



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

Date: February 11, 2014

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: Charles T. Lutz, Deputy Director, CPED

Catherine A. Polasky, Director of Economic Development, CPED

Presenter in Committee: Jimmy Loyd

### 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 27, 2013 (Exhibit A), with an official announcement email to all 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 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 \$3,996,826 of investment in business façade improvements citywide since its inception in 2008, with \$1,094,873 in matching grants, and leveraging \$2,624,311 in private investment. For every \$1.00 of public investment, the private sector invested \$1.86 (see chart below). In 2013, 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	\$14,928	\$14,569	\$29,498	3
2009	\$179,488	\$329,649	\$509,137	45
2010	\$306,031	\$674,760	\$980,791	95
2011	\$281,923	\$554,536	\$836,459	85
2012	\$283,413	\$410,902	\$780,810	110
2013	\$190,236	\$639,895	\$830,132	55
<b>TOTAL</b>	<b>\$1,256,019</b>	<b>\$2,624,311</b>	<b>\$3,966,826</b>	<b>393</b>

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. City Foods Studio at 38<sup>th</sup> and Chicago combined a 2% loan of \$24,000 with a Great Streets façade grant of \$6,284. These funds allowed for City Foods to make leasehold improvements, buy equipment, and improve the exterior of their building.

#### *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 on Lowry Avenue in North Minneapolis says the best thing about the program is her ability to "positively impact some of the blighted properties and work with property owners to find a solution and help them cover the costs." The Lowry Corridor Business Association ended 2012 with 13 members, an increase in large part due to the façade program offering. Seward Redesign notes that the program "provides an excellent way for us to meet business owners by offering them something of value. We have leveraged those relationships into more-in-depth Great Streets projects, [and] increased business association members." The grant offering has also been instrumental for the Bancroft Neighborhood's Coordinator working with a number of property owners at East 38<sup>th</sup> St and Bloomington Ave. Several grants have been approved at the intersection and more are expected if funding is approved for their area through this request.

#### **Round Six Funding**

CPED staff issued the sixth Great Streets Façade Improvement Program Administration Request for Proposals (RFP) on September 27, 2013 (Exhibit A). Proposals were due October 31, 2013. The RFP outlined six 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;
- 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.

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 seven proposals in response to the 2013 RFP. The total funding amount requested totaled \$330,000. This was not a particularly competitive round, and funds are budgeted that can accommodate all of the requests. A review committee comprised of four City staff (including CPED Business Development and CPED Planning) evaluated the proposals and recommends funding all seven 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	2012 WARD(S)
Bancroft Neighborhood Association	<u>2 Intervene Nodes:</u> 38th & 4th, 38th & Chicago <u>2 Support Nodes:</u> 38th & Bloomington, 42nd & Bloomington	\$50,000	\$50,000	8, 9
Field Regina Northrop Neighborhood Group	<u>3 Monitor Nodes:</u> 46th & Bloomington, 48th & Chicago, Cedar & Minnehaha Pkwy	\$30,000	\$30,000	8, 11, 12
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
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, 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 (15 <sup>th</sup> -31 <sup>st</sup> Ave) <u>2 Monitor Corridors:</u> Central Ave NE (University-8 <sup>th</sup> St), Hennepin Ave NE <u>5 Support Nodes:</u> 13th & University, 22nd & Johnson, 29th & Johnson, Lowry & Marshall, Lowry & University <u>1 Monitor Node:</u> 37th & Central <u>1 Support Activity Center:</u> Grain Belt Complex	\$50,000	\$50,000	1, 3

Seward Redesign	<u>4 Support LRT Areas:</u> Franklin (SE of I-35 and Hiawatha), Lake St (East of Hiawatha), 38th, 46th <u>2 Support Corridors:</u> Franklin Ave (East of Hiawatha), East Lake St <u>1 Support Node:</u> 38th & Cedar <u>3 Monitor Nodes:</u> 38th & 42nd, 42nd Ave & Cedar, 42nd & 28th	\$50,000	\$50,000	2, 6, 8, 9, 12
West Broadway Business and Area Coalition	<u>1 Intervene Corridor:</u> West Broadway	\$50,000	\$50,000	4, 5
<b>TOTAL</b>		<b>\$330,000</b>	<b>\$330,000</b>	

Bancroft Neighborhood Association (BNA)

**2013 Project Highlights**

- Covet Consign and Design a gently used furniture store, installed a new sign which included design, installation, and electrical work.
- Smoke in the Pit, a Minneapolis Barbeque restaurant painted the exterior and installed custom glass and secure entry glass block installation.

BNA’s new Community Coordinator has demonstrated strength in implementing the program effectively and efficiently.

Staff recommends funding of \$50,000 to BNA to continue providing funding in this market-challenged area of the city and building on recent private investments in commercial properties.

Field Regina Northrop Neighborhood Group (FRNNG)

**2013 Project Highlights**

- Property owner Harvey McLain installed new thermal windows, new molding and also painted exterior of his store front.

The Field Regina Northrop Neighborhood Group received a contract to administer the Great Streets façade program in 2009. Due to staff turnover and a small service area, it took over three-and a-half years for FRNNG to disburse \$28,674 in façade grants to 9 projects matched by \$65,398. The FRNNG proposal this year acknowledged that the program administration followed through on their 2012 plan to “hire a part-time contract employee to administer this program, exclusively.” FRNNG has done so, and that new staffer has effectively engaged the business community in the service area and has identified several businesses interested in making property investments in 2014. Staff recommends awarding FRNNG \$30,000.

Lake Street Council (LSC)

**2013 Project Highlights**

- Merlin’s Restaurant, a local eatery, installed new windows
- 901 Lake LLC updated their windows installed new façade elements on the exterior of their building

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. To this end LSC supports Seward Redesign's application to also serve East Lake Street businesses with a façade contract and both organizations have a strong history of working well together to ensure a seamless implementation to serve neighborhood businesses. Staff recommends awarding LSC \$50,000.

#### Nicollet-East Harriet Business Association (NEHBA)

##### **2013 Project Highlights**

- Broder's Terzo Vino Bar a local Italian restaurant installed new windows in 2013
- Uncommon Garden installed new lighting for the business signage

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 1,000 volunteer hours devoted to administering the Great Streets façade improvement contract, NEHBA also keeps their administrative fee to 2.3%.

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 38<sup>th</sup> St and Nicollet Avenue, their "support" node and area where concentrated program investments have had a clearly discernible impact. NEHBA continues to effectively demonstrate widespread demand for the program in southwest Minneapolis, the service area proposed is large. Staff recommends awarding NEHBA \$50,000.

#### Northeast Minneapolis Chamber of Commerce (NE Chamber)

##### **2013 Project Highlights**

- The Soap Factory pursued much needed tuck-pointing.
- Billman Hunt Funeral Chapel on Central Avenue installed new exterior lighting
- Nicollet Island Inn replaced a NEON sign with LED lights

The Northeast Minneapolis Chamber of Commerce received their first façade contract in 2012. They served three NE commercial corridors and five NE commercial nodes that had not previously had Great Streets façade grants available. In their proposal this year, NE Chamber lists seven more business and property owners that are interested in applying for a façade grant in 2014.

Staff recommends awarding the Northeast Minneapolis Chamber of Commerce \$50,000.

#### Seward Redesign (Redesign)

##### **2013 Project Highlights**

- Doodle Bird Gift Shop installed a new awning and window graphics for their store

- Parkway Pizza installed new awnings and siding for their Minnehaha Avenue location

Seward Redesign works in close partnership neighborhood groups and with the Seward Civic and Commerce Association (SCCA), the Longfellow Business Association (LBA), the Lake Street Council (LSC), and West of the Rail Business Association (WRBA) to coordinate marketing and business outreach. Redesign and LSC meet monthly to discuss initiatives, progress, and issues on East Lake Street. Redesign tailors the geographic area they serve to align with their strong community partnerships.

Redesign performs strategic outreach to business and property owners where they see buildings with deferred maintenance, dated signage, or other signs of disinvestment. Redesign staff follow-up with targeted business owners in person to make suggestions and offer the grants as an incentive to make improvements. They prioritize high-impact projects, which can take the form of both inexpensive simple projects and large-scale building redevelopment projects. Redesign staff have identified two new business locations in need of major renovations that will take full advantage of the maximum grant amount if new funds are awarded through this approval process. Staff recommends awarding Seward Redesign \$50,000.

#### West Broadway Business and Area Coalition (WBC)

##### **2013 Project Highlights**

- Randy Lane Plumbing, installed new artist-designed awnings and repainted the exterior
- Cliff-N-Norm's Bar installed a new canopy and repaired a sign

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. This is expected to be a continuing match to some of the 2014 Great Streets dollars. The awarded foundation dollars will make the program more accessible to businesses and property owners struggling to find matching funds for building improvements. Demand for the program continues, and WBC notes in their proposal six more business and property owners interested in applying for a façade grant in 2014. Staff recommends awarding WBC \$50,000.

#### **Summary**

The Great Streets Façade Improvement Matching Grant program has become a successful cornerstone of the Great Streets Neighborhood Business District program for five years, ushering in over \$3.14 million in investment in commercial properties citywide. The array of new strategies developed by the administering organizations to spur investment and support economic vitality has helped CPED achieve its program goals. The visual payoff of the program is increasingly evident at more and more intersections and corridors across the city.

#### **EXHIBITS**

- A. 2014 Great Streets Façade Requests for Proposals
- B. Before and After Pictures
- C. Map of Proposed Service Area for Façade Matching Grants in 2014

