

of the building and the identified needs of the community, the Reuse Team developed three scenarios for reuse of the building. Additionally, three site plan schematics were developed exploring ways to configure necessary parking, public spaces and new development. Cost estimates for the building and site scenarios were developed, and used to complete a financial analysis for the feasibility of reuse scenarios including three anchors: large inn, small inn, and restaurant/banquet center.

SUMMARY OF FINDINGS

Through the analysis process, the Reuse Team revealed the following findings.

Building and Site Character

- Although suffering from deferred maintenance and heavy industrial use over 100 years, the Hudson Building continues to be a serviceable property. With additional investment, the building can be repurposed.
- The design of the Hudson Building has an open floor plan with a regular grid of supporting columns. The floor plans, in combination with the extensive windows on all exterior walls of the historic building, make for an almost ideal plan for adaptive use into a wide range of options.
- The site offers tremendous advantages by way of its proximity to the Mississippi River, the historic commercial district, a quiet and established residential district, the Twin Cities, and even the new and attractive Hastings Bridge. The site topography offers opportunities to develop open spaces and parking for more intensive uses.
- Environmental issues identified are typical for buildings of the age and historical use. These concerns will need to be addressed in any scenario, whether the building is rehabilitated or demolished.

Ownership

- City ownership of the site places control within the public domain. This offers great advantages in guiding its destiny, and also raises expectations from the citizens for increased public access and benefit.
- Public ownership offers access to funding opportunities for redevelopment unavailable to the private sector.
- Although in public ownership now, the City has little interest in continuing to own and manage the historic building and seeks to turn it over to a private developer. No public user emerged as a primary anchor, although smaller public agencies may be located in the building as long-term tenants.

Adaptation

- City leaders have expressed commitments to retaining the pre-World War II portions of the building (the “backwards F”). No vision of the reuse of the historic building or for the adaption of the open space has been clearly articulated.



- The 1974 addition holds no historic value and its presence diminishes the opportunity for adaptive use of the remainder of the building. The public generally supports the removal of the wing.
- There is considerable political support to remove the non-historic 1946 wing (Building D) to create a more expansive riverfront park, which was a key motivation for the City’s acquisition of the building. At the same time, the retention of the well-built wing offers many unique advantages for reuse, including the potential for indoor parking, rooftop river views, and an exciting experience of the river that could not be replicated in new development due to current zoning restrictions.

Use

- Various members of the community expressed excitement for ideas ranging from adaptive reuse of the building to its complete removal for a park or other purpose. Despite differing visions, the opinions did not appear to be polarized or entrenched in most instances.
- There is little political tolerance for low-income housing use in this prime location, and Hastings is perceived to have no shortage of low-income housing.
- Mixed use is the preferred alternative for several reasons. First, with over 100,000 square feet of usable space, it would be challenging and unlikely to find a single user that was able and willing to occupy the entire building. Second, the right mix of users can create a synergy that would be appealing to potential tenants. For instance, residents housed on the second floor would likely find it attractive to have a small food store conveniently located within their building. Conversely, a food store would be grateful for a “built-in” customer base. Finally, a mixed use scenario reduces the investment risk that a single-user arrangement would have, with the success of the project riding on the success of a single company or proposal.

The mix of uses explored in this study serves as examples of a range of mixed uses that the building and economy can accommodate. The various configurations demonstrate the flexibility of the property, which can be adapted for these or many other uses. Further market studies may discover new options which would easily fit within the historic building.

- Several specific, but small users have expressed serious interest in locating within a redeveloped Hudson Building. These include the National Park Service, which intends to develop a Mississippi River visitor center and trail head, and Spiral Food Co-op, which was recently forced to move from its downtown location. Although these users would require only a small amount of space, their presence as anchor tenants would outweigh their footprint, when considered within the context of the clientele they would attract.

Economic Feasibility

- A phased approach to development would help with the absorption rate of adding considerable amounts of square footage to downtown Hastings, and in pacing a sustainable development.
- The project will face financing challenges. This is as much a factor of the substantial costs for rehabilitation (high expenses) as it is a reflection of the current economic conditions, with low demand for high-end housing and commercial uses (low revenues).

With these findings, the Reuse Team recommends that the Hudson Building be adaptively reused with a tenant mix that may include restaurant, banquet hall, lodging, market-rate housing, office, retail, and tourist-related activities with a public component. The project may be undertaken by a private developer, although substantial public investment will be necessary for a successful outcome.

RECOMMENDATIONS FOR IMPLEMENTATION

The Reuse Team recommends that the City pursue redevelopment of the Hudson Building by working with a private developer who possesses a vision that respects the historic building and is compatible with Hastings' economic and urban environment.

Create a Vision

With the formation of a local task force or subcommittee of HEDRA, the City can develop a vision for the redevelopment of the Hudson site. Using this study, the task force can articulate the desired goals the City hopes to achieve from a redeveloped site, the principles the City values, and expectations of potential developers. The results would form the basis of a request for proposal that would be sent to prospective developer partners.

Have Patience

The redevelopment of the site will take patience. Adding this substantial amount of leasable space to the downtown economy cannot, and should not take place overnight. Many other projects have resulted in successful outcomes after years, even decades of a historic building standing vacant. In Minneapolis, for example, the Milwaukee Depot and train shed stood vacant for three decades before being converted to the centerpiece of a vibrant hotel and entertainment complex. Similarly, the one million square foot Sears building in south Minneapolis had been vacant for nearly 10 years until it was rehabilitated under the direction of multiple developers. Both buildings were owned by the city's development arm as they awaited their new use. As the financial analysis shows, the current conditions may not warrant an economically viable use *at this time*. The City will need to remain patient and persistent in its pursuit of appropriate uses that are likely to have significant payoffs for the community as a whole.

Dedicate Resources

The importance of the project to the well-being of the future of downtown Hastings cannot be overstated. Its redevelopment has the potential to impact the urban setting, economic vitality and to draw local and regional visitors. As the building owner, the City will need to allot staff time dedicated to the site's redevelopment, marketing, financing and partner opportunities.

Assemble Package of Local Incentives

HEDRA should assemble a package of incentives that could be offered to a private developer as part of a development plan. A well organized approach outlining the specific ways in which the City, and perhaps County, could support the project would be appealing to potential private developers.

Limit Demolition

With the exception of the 1974 wing, demolition of the remainder of the building should be forestalled until a workable solution for a disposition of the site is resolved. This would keep the largest number of options open to any potential developers, and would keep intact valuable rehabilitation incentives available only for historic resources. Previous efforts to clear a site in anticipation of an uncertain



development opportunity on the east end of downtown Hastings has resulted in blank slates, but no redevelopment. Retaining the building keeps both options open – a rehabilitated building *and* new construction. Removing the building narrows the options to only one, and limits funding opportunities.

Mothball

If the City finds that any development prospects may extend well into the future, securing the building through a mothball process would be prudent. This is a process frequently undertaken for properties where funds are not currently available to place a building into usable condition. Mothballing can be an effective means of protecting a building while planning the property's future, or raising money for a rehabilitation project. It keeps the exterior envelopes tight, protecting it from significant deterioration, and can also keep the building looking presentable.

Designate

Although determined eligible for listing in the National Register of Historic Places, the Hudson Building has not been formally listed. Listing in the National Register qualifies the building for many of the incentives that would appeal to potential developers and to the City, including federal and state tax credits and eligibility for Minnesota Historical and Cultural Grants. This can be pursued by the City as an interim action as the private market approach develops greater interest and demand.

REUSE SCENARIOS

INTRODUCTION

In consideration of the Hudson Building's physical layout and site, input from community members, and assessment of the existing issues, the Reuse Team developed three reuse scenarios to explore possible ways in which the Hudson Building can be adapted to a new use or uses. The placement, configuration and size of the Hudson Building open it to a broad range of potential uses. Its flexible space and strategic location could ultimately make the site an anchor for the downtown business community and a catalyst to stimulate its economy.

Through the research and stakeholder consultation phase, the public repeatedly expressed needs and desires that would shape the vision for the Hudson site. These issues were so essential that they have been developed to serve as Guiding Principles to be included in any reuse scenario. With these guiding principles in mind, the Reuse Team formulated three scenarios for site redevelopment and reuse, with varying mix of uses and designs. The scenarios were used as the basis for cost estimations and performance of financial analysis and evaluation.

GUIDING PRINCIPLES

The seven principles formed to guide the redevelopment scenarios are as follows.

1. *Create publicly accessible interior space*

With investment made by the City of Hastings into the Hudson property, new opportunities and new expectations for public access to the riverfront property have been established. What was once a private and industrial domain is now in public ownership, and interest in making portions of the redeveloped site accessible to the public have been heightened. Decision makers and the public alike expressed interest in maintaining spaces where Hastings citizens could enjoy the river views from the building, whether they be through official, publicly maintained spaces, or in publicly accessible spaces, such as a restaurant, banquet facility, or art gallery.

2. *Create inviting public open spaces*

Both the Heart of Hastings Plan and the public indicated that at least a portion of the Hudson site should be returned to open, public space along the river. Use of the site in this way is compatible with preserving at least a portion of the existing building, serves the public interest, and offers an amenity to many potential building users. Open space, whether publicly or privately maintained, should have a strong relationship with the interior spaces through window and door openings and be integrated with the public riverfront trail system where the Hudson property could serve as a regional trail head and hub. The space would be inviting not just to building and trail users, but would offer a meeting place, opportunity for casual strolling or programmable events, and a child-friendly environment. Public art reflecting local heritage could be commissioned to heighten the aesthetic experience. Exterior private space(s), conversely, should be limited and only allowed to exist for specific reasons.

3. *Design to high standards*

A reuse plan should employ sustainable building practices and honor the downtown and neighborhood context in scale, form, character and materials. More specifically, the building should meet or exceed the plan, design and construction parameters established by the downtown core



zoning and design guidelines, the Hastings Heritage Preservation Commission, the Minnesota Department of Natural Resources, the Secretary of the Interior's Standards and Guidelines for Rehabilitation, and sustainable building practices, such as LEED or the State's B3 guidelines.

4. *Enhance and support existing downtown businesses*

Any reuse plan should be made with careful consideration of the downtown's economic concerns. A new use should attract and retain customers to the downtown commercial district, enhancing the investments made by existing building- and business-owners. The new use would complement and grow Hastings' downtown market, and add newly available space for lease in an intentional way to avoid disruption to the marketplace.

5. *Include a mix of uses and phased implementation*

With nearly 100,000 square feet of potentially useable space, any reuse scenario is likely to require a mix of uses and users. This should be encouraged to redevelop the property with a vibrant mix of use types, expand the economic diversity and reduce the investment risks of the single-user concept. Such uses should be compatible and create a synergy that makes sense not just for the building as a complex, but for the downtown as a whole. The size also suggests that a phased implementation would be prudent. This approach would allow time for absorption of the additional space being placed in the relatively small Hastings' market, but would also give the developer time to recover initial start-up costs.

6. *Respect the value of the pre-WWII portions of the building*






The historic portions of the building (the "backwards F") offer important qualities that contribute to downtown character and scale, and to Hastings' cultural and economic heritage. The community workshop informally affirmed what is expressed in the downtown plan: that the 'Backwards F' (pre-WWII era) portions of the building facing 2nd Street be treated as valuable to Hastings' historic urban character. The later (post WWII) portions hold less value in regards to these issues, but may be valued for their design or other characteristics. Building D (1946) offers potential for reuse and many advantages. Its non-historic status allows greater flexibility in use and design.





7. *Selective Demolition*

The tilt-up, windowless concrete wall addition placed on the northwest corner of the historic Hudson Building in 1974 was commonly viewed as incompatible with most desired redevelopment scenarios. The modern addition is not considered historic, blocks views of the river from West 2nd Street and from other parts of the building, and has limited potential for non-industrial reuse. Any successful reuse proposition will require additional parking for the added activities. For reuse scenarios, the removal of the 1974 addition has been assumed.

EVALUATION OF REUSE TYPES

Concepts for potential uses were generated through market analysis, public comment and input from a range of members of the community, including business and political leaders. Color indicators are keyed to the plan schematics for each scenario.

Use Type	Pro	Con
 Lodging Small Boutique Inn Large Boutique Inn	Market prospects supported by recent study; use would not dilute demand from other downtown operators and would enhance downtown retail environment; capitalizes on river location; Chamber gets routine inquiries about riverfront lodging; supports Chamber efforts through lodging tax	Multiple existing hotels and bed and breakfast already in trade area; additional hotel would need to be differentiated, perhaps as high end
 Banquet / Conference	Broadly perceived need; leverages river views and frontage	Sensitive to economic cycle
 Public/Tourism Visitors/Interpretive Center Museum Trailhead/Hub	Hastings features natural and cultural amenities including proximity to Mississippi, St. Croix and Vermillion rivers; eagle and other wildlife population; bicycle trails; tourism-rich St. Croix River and Lake Pepin. National Park Service expressed interest in visitor/interpretive center and has a request for funding; Mayor is in favor of this use; civic use is aligned with public financing of building's acquisition; Classic car museum is consistent with summer festival	Seasonality is challenge to property cash flow; unclear how much demand for historic river town destinations exists beyond what Stillwater satisfies
 Arts Gallery Performance Space(s)	Supports range of creative uses for visual and performing arts; relatively flexible spaces; could attract patrons and art students from outside retail trade area	As a nonprofit use, politically challenging; dependent on uncertain funding sources; four-lane bridge would undermine outdoor performance
 Retail Boutique Food Destination Retail Service Retail Branch Bank	Site is highly visible to traffic volumes of roughly 30,000 per day; interest expressed by Spiral Foods Co-op; nearby bank may be interested in smaller space; interest in a downtown wine shop	Perceived diminishing of downtown retail activity; lack of consistency of hours open; addition of incompatible retail could undermine established businesses

Use Type	Pro	Con
 Housing Rental	Room for lifecycle housing; projected demand for rental housing regionally is positive and significant	Subsidized rental housing (e.g. seniors) is politically unpopular on the riverfront; substantial existing inventory of affordable downtown rental housing available above storefronts; parking demands may be tough to accommodate
 Housing Owner Occupied	Room for lifecycle housing; despite "riverfront condo" issue cited (see "con"); ownership real estate generally represents simpler approval than rental	"Riverfront Condos" is politically sensitive given recent history; condo market appears too soft for action, beyond cherry picking units with very best views; currently, affluent residents don't live downtown; parking demands may be tough to accommodate
 Office High End (Signature)	Office uses are daytime uses and not objectionable; per square foot, office is typically the highest market value of the uses under consideration; location and unique building may be appealing to particular users	Several office buildings downtown and nearby are currently vacant or semi-vacant
 Restaurant Coffee Shop/Deli Destination Restaurant-Lounge	Perceived need; proven way to leverage views and riverfront for effective business model	Perceived oversupply of sports bars; risky industry
Mothball	Retains flexibility; retains public influence to determine future use	Limits City's ability to retire debt issued to acquire the building; reduces potential for building to add to vitality of area adjacent to downtown; empty building perceived as eyesore
Demolition	Keeping demolition on the table is helpful to stimulate proactive moves for restoration; establish views for neighboring homes; blank slate for future developer	Unique historic structure and its narrative are lost; pre-emptive demolition may not be interesting to potential users; tax credits, grants and incentives for historic preservation would be unavailable

SCENARIO 1: LARGE INN AS ANCHOR

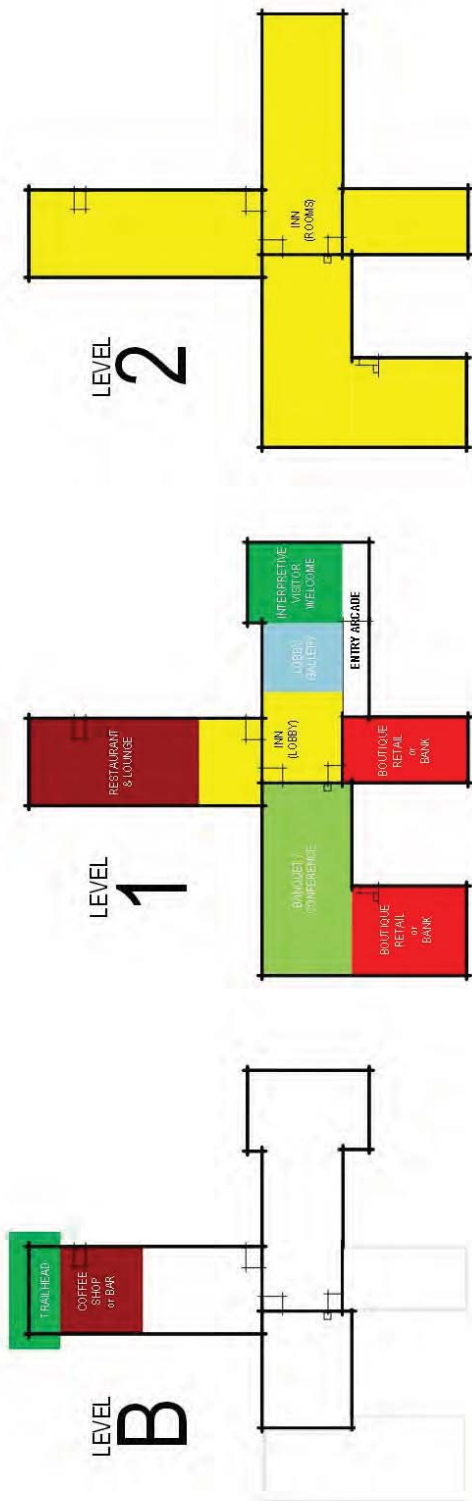


FIGURE 9. REUSE SCENARIO 1 PLAN

OVERVIEW

Scenario 1 envisions the space anchored by a large inn (50 guest rooms) consuming over 50% of the usable square footage (Figure 9). The remaining space would be occupied by a banquet hall/conference center, restaurant, limited retail, with smaller components devoted to tourist attractions, such as an interpretive center, trail head and arts center.

DESCRIPTION

Hotel/Inn: 41,700 gsf (Levels 1 and 2)

- The inn operator could be the manager of the entire complex in this scenario.
- 50 guest rooms with average of 600 sf per room. Amount of floor area available will allow for some larger suites with whirlpools, etc.
- All of the second floor space would be dedicated to guest rooms and support spaces such as housekeeping, vending, workout rooms, etc.
- The lobby is in the center core area and would have an opening through the second floor with an open stairway connecting the floors.
- The administrative spaces for the inn would be on the first floor adjacent to the lobby.
- Vertical circulation (elevator) for the inn would be adjacent to the lobby and would connect to the lower level to a drop off/valet entrance under building D. The valet parking could be inside building D on the lower level.

Banquet/Conference: 8,200 gsf (Level 1)

- Banquet hall with up to 300 occupancy on the first floor with terrace facing the river. The terrace would be the roof of a covered walkway from the parking area to the building complex.
- The banquet hall would be able to subdivide into two or three smaller conference spaces.
- The food service would be run from the restaurant on the same floor with support serving spaces adjacent to the banquet hall.



Public/Tourism:

Interpretive Center: 3,500 gsf (Level 1)

- National Park Service's Mississippi River interpretive center would be located at east end of first floor to provide good visual access for visitors coming from downtown or the trails as well as views of the river from the center.
- The interpretive center would also be accessed from the entry arcade in the one south story portion of Building C.
- The center would be open to the gallery space and inn lobby to the west.

Trail Head: 1,500 gsf (Level B)

- The trail head would be at the north end of Building C near the river and the trail system.
- Space is available for bike rentals and trail information.
- This space could be part of the coffee shop deli operation in the same location.

Arts Center: 2,800 gsf (Level 1)

- Retail gallery space on the first floor open to the hotel lobby and interpretive center.
- The gallery space could open down to the lower level with open stair access to expand the gallery space. This is one of the few viable possibilities for the lower level of Building C.

Retail:

Boutique Foods: 4,000 gsf (Level 1)

- First floor of Building A would provide highly visible space from the street for an operation such as the Spiral Food Coop.
- The location would provide separate on grade entry from the street with on-street and short-term parking in the courtyard.
- It could also have entry from the circulation arcade.

Bank: 4,800 gsf (Level 1)

- First floor of Building B would provide highly visible space from the street for a branch bank operation.
- Bank operation would be completely separate from the other parts of the complex.
- Possibility of drive-up window on the west side of the building.
- The scheme would provide separate on-grade entry from the street with parking on the street and west of bank.

Restaurant:

Destination Restaurant: 7,000 gsf (Level 1)

- 120 seat destination restaurant in Building D facing the river.
- Accessible from the core lobby area and by elevator from the lower level drop-off/valet entry. Restaurant would use same elevators as the inn.
- Outdoor dining or bar space could be located on the east side of the building.
- Possibility to create a roof top deck above the restaurant and inn.
- The restaurant would run the banquet/conference facility.

Coffee Shop/Deli: 1,800 gsf (Level B)

- 30 seat coffee shop with deli sandwiches and bakery goods in lower level of Building D facing the river and trails.
- Could be part of the trailhead and bike rental operation.

Entrance Arcade: 2,200 gsf

- Access to gallery and core lobby from exterior

Parking Demand: Total 200

DISCUSSION

This scenario draws on several key suggestions made during the discovery interview process. Hastings is perceived to be in need of banquet areas to accommodate larger groups. With its location downtown and river views, the Hudson Building is seen as an ideal location for such a facility. High-end boutique lodging was another perceived need in the area, and again the Hudson Building's historic ambiance and riverside location fit well with the use. Lodging would substantively enhance and support existing restaurants, shops and street life in downtown Hastings, as well as the proposed ancillary uses within the Hudson Building. The restaurant, also proposed in this scenario, may be operated in conjunction with the banquet hall and/or inn. Other uses, including the trail head, interpretive center, coffee shop, and boutique food store would be highly complementary to the anchor use.



SCENARIO 2: SMALL INN AS ANCHOR

OVERVIEW

Scenario 2 is similar to Scenario 1, but reduces the size of the hotel/inn by half, with only 25 guest rooms (Figure 10). This scenario introduces market-rate condominium housing to add a wider range of uses to the mixed use development. Other restaurant, banquet hall, visitor center, and retail uses are similar in sizes to Scenario 1, although their locations within the buildings have been revised to illustrate the varied combinations that are possible within this flexible space.

DESCRIPTION

Hotel/Inn: 21,700 gsf (Levels 1 and 2)

- The inn operator could be the manager of the entire complex in this scenario.
- 25 guest rooms with an average of 600 sq. ft. per room. Amount of floor space would allow for some larger suites.
- The guest rooms would be located on the first and second floor of Building D providing good river views from all rooms. Support spaces would be within those floors.
- The lobby is in the center core area and could have an opening between the first and second floors with an open stair.
- Vertical circulation would be the same as Scenario 1.

Banquet/Conference: 7,100 gsf (Level 1)

- The banquet facility for up to 300 occupancy is the same as in scenario 1.

Public/Tourism:

Interpretive Center: 4,000 gsf (Level 1)

- National Park Service Mississippi River interpretive center located at the first floor adjacent to the street to provide good visibility and access.

Trail Head: 750 gsf (Level B)

- The trail head would be in the same location as Scenario 1 with trail information and bike rentals.
- The coffee shop/deli could be adjacent to the trail head.

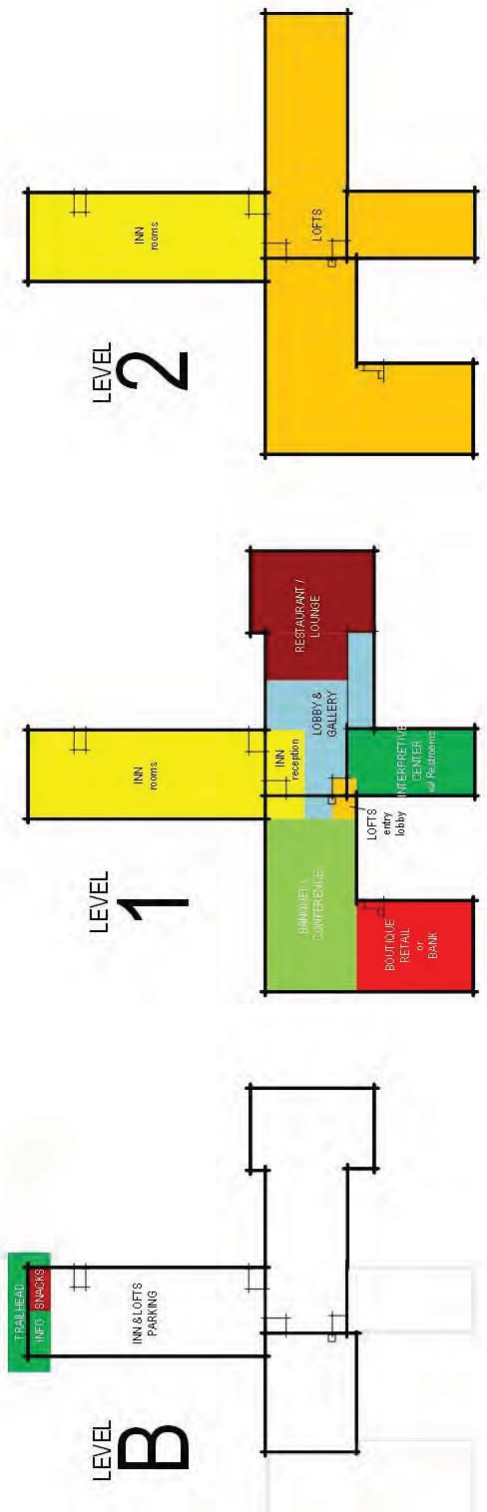


FIGURE 10. REUSE SCENARIO 2 PLAN

Retail:**Bank: 4,800 gsf (Level 1)**

- Same as in Scenario 1.

Restaurant:**Destination Restaurant: 6,300 gsf (Level 1)**

- 120 seat destination restaurant on first floor of Building C at the east end.
- Highly visible from downtown approach and trails.
- Accessible from the exterior, the circulation arcade and the core lobby area.
- The restaurant would run the banquet/conference facility.
- Could have outside dining and bar area facing the river.

Coffee Shop/Deli: 750 gsf (Level B)

- 30 seat coffee shop with deli sandwiches and bakery goods in lower level of Building D facing the river and trails.
- Could be part of the trailhead and bike rental operation.

Housing: 26,500 gsf (Level 2)

- 13 market rate condominiums with an average of 2,000 sq. ft of floor area on the second floor of Buildings A, B and C.
- Great spatial potential with the gabled ceilings/roofs. Enough height in some areas to allow mezzanine spaces.
- Two covered parking spaces would be required for each unit.
- Housing requires a separate vertical circulation (elevator) from lower level entry/drop off area. This elevator should also be adjacent to the center core area and would be a good location for guest entry to the residential units.

Lobby/Gallery: 2,600 gsf (Level 1)

- Retail gallery open to hotel lobby with access from the entry arcade.

Parking: 8,000 gsf

- 26 spaces could be created within the basement level of Building D.

Parking Demand: 190 total***DISCUSSION***

Like Scenario 1, Scenario 2 relies on a boutique hotel or inn to anchor the activities and businesses of the Hudson Building. The interpretive center, restaurant, banquet hall, gallery and retail are supportive of this primary use and of downtown commerce. Housing was another use that was frequently mentioned during the stakeholder interviews. The housing vision for this scenario is that of high-end condominiums, which is considered to be compatible with the surrounding neighborhood. The building's location, with appealing river views, convenience to downtown, and the potential for the Red Rock commuter rail within walking distance would have strong appeal to empty nesters and those seeking a small town, but urban environment.



SCENARIO 3: RESTAURANT/BANQUET CENTER AS ANCHOR

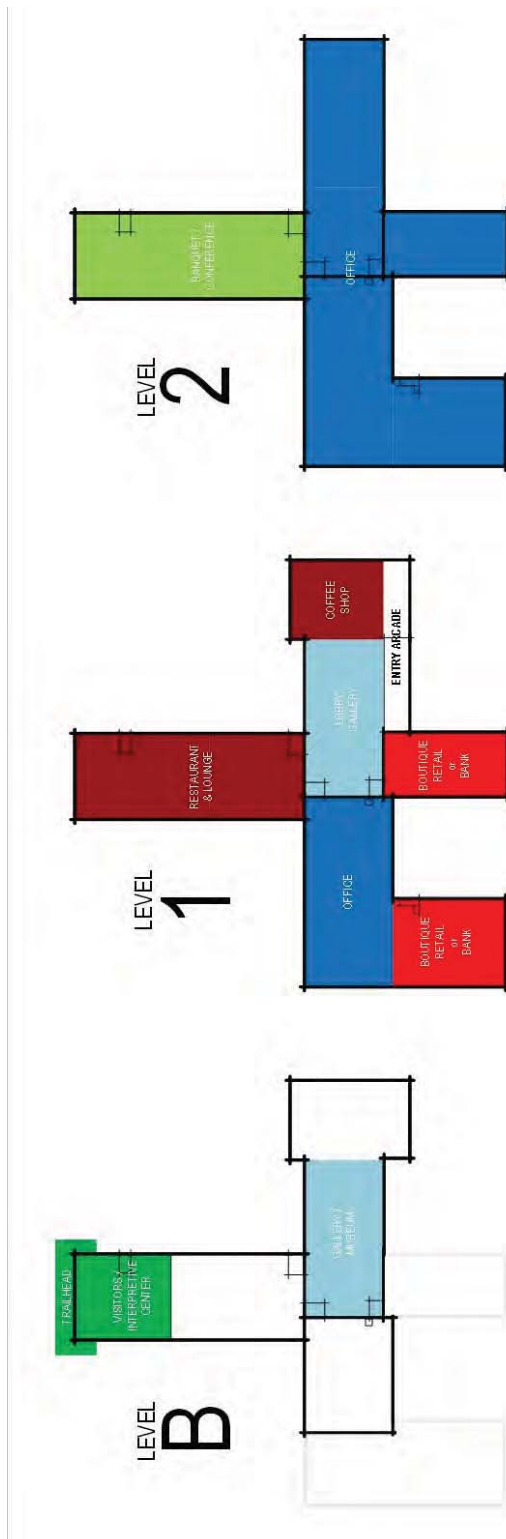


FIGURE 11. . REUSE SCENARIO 3 PLAN

OVERVIEW

Scenario 3 is anchored by a restaurant and banquet center occupying the wing extending toward the river (Figure 11). The wing's river views and windows make the site appealing for large groups of patrons. Half of the building's square footage is devoted to signature office space. Located primarily on the second floor, the historic character of the interior spaces and potential for loft mezzanines form attractive and unprecedented opportunities for large and creative businesses to locate downtown. Daily office workers would help to generate local business at restaurants and other establishments.

DESCRIPTION

Banquet/Conference: 9,670 gsf (Level 2)

- Banquet hall with up to 300 person occupancy on the second floor in Building D provides great river views.
- The hall would be able to subdivide into two or three smaller conference spaces.
- The food service would be run from the restaurant on the floor below.
- Roof deck facing the river above the banquet hall is a possibility.
- First floor core area lobby would open to the second floor with an open stair.
- Vertical circulation (elevator) for the banquet hall and offices above would be adjacent to the lobby and connect to the lower level for access from parking and drop off areas.

Public/Tourism: 5,000 gsf

Interpretive Center: (Level B)

The interpretive center would be located near the river on the lower level of Building D to provide good access to the trail and river.

Trail Head: (Level B)

The trail head would be the same as in Scenario 1.

Arts Center: 12,100 gsf (Level B and 1)

- Retail gallery space would be the same as in Scenario 1 including lower level gallery space.

Restaurant:

Destination Restaurant: 9,760 gsf (Level 1)

- 120 seat destination restaurant on the first floor of Building D with great river views. This is similar to Scenario 1.
- The restaurant would run the banquet facilities on the floor above.
- Accessible from the core lobby area and by elevator from the lower level drop-off/valet entry.
- Restaurant delivery and storage would be in the lower level of Building D directly below the restaurant.
- A service elevator could serve both the restaurant and banquet facility.

Coffee Shop/Deli: 3,500 gsf (Level 1)

- 30 seat coffee shop with deli sandwiches and bakery goods on the first floor adjacent to the entry arcade.
- The site would have good visibility from the street and the river.

Retail:

Boutique Retail: 4,000 gsf (Level 1)

- First floor Building A with good street visibility and access.
- This could be wine and specialty food items.
- Good connection to the core lobby and entry arcade.

Boutique Retail: 4,800 gsf (Level 1)

- First floor Building B with good street visibility and access.
- Could be a branch bank or insurance agency or brokerage that requires street visibility.

Office: 34,500 gsf (Level 1 and 2)

- Higher end signature office space on the river side of Building B and the second floor of Buildings A, B and C.
- Attractive features include lots of windows for outside views and light and the high ceiling vaulted roofs.
- Opportunity to develop unique spaces for companies wanting to show off their creativity such as design and graphics firms.
- Vertical circulation (elevator) would be from lower level drop-off and parking areas.
- Offices should have some covered parking for tenants.
- Second floor could be all one tenant, or two to three tenants.
- The core lobby and circulation area would provide unique entry area for the office tenants and their visitors.

Parking Demand: 290 total



DISCUSSION

This third alternative responds to community interest in the need for both a high-end restaurant and banquet hall. Scenario 3 places these amenities in the 1946 wing that extend toward the river, offering attractive views of the river setting and the new Hastings Bridge. The Hudson Building lends itself well to offices. Although current demand for additional office space in Hastings is weak, the scenario illustrates the ease with which the building can be adapted for the purpose, should small or mid-sized companies seek unique and adaptable space with an attractive setting and proximity to both a small downtown and the Twin Cities. Retail uses are placed with easy access to West 2nd Street, and the interpretive center focuses on the river's adjacency.

Real Estate Type/Concept	Strengths	Weaknesses	Timing	Consumer/Tenant Price Sensitivity (2012)
Housing				
Condominiums	Excellent location on river, proximity to Downtown, Flexible building floor plans.	Housing market continues to rebound. Market timing for condos is premature	2015+	High
General-Occupancy Apartments (Market rate non age-restricted)	Excellent location, apartments are the preferred real estate asset class today. High demand in the foreseeable future	Units will have to be "luxury" to command rents that will pay for redevelopment. Hastings rent threshold will be tested	2013+	Low-to-Moderate
Senior Housing (55+ or 62+)	Significant increase in older adult and senior population. Demand will continue to increase over next two decades	Housing resale market will affect independent seniors in short-term. Many seniors waiting for economy & housing market to rebound	2013+	Low-to-Moderate
Hospitality				
Branded/Flag Hotel	Mostly independent product in Hastings. No riverfront hotels or full-service hotels. Property would enhance Downtown	Hastings is a leisure dominated hotel market; close proximity to Twin Cities Metro Area ("day trip"), untested hotel market that is risky	Not recommended without further research	Moderate
Boutique Hotel	Excellent, historic location on river. Good synergy with historic neighborhood and quaint Downtown.	Expensive to redevelop & operate. Obtaining financing can be challenging. No central reservation system. Untested market	Not recommended without further research	Low-to-Moderate
Banquet/Conference Center	Location and could be combined with lodging use. Synergy with Downtown that could enhance DT area.	Perceived need for facilities; untested market demand. Ability to attract off-seasonal and weekday business. Price Sensitive	Not recommended without further research	Moderate
Retail				
	Excellent visibility and traffic counts from bridge; ability to capitalize on riverfront; proximity to Downtown; retail is rebounding. Perceived need for restaurant uses	Bridge may be barrier to bring consumers from west, price-sensitive low-rent market, noise from bridge, ample parking	2014+	Moderate-to-High
Office				
	Historic building appealing to office users, especially creative agencies, professional service firms, and non-profits; Easy access, larger floor plates	Office market continues to rebound, price-sensitive low-rent market, soft employment outlook in interim	2014+	Moderate-to-High
Civic Uses				
	Floorplan is flexible to accommodate various uses. Excellent location for a variety of tourism, community-oriented and creative-related uses	Price sensitive uses that will have to rely on subsidies and financial incentives	2013+	High
Marina Component				
	Excellent location for marina in a mixed-used development near Downtown	Topography, proximity to bridge, and shoreland ordinance will prove to be challenging obstacles. Seasonal demand	Not recommended without further research	Moderate
Mothball (i.e. Do nothing and hold)				
	Maintain property until market can support desired uses. Portions of building could be used for interim uses.	City has debt service on the property and expensive to maintain.	--	--
Divest of Asset				
	Sell asset to developer. Developer to decide what property types to pursue. City can regulate development through zoning code.	Due to acquisition costs, the City will not be able to recoup purchase price. Loss of site control over premier riverfront property	2012+	--
Park/Open Space				
	Catalyst site with potential for destination-oriented outdoor uses.	Loss of Hudson Building, substantial investment into property, maintenance fees, etc.	2013+	--

Please see the Initial Market Assessment for further information.

Hastings EDRA
Hastings Economic Development and
Redevelopment Authority
6:00 pm Hastings City Hall

Minutes of February 16, 2012

I. QUORUM:

HEDRA Commissioners Present: Keena, Peine, Holzem, Kelley, Elling Schultz & Alongi
(arrived at 6:10 p.m.)

HEDRA Commissioners Absent: Toppin

Staff Present: City Administrator Dave Osberg, Community Development Director John
Hinzman, Community Relation Specialist Shannon Rausch,

Visitors Present: Jessica Cook with Ehlers & Assoc.

Others: Joe Balsanek, Bert Goderstad, Amy Martin & Katherine Sovik-Siemens

II. MINUTES

Commissioner Keena motioned to approve the minutes from the January 12, 2012
meeting, Commissioner Holzem seconded the motion.

Motion approved 5-0

III. BILLS

Commissioner Keena motioned to pay the bills, Commissioner Kelley seconded the
motion.

Motion approved 5-0

IV. BUSINESS

No new business was discussed. Commissioner Alongi arrived.

SPECIAL WORKSHOP CALLED TO ORDER

A. Hudson Redevelopment

The majority of the workshop was spent discussing the current status of the
Hudson Site, the goals for 2012, and overall plan for marketing the site.
HEDRA seeks to find a developer to purchase the property and redevelop the
site.

1. **Environmental Clean-up**
 - Environmental testing is nearly complete. Environmental findings will be shared with the Minnesota Pollution Control Agency to gain approval of the Response Action Plan (RAP) for environmental cleanup. Clean-up funding is available from various state and local environmental agencies. Grant funding is available in the Spring and Fall.
 - HEDRA seeks demolition of the 1974 addition. The 48,000 s.f. addition encompasses about 1/3 of the total building square footage and is not historically significant. This may be completed in conjunction with the RAP. Demolition of the 1974 addition would reduce maintenance costs.

2. **Possible reuse ideas for the site** (Comments from committees & communities)
 - Lower level shops, arts, business/retail
 - Mixed use commercial and residential
 - Performance space.
 - The Heart of Hastings Plan suggested development would be primarily residential with limited retail/commercial; however HEDRA desires Hudson redevelopment be a greater attraction for downtown.
 - Preserving and expanding riverfront greenspace is a priority.
 - Riverfront exposure will be a key to redevelopment. Seek to tie redevelopment with natural resources, national parks, and aquatic uses.
 - A few developers have toured and commented on the site. The location along the riverfront and downtown along with visibility from the TH 61 Bridge are of most interest. Concern has been expressed on absorbing the remaining building (100,000 s.f.) into the marketplace.
 - Redevelopment will likely encompass a variety of uses.

3. **Goals for 2012**
 - Complete the RAP and begin site cleanup.
 - Demolish the 1974 addition.
 - Rezone Hudson site from Industrial to Downtown Core.
 - Continue to promote site redevelopment. Redevelopment should serve as a catalyst for downtown activity.

4. **Outstanding Questions**
 - Financial feasibility of building rehabilitation.
 - Developer interest in building rehabilitation.
 - Extent and cost of environmental remediation.

B. Marketing Plan

The Commission began looking at the beginning stages of implementing the Marketing plan drawn up in the Himle Horner Report. Conversations involving who the audience should be and what the key message will be were discussed at length providing staff with direction to move forward.

1. Message -
 - “Historic Hastings”
 - “On the River”
 - “Gateway to the Mississippi River Valley”
 - “Bridging South Eastern Minnesota and the Twin Cities”
 - “Dakota County’s Downtown”
2. Audience
 - Hampton
 - Red Wing
 - Lake City
 - Prescott
 - Ellsworth
 - Cottage Grove
3. What are we promoting
 - Industrial Park, Closes Industrial/Business Park to the metro that still has land for \$1.00.
 - Semi-professional/nongovernmental business
 - Outdoor recreational manufacturing companies (canoes/kayaks/bikes???)
4. Possible Partnerships.
 - Hastings Area Chamber of Commerce
 - Board of Tourism
 - CDA
 - Metro MSP

VI. ADJOURNMENT

Commissioner Elling Schultz motioned to adjourn at 8:20 p.m. Commissioner Keena seconded motion.

Motion approved 5-0

Next meeting is scheduled for **March 8, 2012** at 6 p.m. in the Council Chambers.

Shannon M. Rausch,
HEDRA Secretary