

## **Capitalizing Neighborhood Improvement in Minneapolis and NRP**

### **Purpose:**

- Create a stable, committed, definable, and long-term source of funding for continued investment in the improvement of neighborhoods in Minneapolis.
- Complete the original commitment to residents that was made when the Neighborhood Revitalization Program statute was enacted.

### **Background:**

When the State legislature passed the Neighborhood Revitalization Program (NRP) legislation in 1990 (Minnesota Statutes 2006, section 469.1781 and 469.1831) the expectation was that the program would receive \$20 million each year from the TIF districts and other revenue sources of the City's Common Project over 20 years for a total of \$400 million to revitalize the neighborhoods of Minneapolis.

In 2001 the State legislature adopted tax law changes that greatly reduced the revenues from the Common Project that were the primary source for the \$400 million. In fact, the City of Minneapolis, in its most recent projections, is showing total program revenues to NRP of about \$300 million by the end of the original funding period (2009). This is \$100 million less than the amount originally committed.

NRP and the neighborhoods of the City have met their commitments. They have:

- developed and implemented impressive neighborhood action plans
- invested in improvements to the housing stock
- helped accomplish economic revitalization in depressed neighborhoods
- improved the physical and civic infrastructure of Minneapolis
- leveraged over \$1 billion of additional public and private investment in neighborhood improvements

NRP is an urban success story, held up as a model across the country and even internationally.

Investment in neighborhoods, however, continues to be desperately needed. The number of mortgage foreclosures in Minneapolis is only one indicator of the need for continued attention to neighborhood revitalization.

In mid-2009 the pre-1979 TIF districts in the Common Project are due to be decertified, eliminating the main source of NRP funding.

## **Proposal Regarding NRP for the 2008 Legislative Session**

Amend the existing statutes relating to NRP to do the following:

1) Extend the life of the pre-1979 TIF districts currently scheduled to decertify in 2009 to 2019.

2) Require that the excess tax revenues generated from the TIF districts (after any existing annual debt and contractual obligations of the districts are paid) be reserved for, and transferred to, the appropriate local government jurisdictions in the same proportions as they would be directed to the local taxing jurisdictions if decertification had occurred, with the City of Minneapolis portion to be split equally between the City and the NRP. The revenues designated for NRP shall be transferred directly to the NRP annually within 14 calendar days of the date their amount has been finally determined.

3) Require that the governance of the NRP must be by an independent Governance Board with at least 60% of its members elected by the neighborhoods developing neighborhood action plans and with other members to be the Mayor of Minneapolis, the President of the Minneapolis City Council, and representatives from the Minnesota Legislature, Hennepin County Board of Commissioners, Minneapolis Park Board and Minneapolis School Board.

4) Assign the following responsibilities to the NRP Governance Board:

- hiring, firing, and managing NRP staff,
- approving neighborhood action plans and their modifications,
- preparing and administering implementation contracts for strategies in approved neighborhood action plans,
- monitoring neighborhood action plan implementation,
- designating neighborhood organizations for participation in NRP,
- other activities required to cost effectively implement and manage the NRP program and monitor and support neighborhood organizations, and
- documenting the benefits resulting from NRP projects and activities.