Center for Neighborhoods

Development Handbook for Neighborhoods

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Acknowledgments

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Relationships and Exchange

Development is about relationships, communication and the exchange of expertise, support, money, labor and opportunities. Neighborhoods have something to bring to the table—and should expect to receive something in return. This happens only when neighborhoods and developers work with one another effectively.

In this handbook we give neighborhoods information to:
- *prepare for development, regardless of the context*
- *understand the development process and how to work with developers*
- *participate effectively in development*

Different kinds of development require different skills, but there are similarities in all kinds of development and in working with all developers. Three main similarities are relationships, communication and a clear and mutually understood process. This is true whether neighborhoods go out in search of developers, or whether neighborhoods react to 'developers' plans. This handbook equips neighborhoods with tools so the development process can meet neighborhood goals.

These few pages explain the roles neighborhoods play in development and give background on the development process. They also provide guidelines for building smooth working relationships with developers and tools to hold developers accountable to neighborhood goals.

A Neighborhood Prepared

"Prepared" means three things:
- strong grassroots organization—influence comes with proof you speak for the neighborhood
- having a plan—influence is useful only with a thoughtful, clearly articulated vision
- having a strategy—you know what your neighborhood organization brings to the table and how neighborhood organizations interact with the development process

Organization Guidelines

- Have a unified and informed organization and membership, and strategies to maintain it.
- Find skilled facilitators who people see as being objective and who can manage conflict.
- Define your neighborhood. It may be a few blocks working for change or an officially designated neighborhood organization. Include everyone: residents, businesses, churches, elected officials, demographic representation. Identify key players and prepare for special needs (translation, childcare).
- Use general principles of honesty, respect and inclusion.
- Find people committed for the long term.
- Take time to build relationships, neighborhood buy-in and consensus, and to educate the neighborhood.
- Keep the process open: share information and invite participation at all stages. Welcome new participants, but don't let them take it back to square one.
- Continue outreach. Broad-based involvement lends credibility and value to projects and minimizes long-term conflict.
- Notify the people who will be most affected when development issues come up and ensure they are involved.
- Have processes for decision-making and use them. (Some people call these rules of order.)
- Define leadership roles and responsibilities.
- Have large meetings, form committees or organize blocks to address specific issues and accomplish specific goals.
- Build leadership development and capacity in the neighborhood as part of your activities.

For neighborhood groups that...

- want to improve their neighborhoods
- are being approached by developers seeking support
- want to learn more about the development process
- want to be active in planning neighborhood projects
- want to initiate and plan projects

Neighborhood Preparation

The planning process needs to include:

- assessment and information gathering

- setting goals and priorities

- discussion and selection of possible solutions

- action steps

- a way to present the plan to the world

- recognition of the wider city context

Include neighborhood assets!

- physical characteristics: density, architecture, location, available land, lakes and parks

- population characteristics: age, ethnicity, family composition, diversity

- infrastructure: transit, business district, entertainment options, schools, libraries, hospitals, churches, prominent businesses, historic buildings

- unique aspects: affordability, character, the neighborhood association

Prepared Neighborhoods... Plan, Plan, Plan!

Plans are important because:
- Without a neighborhood vision and goals, developers impose their goals.
- They serve as legal tools.
- They provide alternatives to other proposals and a context for negotiation.
- They provide leverage in holding developers and the city accountable.

Planning takes time, but a good plan prevents problems. Invite all the stakeholders, those from the area and those who might help implement the plan. Allow enough time to develop the plan, but set a deadline for planning—and stick to it. Neighborhood residents need to **think like planners**, but that doesn't mean creating a Land Use Plan that will gather dust. A plan can start with the specific and move to the general, or start with the general and move to the specific. An experienced facilitator can help shape the discussion. A developer can be a resource on financing, laws, opportunities, feasibility and limitations.

Approaches neighborhoods have used:
- a walkabout discussing specific properties
- creating small area plans for specific nodes
- intentionally including a development plan for specific sites within their neighborhood plan
- listening sessions (Hope Community, Inc.)
- working with the planning commission
- visioning for specific parcels
- brainstorming sessions
- questionnaires or image preference surveys
- creating design guidelines
- traditional land use planning

Assessment data may include:
- maps
- identified opportunities for development
- neighborhood assets and neighborhood needs
- neighborhood role in the city context
- demographics and how they are changing
- number and type of units, vacancy rates, home values/rents, sales activity, windshield survey
- trends relevant to the neighborhood, like demographic or land use shifts

Assess and prioritize neighborhood concerns

Neighborhood organizations are good at this, but sometimes forget to be inclusive and place themselves in the larger context
- Whom do we serve? Do we as a group represent these people?
- Who should be involved? How do we involve them?
- What level of affordability is realistic, needed, and our goal?

Know the goal, and create a plan to meet it. Do you want to...
- balance city needs and neighborhood needs?
- create a more livable neighborhood?
- avoid certain development styles?
- steer and control development?
- plan for upcoming changes?

Remember...
- To plan for the longterm; leave room to amend
- To understand how your neighborhood fits into the city
- To achieve general consensus within the group
- To include specific improvement goals
- To report findings to the neighborhood and build grassroots consensus
- To check that your plan is consistent with the city plan and zoning code

Think realistically about the effects of the plan
- Can trade-offs be leveraged to achieve additional investments?
- What infrastructure will be needed to support your vision? Does a large retail/housing project need a transit hub? Special roadway design? Should it be walkable?
- Will you lose green space? Create it?
- Where will commercial, single-family, and rental developments be located?
- Is it economically viable?
- How will this fit with development needs?
- What is the potential for conflict between plans and residents and how can it be managed?

The plan may include:
- design and density guidelines
- design principles, such as "urban development" with buildings up to the street and parking in back
- building scale guidelines, such as step-down development smoothing transitions between bigger buildings and smaller ones
- general goals like ownership, affordable rental or environmentally sustainable development
- transitions from private space to public space
- siting recommendations
- geographic focus areas
- concrete action steps, including a midterm (3-5 year) and a long-term (10-15 year) plan
- a statement reserving final plan approval for the neighborhood

Create a professional presentation of the plan
- Get the city council and the planning commission to approve it, making it part of the city plan.

Revisit the plan regularly and have a process for funneling new information to appropriate places.

Neighborhood Organizations and the Development Process

Neighborhood organizations need to educate developers about how neighborhoods accomplish projects, just as developers need to educate neighborhood organizations about development.

The basic process is the same whether reacting to a proposal or initiating a plan: communicate neighborhood vision clearly and have clear priorities. Insist the developer do the same.

Development is about partnership and exchange. Neighborhoods are important, and developers should recognize this. Developers are important, too, and neighborhoods must recognize that. Both must clearly communicate their needs, whether that is a clear process for making decisions or a continual sense of progress.

Use internal neighborhood resources when possible. When support is needed, look for public and non-profit resources. If more support is needed, bring in consultants.

Relationships can get muddy if the role neighborhoods play in the development process is not clearly defined. A participation policy stating the goals and roles of the neighborhood organization in development can minimize misunderstanding.

Keep things moving.

- Building and maintaining neighborhood consensus requires momentum. When it seems nothing is happening, consensus is hard to maintain and politically expensive. At these times, do something—share the latest drawings, talk about marketing or have a party to create new energy for the project.
- Stalling a development project costs money. Neighborhoods can prevent good developments; the pace of community decision-making can be an obstacle for development.

Let the neighborhood, neighbors and other affected people know about plans and invite them to participate before anything happens, so they will feel comfortable and informed. Bring in new participants along the way, and invite stakeholders from inside and outside the neighborhood. Keeping people out because they weren't involved from the beginning can lead to conflict.

Manage expectations—there are limits.

Neighborhood folks need to be committed for the long term. Plan for a consistent, clear communication source.

It is not enough to develop a plan and then to tell the developer to do it. The neighborhood must see the process through, from concept development to certificate of occupancy.

Benefits of an Active Neighborhood Process

- Neighborhood goals are easier to achieve from "the driver's seat."
- Successful developers are always looking for opportunities—when one appears, approach a developer to avoid the mistrust that often arises when outsiders initiate projects.
- Neighborhoods can ensure a "friendly" developer by working with a property owner before a developer is involved.
- When developers approach the neighborhood, getting involved early increases neighborhood influence. Good relationships with political representatives can be a way to learn when proposals are in the works.
- When approached, the neighborhood can ensure the development will add benefit to the neighborhood rather than take it away. Find out where the process is at—the developer's vision, how much predevelopment work is done, and the status of permitting and zoning. Then, come up with a strategy to get folks involved. Be constructive rather than purely reactive. Consider the proposal, decide if the idea is basically good, and if it is, negotiate: if you _____ then we'll _____.

What YOU bring to the table

- Access to certain kinds of dollars, such as gap financing
- Springboard over political and zoning hurdles
- Better ideas
- Ability to broker relationships between property owners, developers and funders
- Relationship facilitation
- A place to make a profit
- Neighborhood cooperation for a smooth construction process around traffic flow issues, safety, etc.
- Aid with leasing, marketing
- Community (and long-term marketability)
- Good press (or bad)

Planning in Harrison

The Harrison Neighborhood Association (HNA) has worked to improve Glenwood Avenue for several years. HNA has a long history of community organizing and the capacity to support a volunteer-driven process involving a wide cross-section of volunteers and businesses, but it lacks the experience and resources to plan a comprehensive revitalization approach. When McCormick & Barron, the developer for the adjacent Hollman site, approached the neighborhood suggesting a partnership to plan Glenwood's revitalization, it seemed ideal for several reasons.

- *McCormick & Barron's suggestions matched the ideas of residents and business owners and the developer invited the opinions of residents and local groups.*
- *Its State Coordinator had been a community organizer and was skilled working with neighborhood organizations.*
- *The developer was up front about motivations—improved marketability of the housing it is building.*
- *McCormick & Barron wanted a plan and could provide some funding but was not interested in being the developer.*

These early understandings laid the groundwork for support from the HNA Board and the commitment of volunteers to move a process forward.

McCormick & Barron convened the process and provided technical assistance and planning experience to guide the "Main Street Process." The Local Initiative Support Corporation (LISC) was enlisted to tailor the "Main Street Process" to fit the needs of Glenwood Avenue. When the plan is complete, HNA will work to implement it with assistance from LISC.

—Larry Hiscock and Janne Flisrand

The Development Process

General Development Guidelines

1. Use communication, cooperation, perseverance
   - Create a common language—define terms like "input," "plan," or "stakeholders," which often mean different things to neighborhoods than to developers.
   - Document process and decision points.
   - Be clear and predictable.
   - Follow through on group and individual commitments.
   - Move forward, and keep moving.
   - When someone says, "that can't be done," check the facts and try again.

2. Be prepared for conflict and be willing to resolve it.
   - Set aside pride and animosity and have honesty and respect for everyone, at all times.
   - Agree to disagree and maintain an attitude of problem solving and cooperation.
   - Negotiate—know your leverage, have realistic expectations, and be prepared to compromise.

3. Use a development approach.
   - Recognize that there are many ways to do things.
   - Be a business partner.
   - Have an open and inclusive process that involves all stakeholders throughout the project.
   - Stand up for yourself. Be assertive, active and involved through the entire process, especially early.
   - Be professional. Give clear presentations and be prepared to describe why neighborhood input makes the end product better.
   - Be opportunistic—able to wait or to move quickly.

4. Ensure neighborhood actions meet developer needs and timelines.

5. Build and use relationships when something is unclear. Call someone to verify facts (e.g. "MCDA says this… does it make sense?").

6. Be honest about what the neighborhood can provide and do. If the capacity isn't there, get (and if necessary pay) a trusted expert. Build education for the neighborhood into the contract.

7. Discuss plans with the developer and follow through with the neighbors.

8. Pay attention to local politics and listen for opportunities for your neighborhood.

9. Avoid burning bridges—you may need them next time.

10. Provide time, energy and support through staff and/or volunteers who serve as project liaisons.

11. Articulate a clear, realistic community vision and guard it—consider the longterm implications of individual development decisions.

Selecting a Developer

- Pick a method. When the neighborhood initiates a development project, you can ask a developer you feel comfortable with to work with you, or put out a Request for Proposals (RFP) or a Request for Qualifications (RFQ). Typically you'll be more involved throughout the project if you choose an RFQ.
- Write for your audience. Developers look for clearly defined goals, site control and project definition.
- Set the tone with your RFP or RFQ and make it a piece of accountabilit for the project.
- Know the end product you want and be as specific as possible. Stress that it must be done as described and deviations must go through a change order process. Call others who have done similar projects for ideas.
- Evaluate, rank, and choose. Outsider and expert perspective is useful in the interview process. Research developers—call references, look at other projects, talk to other groups they've worked with.
- Have a point person available for questions and clarifications.
- Encourage competing proposals.
- Be prepared to negotiate.
- Try to find a developer who speaks your language and who understands or is open to community process. Ask "How will you engage with the neighborhood on an ongoing basis?"
- Ask about problem solving in the long-term. If it is a rental property, ask who will be responsible for the property after construction is finished.

How do you get out of a bad situation?

Hire an attorney, a good one.

—Alan Arthur, President
Central Community
Housing Trust

Development: Players and Their Roles

- **Community (neighbors, potential residents, neighborhood)**—plan, work with development team, advise political process
- **Developers (project managers, asset managers, service providers)**—put the deal together, manage process, monitor progress
- **Architects**—turn vision into drawings, monitor construction
- **Construction contractors**—provide the construction crew, implement plans
- **City council, politicians**—make decisions about regulatory activity and public resource allocations, promote or prevent certain development activity, represent constituent interests
- **Experts (lawyers, engineers, marketing analysts, and more)**—provide expert advice
- **Funders (government entities, banks, non-profits)**—provide access to financing, monitor construction
- **City development agency**—promote development, broker activity, advise communities, fund projects
- **Regulatory entities** (zoning, inspections)—regulate the construction process

The Developer Mindset

Developers and neighborhoods have different motives, which generally results in different approaches to projects.

Developers abhor process and focus on achievement (the faster the better). Neighborhoods focus on process, sometimes forgetting achievement.

The developers' goal is to maximize the return on an investment of time and money. To a for-profit developer, that means as much profit as possible, and to a non-profit developer, that means as much progress towards the social goals of the organization as possible. For both, completing the project is the only way to reach the goal. Development is risky; if a development is not completed, there is no return. Development is expensive, so a major factor in minimizing risk is finding enough money to build a project.

Neighborhoods may or may not care about the financial feasibility or the social goals of the developer. Typically, neighborhoods are interested in neighborhood improvement: adding amenities, reducing blight or better neighborhood design.

These different aims create inherent conflicts between developers and neighborhoods.

To complicate the situation, money drives development. Many straightforward, traditional development activities can access adequate private financing (mostly bank loans), but these types of developments are less common in central urban areas where it is more difficult to assemble land, there are often environmental issues, regulation is more complex, development is considered riskier, and more stakeholders want to be involved (including neighborhoods). It is easier for many developers to make a profit elsewhere.

In the last few years, many neighborhood, regulatory and financing agencies have insisted on affordable housing. As a result, nearly all large projects include affordable housing, necessitating more complex financing—typically some type of public assistance. This results in two complications. First, all funding sources carry additional regulations. Second, it takes more time to put a complex deal together (meaning a greater investment of time by the developer).

Incompatible motives also mean that the way developers and neighborhoods meet their goals are very different. Developers need a process that helps, or at the very least allows, completion of projects. They want to accomplish a complicated set of tasks in an efficient way. Neighborhoods need to involve all affected people and build consensus around wider neighborhood goals and specific projects. They need as many people involved as possible.

A neighborhood that wants to influence a development needs to get involved early, but the developer may not be enthusiastic. For the developer, it makes sense to work with the neighborhood only when the neighborhood can facilitate the process. If a developer has the political support to navigate zoning and receive funding without neighborhood support, there is little reason to work with a neighborhood. To be an effective

Site control options

It is much easier to have control over a project from the beginning if you control use of the land or buildings.

There are several ways to gain site control, including an outright purchase (or transfer from a government entity), an option to buy (or purchase), a conditional purchase, or doing development as a joint venture with the current owner.

Development is like a barge. Barges are huge, and once they get going it is difficult to change direction. On a river, if there is a bridge three miles up, you need to start turning the barge early. By the time you can see the bridge, it is too late to get out of the way.

—Chris Wilson, developer, PPL

The Developer's Story

The most successful affordable housing developments meet multiple community or neighborhood needs. Central Community Housing Trust (CCHT) has a long and strong connection in the Elliot Park neighborhood because CCHT has consistently met many needs and desires of the neighborhood in addition to affordable housing.

CCHT's first project in 1986, Buri Manor, eliminated a tough neighborhood bar that was the site of many problems. In 1988, the CCHT saved a burned out historic building, the Heritage, helping the neighborhood preserve an important piece of its historic district. In 1991, CCHT preserved the Roselle, a key historic building that was a month away from the wrecking ball. At the same time, CCHT preserved another historic building (the Adams), and a very distressed project suffering socially and physically (the Elms).

In 1993, the neighborhood asked CCHT to take over a troubled building that was the home of an estimated 150 crack deals a day. We did, and it is now the 26-unit Barrington Apartments.

CCHT's 180-unit, mixed-income, mixed-use East Village is the latest project in the Elliot Park neighborhood that meets multiple goals, including a mix of incomes and affordability, minimization of surface parking, parking for neighborhood employees (underground), neighborhood scale commercial, and elimination of neighborhood blight.

The bottom line is understanding that we are all important tools of a greater community good, and that working in collaboration is the most powerful tool of all.

—Alan Arthur

The Development Process

Development includes lots of not knowing. There are dozens of factors that affect a development project, so development work demands making educated guesses about what is likely to happen and what is likely to work while many details are still undecided.

It is unlikely a developer is being intentionally misleading. More likely, the developer is inexperienced with an option or has found new information that changes their view of what's possible. When a developer says something can't be done, it is a usually related to money. If it seems a developer is not being honest and won't explain, consider asking a different, trusted developer to clarify what the developer might be thinking.

Memoranda of Understanding (MOU)

These legal agreements set the ground rules for working with developers. They should include language that holds both sides to priority goals, but also leaves reasonable flexibility to deal with changing variables. Include things like:

• goals, roles and history

• what each partner expects and requires of the other

• who decides what and how

• processes and procedures for interaction and communication

• neighborhood involvement

• points of leverage for both sides

• conflict resolution procedures

• compensation

• timelines

partner the neighborhood must make decisions fairly quickly. Cumbersome or lengthy process will be a disincentive for the developer to work with the neighborhood. When the relationship with the neighborhood will benefit the development (in other words, maximize the return on the investment), developers are interested in working with neighborhoods.

Relationships Work with Developers

• Be clear about expectations and follow through. Development is about relationships, especially the relationship between developer and neighborhood; one developer compared it with a marriage. Both want to know what to expect.
• Build the relationship one-on-one. Good developers take time to meet with individuals who care about the area to learn about general goals and get unique perspectives.
• Summarize points and decisions at the end of meetings to ensure everyone agrees to the same thing.
• Communicate in writing to minimize misunderstandings, document agreement and confirm what is approved.
• Be patient. Development takes a long time; projects typically take two to five years.
• Appoint a project committee and leaders to match individuals' skills, commitment, and availability.

• Know how the process works and how decisions were made, and keep the neighborhood informed.
• Have a key contact person for your group and one backup so that communication throughout the project is clear and always through the same source(s).
• Take charge. Neighborhoods must do what developers do—to get things done they must be persistent and assertive.
• Check the facts if developers say something is impossible; sometimes they don't know how to do things in new ways. However, they have a reason for saying something won't work, and some things are not feasible. Developers need to be honest and explain why or why not.
• Assess needed staff support and outline and assign tasks.
• Recognize the benefits of a long-term relationship with a developer.
• Understand how funding works. Although funding is the developer's responsibility, knowing the basics can provide leverage for neighborhoods.
• Remember the developer's needs. Development is risky and until a project is complete, the developer earns no fee or profit.

East Phillips Improvement Coalition's Origins

The more our tiny neighborhood organization, EPIC, has learned about "how things are done," the more delighted we are that we began in ignorance. Not knowing little community organizations do not become CDCs over night, that is what we did.

When the large impoverished neighborhood of Phillips was split into four, our small new organization began responding to the long-neglected needs of our area. On one block near Lake Street and Bloomington Avenue, a bustling area of new investment, were vacant and boarded buildings, rampant prostitution, drug dealing and folks crying out for change. A potential development was stalled in a floundering CDC. In growing frustration and need, our new leadership said, "why don't we do it…we can do this!" We informed the CDC of our intentions and invited area businesses and residents from our own and adjoining neighborhoods to an exploratory meeting. We also invited architect Dean Dovolis to render the visions of the group, so we could immediately visualize our ideas and have a sense of possibility.

It was a roaring success. The level of sharing, consensus and pure joy at sensing the possibility of change was infectious. We planned monthly meetings for our neighborhood and business groups to work together, build greater consensus, and press forward. There were donuts at every meeting, and we made sure minutes were produced and began a mailing process. The East Phillips Commons Redevelopment Project began. To be taken seriously when raising funds, we needed a developer. We wrote an RFP and, after a community process, contracted with Sherman & Associates. We are now working through the city to acquire land and have just received our first big chunk of funding.

How did this happen? Well, there was a ton of dedication and hard work. But it also happened because we didn't know that "this isn't generally what's done" by small neighborhood organizations, so we went ahead, guided only by our neighborhood's needs.

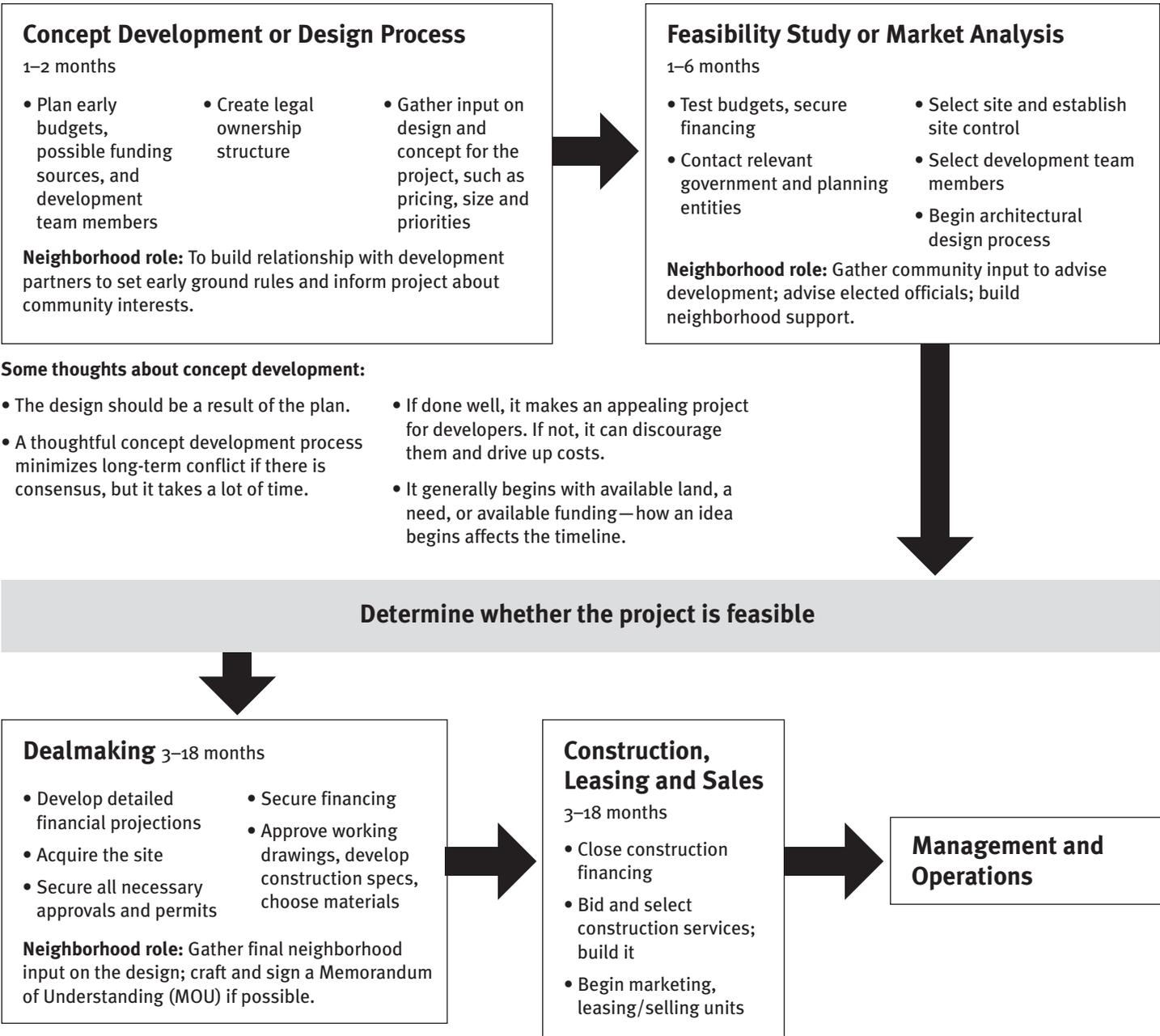*—Carol Pass*

Common Development Frustrations

- **Communication**—developers and neighborhoods believe they understand each other, but it turns out they were speaking different languages.
- **Not understanding motivations**—neighborhood and non-profit organizations are different from developers (even non-profit developers). Non-profits are funded through grants and donor contributions. Developers work primarily on a fee-for-service basis and get all of their income at the end of a project.
- **Lack of clear process** and expectations.
- **Waiting for neighborhoods** to make the same decisions over and over, or having the process change.
- **Feeling kept in the dark**, uninformed of developer goals or what is happening.
- **Different—and conflicting—communication** from multiple neighborhood residents.

Utilities and infrastructure advice

Decisions made about utilities and infra-structure (parking, sewer access, roads, etc.) drive later decisions. Ask the developer to present these plans early in the process and discuss the implications for the rest of the development.

A "Typical" Development Process

Concept Development or Design Process
1–2 months

- Plan early budgets, possible funding sources, and development team members
- Create legal ownership structure
- Gather input on design and concept for the project, such as pricing, size and priorities

Neighborhood role: To build relationship with development partners to set early ground rules and inform project about community interests.

Feasibility Study or Market Analysis
1–6 months

- Test budgets, secure financing
- Contact relevant government and planning entities
- Select site and establish site control
- Select development team members
- Begin architectural design process

Neighborhood role: Gather community input to advise development; advise elected officials; build neighborhood support.

Some thoughts about concept development:

- The design should be a result of the plan.
- A thoughtful concept development process minimizes long-term conflict if there is consensus, but it takes a lot of time.
- If done well, it makes an appealing project for developers. If not, it can discourage them and drive up costs.
- It generally begins with available land, a need, or available funding—how an idea begins affects the timeline.

Determine whether the project is feasible

Dealmaking 3–18 months

- Develop detailed financial projections
- Acquire the site
- Secure all necessary approvals and permits
- Secure financing
- Approve working drawings, develop construction specs, choose materials

Neighborhood role: Gather final neighborhood input on the design; craft and sign a Memorandum of Understanding (MOU) if possible.

Construction, Leasing and Sales
3–18 months

- Close construction financing
- Bid and select construction services; build it
- Begin marketing, leasing/selling units

Management and Operations

Accountability

Other Useful Information

Politics, zoning, and funding are important tools that can help neighborhoods have a say in the development process. While details vary from one municipality to another, this information is fairly typical.

Basic Zoning Terms

Conditional Use Permit (CUP)—in the zoning code, some uses are allowed only with a CUP. To build those uses, the developer asks the city (and neighborhood) for requirements to receive it. Typical conditions are landscaping or special design. The planning commission hears requests.

Planned Unit Development (PUD)—larger, unique, multi-building developments require a PUD, including a CUP and site plan review. Greater flexibility and scrutiny should result in better development which meets city goals.

Site plan review—uses with more intensive parking, that "look bad," or any residential development with 5 or more units requires a site plan review. The planning department performs the review and the planning commission hears requests.

Variance—when a plan fits the zoning but small changes (i.e. setbacks or parking ratios) are needed, a variance must be requested.

Zoning overlay, i.e. pedestrian overlay—the original zoning applies with added or loosened restrictions. There are several types.

Politics

Development is fairly political and city council members have a lot of influence over what happens in their ward or district. Development actions (or blocks) require political backing. Officially, neighborhoods advise, city agencies recommend and the city council approves. This can help neighborhoods or hurt them.

City development agencies answer to the city council. Council members can and at times do ask city development agencies to hold a property or to take some kind of action.

Some council members send developers to neighborhoods first because they want to get neighborhood input.

Possible strategies:

- Build a relationship with your council member (and all political representatives) before anything comes up. Add them to mailing lists, invite them to meetings, keep them apprised of your activities and meet with them to find out about opportunities.
- Work with all relevant politicians, and remember there will be future issues.
- Organize—council members will vote against unreasonable recommendations if a number of constituents show up at city hall to contest the decision.
- If negotiations will be contentious, do it on your turf rather than on that of the elected officials, and preferably in public.
- Consider designing projects with politicians' interests in mind.
- Remember, politics can kill a project.
- Do your homework, don't be unreasonable, and know what you want.
- Stand up for yourself—they are there to represent you.

Zoning

Zoning is complicated, legalistic, and has its own language. In theory, a zoning code exists to promote a plan, and planning and zoning should reinforce one another.

To get a building permit, an approval is needed. This is an official stamp given out by the zoning office and what a developer or builder receives at the end of any zoning application process.

If a development fits the zoning, the developer can get approval without contacting the neighborhood. But, out of courtesy, the developer may inform the neighborhood about the project. More restrictive zoning requires more approvals, creating more opportunities for neighborhood input.

If a development requires replatting, variances,

a site plan review, a CUP or zoning changes, the neighborhood organization has the right to make recommendations.

Typically, a developer presents a plan to the neighborhood and asks for neighborhood support. This provides the neighborhood an ideal opportunity to negotiate, assuming the basic concept is good.

A useful approach is, "We like this, we like that, if you change this and this, we'll support you." You might ask to see a more detailed plan, façade changes, landscaping, a specific sign type, etc. For example: The Longfellow Community Council is starting to use a comfort scale to evaluate CUP requests rather than make yes/no recommendations for a better negotiating position.

The developer then submits an application to the city. Within 20 days, the city sends out notices of the upcoming zoning hearing and publishes an announcement in a local paper.

At this point the neighborhood organization has the opportunity to make their views public (to the city, the developer, and the community).

City staff write a report and make recommendations for the city authority that will hear the request. The same staff communicate with developers and receive questions from neighborhood residents.

At the hearing, the developer makes a presentation, planning staff give their recommendations, the neighborhood organization makes its recommendation, and neighbors are allowed to speak.

While neighborhood recommendations are often influential, zoning authorities are not required to accept them. If the neighborhood always says "no," it becomes politically easier to override neighborhood recommendations.

This short description of the typical process doesn't cover all the issues your neighborhood may confront. If you are working on something specific, call the zoning office and ask to speak with a zoning specialist.

Funders and Funding

- While funding is complex and the developer's responsibility, understanding it is one way to increase accountability by the developer.
- Some funding programs, such as the MHFA, MCDA, and FHF have a "SuperNOFA" twice a year where developers apply for several funding sources in one application. Typically, a project applies several times before receiving funding. Applications include financial and narrative descriptions of the project, development and operating pro formas, infrastructure and zoning restrictions, neighborhood and political support letters,

and lists of potential funding sources. Often, projects first apply during concept development, so there are many changes before the project is built. The list of potential sources is an approximation of possible funding options.

- Securing funding is easier when more people are involved, so neighborhood help is useful. Most available funding is for affordable housing, commercial revitalization, reduction of traffic congestion, and environmental remediation.
- Development is very, very expensive. Don't be afraid of the huge numbers. A 40-unit apartment building is likely to cost $5 million, single family homes $170,000, and mixed-use adds around 30% to the cost of a development.
- There are two kinds of subsidies and two kinds of gap financing, and sometimes both

are used in the same project. "Gap" is the difference between costs and available money, and subsidy is the dollars that fill the gap. "Value subsidy" or "construction subsidy" (or "market value gap") is the cost to build versus what you can sell it for. "Affordability subsidy" (or "affordability gap") is what the market will bear versus what people can afford to pay. There are ways to maintain affordability over time, like land trusts and restrictive covenants.

- Be clear what portion of the financing is from the neighborhood or subject to neighborhood approval. The amount may be a lot to the neighborhood, but it is probably a small part of the entire project funding. Nonetheless, it is useful for neighborhoods to offer gap financing. Unfortunately, many funding programs are not well documented or easy to locate.

Funding Sources

This is a short list of common funders, their programs, and the typical uses for the funding. There are many others. Note that agencies with an asterisk (★) usually require community support. As a general rule, the more public money in a project, the more opportunities for public input.

A more complete listing can be found in the paper, "Sources of Funding for the Development of Affordable Housing." It can be downloaded at: http://www.unn.umn.edu/npcr/report_new_npcr.asp. For a hard copy, contact: Neighborhood Planning for Community Revitalization, 330 Hubert H. Humphrey Center, 301 19th Avenue South, Minneapolis, MN 55455. Phone: 612-625-1020

Agency	Program	Uses
HUD* (federal)	Supportive Housing Program, CDBG, Empowerment Zone, Section 8, Emergency Shelter Grant, and others	Gap financing, operating subsidy, tax exempt bonds, mortgage insurance
Federal Home Loan Banks (federal)	Affordable Housing Program	Gap and construction financing, homebuyer assistance
MHFA/Family Housing Fund* (state)	There are many programs, plus, MHFA administers federal Low Income Housing Tax Credit and Historic Tax Credit dollars.	Low- and no-interest loans, grants, rent subsidies, deferred loans, tax credits
Met Council* (regional)	Tax Base Revitalization Account, Livable Communities Demonstration Account, Local Housing Incentive Account, Inclusionary Housing Account	Gap financing for environmental remediation, smart growth, predevelopment, affordable housing
City of Minneapolis*, Hennepin Co.*	Affordable Housing Investment Fund, revenue and general obligation (GO) bonds, grants	
NRP/Neighborhood organizations* (city)	Affordable Housing Funds, Commercial Corridor Funds	Gap financing
MCDA* (city)	Economic development, HOME, Tax Increment Financing (TIF)	Equity, grants, loans
Minneapolis Public Housing Authority* (city)	Minnesota Housing Opportunity Program, Section 8 Project-Based Assistance	HUD grants, rent subsidies
LISC (private)	Capacity Building and Operating Support Funds, Commercial Corridor Revitalization, and others	Operating support, predevelopment funding
Minnesota Housing Partnership (private)	Capacity Building Grants, Community Building Grants	Grants, operating support, predev. loans
Corporation for Supportive Housing (private)	Grant and loan programs	Predevelopment funding, operating expenses, various loans
Foundations (private)		Predevelopment, assistance grants, etc.
Local banks (private)		

Accountability

Holding Developers Accountable

Never be bullied. A desperate buyer lacks leverage. Buyers who can walk away, even after an initial investment, have more power. Know what the neighborhood can give up. Acknowledge the worst case scenario; something is not always better than nothing. And recognize others' levels of motivation.

Have a plan. Plans, especially when approved by the city council and planning commission, are legal documents and provide a standard against which things can be judged.

Build relationships. This includes everyone— politicians, the development team, funders, neighbors.

Understand political processes. Build relationships with political representatives (city, county, state) before a development issue arises so you know they are your allies.

Create a task force. A task force can promote local communication, build local consensus, and facilitate political action, all of which are useful tools when negotiating with developers.

Use legal tools. Have contracts (i.e. an MOU) stipulating processes for working together, roles and responsibilities, cost overrun and project change policies (i.e. unapproved changes negate neighborhood funding commitments), and other neighborhood requirements.

Participate in and monitor activity. The more hours of direct neighborhood involvement, the more it gets what it wants. Attend design meetings and meet monthly with the development team to monitor progress and changes.

Understand and facilitate funding. Know which funding depends on neighborhood approval and build the relationships to influence those decisions. Offer gap financing if neighborhood funds are available and participate in bonding. Developers often say, "It all comes back to the money."

Document. Consistently write up conversations or understandings. Send copies to involved parties.

Participate in zoning. Zoning approval often requires neighborhood input, providing a chance to negotiate. Neighborhoods can also use zoning to implement policies to promote the type of development they want.

Go to permitting and inspections departments. With good reason, political action often can get a permit pulled, preventing or halting construction. Alternatively, inspections can write up code violations and require the owner to make changes.

Use the press. Go to the media with your concerns or complaints as a last resort.

Use historic designations. If appropriate, have the Historic Society protect a building or area by designating it as historic. Keep in mind, however, that future development options may be severely limited.

What Does "Affordability" Mean?

Housing development funding is often targeted to affordable housing. The definition for "affordable" varies. HUD defines "affordable housing" as costing no more than 30% of a household's income. This means a home with an annual mortgage payment of $30,000 home is "affordable" to families with an income of $100,000. Funders limit eligibility to households earning a certain percent of Area Median Income (AMI), and rental projects are usually required to be affordable for a certain number of years.

MHFA's website includes charts of income limits for different size households at different percentages of AMI. Hennepin County 2002 AMI is $76,700 for a family of four. The percentages usually used are 30%, 50%, 60% and 80% of AMI. This starts at $23,010 (30%) and goes up to $61,630 (80%).

Most housing in the United States is subsidized. Subsidy can include CDBG funding, Section 8 funding, or down-payment assistance programs. However, more federal subsidy goes to middle- and upper-income households through the income tax mortgage deduction than through all other housing programs combined.

Because many jobs earn low wages, working doesn't always pay for a place to live. Full-time wages for professions such as medical records technicians, child care workers and many others are too low for those workers to pay less than 30% of their income on housing and have adequate housing. The Family Housing Fund web

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The Lupient Site Task Force

When Hunt Gregory approached the city with a plan to redevelop the Lupient Site, MCDA approached the Nicollet Island East Bank Neighborhood Association, the Marcy Holmes Neighborhood Association, the St. Anthony West Neighborhood Association, and the Old St. Anthony local business association proposing to form the Lupient Site Task Force.

The associations agreed. With MCDA providing administrative support, the task force created inter-neighborhood communication, a forum for building consensus and hashing out concerns, and a space to share ideas and build a vision for the area where the neighborhoods meet. It also participated in concept design and monitored progress.

While the task force had no official power, it represented organizations that do. This built the necessary political leverage for negotiating with Hunt Gregory.

The Lupient Site Task Force enjoyed several successes. It prevented construction of a 25-story apartment tower. It negotiated for apartment units over the commercial spaces and persuaded Hunt-Gregory to build commercial space first. It arranged better parking for businesses and refocused commercial development to provide services to neighborhood residents. Now that most Lupient Site work is complete, the task force wants to work on other projects.

—Dinardo Colucci

site shows what people who work different jobs can afford (www.fhf.org)

When working on a neighborhood plan, think about current residents, what jobs they have and how much they earn. Then figure out how much they can buy (or rent), and target projects to their income levels.

When building homes to sell, consider how long it will be affordable to a given income bracket. A home affordable to the first homebuyer that is later sold at market rate, often is no longer affordable. The Minneapolis Community Land Trusts Initiative is working to establish a land trust that will provide perpetually affordable housing. Another way to ensure affordability over time is to include deed restrictions that limit the resale price of the home, keeping some of the appreciation with the house to make it affordable to the next family, but giving the first family a share in the appreciation in the home's value.

There are many resources available to neighborhoods that can assist them in the development process. They include: developers themselves, mentors, other neighborhoods, general facilitation skills, a copy of the zoning code, roundtable discussions, city council members, and neighborhood banks for small business needs.

Governmental organizations

Minneapolis Neighborhood Revitalization Program (NRP) staff:
www.NRP.org/R2/PlanNetNRP/About.html
- Can provide referrals, suggestions, flag problems or troubleshoot plans, share legal support staff and familiarity with legal regulations, request MCDA staff contacts, and help develop action plans.
- PlanNet NRP is accessible on their website, and includes a variety of reports, virtual project tours, and information about which neighborhoods have experience with different projects. Some of the information is accessible only with training.

Minneapolis Community Development Agency (MCDA) staff:
www.mcda.org 612–673–MCDA
- They have experts for all kinds of development, including commercial, multi-family, and single-family.
- They can provide technical support, acquisitions, dispositions, property inventory, residential mortgages, home improvement loans, and sell vacant lots.
- Get contact recommendations from other neighborhoods.

City of St. Paul
www.stpaul.gov
- License, Inspections and Environmental Protection: 651–266–9090 for inspections and zoning
- Department of Planning and Economic Development: 651–266–6700
- Code Enforcement: 651–266–8440

City of Minneapolis
www.ci.minneapolis.mn.us
- Inspections: 612–673–2007—boarded and vacant property
- Zoning: 612–673–5836
- Planning: 612–673–2597—planners are available to help neighborhoods develop priorities for large parcels, and they house the Minneapolis Heritage Preservation Commission
- Search any property by street address to find: owner, zoning, history, inspections, assessed value, at: www.ci.minneapolis.mn.us/propertyinfo/
- Empowerment Zone: www.ci.minneapolis.mn.us/EZ-resources and funding, plus database of what other neighborhoods are doing

Hennepin County
Property tax look–up at: www.co.hennepin.mn.us/pins/

Ramsey County
Property tax look–up at: www.co.ramsey.mn.us/prr/propertytax/index.asp

Met Council
www.metrocouncil.org-Information on grant programs, regional statistics and data

National non-profit resources
- Community Greens: www.communitygreens.org
- National Community Building Network (NCBN): www.ncbn.org
- Neighborhood USA: www.nusa.org
- National Reinvestment Corporation and their Training Institute: www.nw.org,
- Local Initiative Support Corporation (LISC): www.liscnet.org
- American Institute of Architects: www.aia.org
- National Main Street Center: www.mainst.org/

Resources

Other references

- construction dictionary, an architectural dictionary

- Neighborhood newspapers

- "Sources of Funding for the Development of Affordable Housing," http://www.unn.umn.edu/npcr/report_new_npcr.asp or contact Neighborhood Planning for Community Revitalization at 612-625-1020

- *Not a Solo Act: Creating Successful Partnerships to Develop and Operate Supportive Housing* by Sue Reynolds. From the Corporation for Supportive Housing: www.csh.org/pubs.html

- *A Pattern Language* by Christopher Alexander

- *Defensible Space* by Oscar Newman (out of print, used dealers can find it) and *Creating Defensible Space*, also by Oscar Newman, a HUD Publication

- *Building Better Neighborhoods* by the Greater Minnesota Housing Fund (GMHF)

- *City Comforts: How to Build an Urban Village* by David Suchen, City Comfort Press, 1995

- *Good Neighborhoods* by Michael Pyatock

- *Planning to Stay* by William Morrish and Catherine Brown

- *The Architecture of Affordable Housing* by Sam Davis

- *Defending Community* by Randy Stoecker

- *Storefront Revolution* by Craig Cox

- *Streets of Hope* by Peter Medoff and Holly Sklar

- *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets* by John Mc-Knight

- *There Goes the Neighborhood? Subsidized Housing in Urban Neighborhoods* by Edward Goetz, www.cura.umn.edu

Local non-profit resources

- Minneapolis Neighborhood Information Services has maps and statistics: mnews@qwest.net 612-822-8146
- Twin Cities Free-Net has a list of all neighborhoods, neighborhood maps, Home Mortgage Disclosure Act data summary and more: www.freenet.msp.mn.us/nhoods/mpls
- Minnesota Council of Nonprofits has capacity and non-profit management resources: www.mncn.org
- Minneapolis Telecommunications Network: www.mtn.org
- The Hubert H. Humphrey Institute of Public Affairs: www.hhh.umn.edu

- Center for Neighborhoods has some resources and contacts to help neighborhoods with development issues: www.center4neighborhoods.org, 612-339-3480
- Neighborhood Development Center has resources for small business development: www.windndc.org
- Minneapolis Consortium of Community Developers: www.cando.org, 612-789-7337
- Twin Cities Local Initiative Support Corporation: www.liscnet.org, 651-649-1109

The Lyon House Fight

In 1993, Citizens for a Loring Park Community (CLPC) was approached by the Cathedral of St. Mark's for approval of a demolition permit for the Daniel B. Lyon House, which it had purchased to create more parking. CLPC opposed the demolition. The issue resurfaced in mid-1994. Because the neighborhood had no specific plans for rehabing the house, St. Mark's was able to successfully argue that, without a viable development alternative, it should be allowed to demolish the house for a parking lot. Thanks to a friendship with an inspector, the neighborhood learned of the impending demolition and was able to stall it.

Quickly, CLPC put together a deal to buy the house for a little more than the church had offered. The neighborhood pressured the church by flyering cars, sitting in the pews, going to church coffees and publicizing the situation at local events. Neighbors worked to convince their city council member that the property should be retained on the tax roles. They called church attorneys, and finally the church gave up. This bought enough time to find a developer and commit NRP funds for the project.

At the same time, preservationists and CLPC encouraged the City's Heritage Preservation Commission (HPC) to reopen the issue of the demolition permit and historic designation for the property. The HPC supported the neighborhood's position that the property was unique and of value and recommended to the Planning Commission that the demolition permit be denied and a preservation study started. CLPC also used a map based on historic plat maps from the turn of the century. Highlighted in orange were the few remaining historic properties in the neighborhood. Highlighted in purple were properties, including those with historic designation, which had been demolished for parking lots and high-rises. This map became known as the "Purple Map." Even when held up from a distance, it was clear the map was nearly all purple, with few remaining orange highlights, showing how the neighborhood was saturated with surface parking lots.

In the end, the property was sold to a developer who eventually developed it into upscale condos. Since then, CLPC has not supported anything being torn down that results in surface parking. And, although the church still needs additional parking space, it declined the option to purchase nearby lots because it expected opposition from the neighborhood.

One consequence of the Lyon House fight was awareness of Loring's vulnerability to encroachment by large institutions. Five of the city's largest church congregations and three large schools are right in or on the border of the neighborhood. Another consequence was a strained relationship with the church. Because a major weakness in the Lyon House fight was the lack of an alternative vision, CLPC included a strategy for creating a land use committee in the next NRP plan.

—Kim Havey and Robert Thompson

Glossary of Terms

AMI (Area Median Income)—funders usually use this number when defining affordable housing; half of area households earn more than AMI and half earn less

CDBG—**Community Development Block Grants** are a federal program administered by HUD which provides grant funds to local and state governments to develop viable urban communities by providing decent housing and expanding economic opportunities for low- and moderate-income residents.

Charette process—a process designed to gather input from the public early in the process. A proposal is created at a meeting based on input. Planners take these ideas and draw up a draft proposal within a few days, which is then presented back to the public

Feasibility study—a market and economic study evaluating the development environment and likely economic returns

FHF—**Family Housing Fund** is a nonprofit organization whose mission is to preserve and produce affordable housing for families with low and moderate incomes in the seven-county metropolitan area of Minneapolis and Saint Paul. To accomplish this mission, the Fund acts as a housing intermediary, bringing together people, money, and expertise to support the production, preservation, and delivery of affordable housing.

Low Income Housing Tax Credit—a tax credit allowed for investors as an incentive for the development and preservation of multifamily rental housing affordable to low- and very-low-income households, sometimes referred to as Section 42.

MCDA—**Minneapolis Community Development Agency**, established under state statute and city ordinance in 1981, is directed by the 13 Minneapolis City Council members. MCDA programs and projects assist business growth in order to provide living-wage jobs, provide an array of affordable and desirable housing choices, stabilize and improve neighborhoods, and preserve and enhance the urban features that define Minneapolis.

MPHA—**Minneapolis Public Housing Authority** is an agency that manages 6,700 public housing units in Minneapolis, administers the local implementation of the federal Section 8 rent subsidy program, and seeks to increase, upgrade, and preserve existing affordable housing in the city.

MHFA—**Minnesota Housing Finance Agency** is a state agency whose programs provide funding for a variety of housing needs. MHFA programs are delivered throughout the state by banks and other lenders, community organizations, local housing or economic development authorities, cities, counties, and for-profit and nonprofit developers.

MOU—**Memorandum of understanding** is an agreement developed between partners.

Neighborhood scale development—designed to serve the needs of the neighborhood rather than a larger area

NRP—**Minneapolis Neighborhood Revitalization Program**, established in 1991, is a neighborhood-based planning program that involves citizens in preparing a Neighborhood Action Plan and participating in the plan's implementation.

Platting—the legal process of drawing property lines

Pro forma—a statement showing the projected annual income and operating expenses of a project.

RFP—**Request for Proposals** is a document that an organization or agency sends to a developer inviting the developer to submit a bid or proposal. An organization typically issues the RFP in order to assess competing bids.

RFQ—**Request for Qualifications** is a document that an organization or agency sends to a developer inviting the developer to submit a description of their services and expertise. An organization typically issues the RFQ in order to assess which developers they would like to work with.

Section 8—a federal housing assistance program in which participants pay a portion of their adjusted gross income (i.e. income after standard deductions) for rent and the remainder of the rent is paid by HUD. Section 8 is either project based or tenant based.

Sources and uses—the sources of funding and the uses of the money

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Visit our web site

www.center4neighborhoods.org

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