

## Community Planning and Economic Development 2011 Budget Hearing

Ways and Means/Budget Committee  
Presentation  
September 22, 2010

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## Highlights of the Mayor's Recommended Budget

The Mayor's recommended 2011 budget includes:

- A reduction to growth of \$89,000 in the General Fund budget.
- A reduction of 4 FTE across all funds to balance the department's long-term financial projections.
- One-time new or expanded funding for the following programs:
  - \$150,000 to the Regional Economic Development Authority
  - \$50,000 to the Mississippi Riverfront Corporation
  - \$200,000 for Youth Employment
  - \$150,000 for the Great Streets program

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## CPED's Mission

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- CPED's mission is to grow a sustainable city.
- We work to grow the population, number of jobs, number of housing units and the tax base.
- Growth is needed to have successful businesses, to create jobs, make transit viable, keep schools and libraries open.
- We increase the tax base and share the tax burden so basic services and quality of life amenities can be provided.
- CPED is the only department charged with growing the city.

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## Trends and Challenges

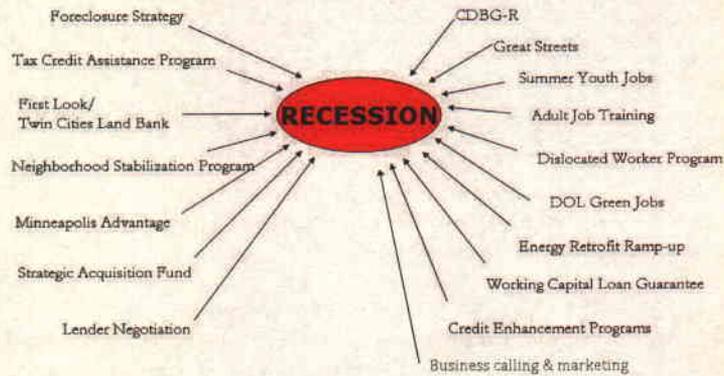
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- Unemployment remains at historically high levels.
- The poverty rate is increasing, while growth in median household income is flat.
- The city's housing market is still stressed.
- Private credit markets remain tight.
- CBD retail vacancy rates are continuing at high levels.
- Property holding costs are rising.
- Local, flexible resources are diminishing.

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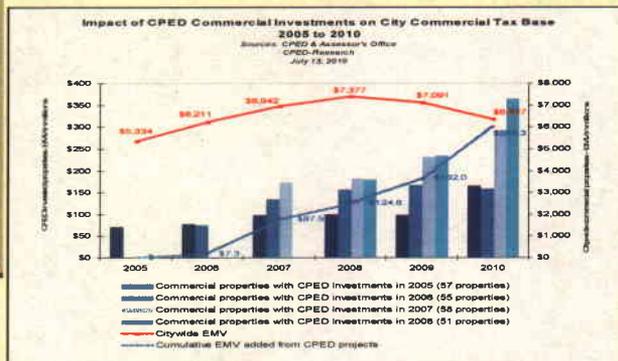
## Ongoing Challenge: Fighting the Recession

### RECENT CPED INTERVENTIONS



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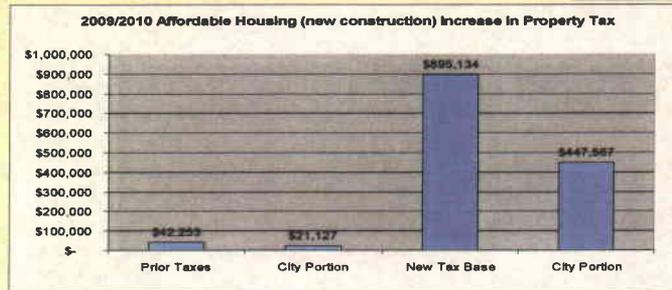
## CPED Investment Impact: Economic Development



- 309 permanent jobs created
- 692 permanent jobs retained
- 2,270 summer youth jobs
- 1,422 construction jobs
- 484 permanent jobs and 5,200 construction jobs projected from brownfield remediation grants received

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## CPED Investment Impact-Housing



- 792 new housing units built or under construction
- 1,133 housing units rehabbed and/or stabilized
- 1180 construction jobs created
- 481 foreclosures prevented
- 250 home purchases via the Minneapolis Advantage Program
- 173 foreclosed properties acquired through The First Look program
- 343 vacant or foreclosed properties acquired through Strategic Acquisition Fund or Neighborhood Stabilization Program for future redevelopment or rehab

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## 3 Major Focus Areas

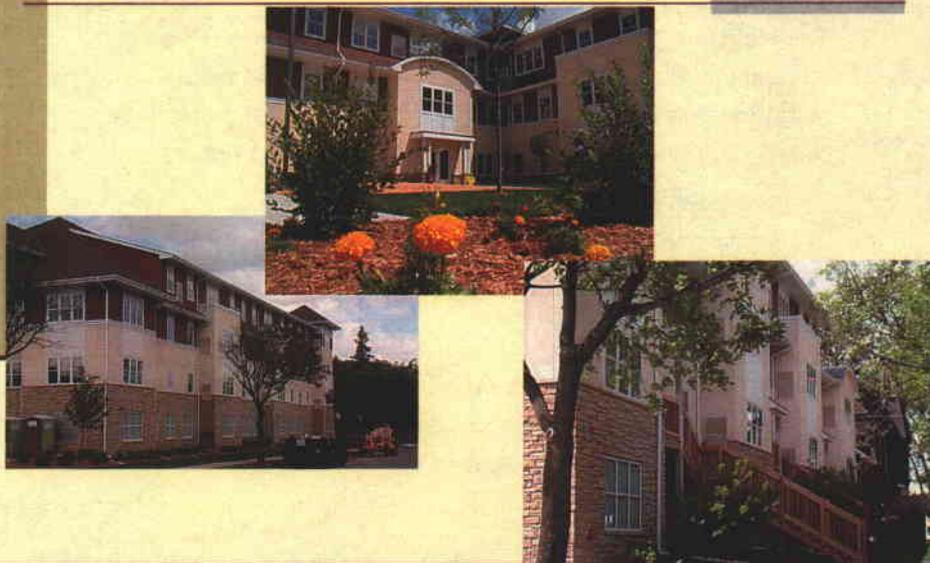
- Growing and Stabilizing Vibrant Neighborhoods
- Transit Oriented Development
- Growing the Regional Economy

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## Growing and Stabilizing Vibrant Neighborhoods

- ▣ **Attracting investment in housing and neighborhood businesses** adds value and vitality to neighborhoods. This protects the City's investment in the tax base and builds healthy neighborhoods. Key CPED efforts to drive redevelopment include:
  - ▣ **Affordable Housing Trust Fund** –provides financing for rental housing development to fill the financial gap and close the project.
  - ▣ **Vacant and Boarded Program** – pays for the removal, demolition and holding costs of blighted single family properties.
  - ▣ **Targeted code enforcement** – in partnership with the Police and Regulatory Services Departments improves safety, security and quality of life.
  - ▣ **Higher Density Corridor Initiative** – funds acquisition, removal and redevelopment of blighted or vacant properties on key corridors.
  - ▣ **Great Streets Program** – offers financing and support programs designed to help businesses develop and succeed along commercial corridors and neighborhood nodes throughout the city.

## Creekside Commons

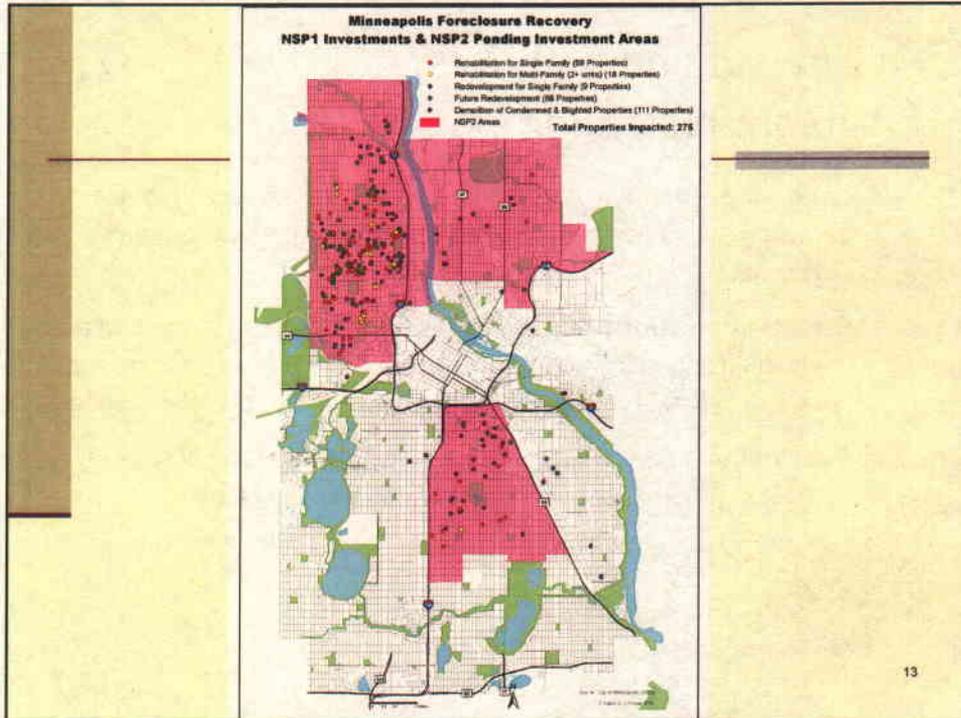


## Recent Great Streets Projects



## Growing and Stabilizing Vibrant Neighborhoods

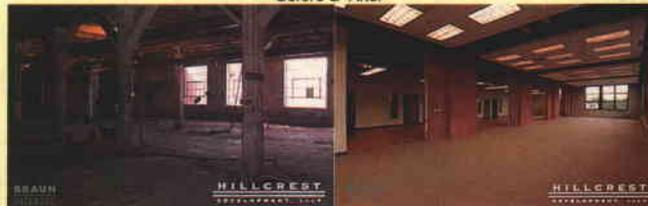
- ▣ The **Neighborhood Stabilization Program** is focused on restoring a healthy housing market in the city's most challenged neighborhoods. It is funded completely by federal grants totaling over \$30 million. The City has no funding in the program.
  - ▣ Down-payment financing, closing cost assistance on foreclosed homes
  - ▣ Purchase and rehab foreclosed or vacant properties
  - ▣ Acquire and demolish foreclosed/vacant properties and hold land for redevelopment
  - ▣ To date, 56 properties acquired for redevelopment, 98 for rehab
  - ▣ NSP1: **\$14 million**; 100% obligated by September 20, 2010
  - ▣ NSP2: **\$15.5 million**; obligations begin after September 20, 2010
  - ▣ NSP3: **\$2.7 million** allocated



## Growing and Stabilizing Vibrant Neighborhoods

- **Brownfields Remediation** – The City helps property owners obtain grants to remove pollution and blight and redevelop properties throughout the city.

Crown Center  
Before & After



- **New Focus for 2011** – Strategic sale of assets held in the City's inventory to bring new development and vitality to neighborhoods.
- RFP of assets most ready for redevelopment.

## Growing and Stabilizing Vibrant Neighborhoods

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- **Long range planning** and detailed small area and corridor plans set vision and policy for future development and redevelopment decisions.
- **Preservation efforts** such as demolition review, historic district and landmark designation, redevelopment support funding, and design review help preserve neighborhood character and property values.
- **Development review** processes ensure what is being built or renovated is consistent with adopted policies and plans.

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## Transit Oriented Development

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- **Transit Oriented Development** presents an opportunity to create new housing and jobs along transportation corridors, increase property values, reduce travel times, and decrease automobile traffic.
  - Comprehensive regional transportation network emerging with focus on Minneapolis
  - Historic level of investment
  - Community development approach that leverages this investment

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## Transit Oriented Development

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- TOD being embraced at federal level (policy and funding)
- Major transitways; including LRT, BRT, HSR, CR, IPR, street cars, and major bus routes
- Transit investments not enough – need to complement with infrastructure and public realm improvements, site assembly and preparation, interim assistance for existing businesses and recruitment efforts to attract new businesses
- Strong collaboration required – local, county, regional, state and federal agencies, plus developers, community stakeholders, and business community

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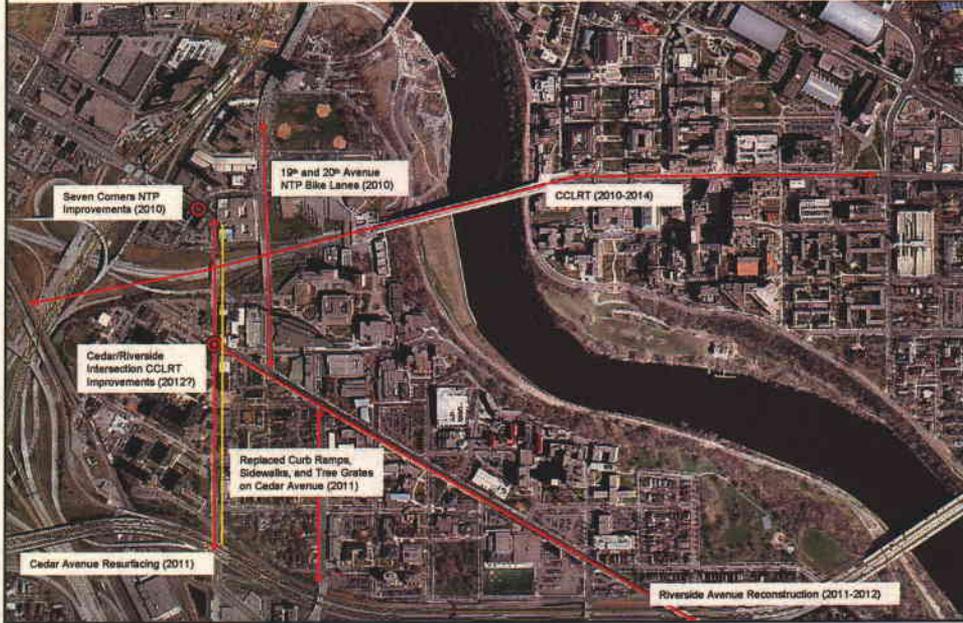
## Transit Oriented Development

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- One of the bright spots in the market today
- Requires multiple strategies and attention – planning, policy, regulation, programs, pre-development work, leveraged investments, creative new funding
- Continue to strengthen relationship with Public Works at city and county level
- Mayor proposing new TOD Director

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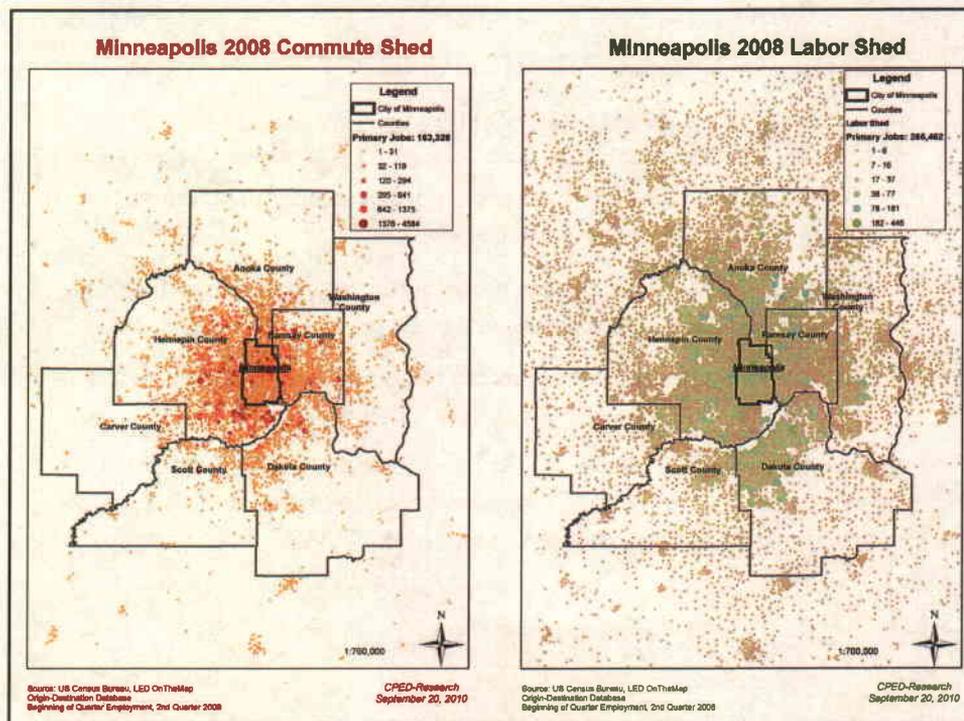
# Funded Infrastructure Projects



## Growing the Regional Economy

- **Regional Economic Development** – Minneapolis is part of a regional economy - many of our residents work elsewhere in the region, and many metro residents work in Minneapolis. But we are overlooked as a region by national site selectors.
  - Regional effort is needed to successfully retain and attract jobs. Efforts to promote the region's economy include:
    - **Itasca Project** study of regional economic development
    - **Brookings Institute** project to promote innovation and entrepreneurship
    - **Regional Council of Mayors** economic cluster initiative
    - **Green Manufacturing Initiative** and **Thinc.greenMSP, Building Retrofit and RENEW Grants**
  - **Legislative agenda:** we share many goals and needs with other metro cities.

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## Growing the Regional Economy

### ■ Federal Grants

- Federal policy is increasingly focused on regional development.
- Federal grants are giving preference to regional collaborations. Many grants themselves seek ways to leverage regional assets that ensure sustainable growth.
- Philanthropic grants are aligning with federal policy.
- Key CPED initiatives to align with federal policies and to win grants include:
  - HUD Sustainability Grant
  - Neighborhood Stabilization Program
  - Green Economy and Energy Grants
- The City needs to be strategic about our local matches.

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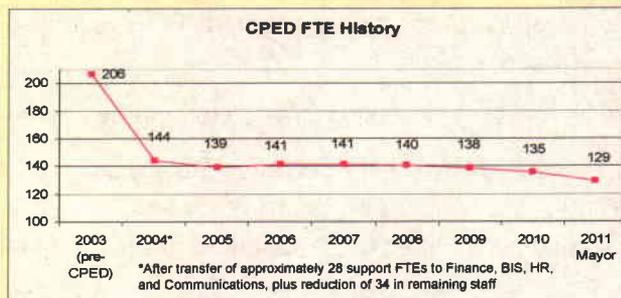
## Impact of Recommended Budget on Key Results

A lack of local flexible resources would equate to a reduced capacity for CPED to continue growing the city:

- **Housing** – fewer foreclosures prevented, fewer home improvement loans, fewer blighted properties acquired
- **Economic Development** – inability to acquire blighted commercial property
- **Planning** – less ability to implement adopted plans through small area plans, zoning code text amendments, rezoning studies, public art projects and other non-regulatory work

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## Recent or Planned Efficiencies



### Reduced overhead costs:

- Since 2008, reduced 24 PCs [12%] and 47 printers [76%]
- Reduced 2011 costs for support functions [finance, attorney, assessor, BIS] by a combined \$800 K
- Reducing space costs by seeking additional sublease tenant in Crown Roller Mill

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## New Initiatives

### 2011 Focus

- Five Year Funding Plan: Mayor's Economic Council
  - Address current structural imbalance, outstanding fund deficits in CPED budget via combination of further cuts, new ongoing revenue
  - Long term financing for City efforts to support growth
- Transit Oriented Development: TOD Advisor
- Tax Base Growth: Results Minneapolis

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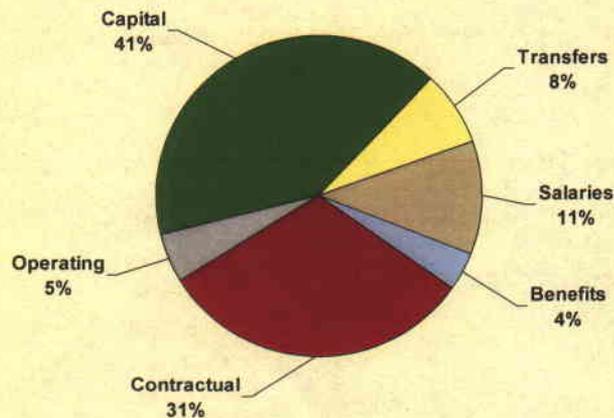
## Health Care Savings - \$111K

- ▣ \$11,900 used to offset proposed General Fund reduction in the 5 year financial direction
- ▣ \$12,800 available to Planning Division for non-personnel expenses
- ▣ \$6,700 used to offset wireless charges (not included for departments funded only in General Fund as charges were made at the fund level; should be provided for departments with other funding sources)
- ▣ \$80,000 this remaining amount is spread across 35-40 funds, many of which are restricted to specific programmatic uses . . . E.g. CDBG, HOME, PPF.

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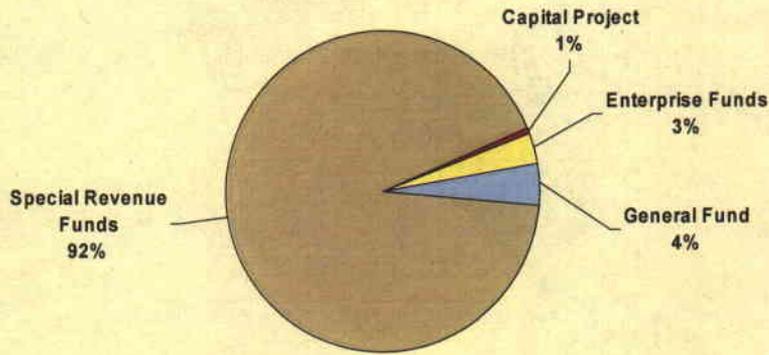
Community Planning and Economic Development – Mayor’s 2011 Recommendation

## Expenditures by Type (\$82.2 million)



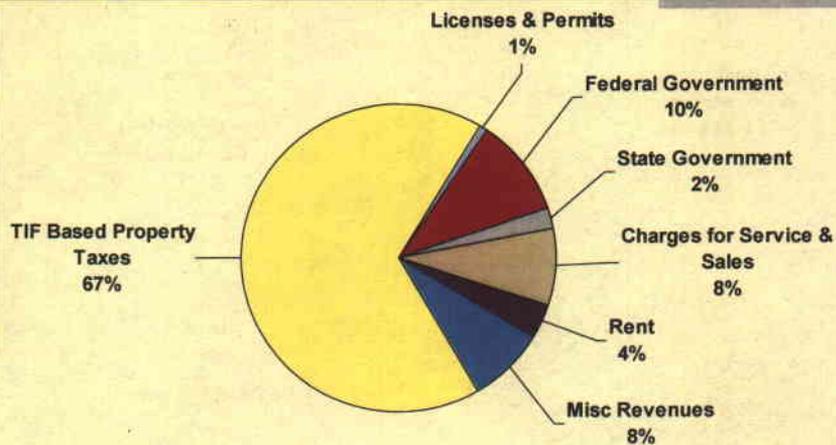
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## Expenditures by Fund (\$82.2 million)



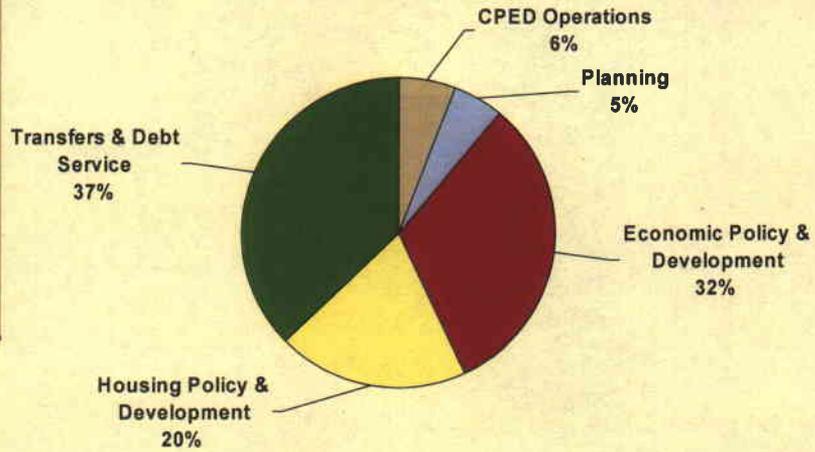
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## Direct Revenue by Type (\$97.6 million)



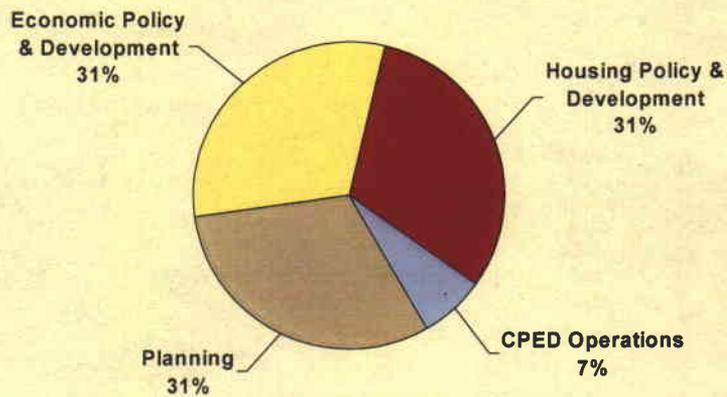
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## Expenditures by Division (\$82.2 million)



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## Positions by Division (129)



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## Schedule 6 Economic Development Programs

Strategy/Program	2010 Adopted	2011 Mayor's Recommended
<b><u>Commercial Development</u></b>		
Great Streets Program	4,250,000	3,491,480
Commercial Property Management Costs		478,000
BDF Loans	125,000	125,000
Riverfront Development Organization	50,000	50,000
St. Anthony Heritage Board	31,000	
Regional Economic Development Entity (REDE)		150,000
<b><u>Business Assistance / Finance</u></b>		
BDF Loans	125,000	125,000
2% Loans	1,500,000	1,500,000
Commercial Corridor 2% Loans	1,500,000	1,500,000
Capital Acquisition Loans	750,000	750,000
Grants	135,000	120,000
Business Assoc. Assistance	210,000	150,000
Alternative Loans	300,000	300,000
Credit Building Loans	50,000	25,000
<b><u>Workforce Development</u></b>		
Youth and Adult Employment and Training Programs	3,175,590	3,648,590
Keep it Closed	700,000	

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## Schedule 7 Housing Development Programs

Strategy/Program	2010 Adopted	2011 Mayor's Recommended
<b><u>Affordable Rental / Homelessness</u></b>		
Affordable Housing Trust Fund (AHTF)	8,808,189	8,240,644
<b><u>Financing</u></b>		
TIF, LIHTC, Bonds	project driven	project driven
<b><u>Home Ownership / Affordable / Foreclosure Programs</u></b>		
Affordable Ownership Combined Program	500,000	250,000
Tax Increment Financing (TIF)	project driven	project driven
5-Point Housing Strategy - Minneapolis Advantage Prog	250,000	250,000
Mortgage Foreclosure Prevention Program	570,000	315,000
Home Ownership Works (HOW)	622,720	537,702
GMHC Home Ownership Program	334,000	334,000
Home Improvement Program	445,000	
Vacant and Boarded Building Program	1,782,253	782,000
Vacant and Boarded Property Management Costs		1,000,000
CityLiving Home Program	market driven	market driven
NRP Housing Activities	by action plan	by action plan
<b><u>Mixed Rental / Ownership Programs</u></b>		
Higher Density Corridor Initiative	730,000	730,000

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