

## Background

Between 1991 and the end of July 2014, \$240.9 million of TIF funds and other redevelopment revenues were committed to neighborhoods through approved NRP Phase I, NRP Phase II, and the Community Participation Program plans. In addition neighborhood organization investment of these funds generated more than \$24.5 million in additional revenue. This “program income” most often comes in the form of repaid principle and interest on home fix-up loan programs developed by the neighborhood organizations, but may also come from other sources such as repayments of loans through commercial loan programs or construction loans for multi-family affordable housing projects.

As of the end of July 2014, 92% of NRP Phase I obligations have been expended, 67% of Phase II obligations, and 63% of CPP obligations. Overall, 86% of TIF funds obligated to neighborhood plans since 1991 have been expended.

The unexpended fund balance of \$33,520,110.56 is the neighborhood fund balance. This includes both contracted and uncontracted funds.

	Phase I	Phase II	CPP	Total
Plan Allocations	\$184,286,362	41,808,603.00	14,838,628.00	\$240,933,593
Program Income	\$21,776,707	2,806,963.59		\$24,583,671
<b>Total obligations:</b>	<b>\$206,222,221</b>	<b>\$44,211,185</b>	<b>\$14,740,014</b>	<b>\$265,517,264</b>
Expenditures	\$192,357,534	\$28,912,810	\$9,916,067	\$231,186,411
Balance	\$13,864,687	\$15,298,374	\$4,823,947	\$33,987,008
Contracted	\$5,921,932	\$9,202,821	\$2,747,291	\$17,872,044
<b>Uncontracted</b>	<b>\$7,942,755</b>	<b>\$6,095,553</b>	<b>\$2,076,656</b>	<b>\$16,114,965</b>

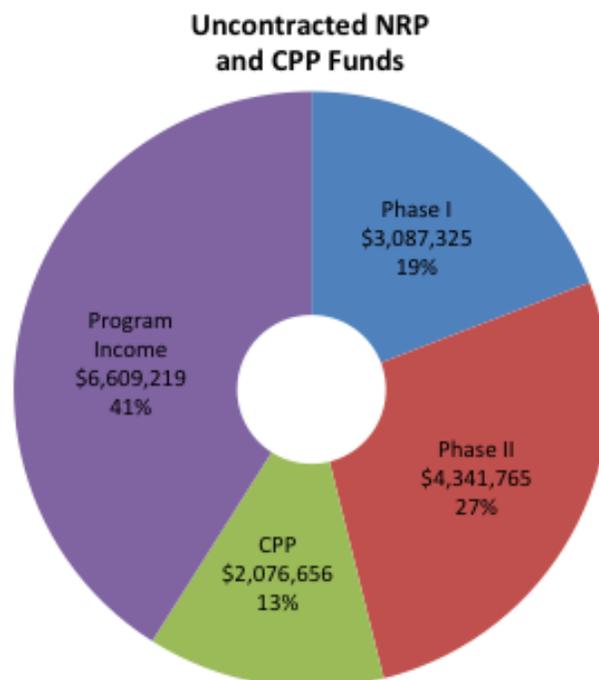
### Analysis of Neighborhood Programs Fund Balances:

As of the end of August 2014, the balance of uncontracted NRP and CPP funds is \$16,114,965. Of the uncontracted funds:

- 41% is program income
- 27% Phase II funds
- 19% Phase I funds; and
- 13% CPP funds

Program Income: In addition to the revenues from the TIFs, neighborhood organization investments generated more than \$24 million in revenue. This is referred to as “program income.” The combination of total of original commitments and program income is \$265,548,632.

Program income most often comes in the form of repaid principle and interest on home fix-up loan programs developed by the neighborhood organizations, but may also come from other



sources such as repayments of loans through commercial loan programs or construction loans for multi-family affordable housing projects.

Of the \$24.7 million generated in program income, 73% has been contracted. Presently, \$6.6 million is uncontracted.

Phase I and Phase II Funds: The NRP Phase I and Phase II programs allocated over \$240 million to neighborhood groups over a 20 year period. The uncontracted fund balance for Phase I and II represented 5.6% of the total allocation. Neighborhoods entered the NRP program over an extended period of time and the program did not establish an expectation of when funds needed to be used.

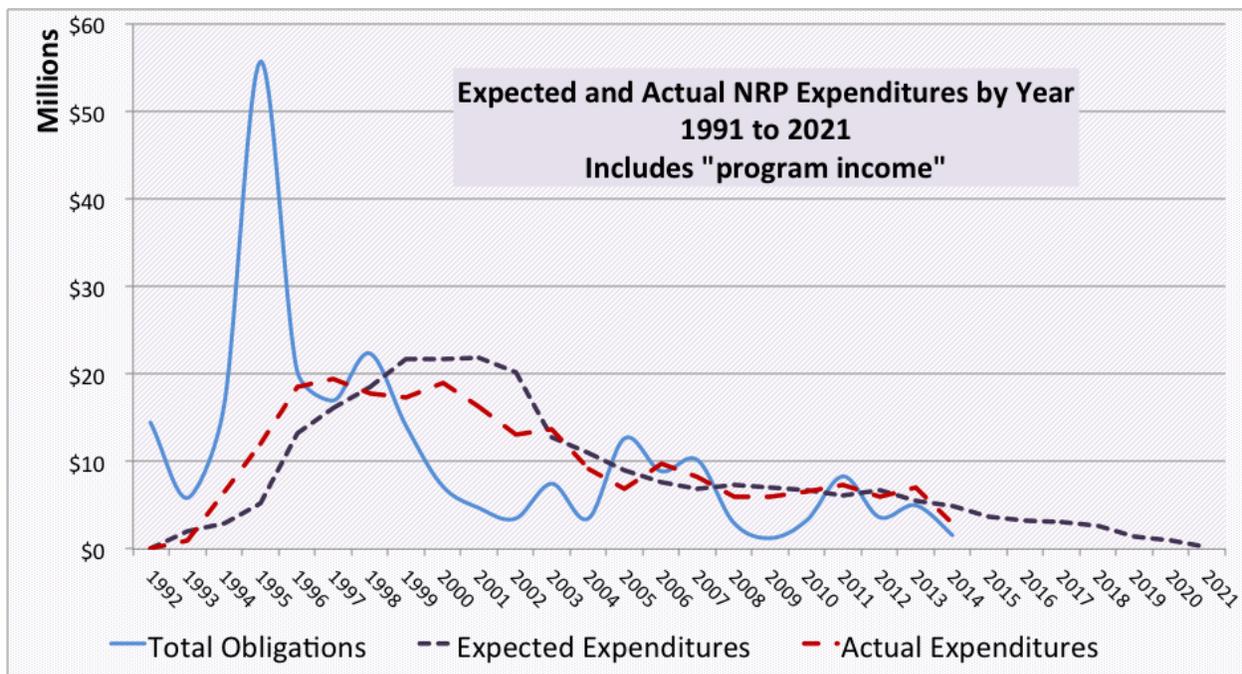
	<b>Program Income</b>	<b>Contracted</b>	<b>Uncontracted</b>
Phase I	\$21,924,287.96	\$17,068,857.41	\$4,855,430.55
Phase II	\$2,862,981.25	\$1,109,192.51	\$1,753,788.74
Total:	\$24,787,269.21	\$18,178,049.92	\$6,609,219.29

Community Participation Program Funds: The CPP program has allocated \$14.8 million to neighborhood organizations since 2011. The \$2 million yet to be contracted represents 13.9% of the program total. CPP funds that are not contracted in the first two funding cycles after they become available can be retained by the NCR Department for other community engagement work.

### **Expected and Actual NRP Fund Expenditures**

NRP Phase I and Phase II plans were designed around ten-year allocations, with each neighborhood developing a single plan during that period. An analysis of actual NRP Phase I and Phase II expenditures shows that neighborhood organizations are projected to expend all Phase I and Phase II funds by 2021. Actual year-by-year expenditures of NRP funds were closely correlated to expected year-by-year expenditures.

The chart on the next page compares the amount of funds obligated each year through approved neighborhood plans to expected expenditures and actual expenditures from 1992 to the present. The chart factors in additional revenues from program income.



- The light blue line shows total commitments to neighborhood NRP Phase I and Phase II plans between 1991 and 2014.
- The dashed purple line shows expected expenditures of NRP funds assuming neighborhoods expend funds over the seven years following approval of their plan.
- The dashed red line shows actual expenditures between 1991 and the end of July 2014.
- Projections of expected expenditures indicate that most NRP Phase I and Phase II funds will be expended by the year 2021.

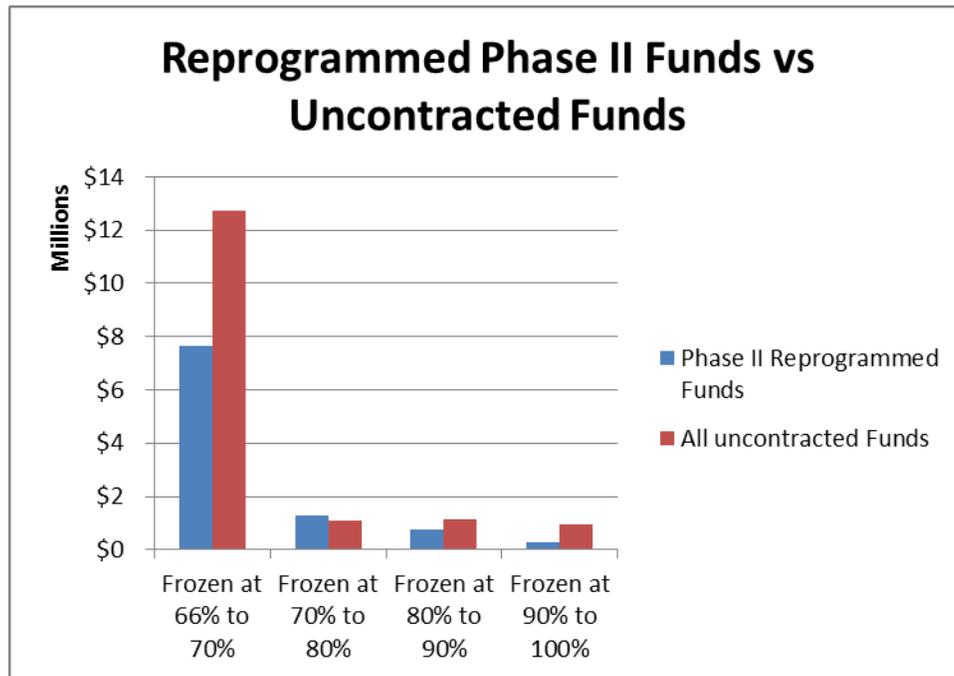
### **Factors Affecting Contracting of Fund Balance**

- The 70 neighborhood organizations have varying levels of capacity to move funding. Many neighborhoods have chosen to be entirely volunteer-based while others have staffing. This affects a neighborhood's timing to get community approval of a plan or project and complete the contracting process.
- The NRP program did not require a timeframe for neighborhoods to spend their funding. The program was based on neighborhoods working at their own pace and capacity.
- Neighborhoods did not enter the NRP program at the same time. The last Phase I Neighborhood Action Plan was not approved by the NRP Policy Board until the end of 2007.
- The uncontracted fund balance includes funding neighborhoods have committed to projects and/or programs but that have not yet commenced. Frequently, neighborhoods and developers use NRP money as "first in" for a project. These funds can then be used to leverage additional resources. These funds are not contracted until the project closes.

- In 2012, the Minnesota State Auditor found that program income generated through housing loan programs should not be held by the nonprofit housing vendors and should be returned annually to the City of Minneapolis. As a result, more than \$4 million of housing funds were returned in 2013 and are being held by the City of Minneapolis.
- Between 2001 and 2009, neighborhood organizations were actively discouraged from contracting Phase II funds due to funding uncertainties.

### Reprogrammed Funds vs Uncontracted Funds

Neighborhood organizations that had the highest amount of funds reprogrammed following the December 2010 Budget process also have the highest level of uncontracted funds.



### Examples of Neighborhood Organization Commitments for Uncontracted Funds.

Neighborhood organizations have reported current commitments of uncontracted funds, especially for housing programs. Examples include:

- Jordan Area Community Council and Lowry Hill East Neighborhood Association have each requested that \$500,000 of currently uncontracted housing funds be contracted with CEE to continue neighborhood home repair and homebuyer assistance programs.
- Hawthorne Neighborhood Council has requested \$400,000 be contracted with Greater Metropolitan Housing Corporation (GMHC) for home repair, homebuyer assistance and emergency home repair grants.
- East Phillips Improvement Coalition has requested that \$50,000 of neighborhood NRP funds be contracted for the Phillips Community Center Pool, \$47,000 for community safety initiatives, and \$30,000 for community engagement activities.
- Holland Neighborhood Improvement Association has recently started a contract for \$200,000 for a commercial loan fund.

- Southeast Como is planning preparing to reallocate NRP funds to provide \$20,000 homebuyer assistance in the Como neighborhood through its partnership with the City of Lake Community Land Trust.
- McKinley neighborhood is proposing to contract \$35,000 to support Community Gardens.
- Lind-Bohanon is developing plans to commit \$154,000 of uncontracted funds toward North Lyndale Revitalization.