



CITY OF HASTINGS DOWNTOWN PROPERTY STUDY

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Introduction

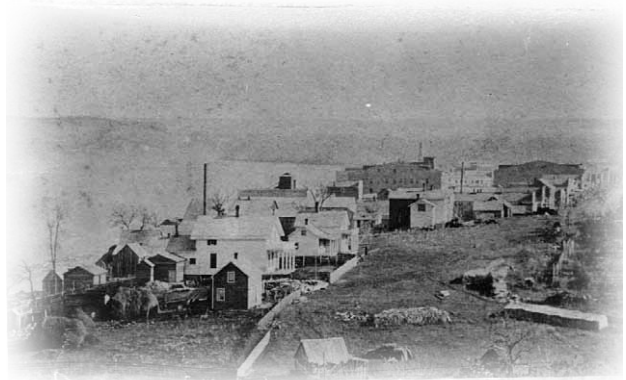
This report contains the preliminary findings and recommendations for the use of property owned by the Hastings Economic Development and Redevelopment Authority (HEDRA). This study was undertaken with the financial assistance of the Dakota County Community Development Agency (CDA). The contents of this report are a collaboration between City Staff and the Cunningham Group.

Downtown Hastings is a focal point of the local economy and community identity. The Downtown area encompasses a 20-block area bounded by the Mississippi River, railroad line, Fifth Street and Eddy Street (see Figure 1). The historic buildings along second Street represent Hastings' Main Street. This area is a collection of an evolving mix of retail, service, office, and housing uses. The downtown area also includes the historic City Hall, post office, Hastings Family Service and Hastings Art Center. In 2016, the riverfront renaissance project made a \$6 million investment in streetscape and Levee Park improvements, reinforcing Downtown as the focal point of community life in Hastings.

The latest addition to Downtown is The Confluence. This project is the rehabilitation of the former Hudson Sprayer factory into a mixed-use development consisting of hotel, restaurant, event center and housing. The opening of The Confluence will bring new activity and opportunity to the Downtown area. The Confluence is anticipated to open in 2021.

More change is on the horizon. HEDRA has authorized a preliminary development agreement with Spades SBC to construct an office building in the Downtown area. This project would add a new element to the market for Downtown businesses and influence the use of HEDRA property.

In 2020, Downtown Hastings (and the rest of the community) was rocked by the COVID-19 pandemic. The accompanying stay-at-home order and the closure of bars and restaurants brought a halt to much of the commerce in Downtown for more than two months. We currently do not know the long-term economic effects of COVID-19. It is



Downtown Hastings, 1870's



Downtown Hastings, 1900's



Downtown Hastings, 1915



possible that some businesses will not reopen. There will be changes in shopping and tourism that cannot be predicted. Despite all the changes, many things will endure. Hastings has built a strong and resilient Downtown. People and businesses will return.

HEDRA plays a unique role in expediting and sustaining that return. HEDRA provides financial assistance programs to help achieve the economic development objectives of the City. These programs will aid in the recovery following the Covid-19 pandemic and promote opportunities that build on the visitors attracted to The Confluence. HEDRA's ability to positively affect the future of Downtown is enhanced by property holdings. The development of HEDRA property has the ability to support and enhance private investment into the Downtown. The Purpose of this study is to understand the alternatives and best use of these properties.

This study examines five sites consisting completely or partially of HEDRA-owned property. These sites are located in the eastern area of downtown. Each site presents different opportunities and constraints.

This report contains preliminary findings, recommendations, and a description of options for the development of each site. The report provides information to enable the HEDRA Board to begin focusing on preferred options and to identify additional issues needing investigation. Based on the guidance solicited from this report, Staff will utilize the implementation portion of this plan to focus staff efforts. Additionally, information within this plan will guide HEDRA actions and inform other downtown property.



Downtown Hastings, 1980's



Downtown Hastings, 2019



Downtown Hastings, 2020

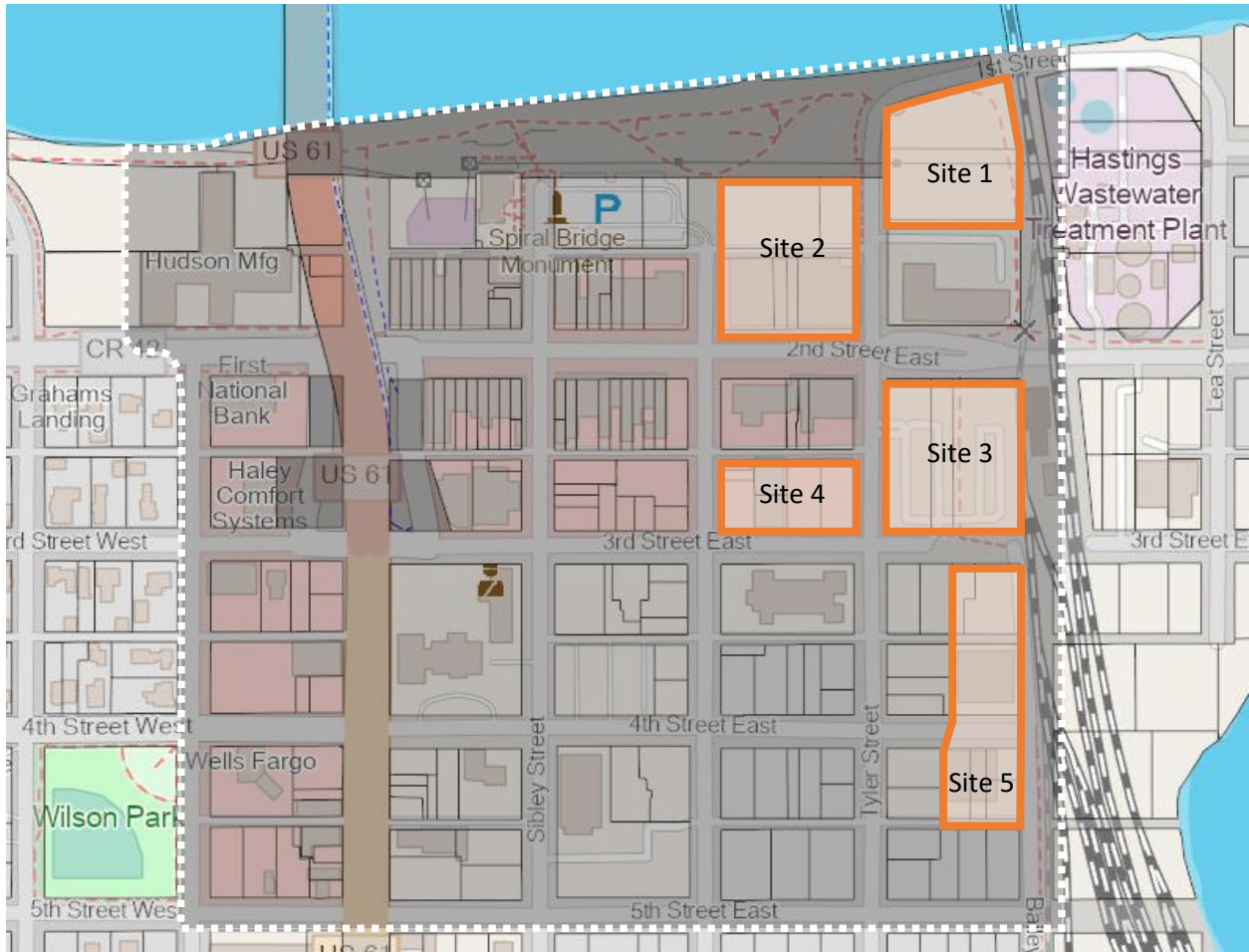


Figure 1: Downtown Area and Study Sites

Shared Development Factors

There are certain factors that influence development on all five sites.

COVID-19 Global Pandemic

At this particular point in time, the presence of COVID-19 creates significant uncertainty about development in Downtown Hastings. How will businesses adapt operations to be successful? What businesses cannot (or do not) adapt and subsequently close? Does the multi-family housing market shift? We will not know the answers to these questions for some time.

It is important not to get trapped seeking answers to questions that have no immediate answers. Planning for the use of HEDRA properties requires a long-term perspective.

- For more than 100 years, Downtown Hastings has endured pandemics, recessions and wars. Downtown is damaged, but it adapts, recovers and evolves. This will happen again.
- The Governor’s Stay at Home order brought to light the ability for many people to telework. Hastings has the opportunity to benefit from people seeking good live/work environments.
- The new housing envisioned by this study forms a downtown neighborhood and a new market

for Downtown business. These properties give HEDRA the ability to help create a safe and attractive environment for Downtown.

Market Forces

The ability to implement the findings of this study is dependent on the market demand for the particular development type. No market research was conducted specifically for the study. The comments made are based on professional experience, knowledge of Hastings, and other available resources. Any specific market research would likely be performed in conjunction with an effort to develop a specific site.

The market assumptions used in this report include:

- Retail development will be difficult for property not located on Second Street.
- With the exception of a large single user, office use will be limited to components of larger mixed-use development.
- There is a demand for housing in the Downtown area. The amount of demand has not been quantified.

The demand for Downtown housing is an important factor in implementation. If the capacity of these sites to support housing exceeds the demand, it may not be possible to undertake all of the initiatives described in this Study. It may be necessary to prioritize sites to ensure that limited development demand is directed where most needed.

Project Economics

In general, development occurs when the revenue generated by the project is sufficient to pay operating expenses, debt, and a reasonable return on investment. An important factor for development in Downtown is the additional costs of redevelopment. Redevelopment projects experience costs not found in development on “greenfield” land. These costs include site assembly, demolition and clearance of structures, and environmental cleanup. Parking can be a significant factor in downtown redevelopment. The development that makes best use of available land rarely has enough remaining property for the necessary surface parking. Structured parking may cost three to five times more than surface parking.

While Downtown Hastings is a desirable development location, it does not automatically generate additional revenue. New redevelopment projects must compete with existing buildings for tenants, forcing lease and rental rates to be competitive with existing development. These rates may not generate sufficient revenue to cover all necessary expenses. In some cases, the City has tools (such as tax increment financing) to offset these additional costs.

HEDRA must be prepared to play an active role in making development in the Sites financially feasible

Developer Interest

A desirable plan for the City does not necessarily translate into a project that is attractive to developers. Individually, each site has the capacity for a relatively small project. These projects may be manageable for a broad array of smaller developers. While smaller projects may have smaller overall risk, they also have smaller reward. A key to implementation will be making development of these sites more attractive than competing opportunities.



Housing Need

The need for additional housing has been established as an economic development priority for the City. As Hastings approaches full development within the existing city limits, it is important to make effective use of redevelopment sites. The housing opportunities identified in this study help meet the following local housing needs:

- Apartments increase the supply of new rental housing. This housing is often sought by people that want to move to Hastings, but want to rent first prior to owning. The units also expand our capacity to promote live/work opportunities. If these projects attract existing residents, other existing housing becomes available for new residents.
- There appears to be strong demand for townhouse units as step up housing from apartment renters. HEDRA property provides an opportunity to bring this housing style to the Downtown Area.
- Growing a Downtown neighborhood expands the market for Downtown businesses.

Parking

Redevelopment within a historic downtown often presents challenges related to parking. Each of the sites identified within this study will likely face challenges related to providing adequate parking for the use in addition to satisfying ordinance requirements. The presence of the 100 spot commuter surface parking facility presents some relief but also sits on a site identified for potential future redevelopment

In 1955, the Metropolitan Council constructed a Wastewater Treatment Plant (WWTP) adjacent to downtown. The Metropolitan Council has since purchased new land along Highway 54 and will be constructing a new WWTP. The new WWTP is within the 2020-2025 Metropolitan Council Environmental Services Capital Program with \$3,000,000 in funding budgeted from 2020-2022 and \$39,000,000 in construction funding budgeted from 2023-2025. The new WWTP project is identified as project number 908800.

Potential for Parking on WWTP Site

The existing WWTP is located on approximately 3.65 acres of land. Once vacant it presents an opportunity for redevelopment. The adjacent railroad, underlying infrastructure and the likelihood of a lift station being required on site could limit opportunities for traditional redevelopment. The space could however serve as a long-term parking solution serving the parking needs of downtown Hastings and provide a solution to agreements associated with the funding used to construct the existing 100 spot commuter surfacing parking lot.



Aerial View of Current Hastings WWTP and Existing Commuter Parking Lot

Site Evaluations

Site 1

Characteristics

Site 1 has been used for a variety of purposes. The site was developed prior to 1884 with railroad tracks and buildings occupied by a hotel/boarding barn and a corn and feed mill. The Site has been occupied by a paper warehouse, a hide tanning facility, and bulk petroleum storage facilities. Based on research by Braun Intertec, buildings and/or structures associated with these former uses occupied the site at various times over the time period between 1884 and 2003. A railroad track also traversed the site from at least 1884 through 1961.

From December 2018 through April 2020, the property in site 1 was subject to an option agreement between HEDRA and Rungoli, Inc. The developer ("Panache") proposed to build a cidery with office and residential uses on the second and third floors. Panache did not exercise the option to purchase the property and the agreement expired on April 30, 2020.



Figure 2: Site 1 Parcels

Parcel A: 19-63950-00-010
0.64 acres
\$202,300 EMV
HEDRA Ownership
Vacant Parcel

Parcel B: 19-63950-00-021
0.85 acres
\$268,400 EMV
HEDRA Ownership
Vacant Parcel



View of existing site conditions (2020)

The development capacity of site 1 is constrained by several factors (see Figure 3):

- Flood plain
- Easement for powerline that crosses the site
- Adjacent to rail line with increased noise from rail bridge crossing

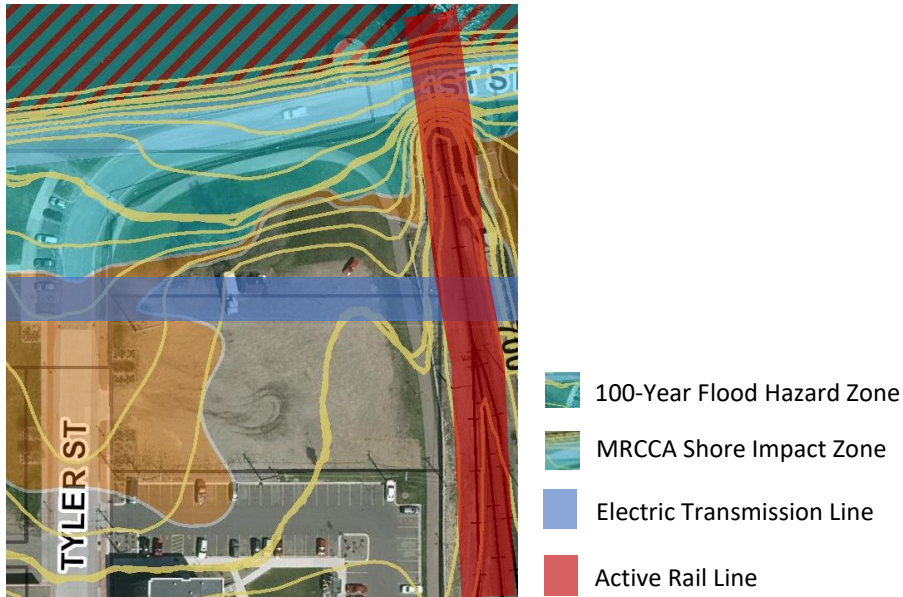


Figure 3: Site 1 Constraints

These factors push development to the southern half of the site. Development is likely to favor the southwest corner of the site to mitigate noise from the rail line.

The site also requires environmental remediation. Two petroleum tank releases have been reported on the site. The site has been identified on the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS), CERCLIS No Further Remedial Action Planned (NFRAP) and Voluntary Investigation and Cleanup (VIC) databases for documented soil and groundwater contamination on the site and adjoining properties. The City intends to utilize grant funds from the Metropolitan Council to assist with the remediation.

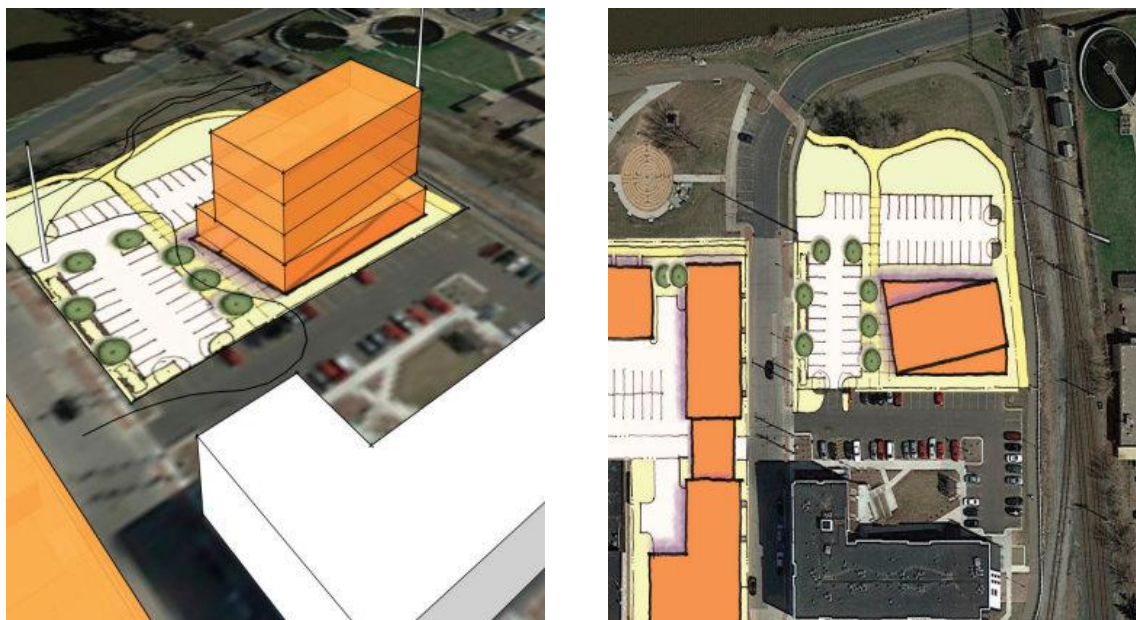


Figure 4: Site 1 Development Scenario



[Figure 5: Site 1 Alternate Development Scenario \(parking adjacent to railway\)](#)

Development Scenarios

When the Downtown Property Study was conceived in 2019, the Study was designed to be a tool for determining the development capacity of this site. Panache had not conducted any detailed site planning. The Study would provide information to guide discussions with other developers if the Panache option agreement expired.

HEDRA has approved entering into a preliminary development agreement with Spades for the potential development of an office building in site 1 changes the role of this Study for site 1. The Study creates a foundation to build on as Spades conducts its site evaluation.

The physical constraints control where the building is located the actual development will be determined by economics, use, and parking. The illustrations in Figure 3 shows how the flood plain and power line constraints which encourage a building location pushed to the south with parking extending north and east. A building location adjacent to Tyler Street may be preferable to mitigate noise from the rail line. Building regulations and parking requirements will constrain building size.

The City anticipates depth to bedrock as a barrier to any below grade parking and as such surface parking for an office building of this size will need to be carefully considered, and off-site alternatives likely explored. As such, parking economics will play a role in shaping development. Planning for use of the site will be about an act between providing enough mass for the project to be financially feasible and in the parking needs of that use.

Recommended Development Strategies

The review and evaluation of the properties in Site 1 (see Figure 2) led to the following development strategies:

- Leverage Metropolitan Council grant and conduct cleanup of site.
- Execute a preliminary development agreement with Spades to evaluate the feasibility of constructing an office building.

Next Steps

In order to continue momentum surrounding the development of site 1, Staff will focus on coordination and collaboration with Spades. Once fully executed, the City will complete the following in accordance with the Preliminary Development Agreement (PDA):

1. Prepare ALTA survey of the Property and provide it to the Developer.
2. Provide developer with information on all known development regulations for the site
3. Perform property cleanup pursuant to the terms of the grant agreement with the Metropolitan Council.
4. Provide the developer with a written statement describing the post-cleanup condition of the property and a description of all considerations for site development, such as the need for a vapor intrusion mitigation system.
5. Assist Developer in identifying options for providing adequate parking for the Project.
6. Assist the Developer in identifying options for interim office space if needed prior to availability of the Project.
7. Work with the Developer to create options to mitigate barriers to the Project.
8. Identify sources and uses of non-local financial assistance.
9. Investigate issues related to green cities including what it means to become a green city, what actions would the City take over the next ten years, what is the estimated cost of these actions, and what benefits would be realized.
10. Work with the Developer to identify alternative sites within Hastings if site 1 is deemed unsuitable.

Site 2

Characteristics

Site 2 consists of six parcels located between 2nd Street and Levee Park. HEDRA owns a small parcel in the northeast corner of the site (Parcel B). The remainder of the site is privately owned. A 0.63 acre vacant parcel (parcel A) lies immediately west of the HEDRA parcel. The southern half of the site is occupied by Graphic Design, Hastings Family Service, and two small buildings currently used for office.



Image of existing conditions of Parcel A (2020)



Street View of Site 1 existing buildings along 2nd Street (2020)

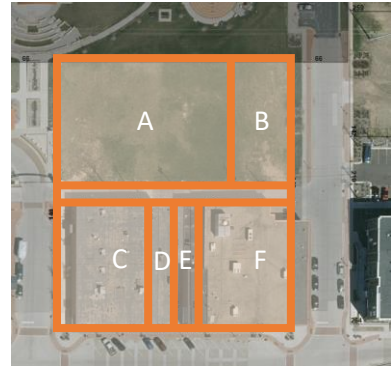


Figure 6: Site 2 Parcels

Parcel A:	19-32150-02-040 0.63 acres \$248,100 EMV Jenteaco LLC Ownership Vacant Parcel
Parcel B:	19-32150-02-020 0.22 acres \$84,400 EMV HEDRA Ownership Vacant Parcel
Parcel C:	19-32150-02-060 0.34 acres \$205,900 EMV (Land) \$611,200 EMV (Building) Hastings Family Service Ownership Existing Building
Parcel D:	19-32150-02-070 0.09 acres \$55,500 EMV (Land) \$181,500 EMV (Building) Jenteaco LLC Ownership Existing Building
Parcel E:	19-32150-02-071 0.07 acres \$52,100 EMV (Land) \$187,400 EMV (Building) Rosemary Kranz Ownership Existing Building
Parcel F:	19-32150-02-080 0.36 acres \$217,000 EMV (Land) \$419,100 EMV (Building) Rosemary Kranz Ownership Existing Building

Development Scenarios

The base analysis addresses the fundamental question about site 2, "can the vacant property support development?" The analysis concludes that these two parcels can accommodate a mixed-use project and the related parking spaces. The project shown below in Figure 7 includes a 5,000 square-foot of retail/restaurant facing the park and 35 apartment units.

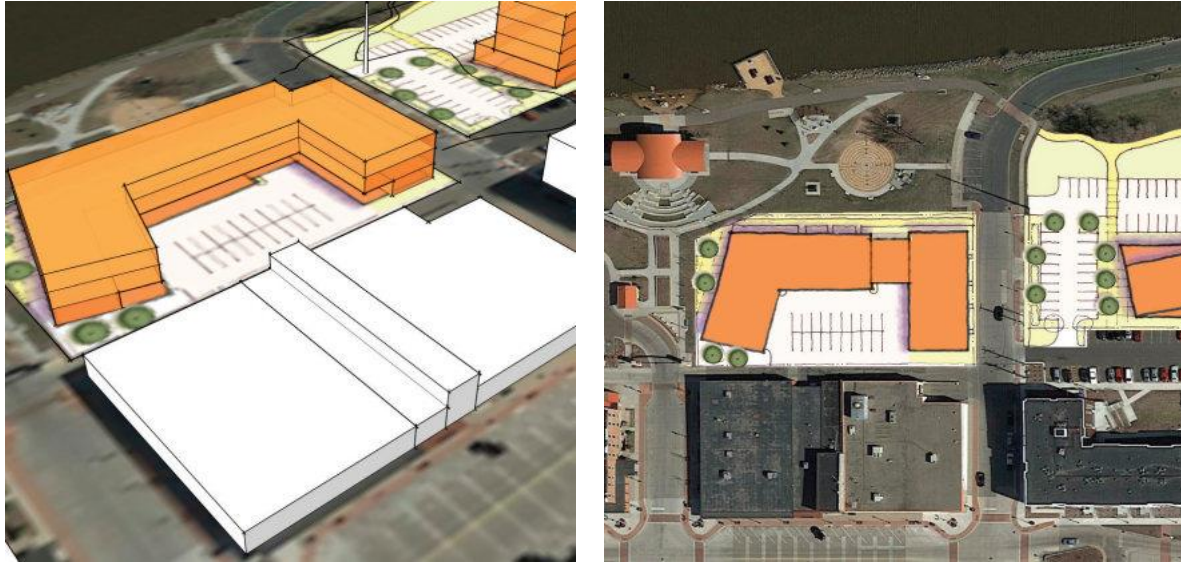


Figure 7: Site 2 Development Scenario

Both Graphic Design and Hastings Family Service are important parts of the Downtown community. The redevelopment of these parcels is not a goal of this study. That said, it must be acknowledged that the best redevelopment strategy is to include all properties within the block. The use of all parcels creates more flexibility in creating a project that fits both second Street and the Riverfront. Illustrations in Figure 8 show the scenario that extends development onto the Graphic Design site.



Figure 8: Site 2 Alternate Development Scenario

The work performed to date does not go into greater detail. The financial feasibility of such a project has not been explored. A key aspect of financial visibility will be the ability to acquire property at a reasonable price. Additional property owners have not been contacted as part of this phase of the study. The work performed in this study does not look beyond the massing of development on the site. A more detailed investigation of the physical relationship of the structure and the adjacent riverfront will be needed.

Recommended Development Strategies

The future development of site 2 is dependent upon the interest of other property owners. This report will be used to engage in discussions and determine interest of those property owners.

Next Steps

The next step is to engage other property owners in site 2 in the discussion of long-term plans. Unless one or more of the property owners is interested in exploring the redevelopment project, there are no short-term development opportunities for this Site as the HEDRA parcel is not large enough to support a standalone project. Questions to be explored include:

- Can site 2 play a role in meeting the needs of Spades either as an alternate site or through parking?
- Has the Coronavirus changed the plans of current property owners?
- If properties within site 2 become available, should HEDRA pursue the purchase of additional properties to further site control of the block? Additional site control could provide the opportunity for a standalone project absent participation by the entire site 2 block.

Site 3

Recommended Development Strategies

The review and evaluation of the properties in site 3 (see Figure 9) shows that site 3 has the capacity for additional multifamily housing in the Downtown. The key factor in the development of the site is the ability to redevelop the portion of the parking lot. This lot is constrained by encumbrances created by the grant funds used for original construction. The park property located adjacent to 2nd Street is owned by the City and not encumbered by the use restrictions.

Characteristics

Site 3 consists of the parking lot and park located at 2nd Street and Tyler Street. This site was developed as a 100-stall park-and-ride lot for the future extension of commuter rail or BRT service to Hastings. The project was funded by a grant from the Metropolitan Council using State bonding funds. This funding and the related agreements constrain alternative use of this property.

In 2010, the City received a \$600,000 grant from the Metropolitan Council to build a 100-space parking lot to service the Red Rock Corridor Transitway. The grant was funded through State bond funds allocated to the Metropolitan Council. The State required the Metropolitan Council to have an ownership interest in the property. This was accomplished through a ground lease between HEDRA and the Metropolitan Council.



Figure 9: Site 3 Parcels

Parcel A: 19-32150-16-011
0.61 acres
\$158,400 EMV
HEDRA Ownership
Parking Lot

Parcel B: 19-32150-16-010
0.30 acres
\$79,200 EMV
HEDRA Ownership
Parking Lot

Parcel C: 19-32150-16-012
0.91 acres
\$238,800 EMV
HEDRA Ownership
Parking Lot



Street View of existing parking facility looking north

As part of the grant agreement HEDRA agreed to not take any action

that would affect the tax-exempt status of the State's bonds. This provision prohibits HEDRA from selling a portion of the parking lot for private development.

The future development of transit service serving Hastings and utilizing this parking lot is uncertain. The Implementation Plan for the Red Rock Corridor was created in 2016. Since then the focus has been on increasing transit usage in the corridor and creating small area plans around proposed station locations. There is no firm calendar for design or construction. This uncertainty may create an opportunity to discuss alternatives with the Metropolitan Council. If the Metropolitan Council is willing to accept the substitution of an equivalent number of spaces possibly at what will become the former Hastings WWTP site, then there is the basis for discussing the States willingness to agree. The information in this report will be used to facilitate those discussions.

The former Milwaukee Road depot is located on second Street adjacent to the railroad tracks. No reuse of this historic building is currently planned. Amtrak service passes the depot daily but does not stop at the depot.

Development Scenarios

This site lends itself to a variety of development configurations. Given its location, development in the near term would likely be residential in nature. The expansion of the Downtown business district along second Street could create future retail opportunities in a mixed-use project.

The base scenario for site 3 shows the complete use of the property for a mixed use development. The scenario illustrated in Figure 10 consists of the following:

- 20 apartment units
- 8 townhouse units
- 2 carriage units
- 4,000 square-foot first floor retail



Figure 10: Site 3 Development Scenario



[Figure 11: Site 3 Alternate Development Scenario](#)

The alternate scenario for site 3 places development solely on the park property owned by the City. The scenario illustrated in Figure 11 consists of the following:

- 32 apartment units
- 4,000 square-feet of retail space could be built without encroaching on the parking lot. The scenario would require an agreement with the Metropolitan Council for the use of the parking lot to support the housing.

Market and economic factors will determine whether the project is a mixed-use or all multifamily housing. In this scenario, all of the transit parking is transferred offsite.

Next Steps

The key to the development of the site is the willingness of the Metropolitan Council to consider alternatives for providing parking for a future transit use. An agreement with the Metropolitan Council would open the door to discussions with the State about satisfying bonding considerations.

Development in site 3 is connected to the other sites in this study. As noted previously, the future use of this site should be determined before seeking development in site 2. Development in sites 1, 4, or 5 may meet near-term market demand.

Site 4

Recommended Development Strategies

The review and evaluation of the properties in site 4 (see Figure 12) led to the following development strategies:

- Although HEDRA does not own all property within this Site, it should be considered as a single development site. The assembly of the entire site helps to create a project that is financially feasible and enhances the downtown area.
- The preferred use for the site is multifamily housing. This use produces the density to make redevelopment feasible. This also grows the “Downtown neighborhood”.

Characteristics

Site 4 contains the half block located behind the Post Office on third Street between Ramsey Street and Tyler Street. The total area of site 4 is 0.85 acres.



Existing building and parking lot on Parcel A (2020)



Existing City Owned Parking lot on Parcel E (2020)



Figure 12: Site 4 Parcels

Parcel A: 19-32150-15-050
19-32150-15-051
19-32150-15-052
0.21 acres in total
\$57,780 EMV
Joint Ownership between HEDRA and Vivian Walker
Parking Lot

Parcel B: 19-32150-15-061
0.11 acres
\$262,900 EMV
HEDRA Ownership
Existing Building

Parcel C: 19-32150-15-062
0.11 acres
\$235,200 EMV
Patrick Allen and Vivian Walker Estate Ownership
Existing Building

Parcel D: 19-32150-15-070
0.21 acres
\$168,200 EMV
River City Investments, LLC Ownership
Existing Building

Parcel E: 19-32150-15-080
0.21 acres
\$59,800 EMV
HEDRA Ownership
Parking Lot

The site contains seven parcels that represent three properties:

- HEDRA owns one small parcel (0.21 acres) on the eastern edge of the site. The property is currently used as a parking lot. The HEDRA parcel is too small to redevelop on its own. The parking provided on the property is not an essential part of overall Downtown parking.
- The adjacent parcel with a single-family house was recently purchased. The owner of the single-family house is evaluating options for redevelopment for more dense housing. As with the HEDRA parcel, this property is too small to redevelop independently. If the two parcels were combined they may create a viable development site. It will be important to be mindful of parking considerations of any redevelopment of the site.
- The western half of the site (Parcels A, B, and C) when combined contains a 9,000 square foot building and parking lot. The City of Hastings owns the North half of the building. The space is leased to the Hastings School District for use as the Area Learning Center. The south half is privately owned. The Savana Sanchez Memorial Community and Art Center opened in this space in 2019. The City and the property owner jointly own the three parcels that make up the adjacent parking area.

From a redevelopment perspective, the best alternative is to assemble these parcels into a single development site. The development scenarios that follow all assume redevelopment of the entire site. This approach is consistent with the 2003 Heart of Hastings Plan.

Housing is the most viable future use of this site. In addition to the need for housing in the community, housing provides the best opportunity to absorb the redevelopment costs of demolition and clearance of existing improvements. While a commercial component to the project may be desirable it is unclear if the market would support the commercial space.

Development Scenarios

Two housing scenarios were explored. Scenario 1 shows two three-story apartment buildings (see Figure 13). The site analysis is based on 11 units per building with 1,500 gross square feet per unit. The site can accommodate surface parking for these housing units. This configuration would accommodate a mixed-use building with street-level retail on Ramsey Street if shown to be financially feasible. HEDRA has expressed a desire to expand commercial opportunities to the south of 2nd Street and this site presents an opportunity to do so if deemed financially feasible.

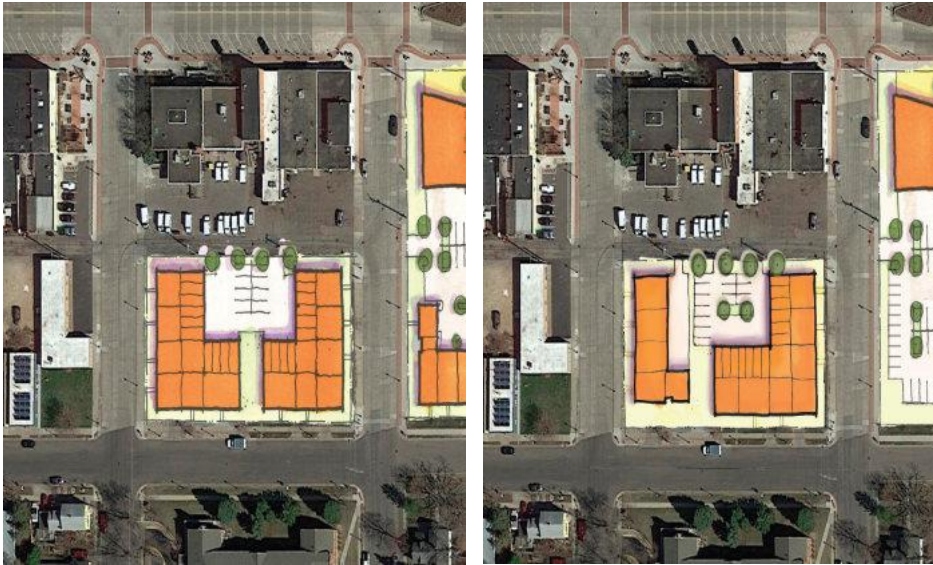


Figure 13: Site 4 Development Scenarios (Scenario 1, left and Scenario 2, right)

The second scenario converted one of the multifamily buildings to a combination of townhouse and carriage house units (see Figure 13). This change would bring a different housing type to the downtown area.

The development scenarios for site 4 provide a good illustration of the intent of this Study. The scenarios show the broad elements of potential redevelopment:

- Intensity of development
- Basic building configuration and mass
- Ability of site to meet parking needs
- Relationship to adjacent property.

The scenarios show what is possible and provides guidance for decision-making by HEDRA. The details of actual development will be determined by negotiations with a developer and market factors at that time.

Site assembly is an important consideration in redevelopment. Assuming that the current owner of the residential parcel would be interested in developing the entire site, HEDRA will need to consider acquisition of the other half of the ownership interest in the property at 213/215 Ramsey. While the City owns approximately one-half of this property, there are several other complexities to resolve:

- The City portion of the building was formerly used as the Senior Center. This use was moved to the former Tilden Elementary School in 2011. At that time, the City entered into a lease and cost sharing agreement with the Hastings School District to use the building for the Area Learning Center. The lease was extended in 2019 and runs through September 1, 2026. The City has the right to terminate the lease at any time, but must give written notice at least one year prior to termination.
- There are common wall and parking lot agreements and easements with the owners of the remainder of the building. These issues disappear with acquisition of this portion of the site.

- We do not at this time know the terms of the lease with the Sanchez Center and how it impacts acquisition.

The property owner has not been contacted about interest in selling the property.

Next Steps

The ability to consolidate ownership of 213/215 Ramsey is a key to redevelopment of the western half block. This step involves three items: (1) determining interest in selling, (2) determining the initial price, and (3) conducting research on the property title and any other legal encumbrances on the building and parking lot.

Staff will work with the owner of the residential parcel to determine the feasibility of projects with and without 213/215 Ramsey St. It's possible that the project has a phased approach with the southeast quarter of the block being developed first in partnership with HEDRA and the owner of the residential parcel with the southwestern quarter of the block being developed at a later time. Ultimately, the willingness of the private property owner to sell will help to determine the direction of final development strategies.

Site 5

Recommended Development Strategies

The review and evaluation of the properties in site 5 (see Figure 14) led to the following development strategies:

- The site could be redeveloped with a townhouse style of dwelling.
- The site design must fit with adjacencies to rail line, regional trail and homes along Tyler Street.
- The City should consider vacating Bally Street North of Fifth Street and the sections of Third and Fourth Streets within the site. This will create a stronger development site.
- This site should not be developed until the ability to redevelop site 3 has been determined as site 3 and portions of site 5 could be combined.

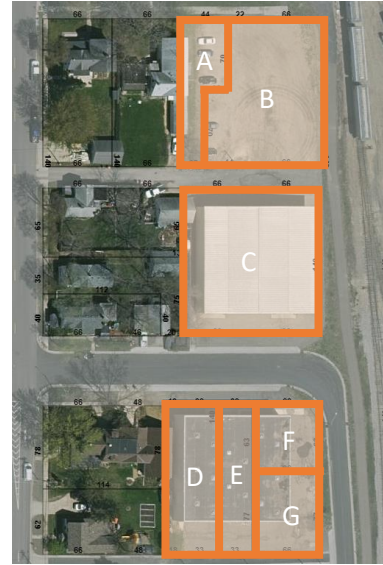


Figure 14: Site 5 Parcels

Characteristics

Site 5 consists of seven parcels all owned by HEDRA. HEDRA acquired the former United Building Center (UBC) property in 2005. Initial downtown planning envisioned these parcels as parking. The 2003 Heart of Hastings proposed housing-based redevelopment oriented to downtown and transit. Neither of these ideas have become reality. The City currently uses the buildings for storage.

The context of the setting for site 5 is an important factor in its future development. The following are constraints in future redevelopment:



Figure 15: Development Constraints

- Site 5 is adjacent to an active rail line. Approximately 28 trains pass this location each day.
- The site is located adjacent to a segment of the regional trail system.
- Existing single-family homes are located adjacent to the western edge of the site. Development on the residential parcels extends to the adjacent lot line.
- The northern section of the Site is adjacent to the parking lot in site 3.

These issues are illustrated in Figure 15.

Parcel A:	19-32150-17-021 0.11 acres \$23,000 EMV HEDRA Ownership Vacant Lot
Parcel B:	19-32150-17-020 0.32 acres \$67,200 EMV HEDRA Ownership Vacant Lot
Parcel C:	19-32150-17-080 0.42 acres \$284,300 EMV HEDRA Ownership Existing Building
Parcel D:	19-32150-32-030 0.16 acres \$123,200 EMV HEDRA Ownership Existing Building
Parcel E:	19-32150-32-020 0.11 acres \$91,600 EMV HEDRA Ownership Existing Building
Parcel F:	19-32150-32-010 0.10 acres \$47,700 EMV HEDRA Ownership Existing Building
Parcel G:	19-32150-32-011 0.12 acres \$48,600 EMV HEDRA Ownership Existing Building

Development Scenarios

Given the location of these parcels, the only redevelopment option is for residential housing. The site provides an opportunity to bring different housing types to the Downtown area. Most downtown sites are better suited to multifamily housing whereas this site is well suited to some form of townhouse product.

Development scenario 1 (see Figure 16) shows a mixture of 12 townhouse units (2,000 – 2,400 sf/unit) and 7 carriage units (625 sf/unit). This is only one possible configuration of townhouse-style housing on the site. This concept illustrates the development capacity of the site and the relationship with adjacent land uses. Given the proximity to the rail line, the front of units should be oriented away from the tracks. An alley/access drive would provide separation from the adjacent homes. This development also enhances this segment of the trail.



Figure 16: Site 5 Development Scenarios (Scenario 1 left, Scenario 2 right)

Development scenario 2 shows a variation of the base site analysis. In this scenario, 4th Street and the adjacent section of Bally Street are closed. Closing adjacent streets offers additional opportunities for development but also necessitates the need to consider vehicular access both for future residents as well as emergency services vehicles to ensure safety.

Next Steps

Ownership of the property gives HEDRA a means of mitigating any additional development costs at this location. The small size of the project may limit the number of homebuilders interested in the site.

The development of site 5 should occur after decisions are made concerning site 3, as site 5 has the opportunity to offset the loss of spaces connected to development on site 3. It may also be possible to package the sites as a single development project.

Development Precedents

The following are precedents provided by Cunningham Group that depict the types of development envisioned within downtown Hastings including townhouses, carriage units, and apartments.



Carriage Units



Townhouses



Small Apartments

Implementation Plan

Based upon analysis of each of the identified redevelopment sites the following implementation plan is recommended and serves as a work plan for City staff.

	Task	Timeline
Site 1	Execute Prelim. Dev Agreement with Spades SBC	Q1 2021
	City Due Diligence	Q1 -Q4 2021
	Developer Due Diligence	Q1 -Q4 2021
Site 2	Contact Property Owners to understand long term plans for their property	Q1 2021
	Determine HEDRA's willingness to purchase additional properties	Q1 - Q2 2021
Site 3	Metropolitan Council coordination on alternative parking for future transit use	Q1-Q2 2021
	If parking not able to be moved, contact developers about project on City park	Q3 2021
Site 4	Contact owner of 215 Ramsey about interest in selling & if so, purchase price	Q1-Q2 2021
	Coordinate with owner of 315 3 rd Street about redevelopment project with/without southwestern ¼ of the block	Q4 2020 – Q2 2021
Site 5	Identify if there is an alternate solution for parking currently on Site 3	Q1 - Q2 2021
	Identify any environmental contamination within the site	Q2 - Q3 2021
	Identify grant opportunities if contamination is found. Execute on grants	Q3 – Q4 2021
	Contact prospective developers	Q3 2021 – Q1 2022