



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: January 31, 2012

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Great Streets Façade Improvement Program Administration contracts

Recommendation: Authorize CPED staff to execute \$370,000 total in contracts for Great Streets Façade Improvement Program Matching Grant Administration with Armatage Neighborhood Association, Harrison Neighborhood Association, Lake Street Council, Nicollet-East Harriet Business Association, Northeast Minneapolis Chamber of Commerce, Project for Pride in Living, West Bank Business Association, and West Broadway Business and Area Coalition, consistent with the recommendations provided herein.

Previous Directives: (1) On January 28, 2011, the City Council approved two-year contracts for Façade Improvement Program Administration, allocating \$250,000 between six community organizations. (2) On February 12, 2010, the City Council approved two-year contracts for Façade Improvement Program Administration, allocating \$475,000 between ten community organizations. (3) On February 6, 2009, the City Council approved two-year contracts for Façade Improvement Program Administration, allocating \$130,000 between three community organizations. (4) On May 2, 2008, the City Council approved two-year contracts for Façade Improvement Program Administration, allocating \$400,000 between eleven community organizations. (5) On April 27, 2007, the City Council reviewed and adopted the Great Streets Neighborhood Business District Program.

Prepared by: Rebecca Parrell, Project Coordinator (673-5018)

Approved by: Charles T. Lutz, Interim Director, CPED _____

Catherine A. Polasky, Director of Economic Development, CPED _____

Presenter in Committee: Rebecca Parrell

Financial Impact

No financial impact- funds have been appropriated to the Great Streets program
Action is within the Business Plan

Community Impact

Neighborhood Notification: Staff issued an RFP on September 12, 2011, with an official announcement email to all NRP neighborhood groups, business associations, and community development corporations.

City Goals: *Jobs & Economic Vitality* – strong commercial corridors, thriving business corners; proactive business development in key growth areas *A City that Works* – strong partnerships with parks, schools, government, nonprofits and private sector

Sustainability Targets: Economically vibrant neighborhood commercial districts create attractive urban neighborhoods for infill development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services.

Comprehensive Plan: Policy 1.4 Develop and maintain strong and successful commercial and mixed use areas with a wide range of character and functions to serve the needs of current and future users Policy 4.1.1 Use public development resources and other tools to leverage maximum private sector investment for public benefit Policy 4.1.4 Improve the coordination of economic development activity among units of government, the business community, neighborhood organizations and nonprofit entities Policy 4.9 Focus economic development efforts in strategic locations for continued growth and sustained vitality

Zoning Code: NA

Living Wage/Business Subsidy Agreement: NA

Job Linkage: NA

Background Information

The City Council established the Great Streets Business District program in 2007 to sustain vibrant commercial districts and economic activity throughout the City of Minneapolis. The program includes business and commercial real estate development loans, grants for business technical assistance and district-wide marketing and recruitment efforts, and façade improvement matching grants to business and property owners. There are significant differences between business districts within the city and commercial revitalization requires multiple strategies and varying levels of targeted public investment. The façade improvement matching grant component of the Great Streets program is the subject of this report.

Community organizations throughout the city administer the Great Streets Façade Improvement Matching Grant program through contracts with the City. Eligible organizations include neighborhood organizations, business associations and community development corporations. The City awards contracts through an annual competitive Request of Proposals (RFP) process. In 2011, 15 organizations administered the Great Streets matching grant program in 47 different neighborhood business districts throughout the city.

Program Investments

The Great Streets façade program has stimulated \$2,346,886 of investment in business façade improvements citywide since its inception in 2008. In just four years, grant administrators worked on 228 façade improvement projects providing \$781,864 in matching grants, leveraging \$1,565,022 in private investment. For every \$1.00 of public investment, the private sector invested \$2.00. The chart below shows program investments by year.

Year	Grant Amount Disbursed	Private Leverage	TOTAL Investment	No. of Grants
2008	\$14,928	\$14,569	\$29,498	3
2009	\$176,988	\$329,649	\$506,637	45
2010	\$306,031	\$674,760	\$980,791	95
2011	\$283,917	\$546,043	\$829,960	85
TOTAL	\$781,864	\$1,565,022	\$2,346,886	228

The types of improvements funded by matching grants range from small adjustments- paint, signage, awnings and murals, to full-scale rehabilitation and building stabilization- tuckpointing and window and door replacement. Highlighted projects are shown in Exhibit A.

Highly visible investments in commercial properties not only improve residents' and visitors' perceptions of an area, they also spur improvements by other area businesses. They are also used in many instances as a business recruitment tool, either as a resource to new businesses for needed tenant improvements or through an investment that helps a prospective business

see the potential in a vacant space. An example is the replacement of new storefront windows and doors on the vacant and boarded building at the southwest corner of Nicollet Avenue and 38th Street. The property owner, Andy Root's investment in 2716-2720 East 38th Street was also instrumental in recruiting Smokehouse Brewpub to the space. Their plans are to be open for business by summer 2012.

Façade projects can also combine the Great Streets matching grants with other City sources, including neighborhood façade programs and the City's 2% loan program. The Northeast Social Club at 359 13th Avenue NE at is an example of a business that financed their restaurant improvements with a 2% loan and Great Streets façade grant. The program also leverages other dollars for investment, including NRP and foundation dollars. Several neighborhood organizations have directed remaining commercial NRP resources to match the Great Streets façade grants, and the West Broadway Coalition has secured \$173,000 in foundation grants to match Great Streets monies and support artistic façade improvements on West Broadway. The Minnesota Spokesman Recorder at 3744 4th Avenue South is an example of a business that tapped NRP grant resources as well as Great Streets dollars to fund much-needed building improvements.

Round Five Funding

CPED staff issued the fifth Great Streets Façade Improvement Program Administration Request for Proposals (RFP) on September 12, 2011 (Exhibit B). Proposals were due October 27, 2011.

The RFP outlined five evaluation criteria for reviewing proposals:

- the priority category (intervene, support, monitor) of the area(s) to be served;
- organizational and staff experience and capacity to administer the program;
- the strategies, processes, and criteria for achieving high quality improvements that are consistent with the program's Design Guide, and where applicable, consistent with area-specific design guidelines;
- area demand for the grant dollars; and
- the organization's marketing plan for the program.

Organizations administering the Great Streets Façade Improvement program are responsible for spearheading the marketing effort, energizing local merchants and property owners, assisting property and business owners with all steps of the grant process, keeping records and tracking each awarded grant, reviewing applications for eligibility, and providing the City with all required documentation. Organizations may charge an administrative fee of up to 15% of the total contract value.

CPED received eight proposals in response to the RFP. The total funding amount requested totaled \$369,118. Staff recommends funding all eight proposals to a total amount of \$370,000, rounding up one request slightly. Any unallocated dollars remaining at the end of the two-year contract period will be unencumbered and rolled back into the Great Streets program. The following chart lists our staff recommendations and Exhibit C map shows these recommendations as well as other area currently served by the façade program.

APPLICANT	RECOMMENDED SERVICE AREAS *	AMOUNT REQUESTED	AMOUNT RECOMMENDED	WARD(S)
Armatage Neighborhood Association	<u>2 Monitor Nodes: 54th & Penn, 60th & Penn</u>	\$25,000	\$25,000	13
Harrison Neighborhood Association	<u>1 Support Corridor: Glenwood Ave (east of I-94)</u>	\$50,000	\$50,000	5

Lake Street Council (LSC)	<u>2 Support Corridors:</u> East Lake, Midtown Lake <u>3 Monitor Corridors:</u> West Lake, Lagoon, Excelsior <u>1 Support LRT Station:</u> Lake/Midtown <u>1 Monitor Activity Center:</u> Uptown	\$50,000	\$50,000	2, 6, 8, 9, 10, 12
Nicollet-East Harriet Business Association (NEHBA)	<u>1 Support Node:</u> 38th & Nicollet <u>12 Monitor Nodes:</u> 36th & Bryant, 46th & Bryant, 50th St and Byant, 36th & Lyndale, 40th & Lyndale, 54th and Lyndale, 58th & Lyndale, 38th & Grand, 43rd & Nicollet, 46th & Nicollet, 48th & Nicollet, Diamond Lake Rd & Nicollet <u>1 Monitor Corridor:</u> Nicollet Ave, 58th St - 62nd St	\$50,000	\$50,000	8, 10, 11, 13
Northeast Minneapolis Chamber of Commerce	<u>1 Support Corridor:</u> Central Ave NE - North Hennepin Ave NE <u>4 Support Nodes:</u> 22nd & Johnson, 29th & Johnson, Lowry & Marshall, Lowry & University <u>1 Monitor Node:</u> 37th & Central <u>1 Monitor Activity Center:</u> East Hennepin	\$50,000	\$50,000	1, 3
Project for Pride in Living	<u>2 Intervene Nodes:</u> Lowry & Penn, Lowry & Emerson/Fremont	\$44,118	\$45,000	4
West Bank Business Association (WBBA)	<u>2 Intervene Corridors:</u> Cedar Ave and Riverside Ave <u>1 Intervene LRT Station:</u> Cedar-Riverside	\$50,000	\$50,000	2
West Broadway Business and Area Coalition (WBC)	<u>1 Intervene Corridor:</u> West Broadway	\$50,000	\$50,000	3, 4, 5
TOTAL		\$369,118	\$370,000	

* The areas in **bold** are new to the Great Streets Façade Program.

Armatage Neighborhood Association (Armatage)

This is the first time the Armatage Neighborhood Association has applied for funding through the Great Streets Façade Program. They propose serving the two commercial nodes that are within their neighborhood at 54th St and Penn Ave S and 60th St and Penn Ave S. Neither of the nodes has had Great Streets façade dollars available before. One of the nodes shares territory in the Lynnhurst Neighborhood, which has a commercial grant program that can be coupled with the Great Streets program on certain properties. In their proposal, Armatage notes three properties that are interested in applying for a façade grant. As a new program, it will take a little time to advertise the program and find interested properties, but with a modest request of \$25,000 for two commercial nodes, staff believes the dollars can be expended within a two-year contract period.

Harrison Neighborhood Association (Harrison)

The Harrison Neighborhood Association received a Great Streets façade contract in 2008 for \$25,000. Harrison staff found that it took time to expend the first contract, due to relatively few businesses in the area at the time and a weak economy. A number of businesses have moved to Glenwood recently and Harrison staff note that many have just recently become comfortable with investing in their buildings with a slowly rebounding economy and are excited about the work that completed during the first round when Harrison completed five façade grants. In their proposal, Harrison notes four properties that have already expressed an interest in applying for a grant. With four already interested and new businesses moving into the area staff believes that Harrison may be able to expend their full request of \$50,000 in two years.

Lake Street Council (LSC)

The Lake Street Council has developed a successful façade improvement program with

demonstrable gains each year. They completed a \$25,000 contract from 2008 in less than two years, fully expended a \$50,000 2010 contract in only ten months, and they have only \$8,400 remaining in their \$50,000 2011 contract. This demonstrates the continued demand for façade assistance on the six-mile stretch of Lake Street and is echoed in LSC business surveys that report restoration of existing structures high on business owners' lists of needed improvements. LSC recently coupled the Great Streets Façade Program with their new Logo Design Assistance Program, funded in by a Great Streets Business District Support grant. Logo design participants receive a new logo design at no charge from marketing firm Nemer Fieger along with guidelines for incorporating the logo into possible façade improvements. These improvements can be funded in part with a Great Streets façade grant.

Nicollet-East Harriet Business Association (NEHBA)

The Nicollet-East Harriet Business Association has developed an incredibly comprehensive Façade Improvement Program in the last four years, with increasing demand for the dollars each year. They completed a \$50,000 contract awarded in 2008 in just over two years, a \$50,000 contract from 2010 in less than two years, and have only \$5,400 remaining in their \$50,000 contract from 2011. In their proposal, NEHBA identified 58 businesses interested in grants for specific projects totaling over \$85,000. Though most of the areas served by NEHBA are designated "monitor" for Great Streets program investments, the façade improvement matching grant tool as administered by this organization has proven very effective in stimulating high-quality private investments in this part of the city.

NEHBA employs many different techniques for implementing their successful façade program. Some the noteworthy strategies include:

- Incorporating MPD-recommendations for Crime Prevention Through Environmental Design (CPTED);
- encouraging applicants to use Minneapolis-based contractors for improvements (all but eight grantees did so, and twelve contractors were within the NEHBA service area);
- encouraging energy efficiency improvements (45 projects have increased energy efficiency); and
- beginning in 2012, NEHBA proposes to monitor the impact of the façade improvements by surveying each participating business and reporting on the overall environmental changes at each node.

Possibly the most successful component of NEHBA's program is what they call "high touch direct communication with business and commercial property owners." With over 1,000 volunteer hours devoted to administering the Great Streets façade improvement contract. NEHBA also keeps their administrative fee to 3%, much lower than the allowed 15%.

Northeast Minneapolis Chamber of Commerce (NE Chamber)

This is the first time the Northeast Minneapolis Chamber of Commerce has applied for a Great Streets façade contract. They propose serving three NE commercial corridors and five NE commercial nodes that have not previously had Great Streets façade grants available. Opening up the façade program to eight new eligible areas will be a great benefit to NE businesses and property owners. In their proposal, NE Chamber notes seven business and property owners they know are interested in applying for a façade grant. With initial marketing and news about the grant availability, staff believe that the dollars will be utilized within the two-year contract period.

Project for Pride in Living (PPL)

This is the first time that Project for Pride in Living has applied for a Great Streets façade contract. They propose serving the two eligible commercial nodes on Lowry Avenue North, at Penn Avenue and at Emerson/Fremont Avenues. Neither of these two commercial nodes have previously had Great Streets façade grants available. PPL has administered commercial

improvement grants for multiple neighborhoods and is well suited to administer the Great Streets façade grant program on Lowry Avenue. They facilitate the Lowry Avenue Implementation Committee, the group managing the implementation of recommendations in the *Lowry Avenue Strategic Plan*. They are also the housing developer for the EcoVillage. PPL will work closely with representatives from the Hawthorne, Jordan, McKinley, Cleveland, and Folwell neighborhoods; the Lowry Avenue Business Association; and the Pohlads Foundation while administering the program. In their proposal, PPL notes one property that has already expressed interest in applying for a façade grant.

West Bank Business Association (WBBA)

The West Bank Business Association has developed the Great Streets façade improvement program over the past four years. They completed a \$40,000 contract from 2008 in two and a half years and have \$17,000 remaining in their 2010 contract. WBBA looks forward to using this contract, if awarded, for targeting smaller businesses and expanding the number and diversity of recipients. WBBA is working with the NRP group to augment the program with NRP funding for design, interpreters, or matching funds. They also have an intern from the University of Minnesota for supporting businesses through the grant process. In their proposal, WBBA notes three business and property owners interested in applying for a façade grant.

West Broadway Business and Area Coalition (WBC)

The West Broadway Business and Area Coalition has developed a façade improvement program that leverages significant foundation dollars (\$173,000) from the McKnight, Phillips and Pohlads foundations and is visibly transforming the West Broadway corridor, property by property. WBC completed their \$40,000 contract from 2008 in less than a year and a half; their \$50,000 contract from 2010 in less than two years, and have fully allocated their \$50,000 contract from 2011. Businesses are able to use the foundation dollars as the private match to the Great Streets grant, making the program more accessible to businesses on West Broadway struggling to find dollars for building improvements. Demand for the program continues. WBC notes in their proposal seven additional business and property owners interested in applying for a façade grant in 2012. WBC has also collaborated with Catalyst Community Partners to provide pro-bono design assistance when needed.

Summary

The Great Streets Façade Improvement Matching Grant program has become a successful cornerstone of the Great Streets Neighborhood Business District program, spurring over \$2.35 million in investment in commercial property citywide in the program's first four years. Each year the number of businesses supported and dollars leveraged increases, as does the array of new strategies developed by the administering organizations to spur investment and support economic vitality.

EXHIBITS

- A. Before and After Pictures
- B. Request for Proposals
- C. Map of Proposed Service Area for Façade Matching Grants in 2012