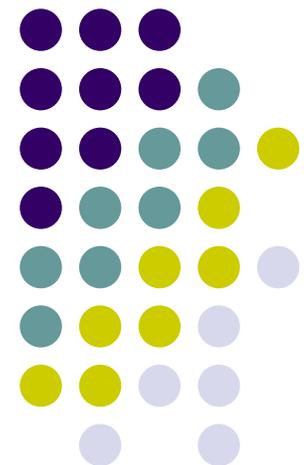


# Community Engagement: Track 3 Background Information



Summary presentation prepared by the  
Office of the City Coordinator

October 18, 2007





## Track 3 Background Information

- On May 23, 2007, the City Council directed staff to prepare background information for Track 3 of the Work Plan for Community Engagement System Improvements and Related NRP Decisions to *“Determine the Focus, Funding and Governance of NRP Program and Action Plan Activities after 2009.”*
- This presentation summarizes the information staff has prepared for the City Council, which is available online:

[http://www.ci.minneapolis.mn.us/communications/CETrack3\\_home.asp](http://www.ci.minneapolis.mn.us/communications/CETrack3_home.asp)





# Presentation Outline

The information is organized in seven sections:

- NRP Beginnings, Structure & Goals
- Investments & Accomplishments
- Resident Participation & Inclusiveness
- Financial History & Status
- 2009 & Afterwards
- Tax Policy Considerations
- Defining Change





# NRP Beginnings & Structure

NRP's beginnings involved a series of events:

- Mayor and Council established a Neighborhood Housing and Economic Development Task Force (1987)
- The Task Force recommended the creation of a 20-year neighborhood revitalization plan (1988)
- Legislature provided the authority for the City to establish the NRP, followed by a City ordinance (1990)
- A joint-powers agreement between the City, County, Schools, Parks and Libraries followed (1992)



# NRP Goals



- First stated in authorizing legislation in 1990
- Restated and revised in:
  - 1990 City Ordinance
  - 1991 Joint Powers Agreement
  - 1992 NRP Primer
  - 2001 Policy Board – Phase II Goals
- The following chart illustrates how these goals have evolved over time



# Comparison of NRP Goals

State Legislation (1990 Session)	City Ordinance		Joint Powers Agreement 1991	NRP Primer 1992 - Present
	1990 (Phase I Goals)	2001 (Policy Board: 1999) (Phase II Goals)		
<p>1. Social needs of neighborhood residents, particularly low-income neighborhoods, must be addressed to provide a safe and healthy environment - provide for the self-sufficiency of families and increase the economic and social stability of neighborhoods.</p> <p>2. The children residing in these neighborhoods must be given the opportunity for a quality education and the needs of each neighborhood must be addressed individually whenever possible.</p> <p>3. The physical structure of the neighborhoods must be enhanced by providing safe and suitable housing and infrastructure to increase the desirability of neighborhoods as places to live.</p>	<p>1. To establish a cooperative and coordinated service planning, funding and delivery process involving neighborhood residents, public agencies and private interests.</p> <p>2. To develop a joint planning effort which results in a multi-year plan complementing the programming of all parties.</p> <p>3. To provide a framework which encourages and enables the reallocation of existing resources to fund specific program priorities.</p> <p>4. To reserve and dedicate resources from the specified tax increment districts, from program funds and from the neighborhood bank to fund a multi-year plan.</p> <p>5. To preserve and dedicate a source of funding for multi-jurisdictional youth projects of high city priority.</p>	<p>1. Create a greater sense of community so that the people who live, work, learn and play in the City of Minneapolis have an increased sense of commitment to, and confidence in, their neighborhood and their city.</p> <p>2. Sustain and enhance neighborhood capability in order to strengthen the civic involvement of all members of the community by reaffirming our commitment to the state mandate that fifty-two and five tenths (52.5) percent of the Chapter 604 funds be spent on housing programs and related purposes.</p> <p>3. Ensure that neighborhood-based planning remains the foundation of the program, is informed and leads to creative and innovative approaches.</p> <p>4. Strengthen the partnerships among neighborhoods and jurisdictions to identify and accomplish shared citywide goals.</p> <p>5. Ensure that government agencies learn from and respond to neighborhood plans so that public services ultimately reflect neighborhood priorities.</p>	<p>1. To preserve and enhance private and public health and safety, economic vitality, the sense of community and social benefits within the neighborhoods of the city.</p>	<p>1. To build neighborhood capacity.</p> <p>2. To redesign public service.</p> <p>3. Increase intergovernmental cooperation.</p> <p>4. To create a sense of place in the neighborhoods.</p>

# Investments & Accomplishments

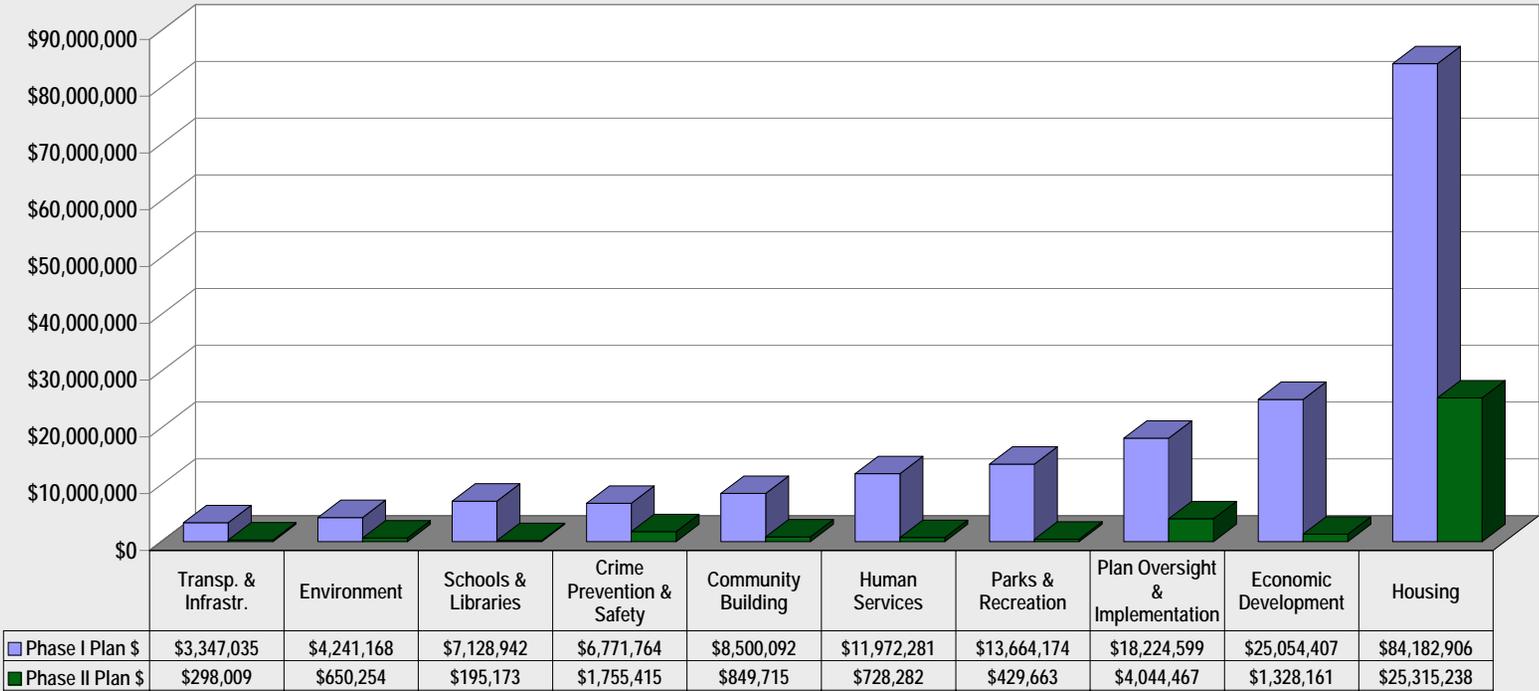


- To date, the City Council has approved the use of almost \$275 million of NRP funds.
- Approximately 80 percent of these funds have been allocated through Neighborhood Action Plans.
- NRP funds have been invested in housing, economic development, parks and recreation, human services, community building activities, crime prevention and safety, schools and libraries, environmental initiatives, transportation and infrastructure, and neighborhood administrative support.
- A complete report is available online.



# NRP Neighborhood Action Plan Allocations

**NRP Plan Allocations**  
by Phase and Category  
(1991-2007)



# Resident Participation & Inclusiveness



Highlights from some of the available surveys and studies:

- NRP has boosted participation in neighborhood groups and led to an increase in more competitive board elections. (*CURA*)
- The time demands of NRP exacerbate the bias in citizen participation toward the middle class. (*CURA*)
- The one clear-cut result of the NRP is the greater involvement of citizens in planning for their neighborhoods and a consequent heightening of community capacity and neighborhood identity. (*Rutgers University*)
- In some neighborhoods, middle-income, mainly white, homeowners dominated the process. (*Rutgers University*)
- The design of the NRP ensures the long-term success of public involvement by institutionalizing the decision-making role of neighborhoods for that involvement. (*Kennedy School of Government*)
- Participation from particular groups such as minorities, renters, absentee property owners, seniors and young people is commonly low. (*Kennedy School of Government*)





# Financial History

- In 1990, the City fully expected the Common Project to produce sufficient revenues to support the NRP through 2009 (\$404.3 million) and to provide an additional \$600 million for citywide development funding.
- Changes to State property tax law in 2001 dramatically reduced revenue to TIF districts throughout Minnesota, including the Minneapolis Common Project.
- This affected both the NRP and the City's ability to fund citywide development activity.





# Responses to Reduced Revenue

- The NRP Ordinance was amended in August 2003 to prioritize how Common Project revenues would be spent:
  1. Debt service and outstanding contractual obligations;
  2. Tax Increment district administrative costs;
  3. Reservation of funds for Phase II NRP;
  4. City general development purposes.
- Concurrently, the City adopted a resolution, with NRP Policy Board support, allowing MCDA (now CPED) to borrow funds for discretionary development from the Legacy Fund and repay the loan from the Common Project.
- The NRP Policy Board established Phase II Action Plan allocations and plan expenditure limits based on City projections of Common Project revenues.





## Current Financial Status

- Common Project revenue has continued to decline, resulting in a current (Oct. 2007) projection that NRP's total revenues will be \$297.2 million, a 26 percent reduction of the original 20-year program expectation.
- Because the Policy Board limited Phase II expenditures to 70% of allocations, during the first three years following the approval of a plan, this reduced revenue should be sufficient to fund Phase II Action Plans at the 70% level.
- The City's obligation to fund NRP ceases at the end of 2009, with a final transfer from the Common Project estimated at \$17 million (this will occur in 2010 at the close of fiscal-year 2009 accounting).





# Program Income

- NRP generates revenue from various program activities, including loan repayments and sale proceeds.
- The City adopted a resolution in 2005 encouraging neighborhoods to invest in programs that generate program income and committed to “...hold, reserve and account for program income generated with an NRP neighborhood for future use by that NRP neighborhood...”
- Total non-contracted program income held by the City (or third-party vendors on behalf of the City) and available for neighborhood use is now approximately \$10.8 million.





# Unspent Fund Balances

- Unspent NRP fund balances, as of October 2007, total approximately \$35.7 million.
- These unspent balances primarily include funds that are committed to approved NRP Phase I and Phase II Neighborhood Action Plans.
- \$4.2 million of these unspent funds represent the City-held portion of the \$10.8 million in non-contracted program income noted above.





## 2009 & Afterward

- While the City's funding obligation ceases after 2009, significant contractual, programmatic and financial obligations - for NRP and for the City of Minneapolis - will continue for many years to come:
  - \$17 million of Phase II funding will not be received by the NRP until 2010, as noted earlier;
  - \$10.8 million in program income is available for re-contracting by neighborhoods, and program income will continue to be generated;
  - 35 Phase II Neighborhood Action Plans are yet to be approved for funding; and
  - There is no currently-identified fund source to pay for the costs of administering this program after 2010.





# Tax Policy Considerations

- Until specific recommendations are made it is not possible to fully assess the possible tax policy considerations, except to note that:
  - Legislative changes that extend the duration and permissible uses of the pre-1979 tax increment financing districts would reduce the total tax base available for general property tax purposes;
  - This reduction would be offset by deferred LGA and Fiscal Disparities consequences until such time as decertification did occur; and
  - Recommendations that require new General Fund support would either compete with current General Fund services or require new levy.



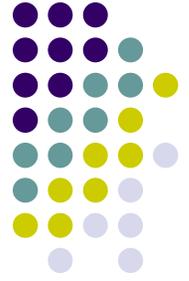


# Defining Change

- Any consideration of a modified NRP program would start with a recognition of the need to manage the continuing obligations outlined earlier.
- In addition, there are key questions, the answers to which would inform the issues of focus, funding, governance, and the role of other governmental units:
  1. What will be the needs of the City in 2010 and forward, and how might a continuation of the NRP in some form help to address them?
  2. At what level are the State and the NRP joint-powers partners interested in providing public funding to NRP after 2009 to address those needs?



# Assessing Community Needs



- Recent responses from Minneapolis Resident Surveys may provide useful guidance for a discussion of current community needs, including feedback on:
  - Challenges facing the city
  - Neighborhood perceptions and image
  - Perceptions of current place of residence
  - City service importance ratings
  - Balancing resident satisfaction and priorities
  - Likelihood of participating in city government decision making
- The Community Engagement Task Force Report also may provide guidance for this discussion.

