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 Dominium 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:

<table>
<thead>
<tr>
<th>Fund:</th>
<th>Amount</th>
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STAFF RECOMMENDATION:
Review and provide direction to Dominium Development Company.
ATTACHMENTS:

1. Project Summary from Dominium Development Company.
2. Site Plan
In July of 2019, Dominium 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, Dominium intends to apply for tax-exempt bonds and 4% affordable housing tax credits through Dakota County. Dominium 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, Dominium owns and manages 8,706 units across 63 properties throughout Minnesota. In the past five years, Dominium 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+)**

<table>
<thead>
<tr>
<th>Apartment Type</th>
<th># of Units</th>
<th>Square Feet</th>
<th>Proforma Rents</th>
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<tbody>
<tr>
<td>One Bedroom / One Bathroom</td>
<td>87</td>
<td>661</td>
<td>$1,053</td>
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<tr>
<td>Two Bedroom / Two Bathroom</td>
<td>95</td>
<td>975</td>
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<td>Three Bedroom / Two Bathroom</td>
<td>50</td>
<td>1,311</td>
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<tr>
<td><strong>Total / Average</strong></td>
<td><strong>232</strong></td>
<td><strong>930</strong></td>
<td><strong>$1,225</strong></td>
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*Proforma Rents are subject to change based on changes in Area Median Income for Dakota County.*

**Building 2: Workforce Housing (Not Age Restricted)**

<table>
<thead>
<tr>
<th>Apartment Type</th>
<th># of Units</th>
<th>Square Feet</th>
<th>Proforma Rents</th>
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</thead>
<tbody>
<tr>
<td>One Bedroom / One Bathroom</td>
<td>28</td>
<td>664</td>
<td>$1,053</td>
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<tr>
<td>Two Bedroom / Two Bathroom</td>
<td>69</td>
<td>978</td>
<td>$1,261</td>
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<tr>
<td>Three Bedroom / Two Bathroom</td>
<td>40</td>
<td>1,345</td>
<td>$1,454</td>
</tr>
<tr>
<td><strong>Total / Average</strong></td>
<td><strong>137</strong></td>
<td><strong>1,021</strong></td>
<td><strong>1,225</strong></td>
</tr>
</tbody>
</table>

*Proforma Rents are subject to change based on changes in Area Median Income for Dakota County.*
West St. Paul – Dominium 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 Dominium 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, Dominium 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 153
TOTAL STALLS 284(2.07)

SENIOR BUILDING
1BD 87(37.9%)
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