

Appendix I: Rationale and Purpose

I. Introduction

The Minneapolis Empowerment Zone (EZ) is sponsored by the U.S. Department of Housing and Urban Development and is part of a nationwide strategy to revitalize communities. Today, much has been done in the way of meeting the goals that EZ set out to accomplish.

Goals	Investment
<p>Implement economic development strategies that generate living wage jobs and community sustainability.</p>	<p>Antiques Minnesota Reuse Center, Architect & Contractor Services, Barbara's Salon, Bassett Creek Eco-Industrial Study, Bloomington-Lake Redevelopment, Broadway Plaza, 1101 W. Broadway, City-County Federal Credit Union, Coliseum, Rehabilitation, Fish House, Franklin Bakery, Franklin Portland Gateway, Glenwood Avenue Main St, Harrison Employment & Training, Harrison Youth Employment, Health Careers Institute, Juxtaposition Arts, Loan Fund I&II, Lofts on Arts Avenue, Lucille's Kitchen, MCCD Lake St Business Survey, METP Construction Training, Construction Training, NET, Midtown Exchange Bio Mass Center & Global Market, MN Renaissance Initiative, Northside Initiative, Opportunity Kitchen, Plymouth Christian Youth Center, Robert Fern, LLC, SBA One Stop Capital Shop, Siyeza, Step Up Program, West Broadway Façade Program, YWCA Abbott Northwestern Childcare Center</p> <p>Total Investment: \$10,368,871.00</p>
<p>Provide access to a variety of housing options that promote family and community stability.</p>	<p>ACORN Housing Corporation, Franklin Portland Gateway, HAMAA - Homebuyer's Club, Hawthorne Homesteading Program, Heritage Park Hiawatha Commons (2003 & 2004), Home Ownership Center, Immigrant Credit Education, Jeremiah Program, Little Earth, LSS Supportive Housing Many Rivers - Phase I and II, Midtown Exchange, MPHA Homeownership Program, Park Plaza, PPL - Immigrant Homeownership Project, Ripley Gardens, Smart Commute, Summit Academy OIC, Sumner Field at Heritage Park, Urban Village, Village in Phillips</p> <p>Total Investment: \$10,334,100.00</p>
<p>Develop neighborhood strategies that help residents combat drug related activity, reduce juvenile crime and create safe neighborhoods.</p>	<p>AGAPE Child Development Center, AccessAbility, AchieveMpls, American Indian Center, American Indian OIC, Bassett Creek Valley Organizing Project, Broadway School Teen Parent Program, Central Weed & Seed Centro, Inc., City of Lakes AmeriCorps, Folwell - Curfew & Truancy Intervention, Franklin Avenue Safety Center, Franklin Library, Harvest Preparatory School, HAMAA, Hollywood Studio of Dance, Hospitality House Youth Directions, Jordan Probation House, KMOJ Radio, La Clinica, La Oportunidad, Learning Lab, Les Jolies Petites School of Dance Little Earth Safety Program, Los Jovenes, MAD DADS/Center for Fathering, Midtown Crime & Safety Initiative, Minneapolis Public Schools Network for the Development of Children of African Descent, New Directions Youth Ministries, Northside Coalition, Northside Weed and Seed, Oasis of Love, Phyllis Wheatley/Bethune Partnership, Pilot City</p>
<p>Establish a comprehensive pre-K through life education system that prepares all Minneapolis learners to participate in the economic and social fabric of the community.</p>	<p>PPL - College House, Project Keeping the Faith, Quest for Excellence Renaissance Small Learning Community, Sabathani Community Center, Inc., Somali Community of MN, Inc., Uhuru, We Win Institute</p>
<p>Streamline community-based services to nurture and support young people and their families.</p>	<p>Total Investment: \$4,454,608.00</p>

Part of the strength of the EZ is the ability to develop strategic alliances like the Phillips Partnership to work across areas of expertise for the purpose of community improvement. This

partnership led by County and City as lead public jurisdictions, has helped Phillips across many objectives:

- Working on the intersection of Chicago and Lake to clean up the crime, resulting in cutting it in half in six months and the lessons learned being used to develop the Citizens and Law Enforcement Action Network (CLEAN);
- Nearly 650 graduates coming out of the Train to Work program with four weeks of paid, full-time work readiness training followed by 18 months of continued mentoring and support after placement in entry-level healthcare jobs, and 1,200 enrolled in the Health Careers Partnership since August of 2000 with most graduates being placed in career-track jobs at Hennepin County Medical Center, Abbott Northwestern Hospital, Children's Hospitals and Clinics and other healthcare providers;
- \$35 million in improvements to the neighborhoods streetscapes and housing stock; and \$602 million in development and campus expansions in the neighborhood that has resulted in 4,000 new jobs.

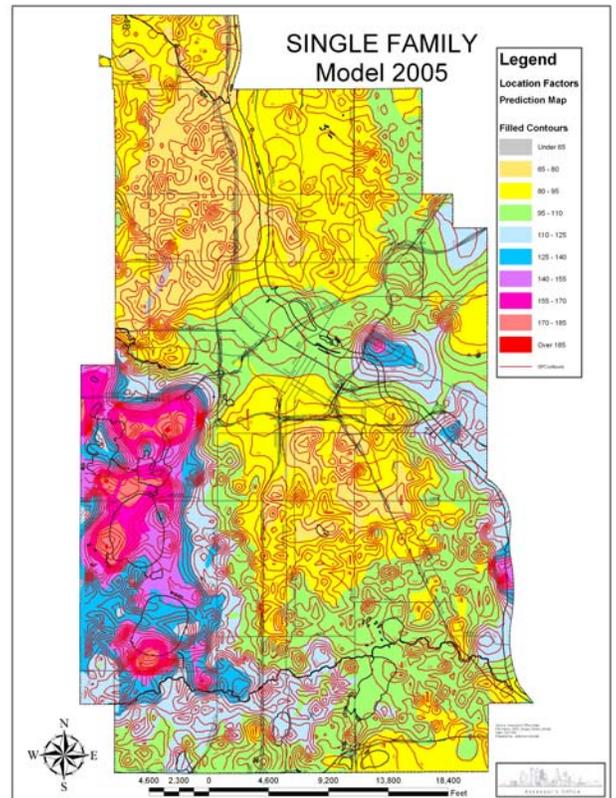
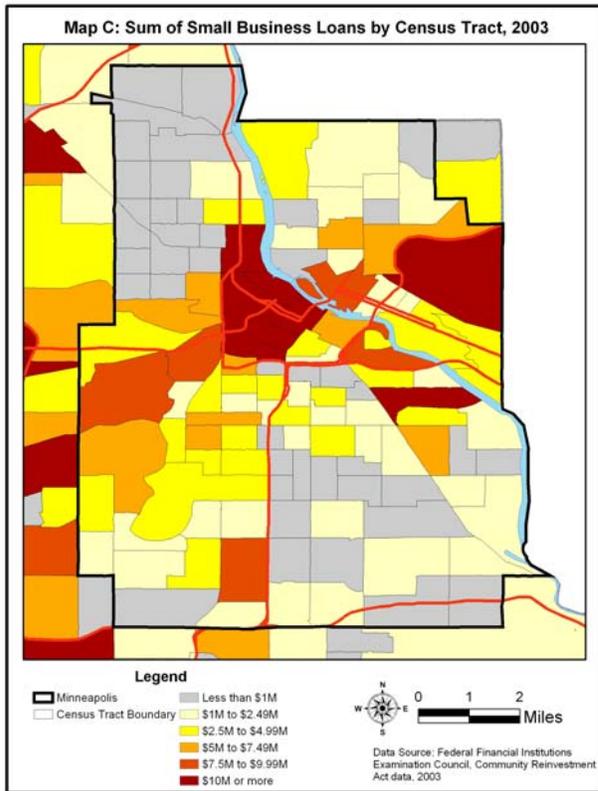
-www.phillipspartnership.org

The result is an urban renaissance capped now by the Minneapolis City Council's final approval of the Midtown Exchange project on August 9, 2005.



-Midtown Exchange Conceptual Drawing

II. Focus of the RFP



These maps demonstrate the pattern of low investment on the Northside, first measured in small business loans, and second measured in single family home investment. Our mission and purpose is to reverse this historic pattern of disinvestment. We want to change these maps on the Northside.

Community Reinvestment Act data from the Federal Reserve indicates that the Northside remains isolated in the levels of business and bank investments. To the South, Phillips has benefited from institutional expenditures such as over \$600 million in Phillips campus expansions. To the east, Cedar Riverside development potential has been aided by public investments: light rail, University Research Park and a proposed Gopher stadium. Conversely, the Northside of Minneapolis has the smallest amount of business loan investment—less than a \$1 million dollars in any given census tract, and the lowest amount of small business loans in the City. None of the investment that appeared on the Southside is apparent at this point on the Northside. Whereas the EZ has successfully leveraged partnerships with entities such as Abbott Northwestern in Phillips and the University in Cedar Riverside, no comparable institutional investors are apparent on the Northside. The EZ is prepared to play a more central role in the development of the Northside.

With advice from the Federal Reserve, this RFP seeks to exploit CRA strategies further. By one estimate, it was surmised that the effect of utilizing CRA to spur increasing home mortgage lending to low-income borrowers was equivalent to a 1.3 percentage point decrease in unemployment. CRA strategies also have the effect of increasing the number of small businesses that can access credit by four to six percent thereby increasing payrolls and reducing bankruptcies. All of this can be done without “crowding out other financing available to

small businesses or adversely affecting bank profitability or loan performance.”¹ ² The Northside Partnership includes US Bank, Wells Fargo, and Franklin Bank. Each has made philanthropic commitments to addressing the Northside disparity.

TABLE 12: MINNEAPOLIS: MAJOR PROJECTS \$1,000,000 + first quarter 2004

ADDRESS	ZIP	VALUE	PROJECT DESCRIPTION
800 28th St E	55407	\$12,822,343	build out com. bldg
301 Oak Grove St	55403	11,986,076	new condo apt bldg (59 units)
2515 Chicago Ave	55404	9,400,000	build out com. bldg
212 1st St N	55401	8,525,000	new res/com (55 units)
601 Marquette Ave	55402	5,620,000	partial conv. (21 resd. units)
15 Grant St E	55403	5,266,193	rmdl hi-rise, add (14 units)
2845 Colfax Ave S	55408	4,788,139	new condo apt bldg (28 units)
2840 Bryant Ave S	55408	4,788,139	new condo apt bldg (28 units)
800 28th St E	55407	4,542,605	build out and rmdl
1420 Hennepin Ave	55403	4,400,000	parking add to existing ramp
5320 Lyndale Ave S	55419	4,162,835	new mix occ bldg
901 3rd St N	55401	3,757,536	partial off. conv. (32 res units)
521 9th St S	55404	3,017,000	bldg conv (24 units)
111 4th Ave N	55401	2,929,451	build-out com. bldg
2823 Colfax Ave S	55408	2,736,079	new condo bldg (16 units)
701 West Broadway	55411	2,313,000	conv. Target store to Cub Foods
1314 Franklin Ave E	55404	2,269,400	library rmdl and add
2515 Chicago Ave	55404	2,000,000	add. to comm bldg
1601 24th St E	55404	1,620,782	new apt. bldg (10 units)
1535 24th St E	55404	1,620,782	new apt. bldg (10 units)
500 Franklin Ave W	55403	1,386,215	new wood framed structure
2701 Wells Fargo Way	55408	1,253,954	conference ctr. rmdl
2024 Lyndale Ave N	55411	1,244,750	add. to Salvation Army
301 Kenwood Pkwy	55403	1,206,000	res. build out
2400 3rd Ave S	55404	1,164,993	theater add.

Source: City Inspections Division and CPED

In addition, public investment must be leveraged against private investments. Maria’s Café, which cash-flowed almost immediately and was recently honored as Latino Business of the Year, was the anchor development on Franklin Avenue, largely funded through AINDC. By providing subsidy, credit enhancements and gap financing, City resources can be used to bolster projects and make them a much more successful endeavor. By calling for private investment, this RFP aims to break new ground on the Northside.

III. Development on the Northside

Both the Chief of Police, William McManus, and the Director of CPED, Lee Sheehy, “understand that crime undermines all forms of investment, including City affordable housing and other development investments....the relationship between development and crime [is clear]: crime curbs development and development curbs crime. Nowhere is this relationship clearer in the City than on its north side.”³ The challenges that crime presents to social uplifting and development of sustainable strategies and

resources such as future investments, social wealth, and legal assistance becomes apparent.⁴ The initiatives developed in the form of the Jordan Neighborhood Probation House, the Minneapolis Police STOP program, and the safety investment through the EZ’s recent Safety RFP move to address this critical relationship juncture. With resources poised for crime control, economic development can get traction.

¹ Jonathan Zinman, “Do Credit Market Interventions Work? Evidence from the Community Reinvestment Act”; Federal Reserve Bank of New York, 2002

² Barr, Michael S., “Credit Where It Counts: Maintaining a Strong Community Reinvestment Act”; The Brookings Institution Research Brief, May 2005

³ Memo from Lee Sheehy and William McManus to Northside Partnership elected officials titled, “Northside Community Crime Initiative”, December 16, 2004

⁴ Reed, D. (1996). "Sustainable Development" in Structural Adjustment, and Sustainable Development, Earthscan Publications Ltd: London



IV. Methodology

“One of the most integral forms of community involvement on zoning and development issues comes through local neighborhood councils. These neighborhood-based councils are independent groups designed to provide advice on issues of local concern. Their membership is elected by the people living in these neighborhoods. Neighborhood councils are included in the planning process from the very start.”

-The Public Process In Economic Development And Planning, Boston Redevelopment Authority, Mark Maloney, Director, June 2000

Community Engagement

The EZ has been working in partnership with the Northway Trust on community engagement. EZ Staff met with staff from each of the Northside neighborhood organizations and the West Broadway Area Coalition (WBAC) to discuss their strategic and master plans and how their efforts might work in conjunction with the EZ's RFP.

The Northway Trust convened a meeting with the EZ, inviting all of the neighborhood organizations and WBAC to come together and discuss the feedback from each of the neighborhoods and further focus our efforts. The organizations were also asked to give their input on 13 tactics identified by CPED and EZ staff as necessary strategies for transforming communities. The information garnered is included in Appendix II. This RFP will be linked to those strategies through community leaders on the RFP review panel.

Public Infrastructure Investment

Infrastructure matters. In the case of West Broadway, the repaving project is nearly complete. The time is now for an investment of private dollars on top of millions in public transportation and transit improvements. Further public development along the avenue, including signage and streetscapes, serves a dual role of being a sign for the community that the City and its partners are delivering on their promises to develop the Northside, and an invitation to businesses and organizations to bring their investment to a community that has too long been neglected. This RFP will be linked to public investment through County and City involvement on the RFP review panel.

Research Support

Based on business investment and economic development research data provided by the Minneapolis Federal Reserve, community organization and resident input gathered with the Northway Trust and corridor development expertise and strategies developed by the Local Initiatives Support Corporation (LISC), the Minneapolis EZ is prepared to issue an Request For Proposal with \$1 million in funds and resources for the economic development of the Northside as part of a larger \$4.5 million Economic Development Initiative. This RFP will be linked to research outcomes by having Community Affairs staff from the Federal Reserve Bank of Minneapolis provide input to the RFP review panel.

Leverage

The EZ will work with community partners and thought leaders to utilize and leverage existing resources that may be available and work in conjunction with or complement the goals of the RFP. This RFP will be linked to leveraging analysis through the City's Business Finance division being on the RFP review panel.