

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

Date: February 2, 2010

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

Subject: Great Streets Façade Improvement Program Administration contracts

Recommendation: Authorize CPED staff to execute contracts for Great Streets Façade Improvement Program Matching Grant Administration with the Bancroft Neighborhood Association, East Downtown Council, Lake Street Council, Nicollet-East Harriet Business Association, Northside Arts Collective, Seward Redesign, West Bank Business Association, and West Broadway Business and Area Coalition, consistent with recommendations provided.

Previous Directives: (1) On March 27, 2009 the City Council adopted target categories (intervene, support, monitor) for commercial corridors, nodes, activity centers, and Light Rail Transit (LRT) station areas as defined by *The Minneapolis Plan for Sustainable Growth*, (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, including expanding façade improvement support to neighborhood commercial nodes.

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 9, 2009, with an official announcement email to all NRP neighborhood groups, business associations, and community development corporations.

City Goals: A safe place to call home * One Minneapolis * Connected communities
Enriched environment

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.

Zoning Code: NA

Living Wage/Business Subsidy Agreement: NA

Job Linkage: NA

Supporting Information

The City Council established the Great Streets Business District Support program in 2007 with the goal of supporting vibrant commercial districts and economic activity throughout the City of Minneapolis. The program acknowledges that 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 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. The façade improvement program is premised on the belief that neighborhood business districts function as the front door of our neighborhoods and shape our perceptions of a neighborhood. A welcoming, vibrant business district sends a powerful, positive message about the neighborhoods surrounding it, just as a poorly maintained or vacant row of storefronts conveys a negative impression. Highly visible investments in commercial properties not only improve the perception of the area by residents and visitors, they also spur improvements by other area businesses and can attract new businesses.

Local organizations throughout the city administer the Great Streets façade improvement matching grant program through contracts with the City. Eligible local organizations include neighborhood organizations, business associations and community development corporations. The City awards contracts through a competitive Request of Proposals (RFP) process.

Program Evaluation

The Great Streets façade program has stimulated nearly \$1 million of investment since its inception in 2008. In that first round, contracts that expire during 2010, grant administrators have assisted 85 businesses with \$312,000 in matching grants, which leveraged an additional \$616,000 in private investment. In 2009, the City committed another \$130,000 in contracts to three organizations administering grants to 14 areas. Altogether the City granted funds for use in 39 neighborhood business districts throughout the city.

The types of improvements partially funded by the program range from small adjustments – paint, signage, awnings and murals – to full-scale rehabilitation and building stabilization – tuckpointing and window and door replacement. Examples include:

- relighting the Cedar Cultural Center marquee (Ward 2),
- tuckpointing Patrick's Cabaret (Ward 9),
- paint, signage and new doors for the Elliot Park Neighborhood, Inc. offices and adjacent retail space (Ward 7),
- a new sign for The Joint (Ward 2),
- a mural, signage and windows for the new Nokomis Veterinary Center on 42nd Street (Ward 12),
- new windows and awnings for Our Kitchen at 36th and Bryant (Ward 10),
- new windows for 3800 Nicollet as part of a tenant build out,

- windows, doors and awnings for Ken and Norms Liquor at 48th and Chicago, and
 - paint, awnings and a mural at Ted Cook's Barbeque on 38th St and 28th Ave (Ward 9).
- Before and after images for several of these projects are included in Exhibit A.

The program spurs small, visible investments made by existing businesses. It is also a tool to attract new businesses to a property or new investors in a commercial building. Amos Deinard, Owner of Nokomis Pet Clinic, said that "For every dollar that the City put into the project in the form of a grant, I put in five. Since then, another business owner a block away made changes to his signage and a new bike and coffee shop is now moving in on that corner as well." Especially in the current tight lending environment, this City capital investment has proven valuable for financing improvements for new businesses.

The program was designed to provide a framework for façade investments (program design guidelines are online at http://www.ci.minneapolis.mn.us/cped/docs/facade_design_guide.pdf), with flexibility for contract administrators to customize the program for the specific needs of the areas covered or to dovetail with other initiatives. Administering organizations have seized upon the flexibility and refined the program to suit the specific business districts served:

- creating and sharing specialized marketing materials and strategies (Seward Redesign, Lake Street Council),
- providing professional design assistance to businesses either pro bono or paid through other sources (Seward Redesign, Bancroft Neighborhood Association),
- incorporating Neighborhood Revitalization Program (NRP) funds as an additional grant source (Bancroft, West Broadway Business and Area Coalition (WBC) through Hawthorne neighborhood, Standish Ericsson Neighborhood Association (SENA)).
- developing effective partnerships between organizations providing the technical contract management and business assistance and those taking the lead in marketing and collaboration in areas of geographic overlap (e.g. Seward Redesign and SENA, Longfellow Business Association (LBA) and Longfellow Community Council (LCC))
- incorporating other primary goals and current initiatives of the business district into the work, e.g. using the Great Streets facade match as a mechanism to implement the Crime Prevention through Environmental Design (CPTED) advice of the area CCP-SAFE officer
- targeting subdistricts for concerted attention (NEHBA focus on 38th and Nicollet, Bancroft focus on 38th and Chicago, WBC focus on Penn-West Broadway reinforcing the Capri Theater and Five Points development projects on the southeast corner).

This program provides another vehicle to increase business recruitment and stabilization in business districts. Roger Worm, a board member of the Nicollet-East Harriet Business Association sees the program as a valuable tool for business recruitment, "The grant for the 3800 Nicollet Avenue façade helped [the building owner] improve the look of that building increasing the likelihood of attracting an anchor tenant, an important development on that corner."

First round façade 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 best achieve the City goals of spurring investment and meeting the needs of businesses.

A few 2008 contracts for façade matching grants that have been inactive. In order to allow businesses that plan improvements during the 2010 construction season to move forward and utilize the program, contracts will be extended if commitments are in place by spring 2010. However, if funds remain uncommitted the contracts will not be extended and the funds will be reallocated through the Great Streets program competitive offerings.

Overall, the investments that result from the façade improvement program attract new businesses to vacant commercial properties, provide property owners with a tool to make tenant improvements that will attract new tenants, and spur neighboring businesses to improve their facilities, often without utilizing the Great Streets façade matching grant. Moreover, these matching grants leverage additional business and property owner investment in commercial properties.

Round 3 Funding Recommendations

CPED staff issued the third Great Streets Façade Improvement Program Administration Request for Proposals (RFP) on September 9, 2009, with proposals due October 23, 2009 (Exhibit B). Up to \$400,000 is available for this round of façade contracts.

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, area-specific design guidelines;
- alignment with recent or pending planning efforts or public investments in infrastructure, public facilities, or multifamily housing development; and
- the priority category (intervene, support, monitor) of the area(s) to be served.

Organizations administering Great Streets Façade Improvement Programs are responsible for spearheading the marketing effort, energizing local merchants and property owners, staffing a location where businesses can go for assistance, keeping records, and managing funds responsibly. Organizations may charge an administrative fee of up to 15% of the total contract value.

CPED received 11 proposals in response to the RFP, requesting a total of \$405,000. A staff team reviewed the proposals following the evaluation criteria and point system articulated in the RFP. Staff recommends funding 10 proposals for a total of \$375,000.

APPLICANT	PROPOSED SERVICE AREAS*	AMOUNT REQUESTED	AMOUNT RECOMMENDED	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

East Downtown Council	<u>1 Intervene Corridor:</u> Chicago (8th - Franklin) <u>2 Monitor Corridors:</u> Chicago (8th - 2nd), Washington, <u>1 Monitor Activity Center:</u> Mill District	\$50,000	\$50,000	6, 7
Lake Street Council	<u>2 Support Corridors:</u> Lake - East, Lake - Midtown <u>3 Monitor Corridors:</u> Lake - West, 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> 38th & Nicollet <u>8 Monitor Nodes:</u> 36th & Bryant, 46th & Bryant, 36th & Lyndale, 40th & Lyndale, 38th & Grand, 43rd & Nicollet, 46th & Nicollet, 48th & Nicollet	\$50,000	\$50,000	8, 10, 11, 13
Northside Arts Collective	<u>1 Intervene Corridor:</u> West Broadway	\$50,000	\$50,000	3, 4, 5
Seward Redesign	<u>1 Support LRT Station:</u> Franklin <u>1 Support Corridor:</u> Franklin (only to 13th Ave S, not Nicollet)	\$25,000	\$25,000	2, 6, 9
Seward Redesign	<u>1 Support Corridor:</u> University	\$50,000	\$50,000	2, 3
Seward Redesign	<u>2 Support LRT Stations:</u> 38th, 46th <u>4 Support Nodes:</u> 38th & 23rd, 38th & 28th, 38th & Cedar, 42nd & Bloomington <u>2 Monitor Nodes:</u> 42nd & 28th, 42nd & Cedar	\$50,000	\$50,000	8, 9, 12
West Bank Business Association	<u>1 Intervene Corridor:</u> Cedar, Cedar-Riverside LRT Station Area	\$50,000	\$50,000	2
West Broadway Business and Area Coalition	<u>1 Intervene Corridor:</u> West Broadway	\$50,000	\$50,000	3, 4, 5
West Broadway Business and Area Coalition	<u>2 Intervene Nodes:</u> Lowry & Penn, Lowry & Emerson	\$30,000	\$0	3, 4, 5

**see Exhibit B*

Proposals recommended for funding

Bancroft Neighborhood Association (BNA)

In the 2008 round, BNA received a \$50,000 grant (\$7,300 not yet committed). BNA serves areas in need, has past experience administering a matching grant program, and the service areas align with recent planning efforts and development investments. The Bancroft neighborhood proposes serving commercial nodes within and adjacent to neighborhood boundaries. At 38th and Chicago, a node at the intersection of four neighborhoods Bancroft has

continued the spirit of collaboration seen in the joint small area plan sponsored by all four neighborhoods. In 2008, Bancroft took on the challenge of matching Great Streets grants with Neighborhood Revitalization Program grants from each adjacent neighborhood, all with different match amounts. Bancroft proposes to continue serving 38th and Chicago in this way, as well as three other nodes within the neighborhood boundaries.

East Downtown Council (EDC)

In the 2008 round, EDC received a \$25,000 grant (\$1,000 not yet committed). EDC serves an area of high need as well as adjacent monitor areas in Downtown. The façade matching grant has been used to spur long-needed investment in commercial properties on 10th Avenue (rented offices of Elliot Park Neighborhood, Inc.). EDC offers additional assistance to applicants to ensure that projects receive appropriate zoning and building permits as well as if the project meets neighborhood design standards. EDC will also target businesses on Chicago Avenue to improve facades that aim to increase the impacts of planned pedestrian improvements.

Lake Street Council (LSC)

In the 2008 round, LSC received a \$50,000 grant (entire grant committed). LSC has extensive experience administering a façade matching grant program and serves multiple areas on Lake Street. The service area for the Lake Street Council is the six-mile stretch between the western City limit and 36th Ave E; however, their outreach efforts will focus on areas of East Lake Street designated for support through the Great Streets program.

Nicollet-East Harriet Business Association (NEHBA)

In 2008 NEHBA received a \$50,000 grant (entire grant committed). NEHBA has effective strategies for achieving high quality improvements, including connecting the façade program with other initiatives like working with the Police Department on Crime Prevention Through Environmental Design (CPTED). NEHBA volunteers work with Community Crime Prevention Specialist and the business owners to review the building and identify areas to increase safety, and then use the Great Streets façade program funds as a tool to implement some of the recommendations related to lighting, windows and doors particularly. In the proposal for Round 3 funds, NEHBA included a list of interested businesses and the specific needed improvements for each building.

Northside Arts Collective (NAC)

The Northside Arts Collective proposes to use the Great Streets façade program to continue artistic façade improvement work previously funded through the McKnight Foundation. NAC proposes to match local artists and business owners for artistic signage and window treatments. The proposal to the City for \$50,000 would match a request for additional funding from McKnight. West Broadway Coalition (WBC, see below) has a request for the same service area, West Broadway, focusing on different façade elements. NAC and WBC have agreed they will work together to market and implement the program so that there is no confusion from the business community on how to access the funds. A business will only be eligible for a grant not to exceed \$7,500 total, whether that is from NAC or WBC. The result of these two organizations working on West Broadway to date has produced high quality façade improvements to multiple buildings, staff expects these results to continue. There are other areas of the city where two organizations serve a similar geography. The African Development Center and the West Bank Business Association for example both serve the Cedar-Riverside area. In that case, as here on West Broadway, the different organizations reach different constituencies through a variety of approaches, improving the overall impact of the program in the area, both areas designated for intervention through the Great Streets policy guidance. The success of NAC to expend the

entirety of the previous McKnight grant and the WBC to expend the entirety of its first \$50,000 grant combined with additional need provide confidence to staff to recommend both.

Seward Redesign

Seward Redesign submitted proposals for partnership approaches to façade improvement work in three different areas of Minneapolis.

- The first proposal serves the Franklin LRT station area and Franklin Avenue Corridor east of the LRT to the Mississippi River. Seward Redesign will work with Seward Neighborhood Group and Seward Civic and Commercial Association. Seward Redesign received a \$25,000 (entire grant committed) façade grant for this area in the 2008 round.
- The second proposal covers University Avenue in Southeast Minneapolis. Seward Redesign would work with volunteers from Prospect Park East River Road Improvement Association (PPERRIA) to implement this program. If funded as recommended, the façade program funding would be available to this area in advance of the Central Corridor LRT construction.
- The third proposal is to continue Redesign's partnership with SENA and the newly formed West of the Rail Business Association. Redesign very effectively worked with SENA in a \$50,000 2008 grant award (\$4,000 not yet committed) for similar service area. The 8 commercial districts to be covered are 38th and 42nd Street commercial nodes west of Hiawatha and the 38th and 46th Street LRT station areas.

West Bank Business Association (WBBA)

In the 2008 round, WBBA received a \$40,000 grant (entire grant committed). WBBA serves the intervene Cedar-Riverside LRT station area. In WBBA's previous grant award it assisted the Cedar Cultural Center to restore its marquee. WBBA works with the Cedar-Riverside neighborhood administering NRP façade grants in addition to the funds from the Great Streets program. Façade improvements aim to enhance pedestrian improvements planned around the Cedar-Riverside LRT station area

West Broadway Business and Area Coalition (WBC) – West Broadway Avenue

In the 2008 round, WBC received a \$50,000 grant (entire grant spent). The WBC proposal would focus on traditional façade elements such as tuck pointing, windows, entry, and signage. The Northside Arts Collective (NAC, see above) has a request for the same service area, West Broadway, but for artistic façade elements. WBC and NAC will enter into an agreement on how to work together so that there is no confusion for the business community on how to access the funds. A business will only be eligible for a grant not to exceed \$7,500 total, whether from NAC or WBC.

Proposal not recommended for funding

West Broadway Business and Area Coalition (WBC) – Lowry Avenue

The West Broadway Business and Area Coalition also submitted a proposal for Lowry Avenue commercial nodes. Staff does not recommend funding this proposal because WBC has not developed connections to Lowry Avenue businesses and neighborhoods that are essential to successfully implementing this program. Lowry Avenue is an important corridor, but there is not currently an organization that serves or represents Lowry businesses and the organizations that work closely around Lowry chose not to apply. The organizations working on Lowry are currently focused on defining a redevelopment strategy for the avenue, funded through a partnership between five neighborhood organizations NRP investments and a Great Streets

business district support contract awarded in 2009. That effort will help the City and organizations working closely on Lowry Avenue assess the tools most effective for maximizing the recent infrastructure investments in rebuilding Lowry Avenue and supporting neighborhood-serving businesses on the street. If this effort identifies façade improvement as a valuable tool for this area, we expect that an organization or group of organizations with close ties to the avenue to apply for Round 4 funds for 2011.

EXHIBIT

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