



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

Date: February 3, 2015

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee

Subject: Great Streets Façade Improvement Program Administration contracts

Recommendation: Authorize CPED staff to execute \$330,000 total in contracts for Great Streets Façade Improvement Matching Grant Program Administration, consistent with the recommendations provided herein.

Previous Directives: Beginning in 2008 the City Council has acted annually to award contracts to administer the façade improvement matching grant portion of the Great Streets program to community organizations.

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Approved by: D. Craig Taylor, Executive Director, CPED _____

Presenter in Committee: Judy Moses

Financial Impact

No financial impact- funds have been appropriated to the Great Streets program in the budget process

Action is within the Business Plan

Community Impact

Neighborhood Notification: Staff issued an RFP on October 3, 2014 (Exhibit A), with an official announcement email to all neighborhood groups, business associations, and community development corporations.

City Goals: The Great Streets Façade Improvement Program supports multiple City goals including: A Hub of Economic Activity and Innovation and Great Places.

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 Neighborhood Business District program in 2007 to cultivate and sustain vibrant neighborhood commercial districts in the City of Minneapolis. There are substantial differences between business districts across the city and therefore commercial revitalization takes multiple forms and varying levels of targeted public investment. The Great Streets program utilizes a variety of investment tools, including commercial real estate development and business loans, grants to community organizations to provide for business technical assistance and district-wide marketing and recruitment efforts, and façade improvement matching grants to business and property owners. The façade improvement matching grant component of the Great Streets program is the subject of this report.

The Great Streets’ Façade Improvement Matching Grant Program improves the appearance of individual buildings and entire commercial districts, enhancing the sense of place and making commercial districts more inviting places to walk and shop. The public and private investments in façade improvement projects help revitalize and advance the economic success of commercial districts--our Great Streets, essential elements of a great city. By encouraging private investment, the grant program provides a catalyst for other owners to improve their buildings and storefronts.

Program Results

The Façade Improvement Matching Grant program has stimulated \$5,160,758 of investment in business façade improvements citywide since its inception in 2008, with \$1,546,100 in matching grants leveraging \$3,614,658 in private investment. For every \$1.00 of public investment, the private sector invested \$2.34 (see chart below). In 2014, 13 organizations administered the Great Streets matching grant program in 56 different neighborhood business districts throughout the city.

Year	Grant Amount Disbursed	Private Leverage	TOTAL Investment	No. of Grants
2008	\$8,625	\$14,569	\$23,194	3
2009	\$154,649	\$329,649	\$484,298	45
2010	\$262,440	\$674,760	\$937,200	95
2011	\$255,461	\$554,536	\$809,997	86
2012	\$261,345	\$415,045	\$676,390	101
2013	\$223,295	\$681,537	\$904,832	69
2014	\$380,285	\$944,562	\$1,324,847	134
TOTAL	\$1,546,100	\$3,614,658	\$5,160,758	533

The types of improvements funded by matching grants range from small adjustments like paint, signage, awnings and murals, to full-scale rehabilitation and building stabilization projects, such as tuck-pointing and window and door replacement. Program administrators and businesses alike find that both small, less expensive projects and large building renovation projects can significantly

impact the look and feel of a commercial area. Recently completed projects are highlighted with before and after photographs in Exhibit B.

When asked to describe the outcomes they have observed from the Great Streets Façade Improvement Matching Grant Program, administrators' answers included:

- making a significant, positive impact to the built environment,
- funding projects that would not have happened without the grant dollars,
- seeing grant projects act as a catalyst for other property investments involving a facade grant,
- watching the transformation of entire commercial intersections,
- building positive working relationships with businesses,
- funding diverse businesses in a variety of different areas,
- strengthening partnerships with neighborhood associations, and
- combining remaining NRP funds directed toward commercial revitalization with Great Streets.

Additional Investment and Leverage

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. E & L Foods at Lowry and Emerson combined a 2% loan of \$70,000 that was matched by a \$70,000 loan from Northeast Bank with a Great Streets façade grant of \$7,500. These funds allowed E & L Foods to make building improvements, buy equipment, and improve the exterior of their building which accommodates several storefronts. Bogart Donut Company at 36th and Bryant Avenue South is another example of a business that utilized both the 2% Loan program and a Great Streets façade grant to finance interior and exterior building improvements.

Relationship Building

Organizations with façade contracts find the grant program to be an offering that assists them with developing relationships with businesses and commercial property owners and adding to their membership rolls. The administrator working with businesses in the West Bank area of Minneapolis says she is looking forward to working with several businesses that have delayed projects due to the construction in the area. She also noted that they now have a staff member who provides translation services which has increased their engagement with immigrant-owned businesses in the West Bank area. The Harrison Neighborhood Association has plans to reach out to businesses that are in the newly expanded area of eligibility along Glenwood Avenue. This area includes 14 additional business properties and many of them have already expressed interest in using the Façade Grant Program to make building improvements.

Round Eight Funding

CPED staff issued the eighth Great Streets Façade Improvement Program Administration Request for Proposals (RFP) on October 3, 2014 (Exhibit A). Proposals were due November 12, 2014. The RFP outlined six evaluation criteria for reviewing proposals:

- the priority category (intervene, support, monitor) of the area(s) to be served; further definition of the categories is available online http://www.ci.minneapolis.mn.us/cped/ba/cped_great_streets_home
- organizational and staff experience and capacity to administer the program;
- additional resources organizations can bring to the program's implementation;

- 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.

Since the façade contracts run for three years, the staff also takes into consideration the amount of uncommitted dollars that remain available to an organization or area without an additional award, as well as the number of businesses in the areas served. These factors sometimes contribute to recommended contract amounts that are less than requested.

Organizations administering a Great Streets Façade Improvement contract are, at a minimum, responsible for spearheading the marketing effort, 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 for this work

CPED received nine proposals in response to the 2014 RFP. The total funding amount requested totaled \$430,000. A review committee comprised of five City staff (including CPED Business Development and Neighborhood & Community Relations) evaluated the proposals and recommends funding eight of the nine proposals to a total amount of \$330,000. Any unallocated dollars remaining at the end of the three-year contract period will be unencumbered and rolled back into the Great Streets program. Contracts that have no activity for 12 consecutive months will be closed with the outstanding balance returned to the program budget. The following chart lists staff recommendations and the attached map (Exhibit C) displays these recommendations, along with other areas with open contracts.

RECOMMENDED FOR FUNDING

APPLICANT	RECOMMENDED SERVICE AREAS	AMOUNT REQUESTED	AMOUNT RECOMMENDED	WARD(S)
Harrison Neighborhood Association	<u>1 Support Corridor: Glenwood Ave (east of I-94)</u>	\$50,000	\$40,000	5
Lake Street Council	<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	\$50,000	\$50,000	2, 6, 7, 8, 9, 10, 13
Lowry Corridor Business Association / PPL	<u>1 Intervene Corridor: Lowry Avenue (3rd St. N – Xerxes)</u>	\$30,000	\$20,000	4
Nicollet-East Harriet Business Association	<u>1 Support Node:</u> 38th & Nicollet <u>15 Monitor Nodes:</u> 36th & Bryant, 46th & Bryant, 50th St and Bryant, 36th & Lyndale, 40th & Lyndale, 54th and Lyndale, 58th & Lyndale, 38th & Grand, 43rd & Nicollet, 46th & Nicollet, 48th & Nicollet, Diamond Lake Rd & Nicollet, 60th & Nicollet, 50th & Penn, 50th & Xerxes <u>1 Monitor Corridor:</u> Nicollet Ave, 62nd St- 36 th St)	\$50,000	\$50,000	8, 10, 11, 13

Northeast Minneapolis Chamber of Commerce	<u>1 Support Corridor:</u> Central Ave NE (15 th -31 st Ave) <u>2 Monitor Corridors:</u> Central Ave NE (University-8 th St), Hennepin Ave NE <u>5 Support Nodes:</u> 13th & University, 22nd & Johnson, 29th & Johnson, 37 th Lowry & Marshall, Lowry & University <u>1 Monitor Node:</u> 37th & Central <u>2 Support Activity Centers:</u> Grain Belt Complex, Central & Lowry	\$50,000	\$50,000	1, 3
West Bank Business Association	<u>2 Intervene Corridors:</u> Cedar Ave and Riverside Ave <u>1 Intervene LRT Station:</u> Cedar-Riverside	\$50,000	\$40,000	2
West Broadway Business and Area Coalition	<u>1 Intervene Corridor:</u> West Broadway	\$50,000	\$40,000	4, 5
Whittier Alliance	<u>3 Support Corridors:</u> Lake St (Lyndale-35W, north side), Nicollet Ave (Grant St to Midtown Greenway), Franklin Ave (Nicollet-35W) <u>1 Support Corridor:</u> Lyndale Ave	\$50,000	\$40,000	6, 7, 10
TOTAL		\$380,000	\$330,000	

Harrison Neighborhood Association

2014 Project Highlights

- The Link, a non-profit organization that serves area youth through education, advocacy and supportive housing, beautified their building with a new mural which includes images of Echinacea and a butterfly as symbols of healing and transformation. (before and after photos, Exhibit B)
- Northwestern Tire, installed new larger windows to the entrance providing a more attractive façade and brighter building entrance.

The Harrison neighborhood has administered the Great Streets Façade program since 2010. They finalized three grants in 2014 and have four more projects that are in process.

Staff recommends funding of \$40,000 to the Harrison Neighborhood Association to continue providing funding in this market-challenged area of the city and provide funding for additional façade improvements in the recently expanded service area.

Lake Street Council (LSC)

2014 Project Highlights

- Watermark Properties, LLC, complete rehab of the building exterior which included new siding, paint and signage for Lake & Irving Restaurant and Bar
- 711 W. Lake Street, LLC installed new awnings that gave the three storefronts in the building and attractive, uniform look.

Since their first façade contract in 2008, the Lake Street Council has developed a successful façade improvement program, serving the longest commercial corridor in the city with six miles of nearly continuous commercial properties. The LSC is not only very good at managing façade improvement

projects on Lake Street; they are also an example to other organizations of how to effectively partner and communicate with multiple constituencies. There are sixteen neighborhoods spanning the length of Lake Street and five geographically-smaller business associations. LSC staff effectively collaborates, putting the collective needs of Lake Street businesses at the core of their work, and they openly share their models with others. In addition, Lake Street Council (LSC) has been awarded funds from the McKnight Foundation for artist designed facade improvements. These improvements are intended to create a place that is both distinctive and inviting. Grants are available up to \$10,000 and can be used in conjunction with the Great Streets Façade program. Staff recommends awarding LSC \$50,000.

Lowry Corridor Business Association / Project for Pride in Living (PPL)

2014 Project Highlights

- So Low Grocery Outlet commissioned a mural with a “produce parade” concept, which is a vibrant addition to the neighborhood.
- Al-Bosaad, Inc. completed improvements that included new brick and stucco, windows and awning on five storefronts – 1112 – 1120 Lowry Avenue N. (before and after photos, Exhibit B)

The Lowry Corridor Business Association / PPL were awarded a \$45,000 Great Street Façade contract in 2012. They successfully completed that contract in early 2014 and were awarded a \$20,000 contract in August, 2014 to administer the façade program in a pilot area for businesses along the Lowry Corridor. The organization has identified 10 businesses that are interested in applying for the program and has requested an additional \$30,000 to serve those applicants. Staff recommends awarding Lowry Corridor Business Association/ PPL \$20,000 to bring the total amount of funding available for Lowry Avenue façade grants to \$40,000.

Nicollet-East Harriet Business Association (NEHBA)

2014 Project Highlights

- Five Watt Coffee removed a deteriorating tile façade and replaced it with a full glass garage door which can be raised to create an open air seating area. They also installed signage for their business (before and after photos, Exhibit B)
- Locus Architecture completed a total building rehab and used the façade grant to paint the exterior and install a wall of windows

Since their first façade contract in 2008, the Nicollet East Harriet Business Association has built a successful façade program that achieves results beyond basic façade improvements. Possibly the most successful component of NEHBA’s program is what they call “high touch direct communication with business and commercial property owners.” They encourage applicants to use Minneapolis-based contractors for improvements. NEHBA’s volunteer program administrator also encourages energy efficiency improvements, and many projects have included energy efficiency components. With over 1,500 volunteer hours devoted to administering the Great Streets façade improvement contract, NEHBA also keeps their administrative fee to less than 3%.

Only one of NEHBA’s fifteen areas is designated “support” for Great Streets program investments. The rest of NEHBA’s service area is designated “monitor” under the program guidelines. As in past years, CPED will request that NEHBA continue to focus some funds at 38th St and Nicollet Avenue, their “support” node and an area where concentrated program investments have been a key element in the transformation of the node. NEHBA continues to effectively demonstrate

widespread demand for the program by identifying 40 storefronts in southwest Minneapolis with an interest in the façade grant program. Staff recommends awarding NEHBA \$50,000.

Northeast Minneapolis Chamber of Commerce (NE Chamber)

2014 Project Highlights

- Northeast Investment Cooperative replaced all of the storefront windows and doors
- State Farm Insurance replaced siding, windows and repainted their property
- The Mill NE installed new awnings and painted the exterior of the building (before and after photos, Exhibit B)

The Northeast Minneapolis Chamber of Commerce received their first façade contract in 2012. They served three NE commercial corridors and six NE commercial nodes that had not previously had Great Streets façade grants available. They now also service the East Hennepin and Grain Belt Complex activity centers. In their proposal this year, NE Chamber notes that they expect to assist 8-10 additional businesses if approved for a façade contract in 2015. Staff recommends awarding the Northeast Minneapolis Chamber of Commerce \$50,000.

West Bank Business Association (WBBA)

2014 Project Highlights

- West Bank School of Music replaced all of the siding on their building

The West Bank Business Association has participated in the Great Streets façade improvement program over the past six years. They completed a \$40,000 contract from 2008 in two and a half years and were awarded \$50,000 contracts in 2010 and 2012. While WBBA was not able to expend all of the funds in the 2010 contract before it expired, the organization has approximately 80% of the 2012 contract allocated towards approved projects which will significantly draw down the balance of available funds. WBBA looks forward to using this contract, if awarded, to reaching out to business owners who have delayed improvement projects until construction was complete in their area. WBBA also noted that they have a translator on staff that is helping to increase their engagement with East African and Somali businesses. Staff recommends awarding the West Bank Business Association \$40,000.

West Broadway Business and Area Coalition (WBC)

2014 Project Highlights

- Juxtaposition Arts, Inc. replaced entry doors, windows and siding on their building at Emerson & Broadway
- Cookie Cart installed new signage and lights along with stucco repair (before and after photos, Exhibit B)

The revitalization of West Broadway is a complex undertaking, and WBC's development of a façade improvement program that produces results is an important strategy in the organization's revitalization work. Not only the sheer number of projects that WBC has helped fund, but also the high profile and aesthetics of the projects is creating noticeable change in the street character on West Broadway. The McKnight Foundation awarded WBC \$75,000 for artistic façade grants which can be used in conjunction with the Great Streets Façade Grant. This is expected to be a continuing match to some of the 2014 Great Streets dollars. Demand for the program remains steady, and WBC notes in their proposal five business and property owners interested in applying for a façade grant in 2015.

WBC was awarded a \$50,000 contract in 2014, which is been partially but not fully committed to applications in process. Staff recommends awarding WBC \$40,000 for this year’s contract.

Whittier Alliance (Whittier)

2014 Project Highlights

- Julian Fisher installed new windows and lighting to the three building storefronts, 21-25 E. 26th Street
- The Copper Hen Cakery installed signage and replaced the entrance door at 2515 Nicollet

The Whittier Alliance received one façade contract in 2008, which provided \$28,369 in façade grants to 7 façade projects matched by \$101,507. Allocating their 2008 façade grant dollars proved challenging for Whittier, but with a renewed vision, increased emphasis on marketing, and outreach to select storefronts, staff has successfully awarded the entire grant allocated to the Whittier area in their 2013 contract.

Whittier Alliance has committed up to \$1,000 of their funds to applicants for professional architectural consultation and fees. They believe the architect’s expertise will help each project achieve the area design guidelines, provide sensitivity to budget constraints, consider streetscape influences, and advocate for the maximum impact possible. Staff recommends awarding the Whittier Alliance \$40,000.

NOT RECOMMENDED FOR FUNDING

APPLICANT	RECOMMENDED SERVICE AREAS *	AMOUNT REQUESTED	AMOUNT RECOMMENDED	2012 WARD(S)
Holland Neighborhood Improvement Association	<u>1 Support Corridor: Central Ave NE (19th-27th Ave)</u>	\$50,000	\$0	1
TOTAL		\$50,000	\$0	

Holland Neighborhood Improvement Association

This was the first year the Holland Neighborhood Improvement Association applied for a façade program contract. They applied to serve one support corridor within their neighborhood boundaries, Central Avenue, between 19th and 27th Avenue. The NE Chamber has demonstrated that they have strong connections with businesses and are very effective in administering the Great Streets façade program in this area. The NE Chamber has processed over 20 façade grants within the Holland Neighborhood over that time period, including several to businesses that Holland cited as potential users in their application. Staff recommends not initiating a contract with Holland that would duplicate the work of the NE Chamber and recommends that Holland staff refer businesses to the NE Chamber and partner with the Chamber on marketing efforts.

Summary

The Great Streets Façade Improvement Matching Grant program has become a successful cornerstone of the Great Streets Neighborhood Business District program for the past seven years, ushering in over \$5 million in investment in commercial properties citywide. The visual and community vitality outcomes of the program are increasingly evident at more and more

intersections and corridors across the city. Further, the array of new strategies developed by the administering organizations to spur investment and support economic vitality has helped CPED achieve and evolve its program goals.

EXHIBITS

- A. 2015 Great Streets Façade Requests for Proposals
- B. Before and After Pictures
- C. Map of Proposed Service Area for Façade Matching Grants in 2015