center negatively because the entrances and exists will be disadvantaged.

Schuette said that although Signal Hills is not fully leased, Azure Properties is continuing to market it and the group has a new marketing strategy. Density in the area and along Robert Street are strengths and a new buffet restaurant is drawing customers to the site. He cited competition, the distance of the retail stores from the street, lower-income type tenants, and terrible access as weaknesses of the site for the owners.

David Schwebel, director of leasing for Wellington Properties, said that from the owners’ perspective, Signal Hills is performing. He said there is no debt on the property and “it’s not a rundown center on the verge of collapse.”

Schwebel said the owners agree that there’s potential for mixed use on the site because of its size. He said the owners are open to giving up part of the retail center to accommodate mixed use. He suggested “clipping a corner” of the retail strip. “If it was an unimproved site, you wouldn’t build what’s there now,” Schwebel said. “But it’s there now—with long-term leases.” The integrity of the leases and tenants need to be foremost considered in any future renovation and/or redevelopment of the site.

The owners were concerned that discussions of redevelopment for the site might give tenants the impression that Azure Properties is thinking about closing the center, which would be detrimental to the owners. They said they had a bad experience with the City and Dakota County almost 15 years ago, when the enclosed mall was torn down and the Kmart was built. “New taxes never rose to the level to pay the interest on improvements funded by the owners,” said Schuette.

POLICY LEADERS

John Zanmiller, West St. Paul Mayor

Jenny Halverson, West St. Paul Councilperson

Matt Fulton, West St. Paul City Manager

Jim Hartshorn, West St. Paul Community Development Director

Ben Boike, West St. Paul Assistant Community Development Director & City Planner

Joe Morneau, Dakota County Transportation Manager

PROPERTY OWNERS

Tom Schuette, Property Manager, Azure Properties

David Schwebel, Director of Leasing, Wellington Management

Rick Schreier, President, Azure Properties

Warren Peterson, Director and President, Peterson, Fram & Bergman (PFB Law) PA

STAKEHOLDER INTERVIEWS

BUSINESS COMMUNITY COMMENTS

David Maatz, president of the South Robert Street Association, said he would like to see Signal Hills become an enclosed mall again, with parking underneath. “It’s prime real estate for retail,” he said. “It would be a shame to see government property on it” (he was referring to the possibility of a City Hall/Community Center on the site).

Maatz and Phil Stalboerger, president of the Dakota County Regional Chamber of Commerce, said the plan for improving Robert Street is both good and bad for businesses on the street. Although traffic flow will be better and there will be better visibility for many of the businesses along the street, the elimination of left turns “will be pushing traffic onto side streets.” Both said that what’s missing from the Robert Street mix of businesses are big department stores, like Herberger’s and Kohl’s.

ROBERT STREET BUSINESS LEADERS

David Maatz, President, South Robert Street Association

Phil Salboerger, President, Dakota County Regional Chamber of Commerce



STUDY AREA ANALYSIS

STRENGTHS

- Large size offers many options for future use.
- Majority of site has one owner.
- Proximity to schools and public amenities.
- Could be (but isn't now) a walkable area.
- Houses in nearest neighborhood behind the site are valued at \$160,000–\$210,000, a strong neighborhood for West St. Paul.
- Bus rapid transit or streetcars are planned for Robert Street and the site is in a key location for either.

WEAKNESSES

- Generational shift in shopping habits means strip mall is outdated.
- Access to site is difficult and will get worse with Robert Street improvements.
- Age of structures; they look dated.
- Lack of parallel space to Robert Street means retail is not highly visible from the street.
- Housing at front of site blocks view of stores.
- Multiple ownership of a critical part of site (bank building, condo/apartments, Kmart, strip mall).
- No cohesiveness or synergy to use of site.
- Kmart lease would be difficult and likely expensive to terminate.
- Lack of urgency to do anything by owner.
- Traffic counts drop off north of Wentworth; there's less traffic at this end of Robert Street.
- Large surface parking area creates a no-man's land of unusable space.

Anchored Shopping Centers	Total SF	Vacant SF	Vacant %	Total Count	Vacant Count
Doddway Shopping Center	38,138	4,275	11.21%	9	2
Robert Square Shopping Center	76,485	4,800	6.28%	14	3
Signal Hills Shopping Center	233,352	53,345	22.86%	33	11
Southridge Center	217,435	5,368	2.47%	19	3
Ten Acres Center	167,000	6,000	3.59%	12	2
Total Anchored Shopping Centers	732,410	73,788	10.07%	87	21

STUDY AREA ANALYSIS

OPPORTUNITIES

- The principal owner of the site is not particularly motivated to make any changes and is content to use the property in its current form. Doing nothing may perpetuate the status quo and, as a result, a transformative redevelopment will be delayed indefinitely. During this time, the property may continue to deteriorate further. Robert Street construction will inhibit egress and exit from the site; redevelopment might be more appealing as a result.
- Changing generations of owners may mean openness to redevelopment, new uses.
- Increasing density of the area.
- Cash flow of site could increase with repurposing, making redevelopment more attractive to owners.
- Potential to create use(s) as destination because of size, location of site.
- Creating/restructuring facilities so they orient to the street would improve location for retail.
- Good site for retail medical/urgent care clinic, use that is not present now along Robert Street.
- Low inventory of existing available housing for families in the city creates market for new housing.
- The property is located within a TIF district although the district may be expiring before significant increments could be garnered to facilitate new redevelopment activities.



THREATS

- Doing nothing may mean missing prime opportunity for redevelopment, financing.
- Amount of retail along Robert Street is high so it's harder for stores in strip mall to compete; the older the retail strip gets, the harder it will be to compete.
- Short-term vision for site misses opportunities.
- Fear of rentals by neighborhood residents and city leaders discourages what could be a prime use for site.
- Fear of density next to single-family neighborhood limits potential uses.
- Gap in support for development among residents, leadership.



DETAILED RECOMMENDATIONS

PURSUE A MEMORANDUM OF UNDERSTANDING WITH THE SIGNAL HILLS OWNERS.

A **Memorandum of Understanding (MOU)** is a non-binding agreement. The MOU is recommended as a tool to advance discussion and, ultimately, final agreements between both parties. The MOU will provide a framework to allow both parties to define in writing what they will agree to do in order to advance the process of redevelopment.

The MOU would articulate what the City is willing to do, such as rezone the site for mixed use, if certain conditions are met by the owners. The MOU would also articulate what the Signal Hill owners will agree to do. Because the relationship between the City and the owners of the property is strained, with suspicions and doubts on both sides, one of the purposes of recommending the MOU is to provide a framework to rebuild the relationship for further agreements. The MOU would be a joint effort for mutual benefit.

The MOU would lay out:

- **Framework for financial terms and options for financial assistance to assist with redevelopment.**
- **Land-use plans and zoning categories.**
- **Timelines for both the City and the owners to meet.**
- **Priorities for action.**
- **Public improvements the City will make.**
- **The impact of Robert Street improvements on the site.**

For example: The City will agree to zone for mixed-use on the site and, in return, the owners will agree to renew leases of its tenants for no more than two years at a time.

For example: The City will agree to work for a transit station at the site, such as a park-and-ride, which would be of benefit to any retail tenants.

The owners—and the City—would need to meet whatever timelines are established before the next steps will be taken.

DETAILED RECOMMENDATIONS

IDENTIFY WHAT THE CITY CAN CONTROL AND ACT ON IT; IDENTIFY WHAT THE CITY CAN'T CONTROL AND ACCEPT IT—AND MOVE ON.

Although this is an underutilized site from a City perspective, it is not a blighted property. **If the owners of the bulk of the site are not interested in a significant redevelopment effort, the City should move on to priorities elsewhere on the corridor.** In the process of developing an MOU with the owners (or in failing to develop an MOU), the City should set a reasonable deadline for either getting a mutually beneficial MOU or putting Signal Hills aside as an area in which to invest resources.

Take steps to secure ownership of the bank property and the condo/apartment complex

Creating a transit hub on the site can be done with or without the property owned by Azure Properties. The properties currently on the other parcels—the former bank building and the small condo/apartment complex—likely could be purchased for a transit hub and to prepare the way for future mixed-use development of the site. West St. Paul can pursue purchase of the bank building, in partnership with Metro Transit, and try to partner with the Dakota County CDA for purchase of the residential units. Acquisition of the apartment/condo complex would also significantly improve the visibility of the retail properties from Robert Street.

Wait to determine what happens with Kmart, but be prepared for action when/if the situation changes.

Kmart's long-term lease for a large part of the site is a barrier to development right now, but the business nationally is struggling and there is a strong possibility that within a relatively short period, Kmart stores in many locations will close. The City should have plans for what it would like to see on the site if the store closes and (as is likely) no other large-scale retail operation takes over.



DETAILED RECOMMENDATIONS

UPDATE RENAISSANCE PLAN C CONCEPTS FOR THE AREA.

The bones of a good plan for mixed use in the area are already in the Robert Street Renaissance Plan of 2001. With an update—not a complete redo—this plan could lay out the structure of mixed use on the properties, including:

- **A smaller level of retail.** The way people shop already has changed and will continue changing. There will be retail stores in the future, but they will take up less space. On this site, Kmart is likely to go away and not be replaced, and the smaller stores in the strip mall area could be condensed into one, smaller building.

- **Retail oriented along Robert Street.** Retail should be positioned where it can be seen from Robert Street, at the front of the site.

- **Additional single-family housing.** Housing could include single-family homes to the back (west) part of the properties, backing into the single-family neighborhood that is behind it, and now blocked from Robert Street.

- **Apartments and townhouses.** Three- or four-story apartments and some townhouses would be appropriate uses on the interior of the area.
- **Transit.** A transit center on the north side of the area would be a strong draw for both retail and housing. This is a good location for a transit center because it's on two major streets.

- **Softening the grid.** The current Renaissance Plan C has a very squared-off grid. The panel suggested softening that, adding curves.

- **Site-appropriate amenities.** A pocket park, a water element of some kind, and/or a walkway would create a connection to the neighborhood to the

west and make the site more attractive for renters/owners and shoppers. A pond could not only add to the walkability of the site, it could be a way to manage storm-water runoff.

- **What wouldn't work?** Several uses were seen as not appropriate for the area: big-box retail, offices (other than medical offices), a nursing home, an enclosed mall, or condominiums.

Condominiums might be appropriate in the future, but that is not where the market is right now.

- **Senior Housing.** The area is attractive for senior housing, but would need the presence of walkable retail, medical retail, and/or parks to make it a destination for senior housing. Today's senior housing projects want to be seen and have synergistic uses that friends/family and grandkids can take their parents to and enjoy. In addition, immediate household values within the market area are not high enough to create a strong market for senior housing.



Figure VI-7

DETAILED RECOMMENDATIONS

CREATE A COMMUNICATION/EDUCATION AND MARKETING PLAN.

Education and Communication: Educate city leaders (elected and others) about the value of new multi-family rental housing, which is designed with much more quality than in the past and helps in attracting a younger generation to the city. There seem to be negative impressions of multi-family housing among a number of city leaders—and city residents, perhaps because most of the multi-family rental housing in the city is from a different era. Today’s apartment complexes tend to be of condo-quality, with high-quality design, finishes, and internal and external amenities. A tour of new buildings and projects in other communities might help dispel some of the negative images. West St. Paul is an aging city in many ways and yet could be a very attractive destination for young singles and families—an increasing number of whom are looking to rent rather than buy.

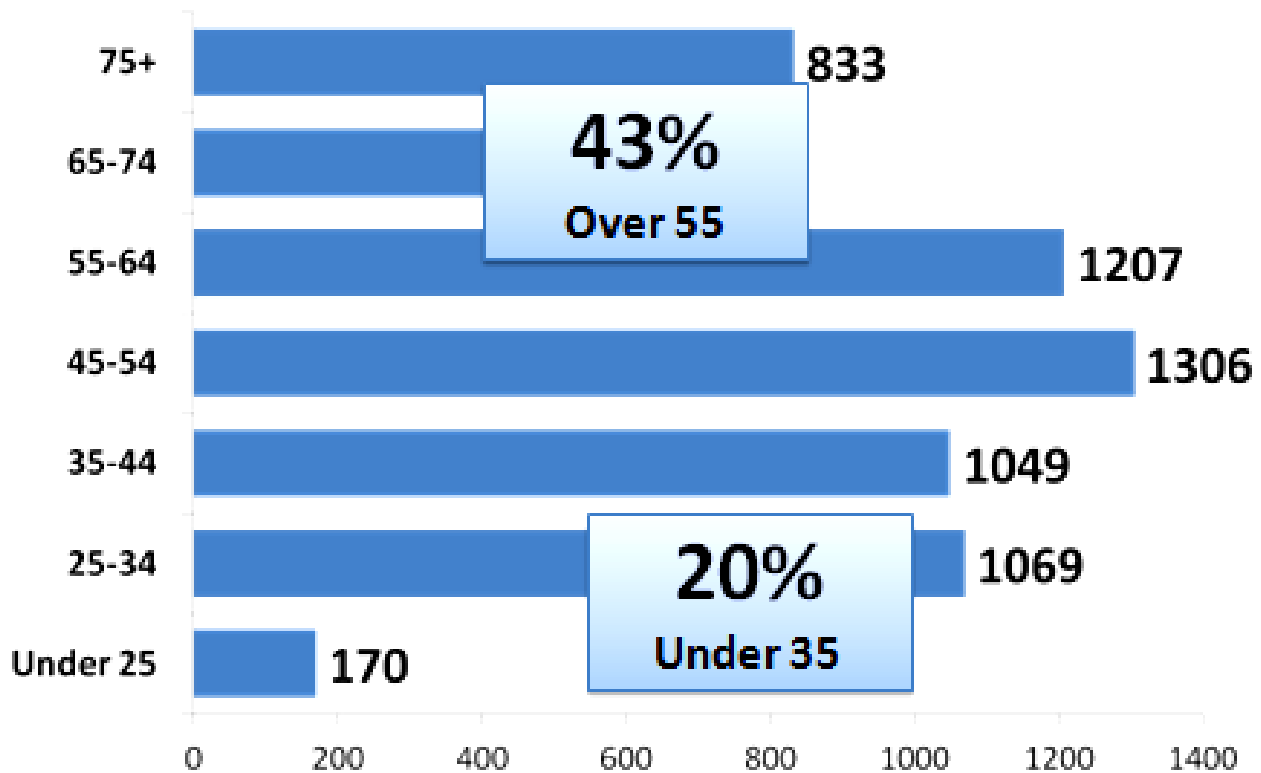
Brand West St. Paul. Create a “there there.” Announce the City brand along Hwy. 52 and in other key transportation corridors—including Robert Street. Make sure those passing through and those staying to visit, do business, or shop know what West St. Paul is, what it stands for—and what it has to offer residents and the general public. Engage local businesses in this effort more proactively.



BACKGROUND REVIEW MATERIALS

- **City of West St. Paul Letter**
- **Area Materials:**
 - Study Area Parcel Information
 - Study Area Zoning Districts
 - Signal Hills Community Profile
 - 2010 Census Profile
 - 2011 Excensus Household Profile
 - 2011 Excensus Household Moves by Age & Type
 - Signal Hills Market Summary Report
 - Signal Hills Retail Market Summary Report

Household Distribution – 1 Mile Radius Site Area (2011)

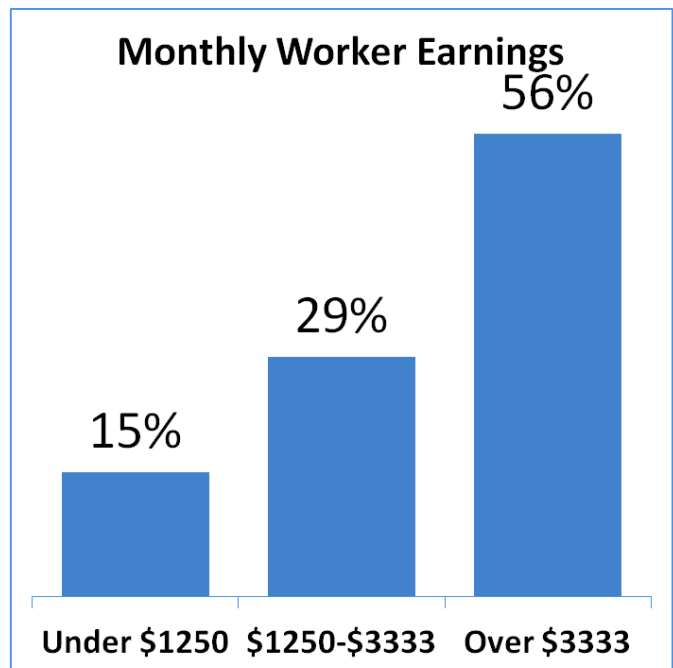
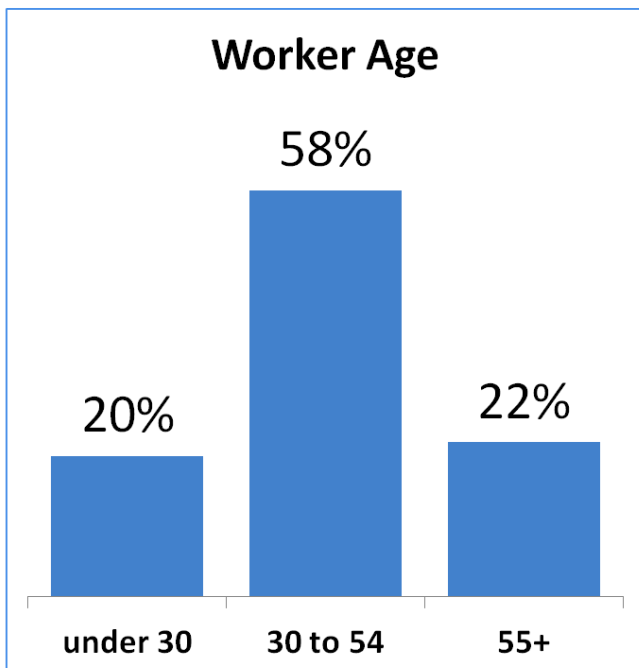


BACKGROUND REVIEW MATERIALS

- **Traffic Counts 2009/2030 (projected)**
- **Robert Street Reconstruction Design Adjacent to Study Area**
- **Dakota County CDA TIF District 10**
- **Housing Needs Assessment for WSP March 2014**
- **Introduction—Robert Street Renaissance Plan**
- **City Zoning Map**
- **City Land Use Map**
- **City Land Use Guide**
- **Draft Conclusion and Recommendation of South Robert Street Gateway Market Study**

Market Data – Site Area – 3 mile radius

5200 Businesses, 66,000 Employees
50%+ - Retail and Service sectors



WEST ST. PAUL
SIGNAL HILLS CENTER
TECHNICAL ASSISTANCE PANEL



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