

**Community Economic Development Fund (CEDF) Guidelines (Revision 2007)
For 45-day neighborhood review
January 31, 2007**

Public Purpose

The City's comprehensive plan, *The Minneapolis Plan*, identifies eleven commercial corridors and encourages their development and revitalization. The Community Economic Development Fund (CEDF) guidelines were revised in 2004 to provide funding for economic development and area technical assistance on commercial corridors.

Traditional economic development funding sources, such as tax increment financing, industrial revenue bond financing and Community Development Block Grant funds, are oriented toward large-scale real estate development, social service provision, housing and job creation. The CEDF is a supplemental funding tool to meet the needs for smaller development projects and area-wide support activities for commercial corridors and LRT station areas.

There are three public purposes served by the CEDF: (1) the enhancement of the quality of life enjoyed by the City's residents through the revitalization of commercial corridors and development of Light Rail Transit (LRT) station areas, (2) the retention and provision of neighborhood employment and entrepreneurial opportunities and (3) the expansion of the City's property tax base and sales tax revenues.

Fund Objectives and Goals

1. Strengthen the economic vitality of the City's commercial corridors and neighborhood station areas of the Hiawatha Light Rail Transit line (LRT).
2. Provide for the physical revitalization and development of the City's commercial corridors and neighborhood station areas of the Hiawatha Light Rail Transit (LRT) line.
3. Retain and provide new neighborhood employment and entrepreneurial opportunities for City residents.
4. Expand the City's property tax base and sales tax revenues.
5. Support the provision of goods, services and public gathering spaces within the City's neighborhoods, thereby enhancing the quality of life for City residents.

Geographic Eligibility

In 2004, the CEDF guidelines were revised to target four corridors established as priorities by the Council on February 5, 1999 (West Broadway from the Mississippi River to Girard Avenue N, Central Avenue from 18th Avenue NE to 29th Avenue NE, Lake Street from 36th Avenue S to Abbott Avenue S and Franklin Avenue from the Mississippi River to I-35W). The target commercial corridors are more economically vibrant now than just a few years ago. Even in a market dominated by a rise in residential values, where Citywide Estimated Market Values have risen just over 100% in the six years between 1999 and 2005, the increase in property values along all commercial corridors has outstripped the City as a whole.

Despite this, challenges remain in many commercial corridors in the City – common concerns include lack of shared parking, mismatches between business mix and neighborhood resident shopping desires, vacancy and high turnover – and the Hiawatha Light Rail Transit line provides new opportunities to create neighborhood business districts located on a major transit corridor. Thus, all commercial corridors designated in *The Minneapolis Plan* and Hiawatha Light Rail Transit (LRT) Station Areas south of the downtown Central Business District (CBD) are eligible for CEDF resources with this 2007 revision of the fund guidelines.

As in 1999 when four priority corridors were designated, differences in need between corridors remain. No two corridors are alike, and corridor development lies on a continuum. Some commercial corridors and station areas require direct intervention in the development process to catalyze private sector investment and reduce risk for private investors. Others require fewer City resources for technical assistance, redevelopment and financing support. Still others are economically and socially vibrant.

Our commercial corridors and LRT station areas are all unique, facing different challenges and opportunities. A one-size-fits-all approach will miss the mark. Therefore, corridors and station areas will be grouped into three categories – intervene, support and monitor – based on criteria identified to assess economic health and the need for public involvement (e.g. Estimated Market Values, crime rates, ratio of vacant to occupied storefronts). The City Council will adopt the categorization of the corridors and station areas and periodically reassess them as market conditions change. The categories can be described as follows:

- **Intervene** – Commercial corridors that are experiencing social and economic problems; LRT station areas that present difficult infrastructure or land assembly obstacles to Transit-Oriented Development
- **Support** – Commercial corridors that have strong signs of resurgence, but remain fragile; LRT station areas that have few barriers to market development
- **Monitor** – Commercial corridors that are experiencing very few social or economic problems; LRT station areas with strong market development activity

Fund Priorities

- The CEDF will prioritize support for projects that will provide benefits to multiple businesses or to the commercial area in general, including such activities as:
 - the development of shared parking facilities;
 - removal of blight;
 - area-wide marketing and branding efforts;
 - retail recruitment efforts;
 - façade improvement programs;
 - public realm enhancements; and
 - real estate development for office, institutional or anchor retail use that will increase the number of visitors to the business area, raise the area's profile or catalyze a transformation in a derelict area.
- CEDF monies should leverage funds from other private and public sources. Other sources include developer equity, business or property owner investment, banks, foundations, resource partners such as the Local Initiatives Support Corporation, the Neighborhood Revitalization Program, the Empowerment Zone and other levels of government.
- Priority will be given in allocating funds to uses which will provide re-payment.
- Priority will be given in allocating funds to projects located on corridors or within LRT station areas that are categorized for intervention.
- Projects located on corridors or within LRT station areas that are categorized for support will be expected to leverage private or other funds and/or provide an essential service to the business area as a whole.
- Projects located on corridors or within LRT station areas that are categorized for monitoring will be expected to leverage significant private or other non-governmental funds and demonstrate a clear and critical need for public involvement.
- Priority will be given in allocating funds to projects consistent with recent policy documents and planning efforts including redevelopment plans, small area plans, implementation plans, Corridor Housing Initiative areas, *Access Minneapolis* (the 10-year transportation plan), and historic district and landmark designations.
- Priority will be given in allocating funds to projects strongly aligned with corridor investments made by other CPED divisions and other units of government. Examples include public investment in multi-family housing development; strategic public investment in housing

stabilization, such as the Northside Home Fund Cluster program and public investment in street repaving or renovations of public buildings and facilities such as schools, libraries, parks and transit.

Guidelines and Eligibility Related to Fund Source

The CEDF draws from a number of different sources, including Common Project Tax Increment, economic development levy funds, the Hilton Legacy Fund and Community Development Block Grants. All monies are subject to the eligibility requirements, guidelines for use and reporting requirements associated with their original source in addition to these guidelines. Federal regulations regarding eligible uses of CDBG funds must also be followed for activities funded by that source.

Fund Operation, Responsible Agency and Reporting

The City of Minneapolis' Department of Community Planning and Economic Development (CPED) will disperse CEDF monies through open solicitations for such activities as gap financing for catalytic real estate development and through Requests for Proposals for corridor business area technical assistance such as retail recruitment efforts, branding and marketing campaigns and façade improvement programs. These open solicitations and Requests for Proposals will further define goals and objectives for the use of the funds as well as recipient eligibility. Funds may be dispersed, with City Council approval, outside of these processes for unique circumstances such as a funding partnership with a non-governmental organization or another level of government. All fund dispersions will require City Council appropriation. CEDF funds will be supplemented by other available financial resources, such as tax increment financing, industrial revenue bonds and such other resources as may be available

CPED will administer the CEDF. Its responsibilities include proposing the appropriate funding level for the program each year, selecting the activities and areas in which CEDF will be used, carrying out the redevelopment activities to be funded by the CEDF and preparing all necessary reports for the City Council regarding the use of CEDF CDBG funds. The City will also meet the requirements of the Department of Housing and Urban Development's Consolidated Annual Performance Report.

Displacement

When activities funded through CEDF cause displacement of residents and/or businesses, CPED will follow the City's Displacement Policy in providing relocation benefits and assistance to displaced parties. If CDBG funds are used, Federal displacement regulations also apply.