

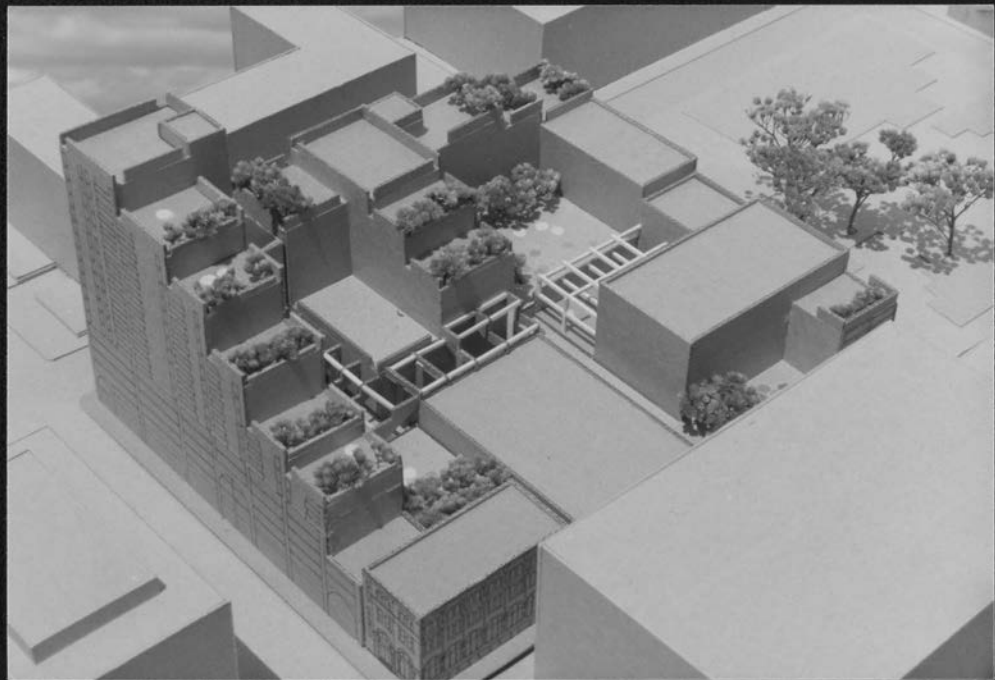


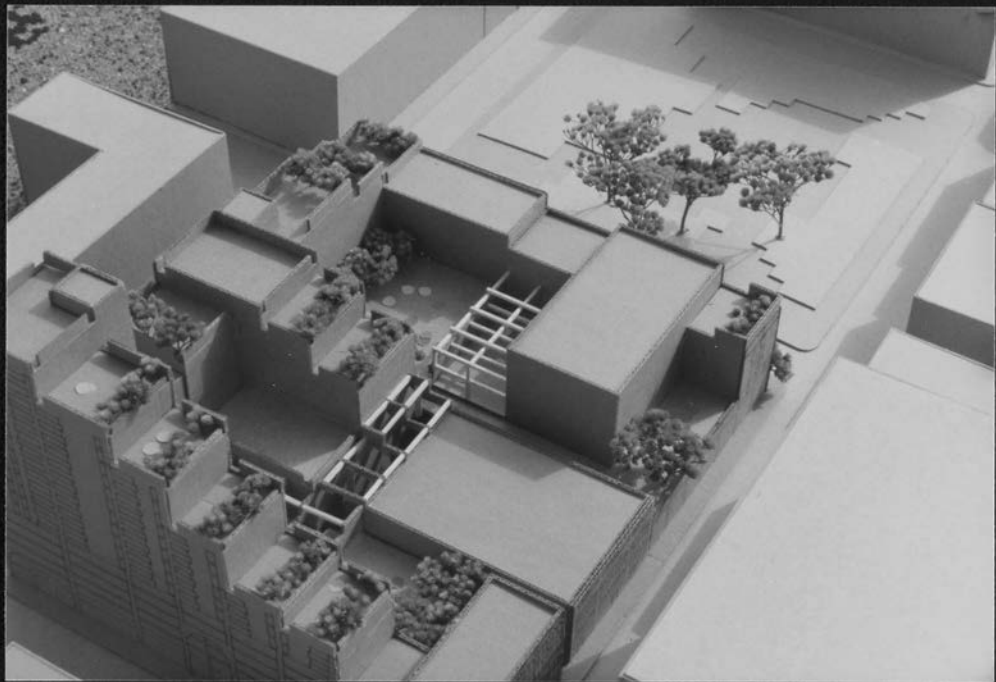
## Lowertown Redevelopment Corporation: Corporate records

### **Copyright Notice:**

This material may be protected by copyright law (U.S. Code, Title 17). Researchers are liable for any infringement. For more information, visit [www.mnhs.org/copyright](http://www.mnhs.org/copyright).







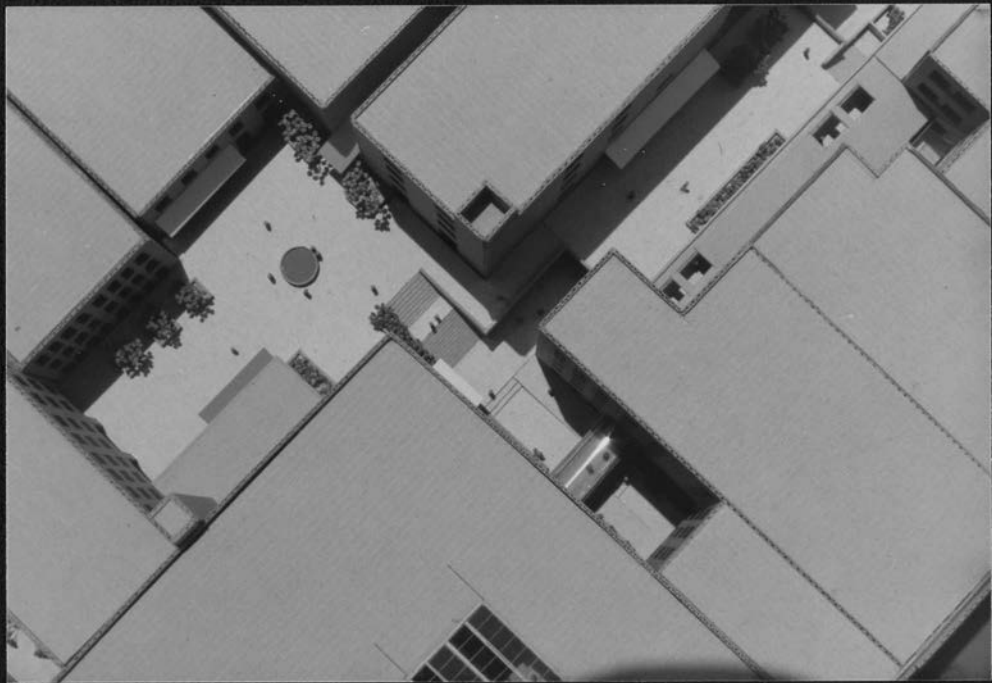




















DEPARTMENT OF PLANNING  
& ECONOMIC DEVELOPMENT

# WHAT'S NEW

## Block 40 rises brick by brick

You can't keep a good building down. Or so it seems in the Lowertown area of downtown Saint Paul where construction workers have torn down the Sibley, Sperry and Aslesen Buildings.

Unlike most demolition jobs, however, this one required that the facade of the latter two buildings be saved. That meant that the buildings' exteriors came down brick by brick to be reconstructed later as part of the larger \$74 million development on that block. The McColl Building, on the National Register of Historic Places, will be retained and completely renovated also.

The block will eventually include the new construction (with some historic facades) of a new YMCA, 250 condominiums, 220 rental units (20 percent subsidized for low-income persons), 145,000 square feet of commercial and retail space, and a 650-space underground parking ramp.

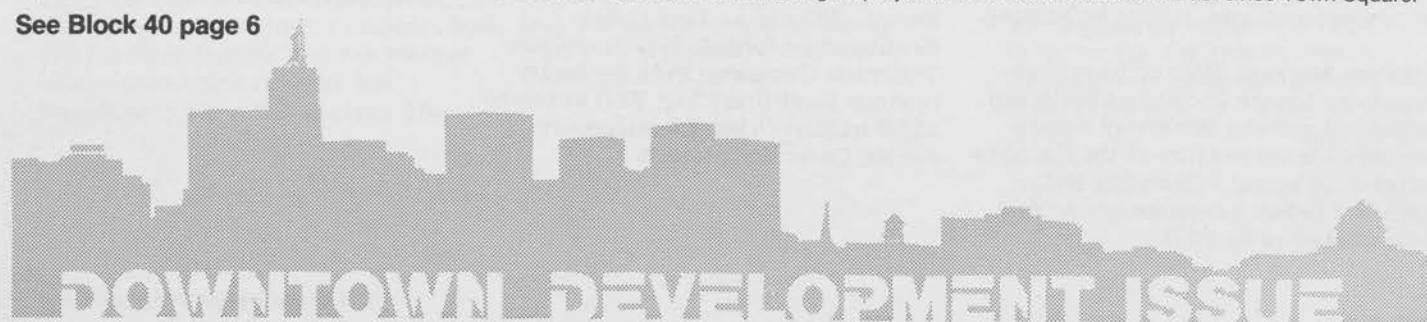
The five-story, 62,000 square foot YMCA will include a gym, one of the largest running tracks in the Midwest, exercise areas, meeting rooms, swimming pool and racquetball courts.

Designed as an integrated unit, the Block 40 development will have an open seven-story, gabled-glass atrium and two towers 22 and 33 stories high respectively. This extensive mixed-use development will be the largest project in Saint Paul since Town Square.

See Block 40 page 6



Galtier Plaza, the \$74 million development being constructed on Block 40, will contain a new YMCA, housing, shops and entertainment spots. Depicted here at the corner of Sibley and Fifth Streets, the development is the largest project done in downtown Saint Paul since Town Square.





## Construction thrives in downtown Saint Paul

Renovation and new construction graced every corner of downtown Saint Paul last year—from Block 40 in Lowertown to Hotel St. Paul on Rice Park. The following comprehensive list gives a brief description of these public and private developments. Several of these projects are also featured elsewhere in this publication.

**Amhoist Tower:** \$35 million new construction at St. Peter and Fourth streets; adjacent to Hotel Saint Paul; developed by American Hoist and Derrick Company; Amhoist major tenant; 26 stories; 23 condominiums; 14 floors of offices; 350 parking spaces; Port Authority revenue bond financing; parking ramp expected to open early 1983.

**Block 40:** \$74 million development at Sibley, Jackson, Fifth and Sixth streets; 350 housing units; 145,000 square feet commercial/retail space; five-story, 62,000 square foot YMCA; 700 new jobs; \$1 million in annual property taxes; PED obtained a \$4.8 million for project.

**Carriage Hill Plaza:** \$3 million specialty-shop renovation in the vacated Field-Schlick department store; opened 1981, but continues to add new stores such as Sonnie's clothing store.

**City Walk:** \$20 million condominium construction at Eighth and Minnesota streets; 254 living units; 644 parking spaces; skyway connection to Town Square; developed by Ted Glasrud and Associates.

**Dayton's Department Store:** More than \$3 million renovation of one of downtown's major department stores at Wabasha and Sixth streets; 1982 completion.

**Old Donaldsons' Parking Ramp:** Eighth street between Minnesota and Robert streets; purchased by city for \$1 million; used as parking lot until it can be redeveloped into offices or housing.

**Farmers Market:** Part of \$6 million Broadway Square Project at Fifth and Broadway streets; Broadway Square includes the renovation of the Cardozo warehouse; private financing and \$565,000 Urban Development Action Grant obtained by PED.

**Gallivan's Restaurant:** Major renovation on Wabasha near Fourth street; private venture; owners, Gerald Landreville and Wayne Belisle.

**Old Gospel Mission Site:** Seventh and Wacouta streets; retained for development of about 35 condominiums.

**Granada Royale Homotel:** \$10 million new construction of hotel suites at Tenth and Jackson streets; designed for lengthy visits; adds \$400,000 to annual property tax revenue.

**Heritage House:** \$2.9 million conversion of warehouse space into 58, Section 8 rental units for senior citizens at Seventh and Wacouta streets; Butwinick retail furniture store will remain on the first floor; upper four stories of building renovated into one-bedroom apartments; financing included a \$120,000 loan from PED, a loan from Lowertown Redevelopment Corporation and funds from the Minnesota Housing Finance Agency.



**Hotel Saint Paul:** An \$18 million major renovation at Fifth and St. Peter streets, facing Rice Park; 260 hotel rooms, new restaurant, bar and lounge, 300-car parking ramp; developed by Lincoln Hotels and the Jefferson Company; Port Authority revenue bond financing; PED obtained a \$2.9 million Urban Development Action Grant for project.

**Market House:** Part of the \$6 million Broadway Square project at Fifth and Broadway streets; adjacent to Farmers Market; includes shops, restaurant, loft-style apartments and space for farmers to sell produce during colder winter months; developed by Broadway Square Associates; 23,000 square feet of retail space; 60 condominiums, each 700 to 1,600 square feet, costing from \$89,000 to \$146,000; project adds \$295,000 to annual property tax revenue.

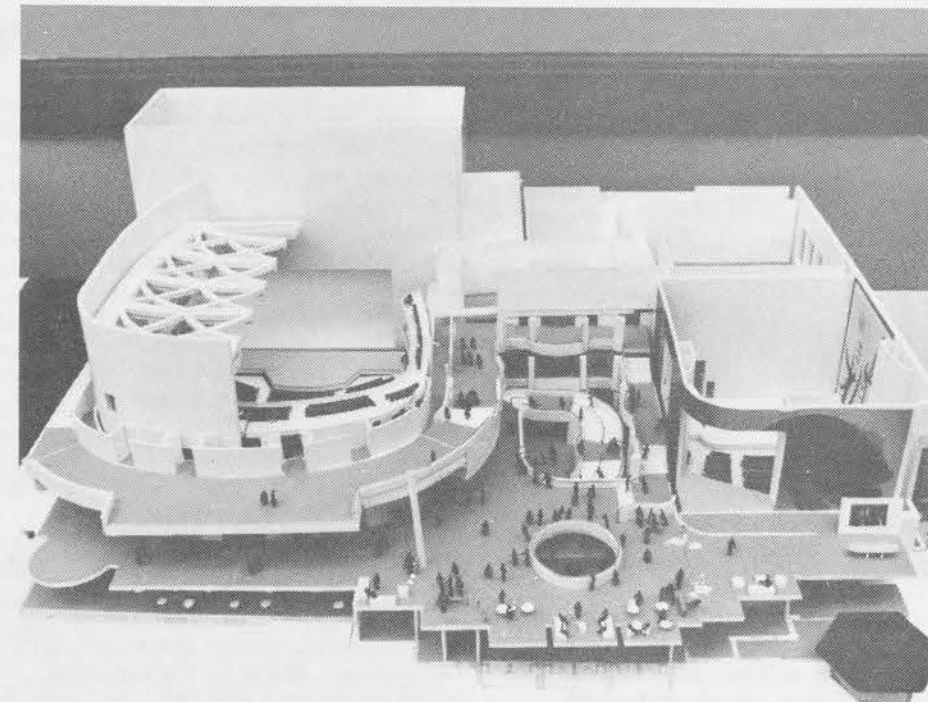
**Ordway Music Theater:** \$25 million new theater at Washington Street between Fourth and Fifth streets; home of St. Paul Chamber Orchestra and Minnesota Opera; 2,000-seat theater complex sponsored by St. Paul Ramsey Arts and Science Council; funded by Lucius P. Ordway family foundation and private subscription; some possible tax-exempt financing; occupancy expected by mid-1984.

**Pioneer and Endicott Buildings:** \$8 million renovation of office buildings at Fourth and Robert streets; restoration of historic architecture.

**St. Paul Building:** \$3 million renovation at Fifth and Wabasha streets; tax-exempt revenue bond issued by PED through the HRA; renovated in accordance with the Heritage Preservation Commission; possible owners, Craig R. Morten and Associates.

**Union Depot Place:** \$6 million renovation of old depot into office and retail use at Fourth street between Sibley and Wacouta streets; completion expected 1984.

WHAT'S NEW is a publication of Saint Paul's Department of Planning and Economic Development. Questions to Virginia Talbert or Jane Eastwood, public relations office, Department of Planning and Economic Development, 25 W. 4th St., Saint Paul, Minnesota 55102, (612) 292-6083 or 292-6084.



A model shows the cutaway view of the Ordway Theater as seen from Rice Park by Washington Street. The \$26 million theater will have a seating capacity of 2,000.

## Market reaps successful year

There's good news for the new downtown Saint Paul's Farmers Market which only a year ago was embroiled in controversy: 1) The first season report shows that sales increased 25 percent at its new location at Fifth and Broadway streets; and 2) plans continue for renovating the adjacent Cardozo Warehouse into Market House, a mixed-used development with housing and market-related retailing.

The new market, with its open air, translucent sheds and brick walkways, was relocated from its previous location at Tenth and Jackson streets to make way for the \$10 million Granada Royale Homotel, now under construction on that site.

Following a long struggle to ensure its downtown location, the Farmers Market became an integral part of the larger Broadway Square project in the lowertown area. The entire \$6 million Broadway Square project includes both the Farmers Market and the Market House renovation done by the Broadway Square Associates. The

Market House plan includes shops, a fresh food restaurant and 75 housing units. Work on Market House is expected to be completed in mid-1984. The Department of Planning and Economic Development obtained a \$565,000 Urban Development Action Grant for the dual project, with repayment money to be used by the city for future development.

Marketing of the housing units will be done by Panama Flats Corporation, using financing provided through the Lowertown Housing Program—a program jointly sponsored by the city of Saint Paul and the Lowertown Redevelopment Corporation.

The seven-story Granada Royale Homotel will feature living suites with kitchens and other amenities. It is designed for out-of-town executives staying in Saint Paul for an extended period of time. Financing for the building was provided by the Saint Paul Port Authority. Occupancy is expected next spring.

## Crescendos herald in music theater

The pounding demolition balls at Washington and Fifth street in downtown Saint Paul this fall were just the beginning of sounding crescendos for that corner.

The old Wilder office and senior citizens center and the old Saint Paul Civic Center Theater came down to make way for a new \$26 million Ordway Music Theater that will be home to the Saint Paul Chamber Orchestra and the Minnesota Opera Company.

The new facility, which will face the west side of Rice Park, will house a theater that seats from 1,700 to 2,000 people, a small theater with about 300 seats, and a rehearsal room that can double for banquets and other gatherings. Four separate levels will be used in the theater stage so that it can be raised to form a large platform lowered to floor level to be used for seating or lowered further to form a pit.

The theater has been called an important addition to the cultural life of the metropolitan area. Already smaller theaters fill to capacity with people who want attend the opera and to hear the Chamber Orchestra under the direction of Pinchas Zukerman.

To finance the theater, Sally Ordway Irvine has donated \$10 million in honor of her father, industrialist Lucius P. Ordway. The remaining financing will come from additional foundation and corporate grants and a public subscription drive. More than \$20 million has already been raised to construct the theater.

The facility is expected to open in the fall of 1984.

For more information call Stephen Wellington, Development Deputy Director for the Department of Planning and Economic Development, (612) 292-1577.



## Pioneer/Endicott restored

The Pioneer and Endicott Buildings on the edge of Lowertown in downtown Saint Paul are undergoing a renovation that has been compared to a human having a cardiovascular operation at the same time as major plastic surgery.

In short, it's an overhaul.

John Mannillo, who is overseeing this \$8 million renovation of the two historic buildings, said that the surgery comparison is fitting because of the new mechanical and aesthetic features.

"It's virtually a new building in authentic old character," Mannillo said.

The renovation includes new windows, tuck mortar, bricks, and an acid wash of the exterior. They have taken out ceilings, lights, done new duct work and basically have "rebuilt a new core," Mannillo said. "We worked closely with the Historical Society and the Heritage Preservation Commission to remain within in the proper guidelines architecturally. We repainted all the metal work outside, redid the fire escapes and restored all the store fronts to their original look. All the windows will exactly match the originals. All the arches will be the same." Mannillo said the skylight in the atrium will be replaced with an energy-efficient one and the Pioneer Arcade will retain its two-story entrance, balcony, and phone booth.

"We did all the noisy, dusty work at night so that we could work round the clock and allow tenants to continue their business," Mannillo said. "In some cases we had to work over the tenants' heads; some tenants had to move."



Pioneer Building



The Endicott Arcade will feature a new sidewalk cafe, and the Pioneer Coffee Shop will be restored into a more efficient, larger restaurant. Mannillo said that many shops will be redone. The parking ramp has also been redone and will accommodate 420 cars.

"We expect to be completed in eight to nine months--by summer's end of 1983. The adjacent 40,000 square foot Midwest Building will also undergo renovation," Mannillo said.

The Midwest Building, which Mannillo says has the most spectacular facade of any building in Saint Paul, will retain its circular marble and glass stairway, restored to meet fire guidelines, and will also retain the original glass arcade that contains 420 stained glass panels designed by Cass Gilbert.

The First National Bank bought the Pioneer and Endicott buildings and is leasing them back through an agency to the tenants. The First Computer Corporation, a First Bank company which services checking accounts for other Midwest banks, will occupy 80,000 square feet in the two buildings when the renovation is completed. The company will maintain offices on three floors of both the Pioneer and Endicott, with private skyways connecting the buildings.

Even with the renovation, Mannillo said the rent will remain competitive. Because of this, he feels that both buildings will be 90 percent leased by the end of 1983.

## I-35E Parkway

Ten years ago, a roadblock, in the form of citizen protest, was thrown up against the construction of a freeway that would connect the two sections of Interstate-35E in Saint Paul. That roadblock is being dismantled and construction on the I-35E connection may begin as early as next year. The connecting roadway, the I-35E Parkway, is a four-lane, tree-lined alternative to the originally-proposed freeway.

Citizen protest and a lawsuit in which the Saint Paul City Council was a plaintiff stopped the I-35E freeway construction in 1972. Over the decade that followed, alternatives to the six-lane freeway were studied and an Environmental Impact Statement (EIS) was written. Many of the concerns raised by citizens and the City Council about the impact of I-35E were answered. The EIS was approved by the Federal Highway Administration last year, and now it is up to the Saint Paul Planning Commission and City Council to approve the proposed I-35E Parkway design so that construction of the first section can begin.

The I-35E Parkway will follow the Pleasant Avenue corridor along the western edge of the downtown area below the Summit Hill bluff, the same route that the original I-35E freeway was to have traveled. The \$53 million Parkway will connect I-35E and I-94 north of downtown to I-35E at West Seventh Street on the south. Funding for the roadway, more than half of which was completed in 1972, will come from federal interstate money (90 percent) and matching state funds (10 percent). The Parkway will provide a major transportation route for the large and growing influx of travelers from Dakota County to downtown Saint Paul. While it is described as a regional transportation artery for the seven-county metro area, the Parkway will also smooth traffic flow between the southern and western neighborhoods of the city and the downtown area.

In a separate but related plan, changes are also being proposed for the major entrance and exit routes between the downtown area and west I-94. The changes would create a smooth flow of incoming and outgoing traffic by

## roadblock comes down, construction may begin

providing one-way exit and entrance streets. The present Fifth and Ninth streets would, in effect, be straightened out and moved, and Ninth Street would become Sixth Street. Kellogg Boulevard would also be moved. The two-block section of Kellogg Boulevard between West Seventh Street and John Ireland Boulevard would be moved one block north, next to the Fifth Street connector. These proposed changes would coincide with the construction of the final phase of the I-35E Parkway, slated for 1986.

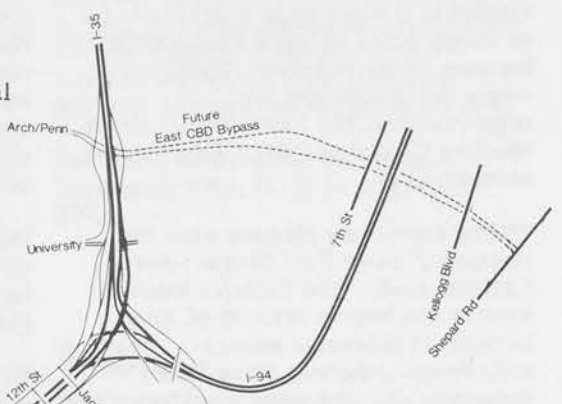
At this point, the proposed changes in the entrance and exit streets between West I-94 and downtown are still being fine-tuned by staff from the Department of Planning and Economic Development and Public Works. Many questions about the appropriate land uses for parcels in the relatively undeveloped Cathedral Hill area, which will be affected by the Fifth, Sixth and Kellogg Boulevard changes, are yet to be answered.

The I-35E Parkway itself will have an important economic impact on downtown Saint Paul. It is estimated that a full 32 percent of the traffic coming into Saint Paul from the south

by the I-35E Parkway will come from Dakota County. Besides bringing workers, the Parkway is expected to bring shoppers from the growing suburban county, which has no regional shopping center serving it. This will be a welcome boom to Saint Paul's developing downtown retail area. About 40 percent of the vehicles heading north on the Parkway from Dakota County and the western and southern suburbs of Minneapolis will be traveling to the downtown area.

The Parkway that will carry these travelers is substantially different from the freeway that was proposed and partially constructed in 1972. These differences are designed to alleviate some of the noise problems as well as the aesthetic disadvantages of the freeway design. Like other city parkways, the I-35E Parkway will be off limits to heavy trucks. Automobiles, buses, small delivery vehicles, pickups and recreational vehicles will be allowed. The roadbed will be thick enough to handle only these vehicles, insuring that the Parkway can not be converted to a freeway at a later date. The southern section of the I-35E Parkway, which runs closest to residential areas, will have a five- to seven-foot high noise barrier, if the neighborhood wants it, to cut down noise levels.

Diamond interchanges--roads that angle off or onto the main thoroughfare--will be used instead of full clover leaf exit and entrance ramps. In some cases, there will be

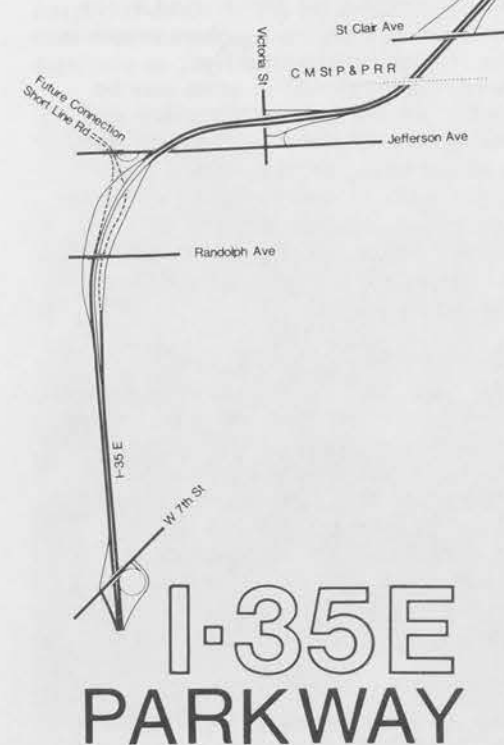


only half diamond interchanges to limit access to an area where excess traffic is not desired, for example, to a neighborhood. At the Grand/Ramsey interchange, a half diamond will be used to protect a National Historic site, the German Presbyterian Church, designed by Cass Gilbert. Original plans called for a full diamond that would have required using the land on which the protected building stands. Another historic structure, the retaining wall below the James J. Hill mansion, will be saved by a design change that will move the Kellogg/I-35E interchange further north.

Trees and shrubs will line the Parkway, and from West Seventh to Grand/Ramsey there will be a center median with canopy trees to give the roadway a parkway-like appearance. The speed limit will be maintained at 45 mph, to keep noise levels low. A bike path will run along the entire length of the Parkway on the right of way but separated from car traffic. Three pedestrian bridges will cross the Parkway.

Another noise control feature of the I-35E Parkway will be the depressed roadway construction of the Parkway, beginning at the Grand/Ramsey interchange. Grand Avenue and Ramsey Street will remain at their existing grade and the Parkway will run under them, cutting down traffic noise.

See I-35E page 7





## Saint Paul—you're in hot water now

The largest hot water district heating system in the nation is guaranteed to be constructed in Saint Paul next year because of commitments from downtown businesses and organizations, the Saint Paul District Heating Company (DHDC) announced recently.

"We're extremely pleased with this response," Saint Paul Mayor George Latimer said. "The District Heating system has been a priority of mine because it promotes energy-efficiency, enhances Saint Paul's economic climate, and over the long run saves the users tremendous amounts of money."

The District Heating System is a method that pipes hot water, heated at a central source, to downtown buildings to fulfill their space heating, domestic hot water, and processing needs. The Saint Paul system is scheduled to be completed in 1985. Immediate work on the system's main heat source, the DHDC-owned Third Street Plant, will assure that hot water can flow from there starting in the fall of 1983.

The Saint Paul system was conceived as part of a Twin Cities District Heating Plan which would eventually connect much of the metropolitan area. By 1986, the system is expected to save enough energy to heat 10,000 homes annually.

Total project costs are now estimated at \$43.8 million, including \$24.5 million for the piping system and \$6.6 million for the heating plant modifications. For the project, the Saint Paul Department of Planning and Economic Development (PED) obtained a \$7.7 million federal Urban Development Action Grant which will be loaned to DHDC. Financing will also be provided through 30-year revenue bonds, a \$7.8 million loan from tax investment funds, and \$5.5 million loan from the city's Community Development Block Grant funds.

"The structure of the revenue bond issue is perhaps the most innovative ever employed by PED," Steve Wellington, PED Development Deputy Director, said. The revenue bond

financing involves the issuance of short-term, 30-day, tax exempt obligations which are continually renewed over the term of the 30-year bond issue. This structure enabled DHDC to receive 10 percent long-term financing in a market with rates between 11 percent and 12 percent.

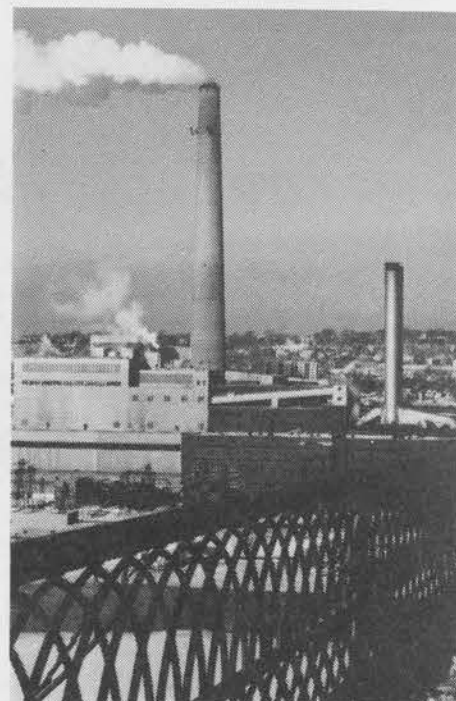
In the words of a local banker, the combination of short-term rates and long-term financing represents "30-year paper on a 30-day roll."

Without additional sources of security, such a financing structure would have been too much of a risk for both PED and DHDC. To alleviate some of this risk, a consortium of local banks headed by First Bank Saint Paul and Northwestern Bank of Saint Paul provided a 10-year letter of credit for the transaction. In addition, Old Republic Insurance Company issued a policy to cover interest rate risk to the banks and DHDC.

"The support offered by our local bankers was critical to District Heating becoming a reality in Saint Paul," Mayor Latimer said. "In particular, the efforts of John Mullen, Executive Vice President at First Bank Saint Paul, and Larry Buegler, President Northwestern National Bank of Saint Paul, were instrumental in putting the financing together."

Substantial funding has also been pledged from private foundations and corporations to assist hospitals and non-profit agencies in carrying out the necessary building conversions. This, together with the revenue bond financing arranged through the St. Paul Port Authority, has made the conversion to hot water even more attractive.

"We've had to overcome many obstacles since we started this project. But I knew all along that it would fly here, just as it has in northern Europe for over 25 years," Hans Nyman, DHDC president said. "People understand that their energy costs are becoming a major expense, and they are looking for ways to solve the problem. They are realizing more and more that we have the solution for downtown St. Paul energy consumers: coal-based hot water district heating."



Waste energy such as this will be reused to help heat water for the energy-efficient Saint Paul District Heating System.

For more information, call the District Heating Development Company, (612) 297-8955.

## Block 40

continued from page 1

The developer, Mears Park Development Company, has commissioned several market studies to determine the image and ambiance people would most like to find in the Block 40 development. Most people in the studies agreed that the development should in some way be tied to the historic architecture and background of the previous riverfront manufacturing section of downtown Saint Paul. In recognition of this, the developers have tentatively selected Galtier Plaza as the project's name. Galtier is the man who gave the city the name.

The Saint Paul Department of Planning and Economic Development coordinated the Block 40 development with the Mears Park Development Company and obtained a \$4.8 million federal Urban Development Action Grant to leverage the private investment. When completed, the project will generate an estimated \$1 million in annual property taxes and provide 700 new jobs in Saint Paul.

For more information about Block 40, call the PED Development Division at (612) 292-1577.

## Lewis Park celebrates eight years rebuilding neighborhood

Residents of Saint Paul's North End in November celebrated their successful eight-year struggle to rebuild Lewis Park, a neighborhood once known for its high crime and tumble-down housing.

"Lewis Park is probably one of the finest examples of what citizens can do," Mayor George Latimer said. "The North End residents initiated a major redevelopment of three city blocks and kept the fires going under that slow and difficult process for eight years because they wanted to preserve and improve their own neighborhood. Now the North End has a whole new neighborhood area to be proud of because these people made it happen."

In 1974, North End residents formed a small citizens group to confront head-on the problems of housing, crime and poor neighborhood image. With funds raised at garage sales, they conducted a survey that revealed housing as the number one issue. Many of the crackerbox homes had little or no foundation, leaning walls, and health and safety problems that were impossible to repair. People were trapped in dilapidated homes they could neither repair nor sell.

The residents began to rebuild their neighborhood by first convincing the National Handicapped Housing Institute to buy the old Whittier

School site and build its new 103-unit, barrier-free apartment building on the land. Then through the neighborhood's urging, two and a half blocks of fallen-down housing were purchased and cleared by the Department of Planning and Economic Development (PED). In the process, 95 families were moved from the area. A new park was built on one block and, on the other, 25 new two- and three-bedroom townhomes, called the Lewis Park Townhomes, were built.

"As far as I can tell, the whole Lewis Park redevelopment project is a success," Alice Willman, one of the original organizers of the effort, said. "Some people tried to convince us that these renewal projects can have a negative effect on a neighborhood, but in our case, it's had a positive effect." Willman, who served as president of the District 6 Planning Council during part of the redevelopment project, was relocated and her own house torn down. She now lives in Finlayson, Minnesota.

Community residents like Willman were recognized at the community celebration, as the history of their patient and successful work was told. On hand to honor them were Councilman Hugo Masanz, Ward Five and Vicky Long, President of the District Six Planning Council. The community was then invited to tour

the new Lewis Park Townhomes, which are part of the Minneapolis/Saint Paul Family Housing Program. The townhomes are located on Galtier between Milford and Wayzata streets.

For more information call Jane Eastwood, PED, (612) 292-1577, ext. 204.

## I-35E

continued from page 5

One of the final stages of construction of the Parkway is its connection with the Common Section, where I-35E and I-94 come together. The 1,700-foot freeway section will be improved to make it possible for the traffic going in both directions on the freeway and the Parkway to shift easily between thoroughfares and avoid weaving through traffic. The improvements will include adding two lanes to the common freeway section, modifying ramps, lengthening bridges for aerial streets that cross the freeway, and ramp metering.

During early 1983, the I-35E Parkway design will be studied by the Saint Paul Planning Commission and the City Council. The Planning Commission will hold meetings with each district affected by the Parkway—Districts 9, 15, 16, and 17—to explain the design and answer any questions. Following a public hearing in February, the Commission will make its recommendations to the City Council, which must approve the design before final construction plans can be made.

If approval is obtained, construction could begin as early as the summer of 1983. The first section slated for construction is from West Seventh Street to St. Clair Avenue, the section on which the most construction was done before the freeway was stopped. The final section to be completed—scheduled for 1986—is the section between St. Clair and I-94.

For more information about the I-35E Parkway, call Dorothy Schlesselman, PED Planning Division, (612) 292-1577, ext. 299.



The 25-unit Lewis Park townhomes were built through the Minneapolis/St. Paul Family Housing Program. All the townhomes have been sold.



## Small businesses receive money for growth

Loeffler's Safety Shoes, the first business in Minnesota to receive funding approval through a new national loan program, opened in Saint Paul, and Mayor George Latimer announced that other small business owners may apply for funding available through the 1983 loan program.

The new program, called the Small Business Administration (SBA) 503 Loan Program, helps Saint Paul's small businesses obtain long-term financing for land acquisition, building construction, expansion, renovation and energy improvements. In Saint Paul, the 503 Loan Program is administered by the Saint Paul 503 Development Company, which is staffed by the Department of Planning and Economic Development (PED).

The SBA 503 Loan Program was funded nationally in 1982 at \$150 million. The funding for 1983 is also set at \$150 million, and small businesses in Saint Paul may begin applying for this funding immediately. There is no limit placed on Saint Paul's share of the 503 funds. For 1982, Saint Paul expects to provide a total of \$3 million in funding for small businesses, and expects to surpass that amount of funding in 1983.

"Saint Paul is proud to announce a new year for the 503 Loan Program," Mayor Latimer said. "The Program provides our important small business sector with long-term financing that has been lacking for too long. This program adds to our Neighborhood Business Revitalization Program, which has received national recognition. Saint Paul's revitalization program became a national model last year after we administered more than \$30 million in neighborhood commercial reinvestment, ranking ahead of 31 cities across the country."

Alan Emory, PED Deputy Director for Business Revitalization, said that the 503 Loan Program provides small businesses with access to long-term financing usually not available through a conventional loan at affordable interest rates. With the 503 Loan Program, a business applicant may receive up to 90 percent financing on a 25-year loan at lower-than-current-market rate interest.



James Loeffler

Loeffler's Safety Shoes, 959 Payne Avenue, was the first business in Minnesota to receive funding approval through the new national 503 program. The business previously had leased a building in Little Canada, but needed a new building for expansion. Through the help of the First State Bank of Saint Paul and PED, Loeffler's was able to purchase and renovate a building on Saint Paul's Payne Avenue. The total project costs \$141,000 and will bring an additional nine jobs to Saint Paul. Loeffler's plans eventually to add three more positions.

"Because there has been an increased interest in safety shoes, we wanted to come into the city to better serve our customers," James Loeffler, the business owner, said. "The other location was not easily accessible, and we were lacking sufficient space."



Councilman Chris Nicosia (left) and Saint Paul Mayor George Latimer (right) congratulate James Loeffler for his new office and shop on Payne Avenue. Loeffler's was the first Saint Paul participant in the SBA 503 Loan Program.

Loeffler's, a family-owned business for more than 30 years, sells Hy-test safety shoes to customers at plants in Minnesota and North and South Dakota. The business began when Edward Loeffler started the safety shoe business-on-wheels in 1948, in a single-seat car that carried 60 pairs of shoes. His first customer was the Seeger Refrigerator Company, predecessor to Whirlpool-Seeger, on Saint Paul's East Side. With Loeffler's main headquarters now located on Payne Avenue, the business operates three shoemobile trucks that take the shoes directly to the customers.

"Businesses such as Loeffler's are the firms we're trying to encourage on our commercial strips," said Councilman Bill Wilson, President of the 503 Development Company Board of Directors. "Strengthened small businesses will bring renovation and vitality to our neighborhood commercial areas. This will increase our jobs and add to the city's tax base, as well as improve the aesthetic quality of the neighborhood commercial areas."

Loeffler said he is excited to be on Payne Avenue because of the improvements being done in that area. Loeffler's new location required major renovations to transform it from a vacant building to a small, modern office, warehouse, retail shop and garage for its trucks.

"The 503 Loan Program is good for growing, small businesses because the businesses don't have to use all their capital for renovation," Chris Nicosia, councilman from Ward Six, said. "Instead, the businesses can use their money for expanding sales and thus create more employment. Also, there is not enough long-term financing available for fixed assets such as land and buildings, and this program fills that long-term financing gap."

Other small business owners that are interested in applying for the funding available for 1983 may contact PED's Business Revitalization Division at (612) 292-1577.



Mayor George Latimer explains the new rental rehabilitation loan program to a reporter at a news conference announcing the closing of the first loan. Pictured left to right: Val Laugtug, recipient of the loan; Councilman Chris Nicosia, sixth ward; Mayor Latimer; Merlin Helgemoe, president of First Bank State, through which the loan was placed.

## New rehab fund to fix up rental property

About 1,000 rental units could be renovated in Saint Paul over the next two years through a \$5 million program administered by the Saint Paul Department of Planning and Economic Development (PED). The money will be loaned to landlords at below-market interest rates for rental property rehabilitation.

The rental rehabilitation program, which was recently approved by the Housing and Redevelopment Authority, will be funded by up to \$2.5 million from Community Development Block Grant (CDBG) funds. The remaining \$2.5 million is expected to be provided through private lending institutions, the Minnesota Housing Finance Agency, or other available sources of financing.

The rental rehabilitation program is designed to improve and preserve the city's stock of existing rental housing while keeping it affordable for low- and moderate-income families. Landlords will be required to rent at least half of their units to low- and moderate-income tenants after rehabilitation is completed. (Lower income is defined as 80 percent or less of the median income for families in the metropolitan area.) Landlords must also offer one-year leases to tenants following rehabilitation.

"The city has made considerable progress in rehabilitating single family homes. Now we're turning our attention to rental housing because a large portion of the city's lower-income families live in mostly older, rental housing," said Ken Johnson, Housing Deputy Director for PED.

For the combined public/private financing, PED will provide two percent interest rate financing using CDBG funds for up to 50 percent of any loan. The remainder of the loan will be provided by a private lending institution at the current market rate of interest. The combined or "blended" rate of interest will be considerably below the market rate. Unlike existing programs for rental rehabilitation, there will be no established limits on the amount of the loan and fewer restrictions of the property owner's income and other requirements.

"We want to make this program as flexible as possible with as few restrictions and the smallest amount of processing and delay as possible," Johnson said.

Landlords will be able to make a variety of improvements to their property, ranging from plumbing, electrical and mechanical work, and

roofing to some remodeling. To meet new state regulations, certain minimum energy improvements will be required, as well as basic upgrading needed to meet Housing Code standards or to obtain a city Certificate of Occupancy. Any type of housing used for rental purposes will be eligible, from single family homes to large, multi-unit buildings.

Because of diminishing federal funds, limited state funds and severe restrictions on eligibility for loans, only 225 rental units were rehabilitated through the city's two other rental rehabilitation programs from 1978 through 1981. This does not include buildings that were converted from other uses to rental housing. With the expected rehabilitation of 1,000 units, the new program will greatly expand the city's ability to improve rental housing for low- and moderate-income tenants.

Interested property owners may contact the Saint Paul Home Rental Rehab Fund at (612) 298-5495 for information on how to apply for a loan. For other information about the program, contact Gary Peltier or Gloria Bostrom, PED, Housing Division, (612) 292-1577.



## Housing demand goes up as population goes down

In 1960, the population curve of Saint Paul was a near-perfect bell shape. In 1970, it resembled a squat-bottomed Lego construction. In 1980, it had midriff bulge and a pear-shaped silhouette that suggested E.T. without a head.

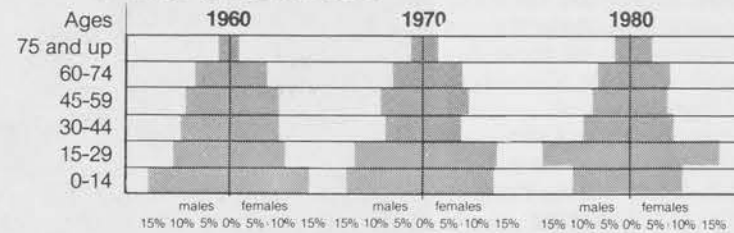
A headless E.T. is the shape of the present, a present whose population has changed in some significant ways over the last decade. The report "People, Households and Housing", recently released by the Department of Planning and Economic Development, gives one of the first analyses of those population changes and their impact on Saint Paul based on the 1980 census data. The report shows a steadily declining population with fewer children, fewer "traditional" family households and more single persons and childless couples inhabiting a city of large, older homes. And the E.T. shape in the population curve is the baby boom generation growing up.

The baby boom generation—those people born in the '40s, '50s and the early 1960s—are now reaching young adulthood, 18 to 34 years of age. Where they affected schools 10 and 15 years ago, their numbers today have an impact on jobs and housing. The baby boom generation now makes up one-third of Saint Paul's total population.

Two other age groups in Saint Paul declined over the last decade. For the first time since 1930, the number of people age 60 and older diminished. The greatest change in age groups was among children, with a 35.5 percent drop in the number of children between five and 17 years of age and a 28.5 percent decline in children under the age of five. This decline suggests that while there are more women of child-bearing age, they more often defer or forego childbirth.

The overall population of Saint Paul is still shrinking, as it has been since it peaked in 1960. The decline in total population since 1970 was 12.8 percent, down to 270,230 people. The reasons for the city's declining population are cited as a lower birth rate and continued migration from the city to the suburbs.

Saint Paul Population Pyramids 1960-1980



Minorities in Saint Paul were the single group that dramatically increased their numbers. Over the decade, the minority population in Saint Paul doubled to 11.9 percent of the city's total or 30,889 people. The increase is attributed to a higher fertility rate and a greater number of minorities migrating into the city. More than 46 percent of the increase in the minority population was due to the influx of almost 6,000 Southeast Asian refugees.

Blacks are still the largest minority group in Saint Paul with 13,305 people or 4.9 percent of the population total. As a whole, minorities are younger than the general population. Almost 43 percent of all minorities are children 18 years of age and younger. On the other hand, only 4.9 percent of minority populations are over age 65. Sixty-five percent of minority households rent their homes compared to a 57.7 percent renting rate among whites.

Another startling change revealed by the 1980 census was the altered shape of households. In 1970, "traditional" families—mother, father and children—was the most common type of household in Saint Paul. In 1980, the traditional family dropped to third place (22.2 percent). Taking over as the number one household type was the single person living alone. Single persons now account for almost one-third (32.5 percent) of all households in the city. The second largest household type is a married couple with no children. The number of households with two or more non-family members living together, while making up only 6.4 percent of the population, doubled over the decade. This increase suggests more people living together as roommates or as unmarried couples. There was a 43.6 percent rise in the number of single-parent households, most of which (87 percent) were headed by women.

The demand for housing rose in 1980 despite the population decrease, as more people chose to live alone. Rental housing was in the greatest demand because the baby boom generation entered the housing market. While the high cost of home ownership meant that fewer young adults were buying homes, this trend may change through the decade as the baby boom generation passes the 30-year mark, an age when more people traditionally buy homes.

What will happen when the baby boom generation grows up through its 30s and 40s is still to be seen. In the past two decades, Saint Paul has consistently lost its middle-year family population to the suburbs. Now, in the '80s, the city has one of its smallest populations of 40-to 50-year olds ever. This may have striking implications for the city, since this middle-aged population is generally thought of as the most stable and economically well-off of all population groups.

Faced with the possible continued loss of population and particularly the loss of certain parts of the population, city officials now have several options for planning for the future of Saint Paul. Do we plan for the city we anticipate, a city of more older, single people and childless married couples? Or do we plan for a city that has a greater mix of population groups, and a broader and possibly more secure economic base? The city we want and the city we will have may be based, in part, on the types of decisions we make about housing, schools, services and economic development. It may also depend on how well the city can attract or maintain different parts of the population. Future planning may reveal new ways for stabilizing or changing our city's population and our city's future.

For more information about census data, call Chuck McGuire, PED Research, (612) 292-1577, ext. 329.

## Library plan gives guide for future use, protects book fund

The first budget-oriented plan for the Saint Paul Library system was approved by the Saint Paul Planning Commission and passed on by the Mayor to the City Council for approval. The plan is aimed at protecting the library's membership in the metropolitan library system and maintaining its book budget while assuring continued service to the ten neighborhoods that now have branch libraries. The plan will be used by the Library administration and by the City Council to plan the 1984 budget.

The library plan recommends that the city limit reductions in the library's overall budget and commitments in order to assure the library's membership in MELSA, the Metropolitan Library Services Agency. MELSA is the consortium of nine public libraries in the seven-county metropolitan area through which all federal and state library funds are distributed. The plan also calls for protecting the library's budget for books and materials, which has been a victim of past budget cuts. As one means of preventing these budget cuts, the plan recommends that new automated equipment and other technology be purchased in the future through private funding and not from the library's general operating budget.

The Planning Commission also recommends that reading centers replace some branch libraries in communities where a full-service branch is no longer efficient to operate. A reading center is a smaller library—4,000 to 6,000 books versus 20,000 books in a full-service branch library—located in a multi-service center, school, shopping center or other community facility. The reading centers would be part of the overall library system, and people would still be able to obtain books from other libraries.

The library plan does not suggest which, if any, branch libraries might be closed in the future, but does offer criteria by which branch library services can be evaluated: total annual circulation, annual per capita

circulation (number of books checked out every year divided by the population of the area served), distance from other libraries, and condition of the existing branch library buildings. The plan also calls for one year of extensive neighborhood involvement and planning for any change from a full-service branch library to a reading center.

For more information about the library plan, call Nancy Homans, Department of Planning and Economic Development, Planning Division, (612) 292-1577, ext. 304.

## HOPLIF renters purchase homes

More than \$1 million from the Minneapolis/Saint Paul Family Housing Program will be used to help 50 to 100 low-income families purchase their homes, Mayor George Latimer announced. The families are all part of a HUD-funded program called HOPLIF that helps low-income renters buy their homes. The low-interest Family Housing Program mortgages will speed up the home ownership process and possibly lower monthly payments for the families that qualify. For more information, call Vicki Murray, Housing Division, (612) 292-1577, ext. 271.



The new Wilkins Townhomes were dedicated by (left to right): Hansel Hall, president, Minnesota N.A.A.C.P.; Councilman Bill Wilson, First Ward; Mayor George Latimer;

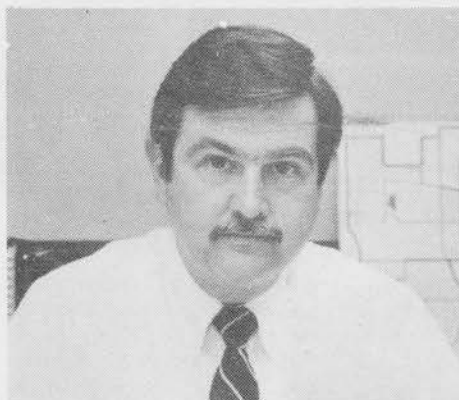
Reverend Earl Miller, Pilgrim Baptist Church; Representative Fred Norton; and Reverend Kneely Williams, New Hope Baptist Church.





*Lowertown Redevelopment  
Park Square Court Bldg.  
400 DuSable St.  
St. Paul, Minn 55101*

## Experience guides housing deputy director



Ken Johnson

If there is one word that could describe Ken Johnson, it's experience. Johnson replaces Terry McNellis as the Housing Division Deputy Director for the Saint Paul Department of Planning and Economic Development (PED). Previously, Johnson spent 13 years working for the city of Duluth, during which time he managed or was part of all that city's housing, commercial and industrial development programs.

"Duluth is very similar to Saint Paul in some ways", Johnson said. "The scale and scope of resources are different, of course, but other things are similar." He specifically referred to the age of housing stock: Duluth, like Saint Paul, has a large number of houses built before 1940. The city has little vacant land and soil conditions are poor. On the positive side, Duluth,

like Saint Paul, is neighborhood-oriented, with strong ethnic ties and traditions.

"Saint Paul is rich in resources and has used its public and private resources well to meet housing and economic development challenges", Johnson said.

PED has recently announced an expanded program to meet the challenge of rehabilitating rental property and is seeking funds for an expanded energy improvement program also for rental property. These programs will use public and private funds and will be targeted to rental property that is generally occupied by low- or moderate-income people.

"Saint Paul has focused on the rehabilitation of single-family housing for some time", Johnson said. "Now it's time to turn our attention to improving the city's stock of rental housing and the development of new rental units".

Johnson also anticipates the beginning of the second phase of the Minneapolis/Saint Paul Family Housing Program. Phase II of the Family Housing Program will focus on house recycling—making smaller housing units available to older families so that their large homes can be made available to young, growing families.

A demonstration of house recycling will be tested soon when the city's first house recycling development, the Railroad Island Townhomes, is completed early in 1983. Phase II of the Family Housing Program will get into full swing later in the year when the Phase I funds have been used.

Through the Duluth Department of Planning and Economic Development, Johnson worked on several major developments including the creation of the city's skywalk system and the development of several industrial plants, including American Hoist and Derrick Company and the Minneapolis Electric Steel Castings Company. As Director of the Community Development Program, he created and managed financing programs for energy improvements and rehabilitation for single-family and multi-family housing, and headed the city's housing development programs.

Johnson's enthusiasm about his new job is also a compliment to Saint Paul.

"I'm pleased and excited by the relationships I see that have developed here in Saint Paul. The city, the private sector and the neighborhoods all give of themselves and work together. There is a strong foundation and a great potential for continuing growth. Other cities have tried to do this, but Saint Paul is unique because of the degree to which cooperation has developed."