



Receive & File
from the Department of Community Planning & Economic Development

Date: June 23, 2015

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

Referral to: Council Member John Quincy, Chair, Ways and Means

Subject: Review of the Great Streets Program Fund Balance

Recommendation: Receive and File

Previous Directives:

1. A Council amendment to the 2015 Budget included a staff direction for Community Planning and Economic Development to report to the Community Development & Regulatory Services and the Ways and Means committees by July 1, 2015, with the financial status of the Great Streets Façade Improvement and Business District Support programs for evaluation prior to issuance of the 2015 Request for Proposals.
2. April 27, 2007, the City Council created the Great Streets program to provide resources to revitalize and sustain neighborhood business districts identified in *The Minneapolis Plan*.

Department Information

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

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

Charles T. Lutz, Deputy Director, CPED _____

Presenter in Committee: Rebecca Parrell, Senior Project Coordinator

Reviewed by Development Finance: _____

Community Impact

Neighborhood Notification: NA

City Goals

Living well, One Minneapolis, and 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

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.

Great Streets Program Accomplishments

CPED Business Development has administered the Great Streets Neighborhood Business District Program for the last seven years, directing resources to support the vitality of the city's neighborhood business districts, which provide important goods, services, amenities, and jobs for residents and add character and desirability to communities.

The program uses three primary tools to provide support to business districts Façade Improvement Matching Grants, Business District Support Grants, and Real Estate Development Gap Financing Loans. Through targeted investments in the City's commercial corridors, commercial nodes, LRT station areas, and activity centers, the program has invested \$7,644,000 in these three program areas over the last seven years (2008-2014).

Façade Improvement Matching Grants

- 533 façade improvement projects
- \$1,546,000 City grant amount
- \$3,614,658 private investment amount (*for every public \$1.00, the private sector invested \$2.34*)
- \$5,160,758 total invested in commercial façade improvements

Business District Support Grants

- 111 contracts for district marketing, business recruitment, and business consulting and services
- 48 organizations received funding
- 96 (of 116 eligible) commercial districts served
- \$3,163,000 total City investment in district vitality

Real Estate Redevelopment Gap Financing Loans

- 9 catalytic real estate loans
 - Seward Co-op (\$150,000), Master Engineering (\$350,000), African Development Center (\$200,000), Juxtaposition Arts (\$165,000), Chicago Avenue Fire Arts Center (\$425,000), Catalyst Community Partners- the Five Points building (\$450,000), Catalyst community Partners- the 1200 Building (\$450,000), Brighton Development- the Greenleaf (\$245,000), and Emerge Technology Center (\$500,000)
- \$2,935,000 City loan dollars
- ~\$21,600,000 private investment in projects
- ~350 new and retained jobs

Program Funding Sources

There are two primary funding sources used for Great Streets programming: flexible City of Minneapolis development dollars earned from prior development investments and federal Community Development Block Grant capital dollars. Flexible City of Minneapolis dollars are used to fund the façade and business district programs. CDBG funds are used for the real estate loans and more recently have been transferred to also fund Business Technical Assistance Program (B-TAP) services to income eligible entrepreneurs and the Grow North business incentive program. Expenditure of CDBG capital dollars must meet one of four specific national objectives, which are not compatible with the façade grant goals or the business district support activities.

The chart below lists the changes to the flexible dollar program budget since the first of this year. The December 31, 2014 figure is reflected in the Finance Department's CPED Development Program Financial Status Report submitted for review on this same agenda. Approximately \$872,000 of the YE balance has been allocated so far this year as noted below; the reprogrammed unspent balances (\$223,324) that were added back into the uncommitted program balance reflect contracts that were not

fully spent over the life of the program. A reporting error has since been fixed and any future unspent balances will be reflected annually in future budget balances.

2015 Accounting for Great Streets Flexible Dollar Budget

Date	Action	Total
December 31, 2014	Unobligated program balance	\$ 1,012,866
February 13, 2015	2015 Approved Façade Contracts	\$ (330,000)
March 31, 2015	Reprogrammed unspent balances	\$ 223,324
May 15, 2015	2015 Business District Support Contracts	\$ (542,000)
June 1, 2015	Uncommitted program balance	\$ 364,190

With an uncommitted program balance over \$350,000, CPED is prepared to issue the annual September Request for Proposals for the façade program, for contracts to be approved and funded in the first quarter of 2016, without an additional budget appropriation. To continue funding the business district support contracts and the typical fall round RFP for façade improvement matching grants, the Great Streets budget will need new flexible funds budgeted in 2016.

The following chart reflects the changes to the CDBG program budget since the first of this year. Again, the December 31, 2014 number is the same as that found in the Finance Department’s CPED Development Program Financial Status Report submitted for review on this same agenda. Since the first of the year, \$300,000 was internally re-programmed to fund B-TAP contracts in 2016 and a \$450,000 Great Streets Gap Financing Loan to the Eastside Food Co-op expansion project is recommended for approval on this same committee agenda.

2015 Accounting for Great Streets CDBG Budget

Date	Action	Total
December 31, 2014	Uncommitted program balance	\$ 1,181,622
March 31, 2015	Transfer to B-TAP for next year's 2016 contracts	\$ (300,000)
July 14, 2015	Gap Financing Loan to Eastside Food Co-op	\$ (450,000)
July 14, 2015	Uncommitted program balance	\$ 431,622

If the Eastside Food Co-op loan is approved, the uncommitted program balance will be over \$400,000, which leaves CPED in a position to recommend to the City Council one more large or two more small gap financing loans, without a new appropriation. Any additional gap loans, beyond any totaling \$430,000 would require an additional appropriation of funds.

The Great Streets program demonstrates the City’s commitment to maintaining healthy commercial corridors and strengthening those with potential to improve their service to the community. The value of commercial districts is rated very highly on the City’s resident survey. Over 67 percent of residents have rated “revitalizing neighborhoods” as an important or extremely important City service since 2003. Residents’ satisfaction with the City’s neighborhood revitalization services dropped during the three years before Great Streets was launched (81% satisfied in 2006 to 76% in 2008). With the program in place, the 2012 survey showed gains, back up to 80 percent satisfied. The percentage of residents’ who agree their “neighborhood has a good selection of stores and services that meet my needs” has risen since the program began as well (76% agreed in 2008, 85% in 2012). By funding the Great Streets Program, the City offers a customizable revitalization approach, not a one-size-fits-all solution to creating vital commercial districts.