

Revitalizing Minneapolis¹

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1. Background: *What is the Neighborhood Revitalization Program?*

By the late 1980s, many of Minneapolis' inner-city neighborhoods faced serious decline. Dilapidated housing stock, deteriorating school quality, and mounting crime were driving many residents away. In the 1970s alone, Minneapolis' population had dropped by more than 14%.³ Declining homeownership and housing abandonment were some of the symptoms of the "emerging social and physical decay"⁴ that prompted many residents to leave the city in favor of more desirable suburban areas.

While inner-city neighborhoods were facing serious decay, the downtown commercial area was booming after decades of substantial public and private investment. The stark contrast between a flourishing downtown and the surrounding degraded neighborhoods created political pressure to improve the city's residential sectors. The 1984 city election brought new council members with neighborhood constituencies who were mobilized to reverse the decline of residential areas.⁵ This coalition organized a series of task forces to develop proposals and find solutions to neighborhood decay. A serious program, these groups said, would cost the city more than \$3 billion. That price tag far exceeded the city's means, and the groups instead turned to an innovative approach that would capitalize on the energies of residents themselves. Delegating power and authority over revitalization planning to neighborhood residents, they thought, would improve public services design and delivery through citizen input, lead to cooperation among city agencies, increase neighborhood capacity and revitalize their social fabric.

This new approach, called the Neighborhood Revitalization Program (NRP), was established by the Minnesota state legislature and the Minneapolis city council in 1990, and dedicated a total of \$400 million over a 20-year period, at a rate of \$20 million a year, to revitalize inner-city neighborhoods. The central logic of the NRP's design was to accomplish a primary *substantive* objective – revitalizing neighborhoods in order to stem and reverse the residential exodus by making "the city's residential areas better places to live, work, learn and play"⁶ –

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³ Denise R. Nickel. "The Progressive City? Urban Redevelopment in Minneapolis," *Urban Affairs Review*, Vol. 30, No. 3, January 1995, pp. 355-377.

⁴ Susan S. Fainstein, Clifford Hirst, and Judith Tennebaum. *An Evaluation of the Minneapolis Neighborhood Revitalization Program*, Center for Urban Policy Research Policy Report No. 12, New Brunswick, NJ: Rutgers-The State University of New Jersey, January 9, 1995.

⁵ Denise R. Nickel. "The Progressive City? Urban Redevelopment in Minneapolis," *Urban Affairs Review*, Vol. 30, No. 3, January 1995, pp. 355-377.

⁶ NRP Primer.

through the *procedural* innovation of empowering residents of neighborhoods to set local priorities, design projects, and implement them.

2. Program Architecture: *How the Program Works*

Resources to fund the program did not originate from the city budget but from tax increment financing generated by downtown commercial districts. Neighborhoods were divided into three categories according to their level of deprivation: a) *Protection* neighborhoods were those that were relatively better off and in no immediate danger of tipping; b) *Revitalization* areas were substantially sound but at risk of decline absent intervention; and c) *Redirection* areas were already in decline and thus needed stronger intervention. Exhibit 1 provides a map of Minneapolis' neighborhoods. The 20-year program started in the early 1990s and was divided into Phase I (first decade) and Phase II (second decade).⁷

NRP provides funding to all 81 neighborhoods in Minneapolis even though some areas are well to do. This policy of inclusion fosters a basis of political support throughout the city since everyone gets something. But a progressive allocation formula ensures that resources go where they are needed the most. More deprived neighborhoods receive millions of dollars while wealthy areas receive only a few hundreds of thousands. In Phase I, some of the poorest neighborhoods had allocations of \$2,800 per household, while some affluent protection neighborhoods received \$400-500 per household. On average, protection neighborhoods were allocated around \$700 per household, revitalization ones received over \$1,200 per household, while allocations for redirection neighborhoods were on average over \$1,900 per household.⁸ Exhibit 2 charts NRP's fund allocations by neighborhood.

In order to participate in NRP, neighborhoods must have a resident organization, established as a 501c(3) corporation, to coordinate planning, oversee the implementation of projects, and work with city departments. Besides establishing local organizations, neighborhoods must formulate a "Participation Agreement" with the NRP central office that describes how they will engage all segments of the community in their planning activities.

Typically, the lion's share of planning work in each neighborhood organization is done by a handful of individuals who are elected to the organization's steering committee. These committees and the neighborhood organization set up outreach activities to identify the issues they should tackle. They solicit input and advice through mail-in surveys, face-to-face meetings, and through focus groups with segments of the population who are less likely to participate (renters, minorities, elderly, youth, businesses) because of economic, social, cultural, or linguistic barriers. Based upon such activities, steering committees develop various projects and describe how they will be implemented in "Neighborhood Action Plans." These Action Plans detail how projects will fulfill residents' priorities and needs as well as their costs and how those costs will be covered

⁷ Not all neighborhoods are in the same phase, because they entered the program at different times and some areas were faster than others in planning and implementation.

⁸ Note that allocations are not calculated per year, but for Phase I, a period of ten years. Note also that the authors calculated allocations per household for the purpose of showing the progressive distribution of resources. Actual resources, however, were not distributed directly to households, unless if used for home improvement projects, but served to fund projects benefiting the entire community (such as school or library rehabilitation).

through NRP funds, volunteer labor, or leveraging additional resources. These plans are drafted through intense collaboration and negotiation with city departments that will likely carry out the projects to ensure that feasibility, costs, and timing are accurate and realistic. Oftentimes, neighborhoods use their funds to leverage additional funding, and interested agencies make up part of the project costs from their own budgets.

Analysis of the plans shows that different neighborhoods have very different priorities. Redirection areas tend to focus upon renovating local rental housing, creating economic development opportunities, and providing human services, such as care to children or the elderly. More prosperous protection neighborhoods, on the other hand, often select projects that preserve local amenities, such as lakes and parks, and beautify their localities. In its initial design, the Neighborhood Revitalization Program allowed significant autonomy in allocating resources. Its only substantive requirement was that, during Phase I, at least 52.5% of resources be allocated to housing projects across the program as a whole (that is, neighborhoods were not required to meet this threshold individually).

After this planning phase, action plans are generally vetted and approved in a general neighborhood meeting and then passed on to the NRP office and the city council for approval and resource appropriation. On average, the planning phase lasts 3.2 years – from inception to plan approval. The process is very lengthy because it is carried out by resident volunteers – not professional planners – who need to familiarize themselves with city rules, negotiate, and coordinate with city departments on project feasibility and additional funding needed for project implementation. But residents’ participation doesn’t end with plan approval – neighbors stay involved during implementation by monitoring city departments to which projects are contracted. For example, if a neighborhood chooses to use its funds to renovate a playground, it works with relevant agencies to carry out the project – such as the Park and Recreation Board – to ensure that implementation is done according to what is agreed upon in the neighborhood plan. Additionally, local priorities change over time, so residents may also revise the plan to ensure that it reflects current local needs. Finally, residents contribute substantially by donating their labor for initiatives such as neighborhood clean-ups, block policing, and cultural events, to name a few.

3. Program Outcomes

Over ten years have passed since the program’s inception, and NRP has contributed to its ambitious objective of revitalizing Minneapolis’ neighborhoods.

As of 1999, a total of 4,775 home improvement grants and loans were released to home owners under NRP. Six hundred seventy-five rental units were built or renovated.⁹ Homeownership rates increased, especially in redirection neighborhoods, which also experienced greater home sales. Housing prices increased from 1990-92 to 1996-98 across all neighborhood types, but especially in protection ones, showing greater consumer confidence. One team of evaluators noted that “*Minneapolis performed well during the 1990s in outcomes related to*

⁹ *Neighborhood Revitalization Program-Evaluation Report-Phase One: 1990-1999*, 2000, p. 13.

*housing investment that might be expected to reflect stability, confidence, and a sense of a place.*¹⁰

After housing projects, the largest category of expenditure – with over \$22 million – was economic development. This category includes activities to revitalize commercial corridors and create new businesses and employment opportunities for residents. Projects ranged from enhancing streetscapes, parking improvements, and upgrading commercial corridors to assistance for commercial rehabilitation and business development. Highly deprived neighborhoods, with few retail establishments and services due to poverty and crime, invested in economic development activities to improve the livelihoods of residents, provide them with more choice, and possibly create new jobs. Well off neighborhoods, on the other hand, focused mainly on improving the streetscapes of areas surrounding existing commercial nodes. Neighborhoods also funded residents' organizations, for example by paying for their staff and office space, and invested in parks and human services.

Exhibits 3 and 4 summarize neighborhood expenditures. Some critics have charged that NRP unfairly favors homeowners. The exhibits distinguish funds that benefited homeowners in particular from a broader housing category. "Housing for Homeowners" mainly revolving loan funds for home improvement constituted the largest category of expenditure. As a portion of investment, however, this impression may be exaggerated because many homeowner-oriented expenditures passed through revolving loan funds in which initial allocations repaid and re-invested as new loans several times over.¹¹

Generally, expenditures of NRP funds do seem to mirror neighborhood needs. More disadvantaged neighborhoods concentrate resources in areas such as housing, economic development, and human services with better off neighborhoods focusing more on neighborhood amenities. More affluent neighborhoods distribute funds more evenly across activities to enhance neighborhood environment and amenities. While homeowners are very significant beneficiaries from NRP – 30% of overall expenditures were devoted to programs for home improvement funds – they were by no means the only beneficiaries. In light of Minneapolis' home ownership rate of roughly 50%,¹² it is not at all clear that homeowners are inappropriate beneficiaries of the Neighborhood Revitalization Program.

Besides improving the neighborhoods' physical infrastructure, NRP has also strengthened neighborhood organizations across the city. Prior to NRP, most neighborhoods had some form of local organization. Often, however, those organizations were weak and unstable. NRP provided them with substantial funding and an institutionalized role in planning. Today, all neighborhoods have functioning organizations. Many of those operate with paid staff out of modest dedicated offices. Some of the bigger neighborhoods have larger professional organizations with planning and organizing expertise. In those larger groups, NRP activities are just a part of their work, whereas NRP projects constitute the bulk of organizations' activities in smaller areas.

¹⁰ *Neighborhood Revitalization Program-Evaluation Report-Phase One: 1990-1999*, 2000, pp. 100-101.

¹¹ Resource allotments include funds that have been expended, or that are under contract or obligated in the form of agreements or memoranda. Although funds under agreement may be redirected, allotted resources provide a faithful picture of how funds are eventually deployed.

¹² 2000 Census data, see: <http://www.ci.minneapolis.mn.us/citywork/planning/Census2000/2000-Mpls-ProfileofGeneralDemographicCharacteristics.asp>.

Though more difficult to measure, many city residents also credit NRP with enhancing a sense of community and civic spirit. One person suggested, “*if you know somebody as your neighbor you are less likely, when big issues come up, to be like ‘not in my back yard’ and more likely to have a dialogue and understand their point of view.*” Another resident of a low income Redirection neighborhood felt that NRP is “*an effective way to infuse pride back into the neighborhood*” because it enables residents to act on their concerns.

The Minneapolis Neighborhood Revitalization Program created unprecedented opportunities for the city’s residents to engage in sub-local planning and development activities. At the most demanding level, some 1,750 residents throughout the city serve on the governing boards of neighborhood associations and on the working committees of those associations. They do the lion’s share of the work in organizing meetings, composing plans, working with city agencies and private contractors to implement those plans, and monitoring their progress.¹³ Many more are drawn in through various mechanisms to solicit their perspectives, ascertain their preferences, and gather feedback. These include participants in general neighborhood meetings, project meetings, specialized focus groups, and respondents to the many surveys that neighborhood associations have fielded.

The main forces driving participation are the unprecedented resources and authority given to neighborhood organizations. Many residents recognized the importance of resources in mobilizing the community. One participant observed that the program would have failed “*had NRP been only about talking about the neighborhood’s future, without resources available.*” For the first time, city residents felt they had a tangible “*place at the table where decisions are made*” and responded enthusiastically by participating in the planning and implementation of projects with thousands of volunteer hours. Many echoed the sentiments of one activist who felt that residents can “*really have a say in the neighborhood... and can be a part of the process*” through NRP.

4. Limits of a Neighborhood-Centric Approach to Planning

Although NRP has, so far, helped to revitalize Minneapolis’ neighborhoods, created a vibrant network of local organizations, and mobilized thousands of residents, the program has come under substantial fire from critics. Some refer to NRP as “*a white homeowners’ thing*” because of the predominant role that white property owners play in neighborhood organizations. By and large, homeowners do the lion’s share in planning and implementation and are generally more engaged in neighborhood activities. Groups such as renters and minorities, on the other hand, are far less engaged in the NRP program, even in neighborhoods where they constitute the majority of the population. Inevitably, because of its very long time horizon and the amount of volunteer time required of residents, NRP ends up being more appealing to those who have a capital investment in the neighborhood and plan to live in the area for many years. Taking into account that the planning phase alone took on average more than three years, considerable time

¹³ According to NRP staff, a very conservative estimate of how many residents are involved in association boards and committees in every neighborhood leads to an average of 25 people per neighborhood. If we multiply 25 times 70 (number of neighborhood organizations participating in the Program) we obtain 1,750, the number of neighbors who are actively involved in the more demanding and time consuming NRP activities.

separates initial participation from the completion of tangible projects. Additionally, residents involved in neighborhood planning volunteer many hours every month, and must often develop substantial expertise in budgeting, zoning, and planning. The fact that residents need to become “planners” for their neighborhood implies a considerable time investment. Similarly, once a resident has developed the necessary technical skills and contacts within the city departments, it is hard to transfer these to other residents. Informal expertise can create substantial barriers to new participants. It reduces organizational turnover and exacerbates the impression and reality that “old timers” control neighborhood organizations. Finally, wealthier and more educated people tend to participate more in all kinds of political and civic activity, and the NRP is no exception.

All these factors led to high levels of participation from white property owners over minorities and renters. Greater participation, however, does not necessarily mean capture of resources because, as Exhibit 4 illustrates, the way resources were expended generally reflected the neighborhoods’ needs. Additionally, NRP leaves neighborhoods considerable autonomy in engaging their communities in planning and implementation. It so happens that some neighborhoods organize specific initiatives – such as door to door canvassing, focus groups, and phone trees – to hear from those who tend to be under-represented, while others simply argue that *“the door is open to all, you just cannot force people to come to meetings.”*

Given that only a fraction of residents participate in NRP activities, one may question the legitimacy of their decisions: Is the steering committee or board of a neighborhood association entitled to make financial decisions that affect the entire neighborhood? Whose interests do they represent? On the other hand, in an era of civic apathy and disengagement, is it fair to penalize a program that mobilized thousands of residents? Limited representation of minorities, low income people, and women is a problem in a number of elected bodies, so blaming neighborhoods for it is the equivalent of *“holding neighborhoods accountable to a standard that no one else is accountable to.”* Since only a handful participates, should decentralized planning be scrapped altogether and responsibilities returned to expert city planners or to elected bodies such as the city council?

Limited participation also leads to questioning the compatibility of decentralized planning with social justice objectives. Will residents engaged in planning take into account the good of the many, or just the interests of the few present in the room? Does delegating power to residents inevitably lead to a not-in-my-back-yard (NIMBY) approach where projects such as low income housing or substance abuse rehabilitation centers are constantly rejected? Would a central planner be fairer? When considering the advantages and disadvantages of decentralized planning, one city official noted that *“there is an administrative cost when you create an individual [decentralized] approach versus a centralized one.”* If centralized planning offers economies of scale and broader knowledge of the city as a whole, a decentralized approach *“adds a level of realism to address problems in the neighborhood”* because residents have a better grasp of their neighborhood’s needs.

The Neighborhood Revitalization Program will come to an end in 2009, and its fate is unclear. NRP is a bold experiment in citizen engagement. Looking back at its success in revitalizing the city on one hand, and failure to engage all residents on the other, should it become the institutionalized way to do planning in Minneapolis? Or, do the drawbacks of the NRP favor

returning power to more conventional representative bodies such as the city council and to planning agencies?

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EXHIBITS

Exhibit 1: Map of Minneapolis Neighborhoods

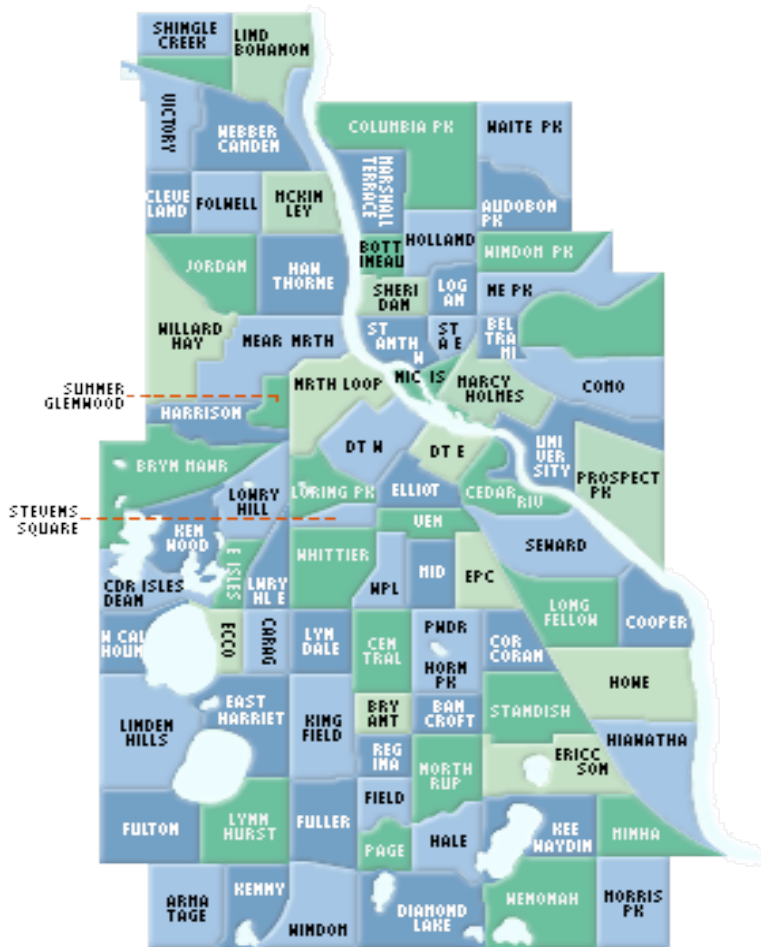


Exhibit 2: NRP's Progressive Funding Allocation

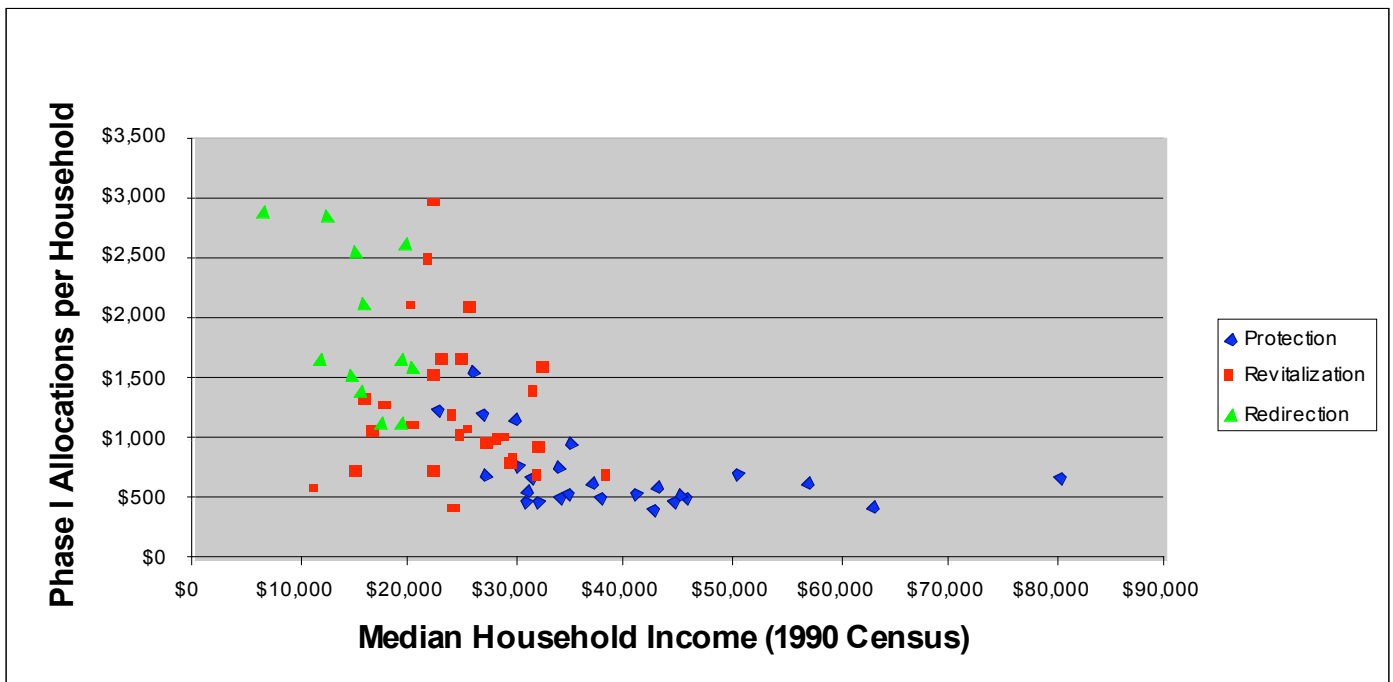


Exhibit 3: Aggregate NRP Allotments as of Spring 2004

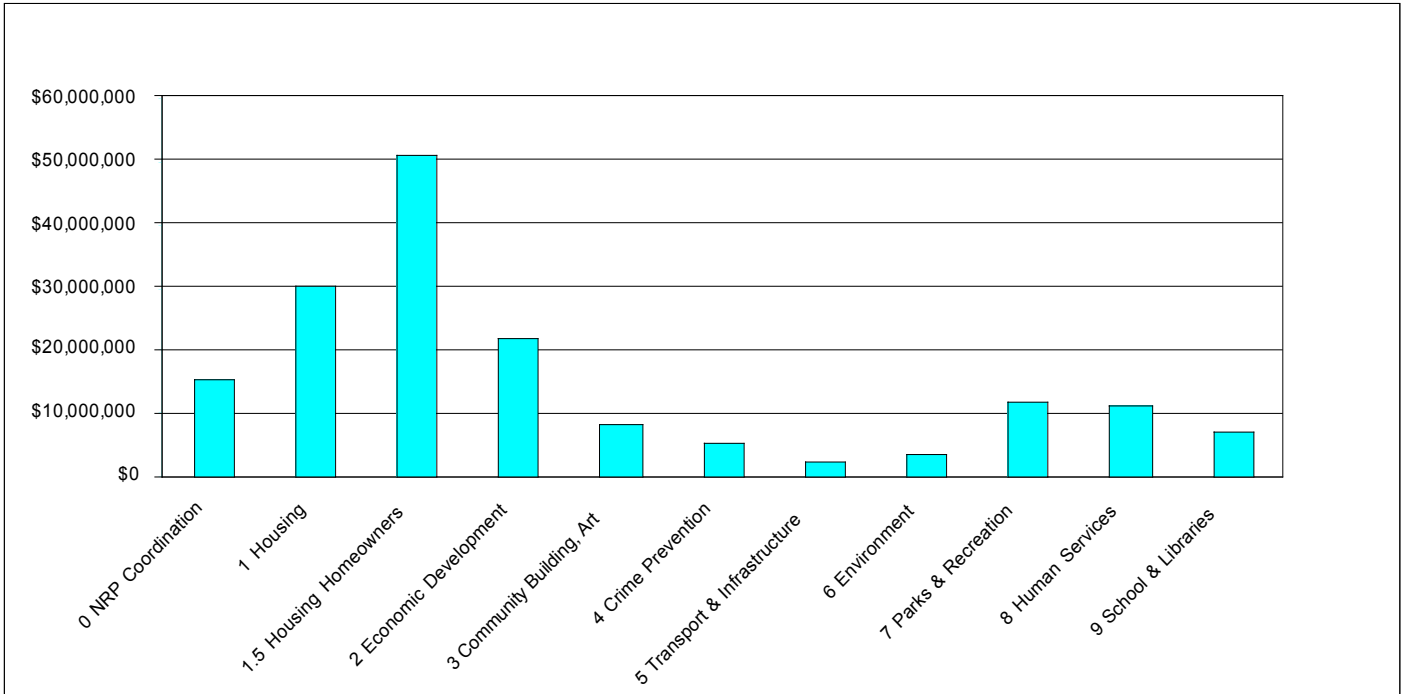


Exhibit 4: NRP Allotments by Neighborhood Type as of Spring 2004

