

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

Date: January 18, 2011

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

**Subject:** Great Streets Façade Improvement Program Administration contracts

**Recommendation:** Authorize CPED staff to execute \$250,000 total in contracts for Great Streets Façade Improvement Program Matching Grant Administration with Franklin Area Business Association, Lake Street Council, Nicollet-East Harriet Business Association, Seward Redesign, Sheridan Neighborhood Organization, and West Broadway Business and Area Coalition, consistent with the recommendations provided herein.

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

### **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 7, 2010, with an official announcement email to all NRP neighborhood groups, business associations, and community development corporations.

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

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

### Supporting 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 acknowledges there are significant differences between business districts within the city and that commercial revitalization requires multiple strategies and varying levels of targeted public investment. 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. 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. In 2010, 13 organizations administered the Great Streets matching grant program in 48 different neighborhood business districts throughout the city. The City awards contracts through an annual competitive Request of Proposals (RFP) process.

### Program Evaluation

#### Program Investments

The Great Streets façade program has stimulated \$1,525,791 of investment in business façade improvement citywide since its inception in 2008. In 2008, 2009, and 2010, grant administrators assisted 140 businesses with \$499,197 in matching grants, leveraging \$1,026,594 in private investment. For every \$1 of public investment, the private sector invested \$2.06. The chart below shows program investments by year.

Year	Grant Amount Disbursed	Private Leverage	TOTAL Investment	No. of Properties
2008	\$ 14,928	\$ 14,569	\$ 29,497	3
2009	\$ 171,987	\$ 319,004	\$ 490,991	41
2010	\$ 312,281	\$ 693,021	\$ 1,005,303	96
<b>TOTAL</b>	<b>\$ 499,197</b>	<b>\$ 1,026,594</b>	<b>\$ 1,525,791</b>	<b>140</b>

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. Highlights include the following (see select before and after photographs in Exhibit A):

- New storefront windows and doors for storefronts at 38<sup>th</sup> and Chicago
- New storefront windows and doors for the Aliveness Project location at 38<sup>th</sup> and Nicollet
- New storefront windows and doors, paint, and signage for Guse Green Grocer at 46<sup>th</sup> and Bryant
- New storefront brick, door, and windows for a previously boarded space at Lake and Lyndale
- A new entrance, restored brick, and paint for the Highpoint Center for Printmaking at Lake and Colfax
- The reinforcement, repair, cleaning, and restoration of masonry walls for Patrick's Cabaret at Minnehaha and Lake

- Tuckpointing for the Textile Center building at University and Arthur
- A mural on an empty wall for Juxtaposition Arts at West Broadway and Emerson

Highly visible investments in commercial properties not only improve residents' and visitors' perceptions of an area, they also spur improvements by other area businesses and can attract new businesses. Not only do façade improvement matching grants leverage highly visible private investment in commercial properties; 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 38<sup>th</sup> Street. Owner Michael Lander used these improvements to recruit Blackbird Café to the corner unit. In addition to the work done by Mr. Lander, 13 other businesses (out of the 28 total) received a façade grant at this node- an example of targeted investment focus by an administrator and a few improvements spurring more businesses to complete projects.

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 Gargar Urgent Care and Clinic at 2711 East Franklin Avenue is a recent example of a business that financed the match with a 2% loan.

#### Program Guidelines and Procedures

The program is designed to provide a framework for façade investments (program design guidelines are available online and in print format), with flexibility for contract administrators to customize the program for the specific needs of their districts or to dovetail with other initiatives. The organizations have seized upon this flexibility and refined the program to suit their specific business districts. Examples include:

- providing professional design assistance to businesses either pro bono or paid through other sources (e.g. Seward Redesign, Whittier Alliance);
- incorporating neighborhood and foundation funds as an additional grant source to businesses and property owners;
- creating specialized marketing materials and strategies (e.g. Seward Redesign, Lake Street Council, East Downtown Council, West Broadway Business and Area Coalition);
- developing effective partnerships between organizations (e.g. Seward Redesign with Standish Ericsson Neighborhood Association and Longfellow Business Association);
- incorporating other goals and initiatives of the organization into the matching grant work (e.g. recruiting businesses, increasing participation in other programs/events/activities, and implementing Crime Prevention Through Environmental Design (CPTED) improvements recommended by the area CCP-SAFE officer); and
- targeting sub-districts for concerted attention (Nicollet-East Harriet Business Association focus on 38<sup>th</sup> and Nicollet, West Broadway Area Coalition focus on Penn-West Broadway, Lake Street Council focus on Midtown and East Lake St).

Program administrators have played a vital role in refining the basic program parameters, resulting in clearer guidelines, simplified forms for businesses and streamlined contracts. Staff welcomes future collaboration with the administrators for ongoing program improvement to advance the achievement the City goals of spurring investment and meeting the needs of businesses.

#### **Round Four Funding**

CPED staff issued the fourth Great Streets Façade Improvement Program Administration Request for Proposals (RFP) on September 7, 2010 (Exhibit B). Proposals were due October 23, 2010.

The RFP outlined five evaluation criteria for reviewing proposals:

- organizational and staff experience and capacity to administer the program;
- the organization’s marketing plan for 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 priority category (intervene, support, monitor) of the area(s) to be served.

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 any or 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; two proposals were withdrawn. The total funding amount requested by the remaining six organizations totaled \$270,000. A staff team reviewed the proposals in light of the evaluation criteria, point system articulated in the RFP, and \$250,000 budget. Staff recommends funding all six to the total budgeted amount of \$250,000. In order to stay within budget, staff recommends funding two contracts for slightly less funding than requested- Seward Redesign and Sheridan Neighborhood Organization. In the case of Seward Redesign, there is a long history of façade grants already invested by the City over a relatively small area of Franklin Avenue. The Sheridan Neighborhood Organization coverage area is relatively small and includes a small number of potential business participants. The following chart lists our staff recommendations and the map as Exhibit C shows these recommendations as well as the areas currently served by the façade program.

APPLICANT	PROPOSED SERVICE AREAS	AMOUNT REQUESTED	AMOUNT RECOMMENDED	WARD(S)
Franklin Area Business Association	<u>1 Support Corridor:</u> Franklin Ave (35W to Cedar Ave)	\$25,000	\$25,000	6, 9
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, <u>2 Support Activity Centers:</u> Chicago & Lake, Nicollet & Lake <u>2 Monitor Activity Centers:</u> Lyn-Lake, Uptown	\$50,000	\$50,000	2, 6, 8, 9, 10, 12

Nicollet-East Harriet Business Association	<u>1 Support Node:</u> 38 <sup>th</sup> & Nicollet <u>13 Monitor Nodes:</u> 36 <sup>th</sup> & Bryant, 46 <sup>th</sup> & Bryant, 50 <sup>th</sup> St & Bryant, 36 <sup>th</sup> & Lyndale, 40 <sup>th</sup> & Lyndale, 54 <sup>th</sup> & Lyndale, 58 <sup>th</sup> & Lyndale, 38 <sup>th</sup> & Grand, 43 <sup>rd</sup> & Nicollet, 46 <sup>th</sup> & Nicollet, 48 <sup>th</sup> & Nicollet, Diamond Lake Rd & Nicollet, 60 <sup>th</sup> & Nicollet <u>1 Monitor Corridor:</u> South Nicollet Ave	\$50,000	\$50,000	8, 10, 11, 13
Seward Redesign	<u>1 Support LRT Station:</u> Franklin <u>1 Support Corridor:</u> Franklin Ave (13 <sup>th</sup> Ave, edge of LRT area, to Mississippi River)	\$50,000	\$40,000	2, 6, 9
Sheridan Neighborhood Organization	<u>1 Support Node:</u> 13 <sup>th</sup> & University <u>1 Support Activity Center:</u> Grain Belt Complex	\$45,000	\$35,000	3
West Broadway Business and Area Coalition	<u>1 Intervene Corridor:</u> West Broadway	\$50,000	\$50,000	3, 4, 5

Franklin Area Business Association (FABA)

This is the first time the Franklin Area Business Association applied for funding through the Great Streets façade improvement program. They propose to serve businesses along Franklin Avenue from Cedar Avenue to I-35W. Façade grants for FABA will complement their current organizational efforts to provide support services to their members, market the area to new businesses and customers, and improve the physical environment. Both the FABA membership and board of directors voted to apply for Great Streets. FABA will tap the staff of member organizations the Native American Community Development Institute (NACDI) and Hope Community to administer the program. Staff of both organizations serve on the FABA board in leadership positions and helped administer a Great Streets Business District Support grant for FABA.

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 and fully expended a 2010-awarded \$50,000 contract. The LSC proposal identified a key result of façade improvements, “the program helps build the synergy that allows long-time and new investment to prosper side-by-side.” Businesses that have been anchors on Lake Street for decades and new immigrant businesses all benefit from the small matching grants improving the appearance, livability, stability, and business engagement along the corridor. LSC works closely with business and property owners, other business associations along Lake Street, area CDCs, and local realtors to market the program. In their proposal, LSC identified eight businesses waiting for funding, if awarded. Eight grants could total up to \$40,000, nearly the full contract amount requested. This demonstrates a continued demand for façade assistance on Lake Street.

Nicollet-East Harriet Business Association (NEHBA)

The Nicollet-East Harriet Business Association has developed a successful façade improvement approach with increasing program demand. They completed a 2008-awarded \$50,000 contract in just over two years and fully allocated a \$50,000 contract awarded in 2010. In August 2010, NEHBA expanded its boundaries south of 48<sup>th</sup> Street to 54<sup>th</sup> Street from Dupont Avenue/Kings Highway to Logan Avenue and south to the city border from Logan Avenue to I-35W. This expansion adds six new Great Streets eligible areas (five nodes and one corridor). In NEHBA’s

total service area there are approximately 180 storefronts. In their proposal, they identified 12 businesses interested in grants totaling \$55,000. 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 a successful façade program that supports business and builds partnerships. They incorporate MPD-recommendations for Crime Prevention Through Environmental Design (CPTED), leverage NRP funds to match Great Streets grants (four neighborhood groups have committed funds to match Great Streets grants in the NEHBA service area), coordinate and provide leadership on the road reconstruction projects for Lyndale Avenue and Nicollet Avenue, and encourage applicants to use Minneapolis-based contractors for improvements (all but seven grantees did so, eleven used providers within the NEHBA boundaries).

NEHBA also executes a Business District Leader Program where each intersection has a Business District Leader that helps to identify need, communicate about resources and concerns, and follow-up on outcomes. Possibly the most successful component of NEHBA’s program is what they call “high touch direct communication with business and commercial property owners,” which resulted in NEHBA’s volunteer board’s detailed knowledge of their service areas and a high level of interest in façade grants.

#### Seward Redesign (Redesign)

Seward Redesign has also developed a highly effective façade improvement program that yields high-quality investments. They completed a 2008-awarded \$25,000 contract for Franklin Avenue between 13<sup>th</sup> Avenue and the Mississippi River in just over two years and have less than \$1,000 remaining in a \$25,000 2010-awarded contract. Redesign also provides extra support to businesses seeking façade funds through foundation grants, the organization’s program income, and pro bono work. The support includes project management, design and architectural assistance, business planning and financing assistance, and outreach to immigrant- and minority-owned businesses. Through their review process, Redesign prioritizes projects with the biggest visual impact on Franklin Avenue, and they work closely with applicants to make changes and resubmit when initial project applications do not meet the criteria. Redesign’s \$25,000 contract from 2010 was only able to fund nine projects. Three additional projects applied, and Redesign would like to work with them to fund their projects with this round of funding. Redesign is requesting \$50,000 this year, double the \$25,000 requested last year. They cite enhancing pedestrian safety, business turnover, and growing needs of immigrant businesses as increasing the demand for façade grants on their stretch of Franklin Avenue. Staff acknowledges these changes as well as Redesign’s ability to spend \$25,000 in a single year; however, given the budget and the significant City resources directed to this portion of Franklin Avenue in past decades, staff recommends a contract of \$40,000.

#### Sheridan Neighborhood Organization (SNO)

The Sheridan Neighborhood Organization has created a successful façade improvement program for their commercial node at University Avenue and 13<sup>th</sup> Avenue. They completed a \$25,000 contract awarded in 2008 in just over two years and have identified businesses ready to apply for future program funding. SNO also administers an NRP revolving loan fund. Of the six projects funded with the 2008 Great Streets façade contract, \$15,000 of NRP loan funds went to these projects as well. This NRP loan pool has \$30,000 remaining for additional assistance available to façade grant applicants in the Sheridan Neighborhood. SNO proposes expanding their service area this year to include the Grain Belt Activity Center, where there are approximately 11 eligible storefronts. There are approximately 42 eligible storefronts at the

University Avenue and 13<sup>th</sup> Avenue Commercial Node. The proposal identified three existing businesses that are interested in grants and requested \$45,000 total to serve the areas for two years. CPED staff strongly supports the work of SNO and its volunteer board that administers the program; however, we recommend a \$35,000 contract. We believe this amount will be sufficient to fund projects in a two-year period given the relatively small area and the few storefront businesses in the Grain Belt Activity Center (most businesses are in multi-tenant office buildings). If SNO distributes 75% of the funds by the deadline for the 2012 contract RFP issued in fall 2011, they will be eligible for additional program funding in one year.

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

The West Broadway Business and Area Coalition has implemented a successful façade improvement program and increased demand for the program each year. They completed a 2008-awarded \$40,000 contract in less than a year and a half and fully allocated a 2010 contract for \$50,000. WBC brings significant leverage to the program. WBC received a \$63,000 grant from the McKnight Foundation for artistic façade improvements on West Broadway Avenue and a \$110,000 grant from the Phillips, Pohlad, and McKnight Foundations for façade improvements. Businesses could use these dollars as the private match to the Great Streets grant, making the program more accessible to businesses on West Broadway Avenue. WBC notes in their proposal there are seven businesses already interested in grants and they receive several calls a month requesting access to façade improvement funds. Given the high demand for grants, WBC plans to utilize a mini-RFP process for awarding grants and will rank projects using selection criteria that value high visibility projects, alignment with the West Broadway Alive Design Guidelines and CPTED guidelines, and ability to perform.

#### **Summary**

The Great Streets Façade Improvement Matching Grant program has become a successful cornerstone of the Great Streets Neighborhood Business District program, spurring over \$1.5 million in investment in commercial property citywide in just three years. As more businesses and organizations utilize the program, CPED Business Development staff have increasing opportunities to learn about and understand business challenges and to continue to build our business toolbox that supports jobs and economic vitality, consistent with adopted City Goals.

#### **EXHIBITS**

- A. Before and After Pictures
- B. Request for Proposals
- C. Map of Current and Proposed Service Areas for Façade Matching Grants