



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

Date: April 29, 2014
To: Council Member Lisa Goodman, Chair, Community Development and Regulatory Services Committee
Subject: Great Streets Neighborhood Business District Eligible Areas

Recommendation: Approve a pilot project expanding program eligible areas to include three community corridors and authorize CPED staff to execute \$40,000 total in two Great Streets Façade Improvement Matching Grant contracts, consistent with the recommendations provided herein

Previous Directives: (1) On March 27, 2009, the City Council adopted target categories for commercial nodes, corridors, activity centers, and LRT station areas as defined by *The Minneapolis Plan for Sustainable Growth*. (2) On April 27, 2007, the City Council reviewed and adopted the Great Streets neighborhood business district program.

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Approved by:

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Presenter in Committee: Rebecca Parrell, Senior Project Coordinator, CPED

Financial Impact

- Great Streets funds, un-encumbered from earlier façade contracts where there was limited demand, can be used for the two façade contracts associated with this pilot. However, increasing Great Streets geographic eligibility will increase demand on the program and may result in greater appropriations of funds in the future.
- Action is within the Business Plan

Community Impact

Neighborhood Notification: April 2014

City Goals: Living well, One Minneapolis, A hub of economic activity and innovation

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: This recommendation is consistent with the goals of the comprehensive plan. Policy 4.1: Support private sector growth to maintain a healthy, diverse economy. 4.1.1 Use public development resources and other tools to leverage maximum private sector investment for public benefit.

Zoning Code: NA

Living Wage/Business Subsidy Agreement: NA

Job Linkage: NA

Background

The Great Streets Neighborhood Business District Program was formed to direct resources to support the vitality of the city's neighborhood business districts. Neighborhood business districts provide important goods and services for residents and add to the overall character, pride, and livability of communities. The Great Streets program provides support to eligible business districts with an array of strategies and tools, including the Façade Improvement Program, Real Estate Development Gap Financing, and Business District Support Grants. Through targeted investments, the program produces tangible results and leverages private investment. In October of 2012, the International Economic Development Council awarded the program its top honor for Neighborhood Development Initiatives.

Eligible Areas

There are 116 geographic areas that are identified as eligible for Great Streets resources. They are: commercial corridors, commercial nodes, LRT station areas, and activity centers, as designated in *The Minneapolis Plan for Sustainable Development*. These are the areas where there is the strongest policy support for increased commercial activities. Community corridors are not eligible for Great Streets resources, as they are recognized as primarily residential streets with commercial uses clustered at commercial nodes.

Great Streets prioritizes resources to areas with demonstrated need and where private investments augment public funding. Eligible areas are grouped into three categories (intervene, support, and monitor) based on several measures of economic health, need, and opportunity, defined as follows.

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| Intervene | areas that are experiencing weak development interest or significant obstacles to attaining the City's commercial development or business investment goals |
| Support | areas showing signs of strength, but that remain fragile and have some barriers to market development and business investment |
| Monitor | areas with strong market development and business activity |

Pilot Request

Since the Great Streets program inception, programmatic investments in businesses and business districts have been tied to the area designations in the comprehensive plan that are defined as predominately commercial in nature: commercial corridors, commercial nodes, LRT station areas, and activity centers. In most cases, this link works very well, prioritizing scarce city dollars toward investments in areas where there is clear city policy supporting continued commercial activity. In a few cases, however, there are emerging commercial districts or we are interested in encouraging more commercial activity and where there is demand from existing businesses for these investment tools. In these cases, rigidly drawing the line may be holding back the pace and level of investment. Portions of three community corridors have emerged with these characteristics: Lowry Avenue North, Glenwood Avenue, and Nicollet Avenue.

As CPED looks ahead to begin work updating the comprehensive plan in the coming years, it is a good time to gather information on how these areas function within the Great Streets program to possibly treat them differently either categorically, programmatically, or a combination of both after adoption of the comprehensive plan update for 2020. The pilot will help inform staff's work ensuring we continue to align our policy and programs as best as possible for the economic health of our all neighborhoods.

To do so, staff recommends a new pilot approach, opening Great Streets Program eligibility to three community corridors:

1. Lowry Avenue, from the Mississippi River to Theodore Wirth Parkway (where there are two eligible commercial nodes),
2. Glenwood Avenue, from Cedar Lake Road to Penn Avenue North (12th St to Cedar Lake Rd is already a Great Streets eligible area, designated as a Commercial Corridor), and

3. Nicollet Avenue, from 32nd Street to 58th Street (Grant St to 32nd St and 58th St to 62nd St are already eligible commercial corridors, and there are five scattered commercial nodes as well).

The benefits to the pilot areas include the ability for businesses and commercial properties in these three areas to access (1) Great Streets Real Estate Gap Financing loans, (2) Façade Improvement Matching Grants, and (3) Business District Support Grants.

As a targeted, small scale approach to learn from, staff would like to keep the pilot to two or three areas. In working to determine which community corridors to include, staff took into consideration two critical factors: (1) CPED's focus on additional investment in North Minneapolis and (2) the high concentration of businesses on Nicollet Avenue. Staff realizes that some other areas currently designated as community corridors might benefit from Great Streets eligibility, and this pilot effort will help determine how or whether to implement a larger eligibility change with the next update to the City's Comprehensive Plan, as well as in the City's budget process.

The three pilot areas would be categorized as intervene, support, or monitor to mirror the category of adjacent or overlapping areas. The two eligible commercial nodes on Lowry Avenue, one at Fremont and Emerson Avenues and the second at Penn Avenue are both categorized as intervene, so the pilot Lowry corridor area would be intervene. The eligible Glenwood Commercial Corridor from 12th Street North to Cedar Lake Road is categorized as support. The expanded, pilot area on Glenwood would also be categorized as support. There are five commercial nodes in the proposed pilot area of Nicollet Avenue. The commercial node at 38th Street is categorized as support. The four commercial nodes south of 38th Street are categorized as monitor. Staff recommends splitting the categorization of the Nicollet Avenue pilot area into support from 32nd St to 39th Street and monitor from 39th Street to 62nd Street.

Approval of the pilot would allow organizations with existing Great Streets contracts in similar areas to expand their services to the pilot areas. For example, the Harrison Neighborhood Façade Improvement Matching Grant contract can serve the expanded length of Glenwood Avenue, as can the Nicollet-East Harriet Business Association façade contract serve Nicollet Avenue, south of 36th Street. The Business District Support contract awards, before the Community Development and Regulatory Services Committee on the same cycle as this report, will also be able to serve the larger area.

Staff recommends two Great Streets Façade Improvement Matching Grant Administration contracts: one \$20,000 contract with Project for Pride in Living (PPL) to offer façade grants to businesses on the Lowry Avenue Community Corridor through their partnership with the Lowry Corridor Business Association (LCBA) and a second \$20,000 contract with the Lyndale Business Association (LBA) to offer façade grants to businesses on the Nicollet Avenue Corridor between Lake Street and 36th Street. PPL and LCBA did not apply for a façade grant in the most recent Request for Proposals in September 2013 because the demand for the grants was concentrated in areas defined as not eligible. LBA applied for a façade contract in the past, but the rationale for not funding their proposal was lack of eligible areas. Staff believes that allowing the pilot areas to have available funds at the time the pilot is implemented will prove valuable by producing measureable results to learn from early on.

Staff does not propose any new Great Streets funding in 2014 to implement the pilot. The two \$40,000 contracts will be funded through un-encumbered funds from past façade contracts that were not fully expended due to less demand than expected in certain areas. Separate from the two contracts recommended above, the pilot areas would simply be eligible to compete for available Great Streets funding through existing mechanisms. In future competitive grant rounds, the expanded service area will be taken into consideration during proposal review and award recommendations. Funding for expanded geography will be included in the 2015 Great Street budget request.