

No rush for light-rail mitigation

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"Since March 1, business has been dismal," says Mary Leonard, owner of Chocolat Celeste. For the three-month period of March through May, Chocolat Celeste took a 42 percent hit in revenue from the same period in 2010—because of the construction of the Central Corridor light rail. (Photo provided by Mary Leonard)

Some businesses wait to qualify for full amount

The 22 days it took for Mary Leonard to apply for and receive the first business mitigation loan along the Central Corridor may seem like a quick response.

But in the fast-paced world of retail, the wait for the \$20,000 check that arrived July 15 felt like forever to the owner of Chocolat Celeste, 652 Transfer Road, St. Paul (basically Cleveland Avenue just north of University Avenue).

"It was a long period of time of mostly not knowing," Leonard said Wednesday. "I felt a lot of

anxiety — was I going to have to start looking for a job?”

Leonard says she had \$18,000 in checks written out to pay bills when the \$20,000 check showed up. The other \$2,000 is already long gone. “Most of it went to rent,” she said.

In June, officials with St. Paul and Minneapolis kicked off the \$4 million, forgivable loan program intended to help businesses losing revenue because of the disruption caused by construction of the 11-mile light-rail transit line between the downtowns of St. Paul and Minneapolis.

So far, response to the program has been modest. Since loan amounts are based on the amount of lost revenue, officials believe some are holding off in applying. Applications also are expected to pick up as more businesses qualify for the program in the coming weeks.

To qualify, a business has to be an independent, for-profit retail-oriented entity with less than \$2 million a year in gross income with four or fewer locations.

The business has to agree to stay on the corridor for five years, provide a personal guarantee and, if needed, prove its “creditworthiness.” One-fifth of the loan is forgiven for each year the business stays on University.

Loans will be based on the amount of revenue the business has lost because of the construction during the time work was done in the area where the business is located.

The Neighborhood Development Center is administering the loan program in the St. Paul section, and the Metropolitan Consortium of Community Developers is handling Minneapolis.

The NDC has \$2.95 million to disburse in one-mile segments on the north and south sides of University Avenue in St. Paul, and MCCD has \$855,000.

The St. Paul section contains about 600 businesses that could qualify; the Minneapolis section has about 150. The businesses in different sections can qualify at different times, based on the start of construction in their section.

So far, through Wednesday, the NDC has received 21 applications, and St. Paul has approved seven for a total of \$96,758, said Brian Singer, director of lending for NDC. So far, the city has denied two applications.

In Minneapolis, one business has applied and that decision is pending, said Dave Chapman, director of lending for the MCCD.

Minneapolis is divided into three sections, and each has a discrete amount of money available, based on the number of potentially eligible businesses — Cedar-Riverside (\$289,825), Stadium Village (\$221,994) and Prospect Park (\$345,323), according to Chapman.

So far, only businesses in Stadium Village can apply for loans, though operations in Cedar-Riverside can start applying Monday, Aug. 1, and Singer expects a rush of applications. Businesses in Prospect Park can't apply until next year.

No one really thinks the \$20,000 limit is enough money to help many of the businesses hurt by the construction project.

“As a matter of overall scale and in terms of the loan amounts being sufficient to meet the mitigation need, the program will likely have only a marginal effect,” acknowledged John Vaughn, director of the University Avenue Business Association.

Some businesses are waiting to apply so they can seek the most they can get based on their loss; some aren't applying because they figure they'll be moving anyway and so would have to pay most of the money back anyway.

Caffe Biaggio, 2356 W. University Ave., is among the businesses planning to apply very soon.

Since mid-April, its lunchtime business is down 40 to 50 percent, and dinner has dipped 20 to 30 percent, owner John D'Agostino said Wednesday.

"We are looking for other avenues — we're looking to do more catering," D'Agostino said. "You can't wait around and see if you're going to qualify for the loan, not that it's that much. But any bit will help."

Leonard opened Chocolat Celeste in 2001 on University near Highway 280. She closed the retail operation in May 2010 to give Internet sales more of a try, and because of anticipated effects of the then-oncoming construction project.

Leonard couldn't stay away, however, and by October she'd reopened Chocolat Celeste in its new location.

Business was OK, Leonard said, because Chocolat Celeste is well-established — OK, that is, until after Valentine's Day.

That's when work crews started replacing the water main on University; with that the construction disruption was under way.

"Since March 1, business has been dismal," Leonard said. For the three-month period of March through May, Chocolat Celeste took a 42 percent hit in revenue from the same period in 2010.

In the end, Leonard said, she is grateful for the money, even though it's long gone.

"My experience [with the loan program] is they did their best, it happened—and there needs to be so much more."

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