

TO: Minneapolis Neighborhood Groups and Other Interested Parties
DATE: May 31, 2001
FROM: Robert D. Miller, Director
RE: **2001 Commercial Area Development Reserve Fund (CADRF)
Request for Proposals**

On behalf of the Minneapolis Neighborhood Revitalization Program Policy Board, I am pleased to announce the availability of NRP Funds to help address the challenges facing our City's commercial areas.

The Policy Board is committing \$4 million over the next four years to assist public infrastructure investments, streetscape improvements, the construction of new commercial facilities, the exterior or interior rehabilitation of existing buildings and/or the redevelopment of vacant buildings.

The 2001 funding awards from the first \$1 million will be made through an RFP process. Enclosed, please find the 2001 CADRF Reserve Fund Guidelines and Selection Criteria, and the Application Packet. Proposals are due by 4:00 p.m. on Friday – September 14. Six copies of the proposal should be submitted to:

**Minneapolis NRP Commercial Area Development Reserve Fund
c/o Joe Horan
Suite 425
105 Fifth Avenue South
Minneapolis, Minnesota 55401**

All proposals must be reviewed and sponsored by the NRP neighborhood organization(s) for the area where the proposed project will occur. Neighborhood review must include a minimum of one 30-day notice, neighborhood-wide general attendance meeting promoted through broad means such as flyers, newspaper ads/articles, and newsletters. Neighborhood groups should establish a due date well in advance of the RFP due date to allow sufficient time to complete this proposal review process. Interested applicants should contact the appropriate neighborhood group(s).

The enclosed materials can be accessed in the NRP News Section of the NRP Web site (www.nrp.org). Please direct any RFP questions to Joe Horan at 673-5144 or jhoran@nrp.org.

Major demographic and market changes have affected the City's commercial areas. Loss of population and a relative decline in median income in many neighborhoods have resulted in less buying power among residents. The growth of suburban malls and a trend towards large specialty and discount stores, coupled with increased reliance on the use of automobiles, have siphoned retail expenditures away from neighborhood commercial areas.

Commercial Area Development Reserve Fund 2001

The major challenges to addressing the City's commercial areas involve accommodating recent changes in the commercial marketplace by promoting the adaptive reuse of commercial buildings, ensuring a healthy mix of goods and services for City residents, and maintaining and improving compatibility with surrounding areas.

Other key issues include preserving the urban and pedestrian character of commercial areas, and balancing this with the need to provide off-street parking, and assisting smaller merchants and property owners to organize and jointly develop marketing, physical improvement and parking programs.

The Minneapolis Neighborhood Revitalization Program (NRP) has established a \$4 million Commercial Area Development Reserve Fund (CADRF) designed to help address the challenges facing commercial areas.

\$1 million will be available each year over the next four years. The 2001 funding cycle may award up to \$1 million through a Request for Proposals (RFP) process. If a portion of the funds is not awarded during the initial RFP, a 2nd RFP will be issued.

Proposals Due: Friday - September 14, 2001

USES OF FUNDS

Minnesota State Statute 469.1831 allows NRP Funds to be used to:

- Acquire, develop, construct, physically maintain, rehabilitate, renovate, or replace commercial and retail facilities,
- Eliminate blighting influences by acquiring and clearing or rehabilitating properties,
- Assist the development of industrial properties,
- Eliminate health hazards through the removal of hazardous waste and pollution and return of land to productive use, and/or
- Rehabilitate or construct community-based nonprofit and public facilities.

In addition to meeting the basic eligibility requirements above, the following conditions and /or limitations will apply to the CADRF program.

- No more than \$400,000 of the total allocation over the four years (\$4 million) will be available for use by each neighborhood.
- NRP funds may be used to fund any component of a mixed-use project including residential, commercial, or light industrial. NRP funds can only be used for capital costs of the project, not operating costs.
- Exterior/interior improvement programs are eligible projects if they demonstrate pre-commitments by business and/or property owners equal to or greater than 75% of the proposed leverage amount.
- Projects must be consistent with *The Minneapolis Plan* land use designations. Depending upon the designation, appropriate land use types may include:
 - Commercial, retail or service uses;
 - Office use,
 - Residential use; or
 - Limited light industrial
- Market studies, proposal development, planning and organizing costs are not eligible.

- There is no maximum or minimum limit on total project costs.

PREFERENCES

The proposal selection process uses a point system that places greater value on some project features than others. The key project preferences include:

Real Estate Development

Projects involving the redevelopment of existing, vacant properties or the construction of new commercial facilities that are considerate of traditional urban form and character will be given preference.

Public Infrastructure Coordination

Preference will be given projects that coordinate with public infrastructure investments such as road and bridge reconstruction. To earn maximum points under the established criteria, the infrastructure project must be part of the City or County's adopted 5-year capital plans and/or the Light Rail initiative.

Multi-Neighborhood Collaborations

Projects involving 2 or more neighborhoods will receive preference.

Design

Projects that exhibit traditional urban form and character (as defined in *The Minneapolis Plan's* City Form chapter) and compatibility with surrounding structures will receive preference.

Mixed-use Developments

Projects that incorporate a commercial/retail use, either as the predominant use, or as a complementary use in a mixed-use development, will receive preference.

Prior Investment and Planning

Projects that demonstrate private and public investment occurring in the commercial area within the last five years and that a plan for redevelopment has been established will receive preference.

LEVERAGE

All proposals must demonstrate at least a 1 to 1 leverage of NRP Funds. Sources of funding that qualify as leverage are equity, bank financing and non-City public funds.

REPAYMENT

The repayment of program funds will be structured on a project by project basis.

Repayment may take the form of an amortized loan, distribution from annual project cash flows, repayment at time of sale, re-financing or conversion, or other acceptable forms of repayment. If there is repayment of program funds, these funds will revert back to the Commercial Area Development Reserve Fund for reallocation.

WHO CAN APPLY

Eligible applicants are:

For-profit and not-for profit developers
Neighborhood groups
Business associations
Individual businesses

Public jurisdictions/agencies will not be considered as eligible applicants.

All proposals must be reviewed and sponsored by the participating NRP contracting neighborhood organization(s) that serves the area where the project will occur. The review process must include a minimum of one neighborhood-wide general attendance meeting, promoted through broad means (such as flyers, newspaper ads/articles, and newsletters). There must be a 30-day notice of the neighborhood-wide meeting.

A neighborhood that is directly adjacent to a proposed project must be informed and provided the opportunity to comment on the proposal.

PROJECT COMPLETION

All applicants will be required to submit an implementation schedule that outlines the stages of the project (i.e., design, acquisition, relocation, demolition, construction start-up, completion of construction, rent-up) and the estimated completion date of each stage.

The time between the date when the Policy Board approves a funding commitment and the date of project closing should not exceed eighteen (18) months. The Board may approve extensions. If a commitment expires before implementation has begun, the funds will be considered available for other projects. Applicants will be allowed to resubmit the proposal for future consideration.

Construction/rehabilitation activity prior to project closing is not reimbursable. No disbursement of funds will be made until total project financing is in place and available.

COMPLIANCE

Funded projects must adhere to certain requirements, when applicable, which include but are not limited to the following:

- Business Subsidy Act
- Equal employment opportunity
- Prevailing wage requirement
- Affirmative action plan
- Affirmative marketing
- Emerging small business participation
- Apprentice certification
- Public bidding
- Performance and payment bond
- Insurance coverage
- Conformance with the Americans with Disabilities Act
- Zoning Regulations and Concept Plan Review
- Relocation

Once a project is approved for funding, specific information must be provided about how each of these requirements is being addressed. In addition, the developer must provide ongoing record keeping/project monitoring to meet the Program requirements (e.g. rents, incomes, insurance, affirmative marketing).

STREETSCAPE POLICY

Streetscape projects may involve any of, but are not limited to, the following improvements:

- Lighting - street and /or pedestrian
- Buffers
- Signage - directional and / or traffic
- Bus shelters
- Art work
- Decorative sidewalk and street pavers
- Medians

On September 28, 1998 the Policy Board adopted an amended "Streetscape Funding" Policy. The following policy will continue to apply to the CADRF program.

Any proposed streetscape project in which part of the funding for public improvements will be provided by NRP must contain a minimum of ten percent (10%) of the public improvement project's total funding from sources other than NRP (e.g. foundations, other public funds, benefiting property owners). NRP funds shall not be used to pay for the costs of the ongoing maintenance of streetscape improvements.

SELECTION PROCESS

A technical review team will review the submitted proposals and may conduct interviews with applicants. Additional information clarifying the components of the proposals may be requested from applicants.

For rehab proposals, a physical inspection of the property may be necessary. Proposals will be evaluated in accordance with these guidelines and the selection criteria.

The technical review team will forward recommendations to the NRP Management

Review Team (MRT). The MRT will forward proposals, with comments, to the NRP Policy Board.

The Minneapolis Neighborhood Revitalization Policy Board will determine the number and amount of the awards. Awards will be based on merit and potential positive impacts on the neighborhoods affected by the proposed improvements.

ADMINISTRATION

Policies governing the use of funds and day-to-day administration of the program will be the responsibility of NRP. The MCDA will be the contract administrator for program projects

TIMELINE

January 22, 2001

- Policy Board approves RFP

May 2001

- Distribution of RFP

September 14, 2001

- Proposals due

November 19, 2001

- Technical review complete
- Policy Board awards

SELECTION CRITERIA

0 – 5	4. Extent to which the project increases the taxable property value of the city.
0 - 5	5. Extent to which the project incorporates other uses which complement the predominant commercial/retail sales use.
0 - 10	6. Extent to which the project enhances planned public infrastructure improvements.
0 – 5	7. Extent to which prior private and public investment has occurred in the commercial area within the last five years and a plan for redevelopment has been established.
0 - 5	8. Extent to which the project encourages small, minority or women owned business participation in development.

Commercial Area Development Reserve Fund 2001

1. **Proposal Fact Sheet:** Complete the Proposal Fact Sheet and attach it as the cover page to application documents.
2. **Proposal Narrative:** Submit a proposal narrative of up to 5 pages that address the following areas.
 - a. Describe the proposed project.
 - b. Describe the extent and length of experience the project team has in completing the proposed activities within the designated time period.
 - c. Describe the financial and management capacity of the applicant to undertake the proposed activities.
 - d. Describe the desired terms of NRP funding assistance.
 - e. Describe how the project is consistent with policies in *The Minneapolis Plan* regarding traditional urban form; attention to traditional architectural character, historic significance, and community identity; and Crime Prevention Through Environmental Design (CPTED).
 - f. Describe how project development and implementation encourages participation of small, minority and/or women owned businesses.
 - g. Describe how the proposed project enhances public infrastructure improvements that are part of the City or County's adopted 5-year capital plans and/or the Light Rail Initiative.
 - h. Describe the private and public investments that have occurred in the commercial area in the last 5 years.
 - i. Identify approved Plans for the area that are consistent with the proposed project activities.
3. **Attachments:** Submit the following attachments in the order presented below.
 - A. **Neighborhood Support Letter(s)** Support letters need to detail the process used to gain broad-based neighborhood support.
 - B. **Project Team:** List the entities responsible for project development and implementation, including mailing address and telephone number.
 - C. **Development History:** Provide a list of projects the project team has proposed, completed and/or managed.

- D. Estimated Project Cash Flow:** Complete Attachment D for proposals that involve the construction of new commercial facilities and/or the redevelopment of existing vacant buildings. Formats prepared for other funding sources are acceptable.
- E. Estimated Development Costs:** Complete Attachment E for proposals that involve the construction of new commercial facilities and/or the redevelopment of existing vacant buildings. Formats prepared for other funding sources are acceptable.
- F. Financing Sources and Costs:** All proposals except exterior/interior renovation programs must complete Attachment F. Public infrastructure and/or streetscape proposals should complete Part 2 and Part 3.
- G. Exterior/Interior Renovation Programs:** Complete Attachment G for proposals that involve the exterior and/or interior renovation of existing buildings. Exterior/interior renovation programs are eligible if they demonstrate pre-commitments by business and/or property owners equal to or greater than 75% of the proposed leverage amount.
- H. Public Infrastructure Investments and Streetscape Improvements:** Submit a detailed list of the proposed improvements with itemized descriptions of the total number of units, cost per unit and total cost of the activity.
- I. Appraisal:** Proposals that involve construction of new commercial facilities and/or redevelopment of existing vacant buildings must attach an appraisal that establishes the estimated “as-is” market value of the property. An appraiser’s preliminary opinion of value is acceptable.
- J. Site Control Documents:** Proposals that involve construction of new commercial facilities and/or redevelopment of existing vacant buildings must attach documents that demonstrate site control.
- K. Project Implementation:** Attach a schedule that outlines the stages of the project and the estimated completion date of each stage.
- L. Map and Pictures:** Attach a map that shows the location of the proposed project.

Proposal Due Date – September 14, 2001
Submit to
Minneapolis Neighborhood Revitalization Program
c/o Joe Horan
Suite 425
105 Fifth Avenue South
Minneapolis, Minnesota 55401

COMMERCIAL AREA DEVELOPMENT RESERVE FUND PROPOSAL FACT SHEET

A. General Information

- 1. Project Name
- 2. Project Address/Location
- 3. Neighborhood Location
- 4. NRP Funding Request \$
- 5. Contact Name

Address: _____

City/State/Zip: _____

Phone/E-mail : _____

B. Multi-Neighborhood Collaboration

Is the proposed project a multi-neighborhood collaboration? If yes, identify the collaborating neighborhoods and the amount of NRP Funds committed by each neighborhood. Yes No

	\$
	\$
	\$

C. Leverage

Check () the box for the project's proposed leverage.

- 3 to 1 or greater of private funds
- 3 to 1 or greater of private funds and public funds
- 2 to 1 or greater of private funds
- 2 to 1 or greater of private funds and public funds
- 2 to 1 or greater of public funds only

D. Project Components

Check () the boxes for the proposed project activities.

- Public Infrastructure Investment
- Streetscape Improvement
- Construction of a New Commercial Facility
- Exterior Renovation of an Existing Building
- Interior Renovation of an Existing Building
- Redevelopment of an Existing Vacant Building

1. Projected Annual Income by Unit Type

a. Efficiency:	No. of units _____ x \$ _____ per month x 12 months	\$ _____
b. 1-bedroom:	No. of units _____ x \$ _____ per month x 12 months	\$ _____
c. 2-bedroom:	No. of units _____ x \$ _____ per month x 12 months	\$ _____
d. 3-bedroom:	No. of units _____ x \$ _____ per month x 12 months	\$ _____
e. 4-bedroom:	No. of units _____ x \$ _____ per month x 12 months	\$ _____
f. 5-bedroom:	No. of units _____ x \$ _____ per month x 12 months	\$ _____
g. Projected Annual Rental Income [Add lines a. through f.]		\$ _____

2. Residential Income

a. Projected Annual Rental Income (1g.)		\$ _____
b. Parking Income:	_____ Spaces x \$ _____ per month x 12 months	\$ _____
c. Washing Machines:	\$ _____ per unit per year x No. of units _____	\$ _____
d. Vending Machines:	\$ _____ per unit per year x No. of units _____	\$ _____
e. Gross Residential Income [Add lines a. through d.]		\$ _____
f. Vacancy and Collection Loss Factor: _____ % x Line e.		\$ _____
g. Net Annual Residential Income [Line e. minus f.]		\$ _____

3. Commercial Income

a. Projected Annual Commercial Income:	_____ square feet x \$ _____ per sq. ft. per year	\$ _____
b. Vacancy and Collection Loss Factor: _____ % x Line a.		\$ _____
c. Net Annual Commercial Income: [Line a. minus b.]		\$ _____

4. Effective Annual Income

Line 1g. + 2g. + 3c. \$ _____

1. Administrative Expenses

a. Advertising	\$ _____
b. Management/caretaker: <input type="checkbox"/> % of gross rental income	\$ _____
c. Audit and accounting	\$ _____
d. Legal	\$ _____
e. Other	\$ _____
f. Total	\$ _____

2. Maintenance

a. Decorating	\$ _____
b. Repairs	\$ _____
c. Exterminating	\$ _____
d. Insurance	\$ _____
e. Grounds maintenance / snow removal	\$ _____
f. Supplies	\$ _____
g. Other	\$ _____
h. Total	\$ _____

3. Operating

a. Lighting & miscellaneous electric	\$ _____
b. Garbage & trash removal	\$ _____
c. Payroll	\$ _____
d. Replacement reserve	\$ _____
e. Water / sewer	\$ _____
f. Gas / oil (heating/hot water)	\$ _____
g. Other	\$ _____
h. Total	\$ _____

4. Taxes

a. Current property tax	\$ _____
b. Payroll tax for employees	\$ _____
c. Other	\$ _____
d. Total	\$ _____

5. Gross Operating and Management Expenses

Lines (1f.) + (2h.) + (3h.) + (4d.) \$ _____

6. Projected Annual Debt Service

Total \$ _____

1. Acquisition of Real Property/Relocation

a.	Improvements / buildings	\$	_____
b.	Land	\$	_____
c.	Special assessments	\$	_____
d.	Title and recording	\$	_____
e.	Relocation	\$	_____
f.	Other	\$	_____
g.	Total	\$	_____

2. Construction / Rehabilitation Costs

a.	Demolition	\$	_____
b.	Residential	\$	_____
c.	Garages	\$	_____
d.	Other: [Specify _____]	\$	_____
e.	Site work / landscaping	\$	_____
f.	Survey and soil borings	\$	_____
g.	Sewer – water access charge	\$	_____
h.	Building permit	\$	_____
i.	Capitalized operating expenses / admin during rent-up	\$	_____
j.	Net construction/rehab subtotal [Sum of line a. thru i.]	\$	_____
k.	Builder's profit: <input type="checkbox"/> % of line j.	\$	_____
l.	Other: [Specify _____]	\$	_____
m.	Gross Construction: [Sum of line j. thru l.]	\$	_____

3. Fees

a.	Developer's fee	\$	_____
b.	Architect's fee for design	\$	_____
c.	Architect's fee for supervision	\$	_____
d.	Legal	\$	_____
e.	Processing agent	\$	_____
f.	Marketing	\$	_____
g.	Bond premium	\$	_____
h.	Other: [Specify _____]	\$	_____
i.	Total	\$	_____

4. Financing and Carrying Charges

a.	Construction interest at <input type="checkbox"/> % for <input type="checkbox"/> months	\$	_____
b.	Taxes during construction	\$	_____
c.	Insurance during construction	\$	_____
d.	Furnishings and equipment	\$	_____
e.	Other: [Specify _____]	\$	_____
f.	Total	\$	_____

5. Total Development Costs

Line 1g. + 2m. + 3i. + 4f. \$ _____

6. Per Unit Development Costs

Total development costs divided by total number of units \$ _____

1. Existing Financing if Applicant Owns Property

a. First Mortgage Amount

\$ _____

Lender:

Balance

\$ _____

Annual Debt Service

\$ _____

b. Second Mortgage Amount

\$ _____

Lender:

Balance

\$ _____

Annual Debt Service

\$ _____

2. Firm Commitments by Funding Source

a. Source:

Amount

\$ _____

Loan term and interest rate:

Form of commitment:

Annual Debt Service

\$ _____

b. Source:

Amount

\$ _____

Loan term and interest rate:

Form of commitment:

Annual Debt Service

\$ _____

c. Source:

Amount

\$ _____

Loan term and interest rate:

Form of commitment:

Annual Debt Service

\$ _____

3. Potential Funding Sources

a. Source:

Amount

\$ _____

Loan term and interest rate:

Status of commitment:

Annual Debt Service

\$ _____

b. Source:

Amount

\$ _____

Loan term and interest rate:

Status of commitment:

Annual Debt Service

\$ _____

