



## An Ongoing Commitment to Taxpayers & Neighborhoods

Faced with dramatic financial challenges brought on by repeated cuts to local government aid, escalating pension costs, and the impact of the economic recession, the City is asking everyone – including neighborhoods – to tighten our belts in an effort to protect Minneapolis property taxpayers.

Actions taken by City leaders:

- balance property tax relief with ongoing and sustainable support for neighborhoods,
- provide for a smooth transition and continuity of funding from NRP to new funding sources for neighborhoods, and
- combine existing neighborhood program administration (NRP and City) to reduce ongoing operating costs.

### Balancing Property Tax Relief & Sustainable Neighborhoods

- Faced with few options to provide a level of **property tax relief** to Minneapolis homeowners, the City froze \$12.68 million\* of NRP dollars at the end of 2010. This step:
  - Allowed the City to reduce its property tax levy for homeowners by 1.7% in 2012 and 1.6% in 2013. [*\*Note that only \$10 million was needed for property tax relief in 2012 and 2013 and therefore the City Council has released \$2.68 million back to the NRP Policy Board to redistribute to neighborhoods.*]
  - Accounts for about **3% of the overall investment** Minneapolis has made in the **Neighborhood Revitalization Program** over the past 20 years.
  - Ensures that **all neighborhoods have on-going operating support** through the City's new Community Participation Program by using the \$10 million to help all neighborhoods successfully transition from the NRP model.

### A Smooth Transition for Neighborhoods

- NRP was intended to be a 20 year program (1990-2010), with funding generated through TIF districts that expired in 2009.
- Even with full funding of NRP Phase II, some neighborhoods are reaching the end of their allotments of NRP funding. The City is reprogramming the last \$10 million of NRP's \$300 million in taxpayer investments to help **all neighborhoods** successfully transition from the NRP model to the City's new Community Participation Program.
- Without this transition phase, neighborhoods will begin to run out of operating dollars and perhaps the ability to stay afloat. There are neighborhoods at risk of depleting their Phase II funds as early as 2011, and the number of neighborhoods at risk increases each year. If the NRP is extended into the transition phase, the Community Participation Program will not be funded in 2012 and 2013 and some neighborhoods will face a real risk of running out of operating dollars.

### **Neighborhoods with the highest needs receive the most funds**

- Although all neighborhood organizations will receive funding, Minneapolis has established a needs-based allocation formula that provides the most funds to Minneapolis' highest needs, most diverse neighborhoods in North and South Minneapolis.
- This allocation model is reflective of how the City already prioritizes its highest-needs neighborhoods for investments. As an example, since 2008 Minneapolis has invested roughly \$46 million economic recovery and other dollars toward programs to purchase, rehab and/or redevelop properties, offer homeownership incentive financing, and in down payment assistance programs. Those programs are only available in our highest-needs neighborhoods

### **Minneapolis' plan**

- Reprogram the last \$10 million of the \$300+ million NRP to help all neighborhoods successfully transition from the NRP expenditure-based model to the new CPP engagement-based model. Note that **all** of the **neighborhood funding** will **go** to support **neighborhood organizations** – no funds go to support other City enterprise and operations.
- Use a needs-based funding formula that allocates remaining NRP funds to deliver more dollars to the neighborhoods with the highest needs.
- Revise the Community Participation Program to implement a two-year transition phase in 2012 and 2013.
- Develop a process for establishing neighborhood priorities that will be used to inform and affect the City's annual budget.
- Establish a policy direction for City departments that supports greater connections with neighborhoods.

### **What won't change**

- All neighborhoods will continue to establish their own priorities and plan activities and projects to increase neighborhood livability. The Minneapolis plan is still a "bottom-up" approach.
- The City of Minneapolis — through its Community Participation Program — will continue to support strong neighborhoods so they can: identify and act on neighborhood priorities, influence City decisions and priorities, increase involvement. The City will support meaningful connections that help neighborhoods find partners that can help residents achieve their goals and implement neighborhood projects.
- The core values of community engagement will continue to guide the City's work.
- NRP earned program income will remain under the control of neighborhood organizations.
- The transition phase will be consistent with the NRP State statute.
- In reviewing Phase II Neighborhood Action Plans, the City Council will continue to act in such a way that the entire plan can be implemented if new funding becomes available.