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**Housing and Redevelopment Authority
Department of Planning and Economic Development**

2025 Budget Proposal



What is the HRA?

- Established in 1947, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) is a legally **distinct public entity** which undertakes housing, commercial, and business development activities.
- Established in accordance with MN Statute Chapter 469, including taxing authority
 - Not to exceed 0.0185% of estimated market value on taxable real estate
 - Address blighted areas and support redevelopment
 - Provide sufficient low income, safe housing to residents of Saint Paul
- The Saint Paul HRA Board of Commissioners is made up of the seven members of the City Council
- PED Director Nicolle Goodman is the Executive Director of the HRA, which is staffed by the PED team



Previous HRA/PED budget focus areas

For the past several years, we have been focusing on risks and opportunity costs related to staffing levels and systems deficits, including but not limited to:

- A large loan portfolio with **many loans past due or requiring workouts** and concerns about compliance requirements
- 200 HRA properties for redevelopment, some owned by the HRA for decades, **costing approximately \$1 million a year to maintain, and not increasing the tax base** as they should be
- HUD audit findings carrying **risks of financial penalties, including repayment of funds and loss of future grant funds**



Recent Actions to Minimize Risks and Opportunity Costs

- **Outsourced loan servicing to Center for Energy and Environment**
 - Current loan portfolio consists of over 1,100 loans
 - Approximately 10% of portfolio has deficiencies
 - Matured
 - Outstanding reporting requirements
 - Past due amounts
 - Previous structure had Project Managers servicing loans, which is not industry standard, not the same skill set and was inefficient
 - Portfolio has been reviewed and implementation strategy formed
 - Contractor to complete implementation strategy Q4 of this year
 - Will free up time for Project Managers to manage projects



Recent Actions to Minimize Risks and Opportunity Costs

- **Several HRA owned sites are in various stages of development**
 - **Hamm's Brewery** – JB Vang awarded tentative developer status January 2023. Financial close estimated Spring 2026
 - **Inspiring Communities Round 7 for 11 HRA owned parcels** currently underway
 - 6 projects under construction (10 units) and 5 projects still to close with the developers (9 units)
 - **1570 White Bear Avenue** - Gloria Wong awarded tentative developer status [May 2023](#)
 - **1170 Arcade** - Face to Face awarded tentative developer status [June 2023](#)
 - **1036 Marshall Ave** - Rondo CLT awarded tentative developer status [April 2023](#)
- **Comprehensive HRA Owned Real Estate Disposition Strategy** under development



Recent Actions to Minimize Risks and Opportunity Costs

- Added a **Chief Financial Officer to our department, who also serves as a second Deputy Director**
 - **CFO Nicole Green joined us on 8/26/24**
 - Coordinates with department leadership to ensure long term financial health of the development of PED and HRA Annual Budget
 - Oversees annual mandatory audits and ensure all financial reporting compliance requirements are completed successfully
 - Develops key operational and fiscal indicators, dashboards, key performance indicators, or other means to communicate vital fiscal information with the Director of the department, City leadership, regional partners, and the public
 - Conducts financial risk assessments and integrate financial practices into an enterprise risk management framework for the department and the HRA

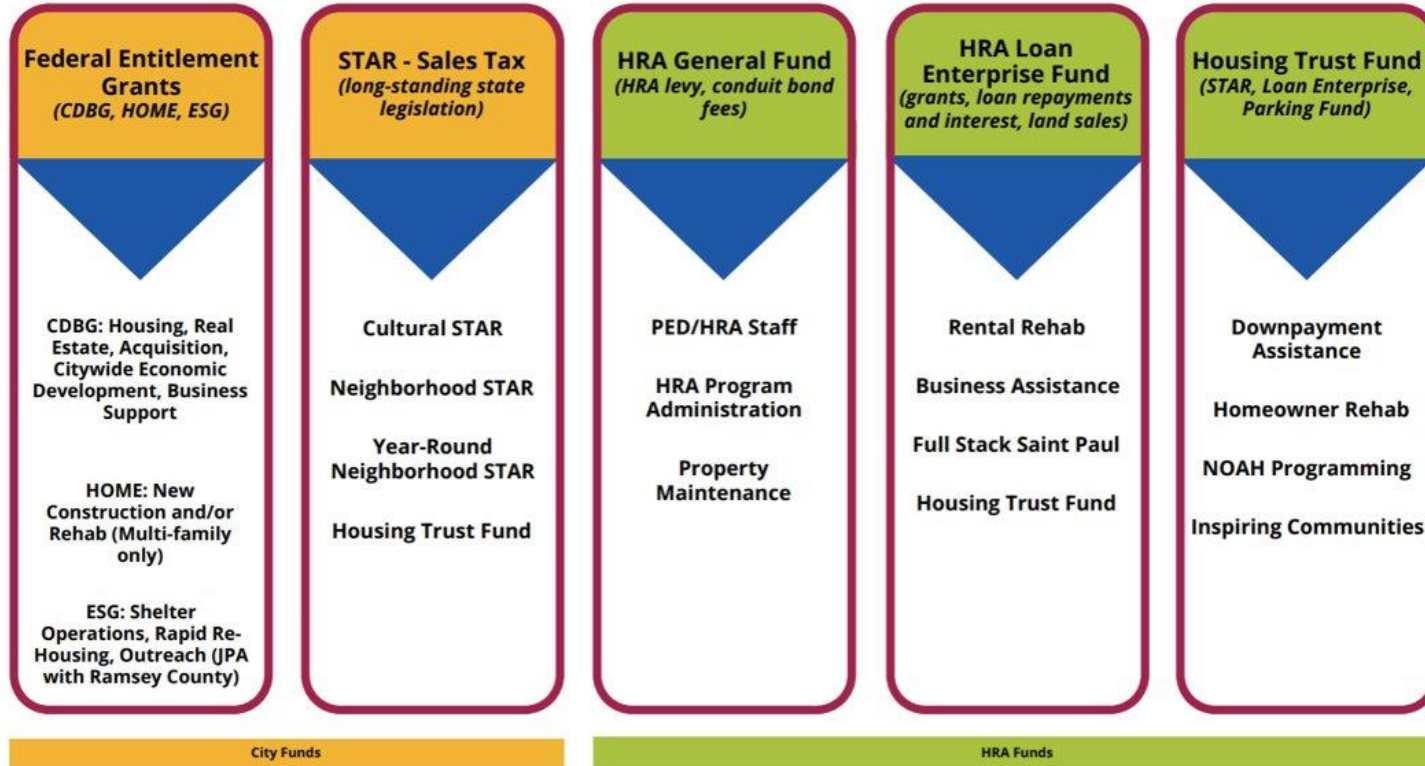


2025 Budget Priorities

- **Comprehensive investments in housing**
 - Increased housing production at all levels of affordability
 - Downpayment Assistance/expand Inheritance Fund
 - Tenant Protections
 - Emergency Rent Assistance
 - Unsheltered
- **Downtown recovery**
 - Implementation of the Downtown Investment Strategy
 - Office to Housing Conversions
- **Comprehensive strategy for Commercial Corridors**
- **Address ongoing budget deficit and use of dwindling financial resources**



PED/HRA Sources of Funding





New Funding Source – Local Affordable Housing Aid

- Estimated annual revenue to City of Saint Paul **approximately \$5M**
- Will be paid in **two equal installments** in July and December
- Funds **must be spent by December 31** of the fourth year after the aid received
- Funds must be used for qualifying uses, which include:
 - Funding for non-profit **development, preservation, shelter support and operation of supportive housing**
 - Projects providing **homeownership opportunities** for households earning 115% AMI or less, prioritizing 80% AMI or less
 - Projects providing **affordable rental opportunities** for households earning 80% AMI or less, prioritizing 50% AMI or less



2025 Budget Priority: Comprehensive Investments in Housing

Local Affordable Housing Aid

- **\$2M** Downpayment Assistance
- **\$1M** Homeowner Rehabilitation
- **\$1M** Emergency Rent Assistance
- **\$500k** Low-Income Homeowner Support
- **\$380k** Tenant Protections
- **\$100k** Partner organization to support legal assistance for renters

Housing Trust Fund

- **\$1.1M** Continue Inspiring Communities program
- **\$500k** Operational support for Catholic Charities
- **\$500k** Familiar Families Shelter pilot
- **\$100k** Common Rental Housing Application Portal
- **\$100k** Brush with Kindness pilot



Local Affordable Housing Aid – 2025 Investments

Program	Funding Amount	Responsible Department	Anticipated outcomes
Downpayment Assistance	\$2,000,000	PED	Estimate 30 new homeowners supported, including additional funding layer for Inheritance Fund recipients
Homeowner Rehabilitation	\$1,000,000	PED	Estimate 25 homeowners supported, including additional funding layer for those receiving Inheritance Fund
Emergency Rent Assistance	\$1,000,000	PED	Mayor and CM Johnson working to address specific situations and challenges. Details to be finalized.
Low-Income Homeowner Support	\$500,000	OFE	RFP for an entity to assist homeowners in accessing state property tax credit and refund programs they may be eligible for.
Tenant Protections	\$380,000	TBD	Staffing to support tenant protection activities - 3.0 FTE
Partner Organization Legal Aid	\$100,000	ONS	Financial support for partner organization providing legal services to renters



Housing Trust Fund – 2025 Investments

Program	Carryover	2025 Allocation	New or Existing Program	Responsible Department	Anticipated outcomes
Inspiring Communities		\$1,100,000	Existing	PED	Continue development opportunities for emerging developers on HRA owned land, adding housing and tax base
Office to Housing Fee Waiver	\$1,000,000		New	DSI	Two projects, up to \$500k each in waivers, with a demonstrated gap in financing
Streamline office-to-housing permitting	\$440,000		New	DSI	Expedite permitting process for construction. DSI-3.0 FTE
Operational Support – Catholic Charities	\$500,000		New	ONS	Support operational expenses as a result of increased demand for services
Familiar Families Pilot	\$500,000		New	Heading Home Ramsey	Supports families who are cycling in and out of homelessness and need intensive services to break the cycle. Came through HHR.
Common Rental Application Portal	\$100,000		New	OTC	Create a single online application portal for tenants and landlords (voluntary program)
Brush with Kindness	\$100,000		New	PED/DSI	10-15 small homeowner rehab projects coordinated with code enforcement activity in DSI

Funding sources: Remaining HTF allocations from previous Families First Housing Pilot, Ramsey County Overnight Shelter and Permanent Supportive Housing



Housing Trust Fund Spending

	Budget Allocated	Actual Spending							Total Projected Spending	Budget Allocated Balance
		2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals as of 7/9/2024	Projected 7/10/2024-12/31/2026		
4d Program	369,603	35,002	57,076	43,243	41,470	62,715	62,131	67,966	369,603	-
Community Land Trust Pilot & Rondo CLT	1,100,000	-	-	57,082	552,847	94,600	-	-	704,529	395,471
Down Payment Assistance	3,500,000	-	413,819	295,476	102,212	823,607	525,500	1,339,386	3,500,000	-
Families First Housing Pilot	3,000,000	-	71,731	79,663	2,381	310,850	22,718	532,657	1,020,000	1,980,000
Winter Safe Space	60,000	-	60,000	-	-	-	-	-	60,000	-
Staffing	1,079,483	-	121,908	221,433	242,324	245,963	247,855	-	1,079,483	-
Bridge Fund for Families (repurposed)	540,000	-	-	540,000	-	-	-	-	540,000	-
Inspiring Communities	2,500,000	-	-	-	-	-	533,494	1,966,506	2,500,000	-
Homeowner Rehab	500,000	-	-	-	-	-	136,173	363,827	500,000	-
NOAH Investment Fund	3,000,000	-	-	-	-	-	-	315,000	315,000	2,685,000
Ramsey County Overnight Shelters	827,244	-	-	-	-	41,362	-	-	41,362	785,882
Permanent Supportive Housing	460,000	-	-	-	-	-	-	-	-	460,000
Grand Total	16,936,330	35,002	724,534	1,236,897	941,234	1,579,097	1,527,871	4,585,342	10,629,977	6,306,353



2025 Budget Priority – Downtown Recovery

- **Office to Housing Conversions**
 - **\$1M HTF** - Waiver of up to \$500k in fees for two projects
 - **\$440k HTF** - Streamlined Permitting Process
 - 3.0 FTEs (site plan review, plans examiner, building inspector)
- **Downtown Principal Project Manager**
 - Projects are likely to be complicated real estate transactions requiring some level of subsidy from the City/HRA
 - Support implementation of Downtown Investment Strategy
 - **\$157,579** (salary and fringe) - **City General Fund**



2025 Budget Priority – Commercial Corridors

Next Steps and 2025 Investments:

- Continue landscape analysis, working with councilmembers, district councils and partner organizations
- **\$425,000** - (2025 investment) Provide funding support for organizations currently working in the commercial corridors
- **\$100,000** - (2025 investment) Hire a consultant to work on a commercial corridor zoning study to determine any beneficial zoning code changes
- **\$346,200** - (carryover from 2024) Continue direct loans to businesses through Business Assistance Fund
- Finalize recommendations for longer term, comprehensive strategy for the corridors and cultural destination areas



Full Stack Saint Paul - 2024 Impact



- **Provided advanced tech training, wraparound, and placement support to Tech Hire scholars**
 - Training ranged from software development to user experience design with an emphasis on developing project experience and portfolio building; supplemented with onboarding, interview prep, and job placement support
 - Paid internship pilot starting fall 2024 to increase recent placement rates in competitive hiring landscape
 - 10 scholars approved for 2024 training with a goal of 14 for the year in partnership with Ramsey County
 - Average wage increase of \$15/hr (83%) for all reporting participants since 2020 (higher wage increase of 112% in 2022)
- **Sponsored strategic community tech and innovation events to educate, connect and grow leaders, businesses, and workforce partnerships**
 - Support allowed producers of Hack the Gap, Strengthen the Strong, NASA Mashup Lab, Tech Connect, Women Venture's Get Funded, Healthcare.mn, and Black Tech Talent to provide scholarships, hire local vendors, and improve community experience for over 2,373 participants across various Saint Paul locations
 - May Tech Month co-produced in partnership with Ramsey County, activating hundreds of community members, partners, and expert speakers
- **Shared resources, connection opportunities, and success stories through Full Stack branded channels**
 - Increased engagement to 1478 monthly newsletter subscribers
 - Re-launched to feature local leaders & strategic industries/goals each month (clean tech, med tech, youth)
- **Celebrated the graduation of seven Tech Entrepreneurship Fellows through Bridgemakers' first cohort**
 - \$90,000 cash invested in young adult entrepreneurs
 - 2.7X increase in gross revenue; 9 new products; 15 other local business supported
 - \$730,000 secured to supplement cohort one and advance two additional cohorts



Full Stack Saint Paul



Continue \$300,000 Annual Investment

Proposed Sources - \$357,500

\$300,000 annual investment from Saint Paul's Housing and Redevelopment Authority

\$2,500 Forge North grant in partnership with Saint Paul Chamber

\$55,000 estimated rollover balance (from 2024 budget of \$400,000)

\$357,500

Proposed Uses - \$357,500

\$ 180,000 for tech training scholarships, placement support, and paid tech internships

\$ 57,500 for communications and marketing staffing on social media, website, public relations

\$ 80,000 for strategic tech and innovation event sponsorship and production in community

\$ 40,000 for Tech Fund SROI investment impact analysis, reporting strategy, and targeted business development

\$357,500



Citywide Economic Development Strategy

Up to \$200k (HRA Loan Enterprise Fund)

- Through an RFP process, select a professional consultant to create a citywide **Economic Development Strategy** to advance the future of our residents, businesses and non-profits and grow our tax base and economic wealth.
- Provide in-depth analysis of the city's economy, focusing on the identification of key opportunities and threats associated with the city's current economic advantages and long-term sustainability.
- Develop a focused plan that **emphasizes equity** and includes **implementable strategies** for growing the city's economic base.
- Recommend goals for strengthening and **building the city's economy with strategies, tactics, guidelines and timelines for achieving such goals.**
 - Where are we? (What is our current economic base?)
 - Which direction should we go? (What are the opportunities for economic base expansion and what can we do to more fully share the benefits of economic growth across communities?)
 - How do we get there?



2025 HRA and PED Operations Proposed Budget Summary

Revenue Sources		2025 Proposed	Expenses		2025 Proposed
HRA Tax Levy		6,504,165	Salaries & Fringe Benefits		13,058,823
Conduit Bond Fees		2,896,921	Services		3,185,545
Federal Grants Administration		1,720,000	Property Maintenance		822,523
City General Fund		1,142,530	Property Maintenance Carryover from Prior Year		50,000
HRA Parking and TIF Admin.		903,500	PED Data Management Carryover from Prior Year		462,800
Grants and Contributions		515,000	Economic Development Strategy		200,000
Loan/Advance Principal & Interest		441,717	Homebuyer/State Homeowner Fix Up Program		675,000
PED Fees		411,000	Marketing		30,000
STAR Administration		400,000	Commercial Corridor Zoning Study		100,000
Investment Interest		200,000	Commercial Corridors		425,000
HRA Fees		40,000	Business Assistance Carryover from Prior Year		346,200
Transfer from Housing Trust Fund		142,141	Pre-Development Carryover from Prior Year		148,993
Intrafund Transfers		35,000	Full Stack		300,000
Total		15,351,974	Full Stack Carryover from Prior Year		55,000
HRA General & Loan Enterprise Fund Unrestricted Fund Balance		7,544,153	Inspiring Communities Carryover from Prior Year		105,132
Total		22,896,127	HUD Rental Rehab Program Carryover from Prior Year		515,457
			Rental Rehab Program		51,239
			Rental Rehab Program Carryover from Prior Year		500,000
			Loan Principal & Interest		139,625
			TIF Admin. Advances		125,000
			Materials & Supplies		70,750
			Capital Outlay		30,000
			Intrafund Transfers Out		35,000
			Support for Executive Project Lead		226,174
			Transfer for HRA Board of Commissioners		183,233
			Transfer for Policy Analyst		84,322
			Transfer for Right Track		191,437
			Transfer for Citizen Participation		18,486
			Transfer for HREEO MBDR		539,966
			Transfer for Policy Analyst		105,422
			Transfer for Intergovernmental Relations		40,000
			Transfer for Business Outreach		75,000
			Total		22,896,127



2025 Budget Priority - Address ongoing budget deficit and use of dwindling financial resources

Possible initial strategies

- Discontinue \$600k annual transfer from Loan Enterprise Fund to Housing Trust Fund
- Increase Conduit Bond Revenues
- Release competitive RFP for parking ramp operations
- Seek federal EDA grants in cooperation with new grants department in OFS
- Working with new CFO, look for efficiencies and possible savings in ongoing programs and expenses



American Rescue Plan Program Update

- **Parking System Capital Improvements (\$2M)**
 - **\$400,678** structural repairs completed
 - **\$1.6M** Control Equipment RFP issued 7/24/24
 - Received six responses, currently under review
 - Contract in November of 2024
 - Installation begins in 2025
- **30% AMI Funding (\$36,840,772 total ARP)**
 - **\$26,943,742** allocated
 - **\$9,897,030** balance will be allocated by December 31, 2024
- **Healthy Homes (\$1M)**
 - Focus on 'pre-weatherization', leverages other rehab programs requiring this work be done first. 2025 implementation and completion.



Current Vacancy List

Position	Date of Vacancy	Status
Project Management Technician	1/25/24	Converting to Rehab Advisor
City Planner	6/26/24	Currently posted
Principal Project Manager (due to promotion)	7/29/24	Currently posted
Principal City Planner (due to promotion)	8/12/24	Currently posted
STAR Project Manager	9/13/24	Posting by 9/30
Loan Assistant	9/13/24	Posting by 9/30



Set maximum 2025 HRA Levy

- **Maximize 2025 HRA Levy**
 - 2024 HRA Levy = \$6,294,694 (maximum allowed by state law)
 - Propose 2025 HRA Levy = \$6,636,903 (maximum allowed by state law)
 - 5.4% increase from 2024
 - Estimated increase on average residential property
 - \$3.81/year, increasing HRA tax levy from \$37.78 to \$41.59



Questions?