



STPAUL.GOV

Introduction to the Housing and Redevelopment Authority (HRA)



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 HRA authorizes the acquisition of real estate, finances housing and commercial loans, issuance of grant funds and bond dollars
- 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



HRA Roles and Authority - Housing

The HRA oversees many programs and financial investments related to the housing goals of the City.

The primary goals of the housing team are to:

- Increase the supply of affordable units, with an emphasis on deeply affordable and supportive housing
- Preserve and maintain existing affordable housing
- Build wealth for residents and communities
- Develop specific, strategic housing priorities
- Provide equitable access to housing





Increase Supply Of Affordable Housing, With An Emphasis On deeply Affordable And Supportive Housing

- **Approve HRA land disposition, development agreements, and allocation of funds for affordable housing developments. Funding sources may include:**
 - Low Income Housing Tax Credits (LIHTC)
 - Housing Revenue Bonds
 - Community Development Block Grant funds
 - HOME funds
 - Tax Increment Financing allocations
 - Pass through grants (i.e. Met Council)





Preserve and Maintain Existing Affordable Housing

- **Approve program guidelines (and updates) and allocate funds for the following programs:**
 - Homeowner Rehab Program (funding source: CDBG and Housing Trust Fund)
 - Rental Rehab Program (funding source: HRA)
 - Naturally Occurring Affordable Housing (NOAH) Fund (funding source: Housing Trust Fund)
 - 4d Program (administrative funding source: Housing Trust Fund)





Build Wealth for Residents and Communities

- **Approve program guidelines (and updates) and allocate funds for the following programs:**
 - Downpayment Assistant Program (funding source: Housing Trust Fund)
 - Inspiring Communities (funding source: CDBG, HTF, MN Housing, will also include disposition approval of HRA-owned land)





Develop Specific, Strategic Housing Priorities

- **Approve and inform strategies and goals such as:**
 - Affordable Housing Production goals
 - Reducing disparities in housing choice
 - Setting priorities for Low Income Housing Tax Credits (i.e. approve scoring criteria)
 - Inform priorities for Local Affordable Housing Aide (metro-wide sales tax)

Provide Equitable Access To Housing

- **Approve and inform strategies and goals such as:**
 - Evaluation of projects and programs (i.e. Inheritance Fund)
 - Ensuring a full range of housing choices throughout the City
 - Continued monitoring of the DPA and Homeowner Rehab program recipients for evidence we are contributing to the reduction of racial disparities in homeownership



HRA Roles and Authority – Business Development

- **Approve programs and funding for business development**
 - Encourage business retention, expansion, and attraction
 - Make direct investments to support new and expanding businesses and entrepreneurs
 - Increase the number of jobs in Saint Paul, and increase access to jobs and opportunity for residents
 - Partner with local and regional organizations focused on economic development





HRA Business Assistance Fund Guidelines

- **Review/approve updates to BAF guidelines and approve individual projects**
 - Eligible businesses include new and existing for-profit businesses located in Saint Paul in need of capital to improve or growth their business, but unable to access adequate financing from other sources;
 - Eligible expenses include improvements to real property, equipment purchase, building acquisition and working capital and inventory purchases;
 - The proposed project must meet a public purpose that includes either the creation of jobs in Saint Paul or benefitting the community through one of the following: growing the tax base, renovating vacant spaces, investing in a low-moderate income area, or investments to meet underserved or unserved community needs;
 - Financing requirements include loans only, with no less than 10% of owner equity and total financing from City or HRA dollars targeted to less than 50% of the total cost of the project with typical loan size ranging from \$20,000 to \$150,000



Business Support Services

- **Business Intake Form**
 - PED actively working with DSI to create shared Intake Form
 - Automatically notifies contacts in multiple departments (PED/DSI/PW) dependent on customer response
- **Business Resource Line - (651) 266-6565**
 - Directs customer to Business Intake Form or appropriate ED or DSI staff. ED staff will provide "concierge level" service to support customers in navigating city business regulatory environment and available financial resources
 - Outsourcing the loan servicing function will free up time for ED Project Managers to provide more support to businesses
- **Proactive Business Intervention System**
 - Utilize three existing DSI and State of MN Reports. ED staff monitor on a weekly basis and proactively reach out to small businesses to discuss possible financial or technical assistance



Full Stack Saint Paul

Full Stack Saint Paul is a public-private partnership that leverages the power of tech and innovation to drive sustainable, equitable economic development in Saint Paul.

- **Approve funding for Full Stack initiatives including:**

- **Bridgemakers Fellowship:** Prepares young entrepreneurs through leadership, business development, and tailored mentorship
- **TechHire scholarships:** Provides full tech training scholarships in partnership with Right Track and Ramsey County
- **Support for tech and innovation events:** Offers financial support and amplification for events throughout Saint Paul





HRA-Owned Real Estate

The Saint Paul HRA owns approximately 250 properties across the city. Properties have historically been made available through an RFP process.

- **Approve the redevelopment of HRA owned parcels**
 - Any interested party can receive email notifications for any properties the HRA decides to advertise
 - Staff are currently updating related disposition policies
 - Staff are currently developing a current list of properties including recommendations on possible strategies for every parcel



HRA Property for Redevelopment

Filter by Classification: All

Filter by Site Estimated Value: \$1,100 - \$2,032,200

Filter by Site Acreage: 0.03 acres - 7.36 acres

Filter by Planning District: All

View only: (27) (264) (88) | Email: development@stphra.com | Scott.Moskowitz@stphra.com

Map contents are updated continuously, and are subject to change at any time. Historical use and ownership trends by geographic area apply to all properties. All data, including, along with links to connect to the public being kept in a GIS system is available. (2023) (2023). This data is represented as a map for the development of 2023.

Equal Housing Opportunity

Each line below represents an HRA owned site with a current or future opportunity for redevelopment. A site is color-coded per the map legend to indicate its current status for

- 767 & 771 Selby: 767 Selby Ave, 0.3 acres (Approx.) | value \$158,800 (vac)
- Fox Lot: Robert, Plato to Fairfield, 0.5 acres (Approx.) | value \$275,800 (vac)
- Haller's: 1590 White Bear Ave N, 2.8 acres (Approx.) | value \$1,138,200 (vac)
- Hamon's Brewery Campus: 480 Main Street Ave S, 7.4 acres (Approx.) | value \$1,738,400 (vac)
- Lexington Library Site: 1080 University Lane, 1.7 acres (Approx.)

Currently Available for Development

- Commercial - Vacant Land
- Commercial - with Building(s)
- Residential - Vacant Land
- Residential - with Building(s)



HRA-Owned Parking System

The HRA owns and manages eight major parking ramps downtown Saint Paul in addition to several smaller surface lots. The parking system currently generates \$4M of net operating income (\$10M pre-pandemic).

Items of note include:

- Revenues from World Trade Center Ramp **support the Housing Trust Fund.**
- An audit of the ramp system is currently underway and nearing completion.
- \$2M in ARPA funding has been dedicated to make repairs and control system upgrades to ramps in 2024.



Legend

| | | |
|-----------------------|-------------|------------|
| Parking Ramp Location | Victory | Keefe |
| Parking Lot Location | Reef/Impark | Allied |
| | SP+ | Trans Park |

Scale: 1:15,000
0 0.07 0.15 0.3mi

County of Ramsey, Esri Canada, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, EPA, USDA



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



2023/24 Actions to Minimize Risks and Opportunity Costs

- **Outsource loan servicing**
 - Service provider selected, vendor currently investigating loan files, and developing recommendations
- **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
 - First project fully approved by the HRA in August 2023; additional projects coming before the HRA for final approval in 2024
- **Audit HRA owned parking system**
 - Vendor selected in July and draft report complete. Report to be finalized in Q1/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



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 **\$114M 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



2024 Major HRA Program Investments

- **\$2 million** - 6th year commitment for the Housing Trust Fund
- **\$400,000** - Full Stack Saint Paul programs
- **\$661,000** - Citywide Business Assistance Fund
- **\$496,800** - Investment Tracking System (ITS) implementation
- **\$500,000** - DEED Main Street Grants required match



2024 HRA Adopted Budget Summary

| Revenue Sources | | 2024 Adopted | Expenses | | 2024 Adopted |
|---|--|--------------|---|--|--------------|
| HRA General Fund | | 8,963,152 | HRA General Fund | | 13,217,139 |
| HRA Loan Enterprise Fund | | 962,807 | HRA Loan Enterprise Fund | | 6,409,519 |
| Palace Theatre Special Revenue Fund | | 235,223 | Palace Theatre Special Revenue Fund | | 235,223 |
| HRA Debt Service Fund | | 4,292,581 | HRA Debt Service Fund | | 4,242,744 |
| HRA Dev. Capital Projects Fund | | 2,235,223 | HRA Dev. Capital Projects Fund | | 2,235,223 |
| HRA Parking Enterprise Fund* | | 18,547,505 | HRA Parking Enterprise Fund* | | 22,589,834 |
| HRA World Trade Center Parking Ent. Fund | | 2,500,000 | HRA World Trade Center Parking Ent. Fund | | 3,539,199 |
| Total | | 37,736,491 | Total | | 52,468,881 |
| *Includes \$3,018,368 that is shown in both revenue and expense for budgeting purposes (intrafund transfers). | | | Use of Fund Balance Including use of HUD Rental Rehab Funds | | (14,732,390) |
| | | | Unreserved & HUD Rental Rehab Balance Available 12/31/2022 | | 24,962,030 |
| | | | 2023 Est. Change in Unrestricted Reserves/Use of Operating Reserves | | (5,874,495) |
| | | | Est. Unreserved Balance Available 12/31/2024 | | 4,355,145 |
| | | | 2025 Est. Change in Unrestricted Reserves/Use of Operating Reserves | | (4,373,353) |
| | | | Est. Unreserved Balance Available 12/31/2025 | | (18,208) |
| | | | Total HRA Funds Supporting Other City Departments in 2024 | | 1,797,786 |
| | | | ** 2025 Assumptions: Parking NOI \$4 million, no change in FTEs or HRA tax levy, 2% personnel increases, operating reserves used. | | |



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 Summary

| Revenue Sources | 2024 Adopted | Expenses | 2024 Adopted |
|-------------------------------------|---------------------|---|---------------------|
| HRA Tax Levy | 6,168,800 | PED Administration | 8,403,283 |
| Conduit bond fees | 2,698,352 | Services | 899,584 |
| Other fees | 30,000 | Property Maintenance | 823,109 |
| TIF Admin. Advance Repayments | 41,000 | Property Maintenance Budget Carryover | 240,000 |
| Investment Interest | 25,000 | Materials & Supplies | 1,000 |
| Transfers from Loan Enterprise Fund | - | TIF Admin. Advances | 65,000 |
| Total | 8,963,152 | Transfer for PED Operations | 1,892,719 |
| Use of Unrestricted Fund Balance | 4,253,987 | Transfer for HRA Board of Commissioners | 183,233 |
| Total | 13,217,139 | Support for Other City Functions | 709,211 |
| | | Total | 13,217,139 |



2024 HRA Loan Enterprise Fund Summary

| Revenue Sources | | 2024 Adopted | Expenses | | 2024 Adopted |
|---|--|--------------|---|--|--------------|
| Grants/Contributions | | 515,000 | Services | | 12,304 |
| Loan/Advance Principal & Interest | | 387,807 | PED Data Management | | 496,800 |
| Fees and Services | | 10,000 | Technical Assistance Budget Carryover | | 27,658 |
| Investment Interest | | 15,000 | Rice/Larpenteur Gateway | | 75,000 |
| Intrafund Transfers In | | 35,000 | Homebuyer/Homeowner Rehab Programs | | 675,000 |
| Total | | 962,807 | Marketing | | 30,000 |
| Use of Unrestricted & HUD Rental Rehab Fund Balance | | 5,446,712 | Business Assistance Budget Carryover | | 1,000,000 |
| Total | | 6,409,519 | Business Assistance/Strategic Investment (SIF) Budget Carryover | | 681,000 |
| | | | Pre-Development | | 50,000 |
| | | | Pre-Development Budget Carryover from Prior Year | | 98,993 |
| | | | Full Stack | | 300,000 |
| | | | Full Stack Budget Carryover from Prior Year | | 100,000 |
| | | | BIPOC-Owned Business Technical Assistance Budget Carryover | | 200,000 |
| | | | BIPOC Developer Growth Program Budget Carryover | | 171,720 |
| | | | Inspiring Communities Budget Carryover | | 105,132 |
| | | | HUD Rental Rehab Program Budget Carryover | | 515,457 |
| | | | Rental Rehab Program | | 115,191 |
| | | | Rental Rehab Program Budget Carryover | | 443,640 |
| | | | Victoria Theatre Budget Carryover | | 412,000 |
| | | | Loan Principal & Interest | | 139,624 |
| | | | Intrafund Transfers Out | | 35,000 |
| | | | Transfers Out | | 600,000 |
| | | | Support for Other City Functions | | 125,000 |
| | | | Total | | 6,409,519 |



HRA Funds Supporting Other City Functions

The HRA budget includes approximately \$2.2 million annually in transfers to the City for non-HRA related expenses

| Description | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Adopted | 2022 Prelim. | 2023 Adopted | 2023 Est. | 2024 Adopted |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City Council Policy Analyst | 84,322 | * | 84,322 | 84,322 | 84,322 | 84,322 | 84,322 | 84,322 |
| General Staff Citizen Participation | 18,486 | * | 18,486 | 18,486 | 18,486 | 18,486 | 18,486 | 18,486 |
| HREEO Contract Compliance Staffing | 539,966 | * | 539,966 | 539,966 | 539,966 | 539,966 | 539,966 | 539,966 |
| Mayor's Office Policy Analyst/IGR/Chief Officers | 154,061 | 153,533 | 154,061 | 154,822 | 154,822 | 155,296 | 155,296 | 155,332 |
| Mayor's Office Staffing for Business Outreach | | | | | | 0 | 75,000 | 75,000 |
| Right Track (additional \$50k from Job Opportunity Fund in 2019) | 241,437 | * | 191,437 | 191,437 | 191,437 | 191,437 | 191,437 | 191,437 |
| Office of Financial Empowerment (OFE) Position | | 121,908 | 121,135 | 123,312 | 123,312 | 123,215 | 123,215 | 118,575 |
| Executive Project Lead for Redevelopment | | 195,000 | 200,850 | 197,444 | 197,444 | 217,625 | 217,625 | 217,801 |
| One-time transfers (expand pedestrian and bicycle safety and abate graffiti/plywood) | | | | 350,000 | 350,000 | | | |
| Transfers from the Parking Fund to non-HRA uses including \$1.3m over three years to support City building maintenance costs, \$500k to address Emerald Ash Borer, \$200k for library materials (some transfers after 2019 were not made due to reduced parking revenue as a result of the COVID-19 pandemic) | 2,004,754 | 3,075,000 | 675,000 | 1,445,000 | 500,000 | 895,000 | 895,000 | 845,000 |
| Total Support for Other Departments | 3,043,026 | 3,545,441 | 1,985,257 | 3,104,789 | 2,159,789 | 2,225,347 | 2,300,347 | 2,245,919 |
| *The budget was amended to use these transfers for the Bridge Fund and were later repurposed for HRA programs. | | | | | | | | |



Parking Fund

- Parking revenues continue to be significantly impacted by the COVID-19 pandemic and changes to in-office work practices.
 - **Pre-pandemic**, fund used to finance several key initiatives
 - Penfield apartments, Saints Stadium, light rail, improving parking meters
 - Parking system generated net operating income of **nearly \$10 million** in 2019 (excluding WTC Ramp)
 - **2020** net operating income was only **\$4.1 million** (excluding WTC Ramp)
 - **2021** net operating **income declined to \$1.7 million** (excluding WTC Ramp)
 - **2022** actuals **\$3.8 million** (excluding WTC Ramp)
 - **2023 actuals \$4.0 million** (excluding WTC Ramp)
 - Revenues exceeding budget by ~16%
 - Strong 2023 event revenue
 - Revenues recovering but still at ~42% of pre-pandemic levels
 - Many office leases coming to an end now, which may result in parking losses if not renewed
 - WTC Ramp generated \$1.3M revenue for Housing Trust Fund



Housing Trust Fund

- **Funding to date**
 - Budgeted: 2019 \$6M, 2020 \$5M, 2021 \$5M, 2022 \$2M, 2023 \$2M, 2024 \$2M.
 - Actual: 2019 \$5M, 2020 \$3.5M, 2021 \$2M, 2022 \$2.8M, 2023 \$2.9M.
 - **Actual total funding to date: \$16.2 million.**
- **Significant allocations to date**
 - 4(d) NOAH Preservation: \$294,600
 - Community Land Trust Pilot & Rondo CLT Capacity: \$1,100,000
 - Down Payment Assistance: \$3,500,000
 - Permanent Supportive Housing: \$460,000
 - Naturally Occurring Affordable Housing (NOAH) Fund: \$3,000,000
 - Inspiring Communities: \$2,500,000
- **Outcomes to date**
 - Preserved 3,004 units of Naturally Occurring Affordable Housing through the 4(d) Program
 - New Executive Director at Rondo CLT has significantly expanded staff, and closings have increased under her leadership
 - Funded 65 new low-income homebuyers with our Down Payment Assistance Program
 - Five owner-occupied duplexes currently being developed by emerging developers through the Inspiring Communities program.



Housing Trust Fund Spending

| <u>Spending</u> | | | | | | 2023 Prelim. Actual |
|--------------------|--|---------------|----------------|------------------|----------------|------------------------|
| | | 2019 Actuals | 2020 Actuals | 2021 Actuals | 2022 Actuals | |
| | 4d Program | 35,002 | 57,076 | 43,243 | 41,470 | 62,715 |
| | Community Land Trust Pilot & Rondo CLT | | | 57,082 | 552,847 | 94,600 |
| | Down Payment Assistance | | 413,819 | 295,476 | 102,212 | 823,607 |
| | Families First Housing Pilot | | 71,731 | 79,663 | 2,381 | 310,850 |
| | Winter Safe Space | | 60,000 | | | |
| | Staffing | | 121,908 | 221,433 | 242,324 | 245,963 |
| | Bridge Fund for Families (repurposed) | | | 540,000 | | |
| | Inspiring Communities | | | | | |
| | NOAH Investment Fund | | | | | |
| | Ramsey County Overnight Shelters | | | | | 41,362 |
| | Permanent Supportive Housing | | | | | |
| Grand Total | | 35,002 | 724,534 | 1,236,897 | 941,234 | 1,579,097 |

The 2023 and 2024 Housing Trust Fund budget requests (\$2M) are funded with \$600K from the HRA Loan Enterprise Fund and \$1.4M from STAR.



Housing Trust Fund: What's Next?

- Approximately \$5M in HTF programming planned for 2024 (including the \$2 million annual commitment)

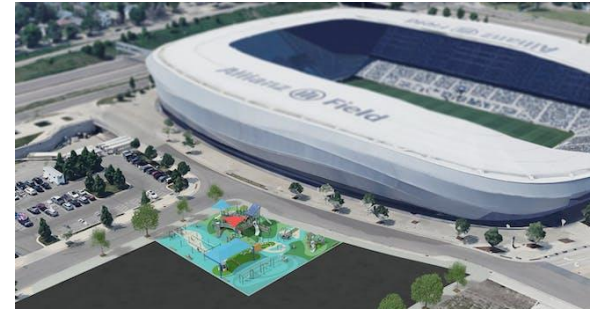
| Program | Proposed Spending 2024 | Anticipated outcomes |
|--|------------------------|---|
| 4d Program Administration | \$75,000 | 750 additional affordable units preserved through property tax rate reduction in 2024 Funds pay for administrative requirements necessary to achieve the property tax rate reduction |
| Permanently affordable homeownership RFP | \$1,000,000 | 15 low-income households will achieve homeownership 15 additional homes will be perpetually affordable in Saint Paul |
| Down Payment Assistance (including Inheritance Fund) | \$1,000,000 | 18 additional households served |
| NOAH Preservation Program | \$3,000,000 | 2024 solicitation for NOAH opens on March 20 |
| PED and OFE staff | \$245,963 | Senior Project Manager (PED), Fair Housing Staff (OFE) |
| TOTAL | \$5,295,963 | |



Major Development Projects

In partnership with the Mayor's Office, PED assists in the development of major projects across the city. Most projects ultimately require HRA financial support. Current large projects include:

- **United Village:** Phase I development including hotel, commercial and POPs moving forward. Final development agreement underway.
- **The Heights:** TIF districts established, TIF Development Agreements forthcoming
- **Highland Bridge:** Development Agreement forthcoming for Common Bond Phase II. Financing request likely to include \$6M ARPA loan and \$600K LCDA loan
- **Hamm's Brewery:** Development Agreement underway, financial requests pending
- **Sears Site:** Coordination with CAAPB/ property owners on master plan requirements
- **Central Station:** RFP to released soon, developer selected summer/fall 2024





Questions?