



Primary Funding Sources and Uses

Federal Entitlement Grants (CDBG, HOME, ESG)

CDBG: Housing, Real Estate, Acquisition, Citywide Economic Development, Business Support

HOME: New Construction and/or Rehab (Multi-family only)

ESG: Shelter Operations, Rapid Re-Housing, Outreach (JPA with Ramsey County) STAR - Sales Tax (long-standing state legislation)

Cultural STAR

Neighborhood STAR

Year-Round Neighborhood STAR

Housing Trust Fund

HRA General Fund (HRA levy, conduit bond fees)

PED/HRA Staff

HRA Program Administration

Property Maintenance HRA Loan Enterprise Fund (grants, loan repayments and interest, land sales)

Rental Rehab

Business Assistance

Full Stack Saint Paul

Housing Trust Fund

Housing Trust Fund (STAR, Loan Enterprise, Parking Fund)

> Downpayment Assistance

Homeowner Rehab

NOAH Programming

Inspiring Communities

City Funds HRA Funds



Flexible Funds

- Loan Enterprise Fund (2024 adopted budget)
 - Business Assistance Fund (\$350K)
 - Rental Rehab (\$115K)
 - Full Stack (\$300K)
 - Housing Trust Fund (\$600K)
- Housing Trust Fund (2024 adopted budget)
 - Down Payment Assistance/Homeowner Rehabilitation (\$2.5M)
 - NOAH Program (\$3M)
 - Inspiring Communities (\$2M)

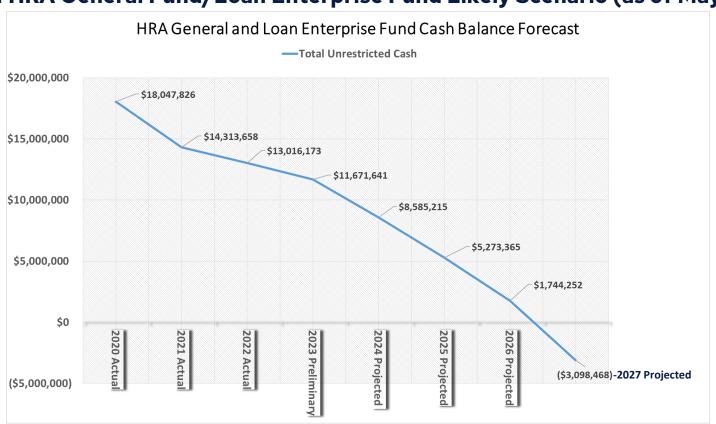


HRA Funds: Requirements for reserves or fund balances

- Whether there are restrictions on uses or on reserves of the fund balances varies by fund type.
- HRA General Fund and Loan Enterprise Fund are the only dollars that are unrestricted.
- While there is no formal policy, we retain a 15% operating reserve for the HRA
 General Fund and Loan Enterprise Fund, including the HRA portion of the PED
 Operations budget.
- The Parking Fund includes a number of reserves both required by lenders and best practices – including reserves to cover debt service, repairs and operations.



2024 HRA General Fund/Loan Enterprise Fund Likely Scenario (as of May 2024)





Risks and Opportunity Costs

Over the past few years, we have identified and outlined several **risks and opportunity costs related to HRA operations**

- A large loan portfolio with many loans past due or requiring workouts and concerns about compliance requirements
- 250 HRA properties for redevelopment, some owned by the HRA for decades, costing approximately \$800K a year to maintain, and not increasing the tax base as they should be
- A parking system with multiple operators, long standing contracts and no regular system of auditing



2024 Budget Strategy-Minimize Risks and Opportunity Costs

- Adding a Deputy Director level position to function as Chief Financial Officer
 - The Department of Planning and Economic Development is responsible for a more than \$140M Housing and Redevelopment Authority/PED budget consisting of multiple local, state and federal funding sources, dozens of programs and projects, the municipal parking ramp system, and hundreds of loans.
 - This complicated financial system needs the ongoing expertise of a Deputy Director/Chief Financial Officer to oversee financial accounting, budgeting and reporting, examine and implement internal controls, and ensure compliance with local, state and federal regulations



2023/24 Actions to Minimize Risks and Opportunity Costs

- Outsource loan servicing
 - Service provider selected, vendor currently investigating loan files, and working with borrowers/developing recommendations
 - Initial assessment to be complete by 6/1/24
- RFPs released and more to come. Disposition policy update is in development.
 - Hamm's Site Awarded JB Vang Tentative Developer Status 1/11/23
 - **1570 White Bear** Awarded Gloria Wong Tentative Developer Status 5/10/23
 - 1170 Arcade Awarded Face to Face Tentative Developer Status 6/28/23
 - Inspiring Communities
 - Proposals received on 11 of 12 properties
 - Several awardees had participated in our emerging developer bootcamp and/or the LISC Developers of Color initiative, including Kali Terry, Dalton Outlaw and Michael Williams
- Audit HRA owned parking system
 - Vendor selected in July and draft report complete. Report to be finalized in Q2 of 2024
 - Prioritized control system replacement in alignment with ARPA project
- Renewed collaboration with OTC on Investment Tracking System software
 - Vendor selected in Q1 of 2024 for final platform recommendation, due in Q2 of 2024



Budget Process Summary

- HRA Executive Director presents proposed 2025 PED/HRA budget mid-September to HRA Board
- September December Mayor's Office, OFS and City Council negotiate budget
- HRA adopts 2025 HRA budget in December of 2024



New City Source-Local Affordable Housing Aid

- Funded by a \$0.25 metro wide sales tax
- Estimated allocation to the City of Saint Paul in the first year: \$4,928,000 (as of early May)
- Funds are given directly to the City from the MN Department of Revenue
- Allocations made to metro cities with 10,000 or more population
- Allocations based on city's relative share of housing cost burdened households
- Will be paid in two equal installments: July 20 and December 26, beginning in 2024
- Funds must be spent by December 31 of the fourth year after the aid was received
- Annual reporting to Minnesota Housing is required



Questions?