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Department of Planning and Economic Development

# HUD Grants Overview

(Housing and Redevelopment Authority Presentation July 17, 2024)



# Planning and Economic Development Grants Team

Team manages:

- US Housing and Urban Development (HUD) Entitlement Appropriations (CDBG/HOME/ESG)
- Other Federal Appropriations (ARPA State and Local Fiscal Recovery Funds)

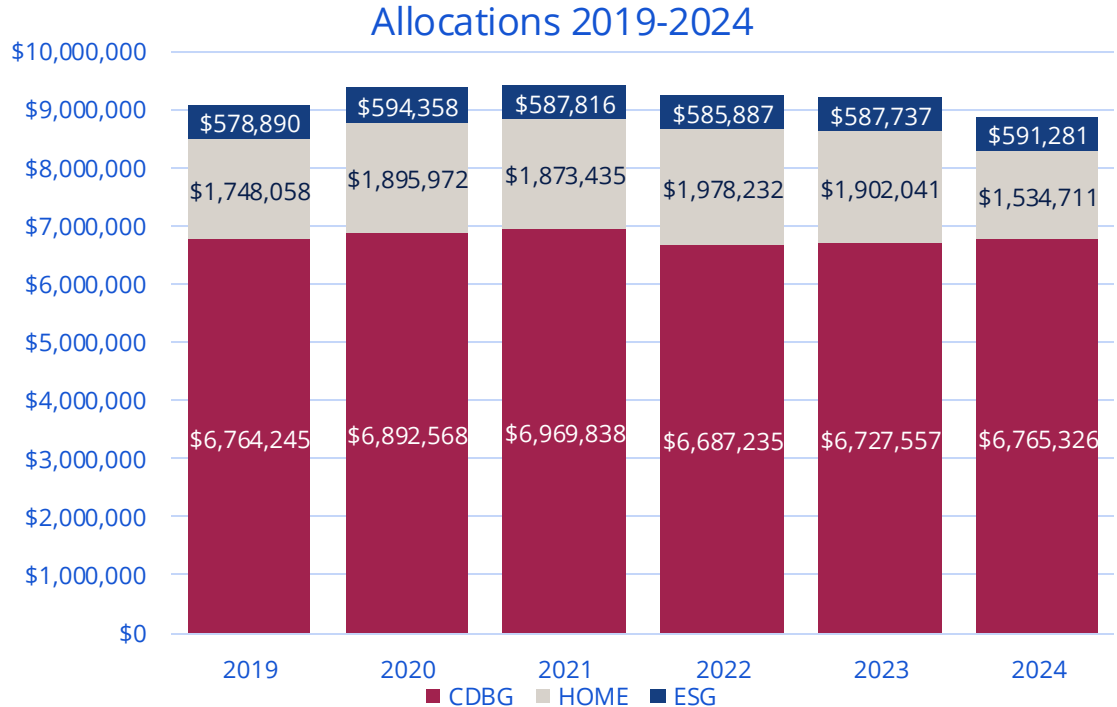




# HUD Formula Grants Received by the City

**All HUD entitlement funds are received and allocated by the City**

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships (HOME)
- Emergency Solutions Grant (ESG)





# Consolidated Plan Requirement and Goals

- HUD requires the City to adopt a five-year consolidated plan (ConPlan) detailing goals and objectives expected for use of HUD funds. Annual Action Plans (AAP) are required for years 2-5 of the ConPlan cycle. The Consolidated Annual Performance and Evaluation Report (CAPER) details activities and outcomes of the goals. HUD must review and approve all plans and reporting.
- ConPlan development is a 1-year process, following strict HUD guidelines and engagement with District Councils. AAP updates follow a 3-month abbreviated process engaging the same stakeholders. Administered by the Planning Division of PED.
- Goals in the City's Consolidated Plan for 2020-2024 include:
  - Development of New Housing
  - Housing Rehabilitation
  - Economic Development
  - Public Services
  - Public Improvements
  - Remediation of Substandard Properties



# Consolidated Plan – Annual Cycle

- The City's program year for HUD resources is June 1 – May 31

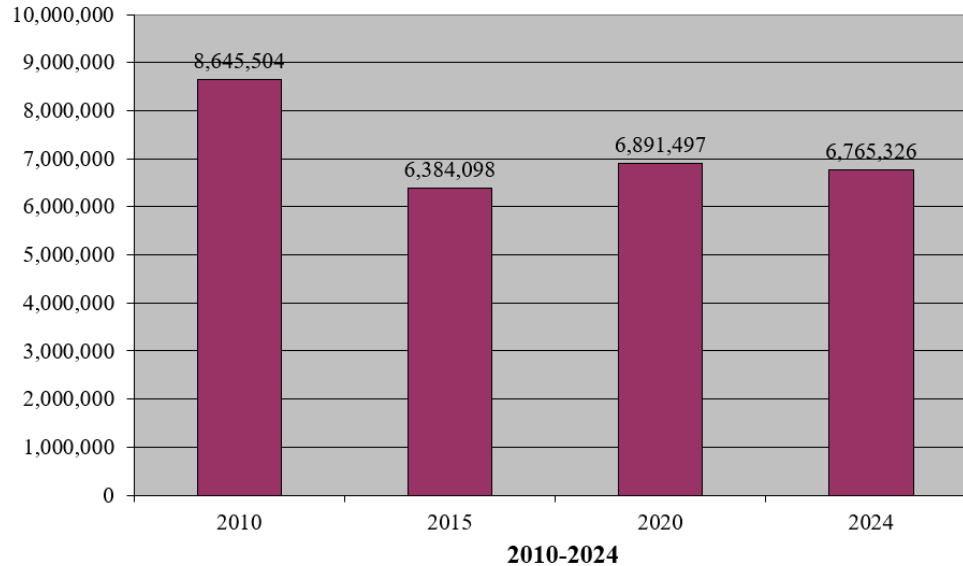




# Community Development Block Grant (CDBG)

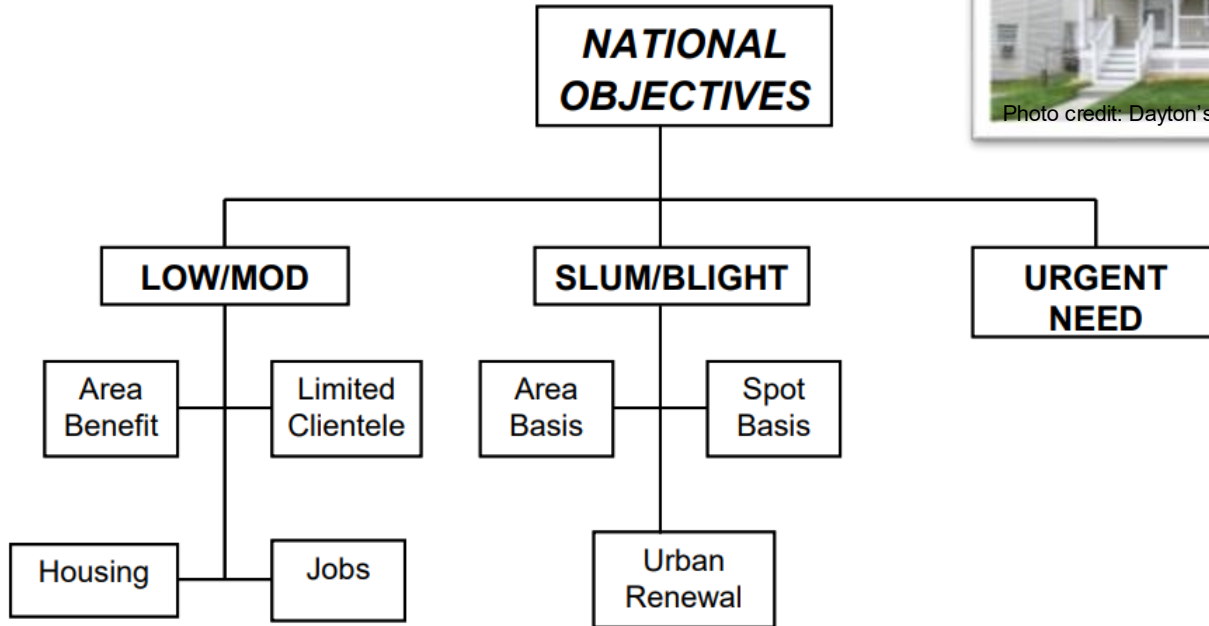
- *Program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.*

**CDBG PROGRAM FUNDING LEVELS  
2010-2024**





# CDBG National Objectives



**Low/Mod Housing**  
Rivoli New Construction



Photo credit: Dayton's Bluff NHS

**Slum/Blight**  
PSA Annex Demo

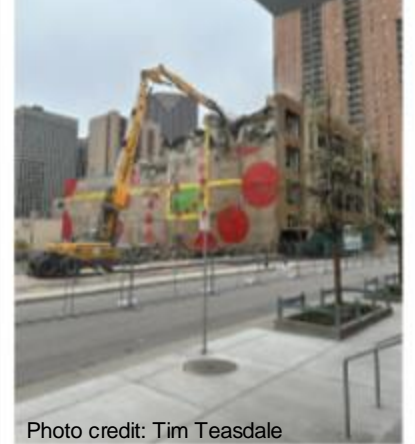
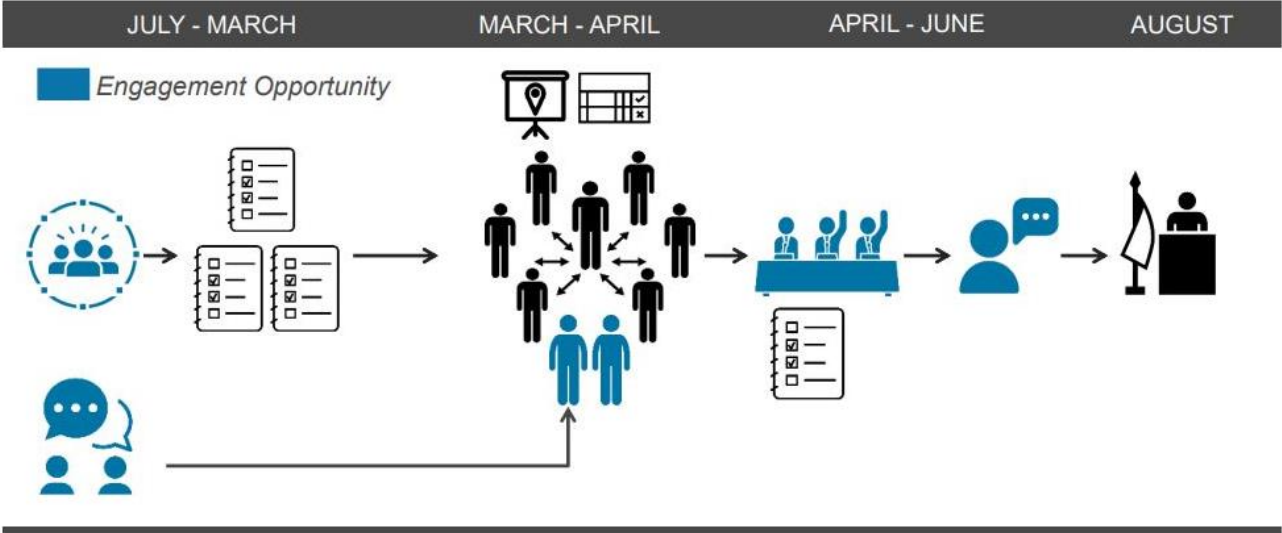


Photo credit: Tim Teasdale



Capital Improvement Plan Year 1:



City Departments draft 5-year capital plans.

Working group uses data and engagement to create citywide 5-year plan.

CIB Committee recommends project priorities for 2-year funding cycle by June 30<sup>th</sup>.

Mayor proposes budget by mid-August.





# 2024-2025 CBDG - CIB Recommendations

	2024 Proposed	2025 Tentative
<b>Community Development Block Grant</b>		
<b>Acquisition Fund for Community Investment</b>	<b>220,000</b>	<b>220,000</b>
Black Arts + Tech Center	210,000	210,000
ESNDC Business Investment Fund	190,000	190,000
<b>Carty Park Play Area</b>	<b>49,000</b>	<b>-</b>
Cerenity Senior Care- Humbolt Skilled Nursing Facility Rehab	78,000	78,000
<b>Citywide 30% AMI Housing Program</b>	<b>245,000</b>	<b>245,000</b>
<b>Citywide Economic Development Program</b>	<b>75,000</b>	<b>75,000</b>
DBNHS East Side Home Improvement Revolving Loan Fund	300,000	300,000
DBNHS East Side Homeownership Initiative	225,000	225,000
<b>Hazel Park Phase II</b>	<b>100,000</b>	<b>100,000</b>
<b>City Homeowner Rehab Program</b>	<b>725,000</b>	<b>725,000</b>
<b>Housing Real Estate Multi-Unit Development Fund</b>	<b>480,000</b>	<b>480,000</b>
NENO North End Economic Development	100,000	100,000
Neighborworks North End Revitalization Fund	200,000	200,000
<b>Prospect Park Play Area</b>	<b>113,000</b>	<b>162,000</b>
Rondo Community Land Trust Homebuyer Initiated Program	150,000	150,000
Neighborworks St. Paul Green Line Home Improvement Loan Fund	200,000	200,000
Neighborworks St. Paul Home Improvement Loan Fund	200,000	200,000
<b>Vacant &amp; Hazardous Building Demolition</b>	<b>140,000</b>	<b>140,000</b>
<b>Total Community Development Block Grant</b>	<b>4,000,000</b>	<b>4,000,000</b>
<b>Total City Projects</b>	<b>2,147,000</b>	<b>2,147,000</b>



## Non-Capital CDBG Funds

<b>Department:</b>	<b>Public Services:</b>		
HREEO	Neighborhood Nonprofits* (suspended)	\$	315,000
PED	Community Engagement	\$	345,000
Parks	Capital City Youth Employment	\$	371,000
Ramsey Co	Block Nurse Program	\$	83,000
	<b>Admin:</b>		
PED/CAO	Program Administration	\$	1,388,000
PED	Direct Project Costs	\$	340,000
<b>Total Non-Capital Uses</b>		\$	2,842,000

\* Neighborhood Non-Profits Funding was reprogrammed to housing rehab in 2023



## Development Funding for PED Projects

- PED receives funding for 3-5 development programs annually through CIB.
  - 2024: 3 housing activities = \$945,000
  - 1 business activity = \$75,000
- PED occasionally receives returned funds from projects that were not completed or did not use all contracted funds.
  - Returned funds are added to PED Funding Resources to be allocated as originally programmed (housing rehab, public services, etc.)
- Unused funds from previous years can be assembled with returned funds and annual allocations to provide larger subsidy for projects.
- Requests for federal assistance are received through PED's HRA application process.
- Requests are vetted through PED's Resource and Credit Committee prior to PED Director forwarding to HRA for review and recommendation.
- HRA Resolution recommends approval.
- Funding is approved at City council via an Administrative Order.



## CDBG Eligible Outcomes

- **Low/Mod Housing (LMH):** Provide housing for households at or below 80% Area Median Income
- **Low/Mod Job Creation (LMJ):** Create Jobs available to low/mod persons
- **Low/Mod Service Area (LMA):** Provide goods or services to an area comprised of a minimum of 51% low/mod persons
- **Low/Mod Limited Clientele (LMC):** Provide goods or services to a specified group of persons who are comprised of a minimum of 51% low/mod persons

**Proposed Rule:** Timeline to meet National Objective would be 6 years from initial drawdown or the period of performance, whichever is shorter.



# CDBG Timeliness and HUD Proposed Rule Changes

## aka Spend-down

Current: The City must not have more than 1 ½ times its most recent allocation as an unspent balance in its line of credit 60 days prior to end of program year.

Reporting: April 1 of each year HUD tests for 1.5 X allocation

**Proposed:** Revise timeliness standard to allow grantees to maintain a fund balance of more than 1.5 times their last CDBG grant (rule does not specify acceptable rate)

Reporting: Institute quarterly public pace-of-expenditure reports to show timeliness as the rate of disbursement of each CDBG grantee

Evaluate grantee's continuing capacity to carry out a program, and if needed, HUD will provide TA to improve timely performance



## Major CDBG funded projects underway in PED

Project	Type	Total Funding	Balance
930 York	Housing (single-family NC)	\$ 276,000	\$ 276,000
729 Burr	Housing (single-family NC)	\$ 244,000	\$ 244,000
Duluth and Case Play Area	Public Facilities	\$ 350,000	\$ 299,893
Prospect Park	Public Facilities	\$ 350,000	\$ 343,907
Fire Station 51	Public Facilities	\$ 1,400,000	\$ 722,678
Capitol City Youth Employment	Public Services	\$ 371,000	\$ 371,000
American House Rehabilitation	Housing (multifamily)	\$ 1,020,090	\$ 270,090
Life Juices (450 Lexington Parkway)	Economic Development	\$ 65,000	\$ 46,935
Single Family Homeowner Rehab (combined)	Housing (single family)	\$1,639,000	\$ 413,106
<b>Total</b>		<b>\$ 5,715,090</b>	<b>\$ 2,987,609</b>



## Recent Economic Development and Public Facilities Examples



### **Liberty Tax - 969 Arcade Street**

Storefront rehabilitation completed 2024  
East Side Neighborhood Development  
Company



### **North End Community Center - 145 Lawson Avenue West**

Construction in progress of a new 25,000  
square foot building and enhancements to  
the existing 6-acre park in Saint Paul's  
North End neighborhood.



### **Far East Bar and Restaurant - 959 Arcade St**

Facade Improvements completed 2024  
East Side Neighborhood Development  
Company



## Recent Housing Development Examples



**800 Robert Street**  
Single Family New Construction  
Neighborhood Development  
Alliance



**653 Otsego - Village on Rivoli**  
Homeownership development  
Dayton's Bluff Neighborhood Housing

**Stryker Senior Housing (HOME funded)**  
New Construction Multifamily Housing  
Neighborhood Development Alliance







# HOME Investment Partnerships (HOME)

- *Program provides formula grants to states and localities that communities use to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.*



West Side Flats, Verdant Apartments. Completed 2021  
Second multifamily building in Minnesota to achieve  
Passive House Institute US Certification



# HOME Eligible Activities

- Build or rehabilitate housing for rent or ownership for low-income beneficiaries (Incomes less than 80% of Area Median Income)
  - Also eligible: tenant based rental assistance
  - Ownership requires HUD approved Resale/Recapture (in process)
- Housing units must remain affordable for the long term (20 years for new construction, 5-15 years for rehabilitation)
- Projects must meet maximum per-unit subsidy (currently \$252,994 for 2-BR )
- Must meet minimum property standards (currently HQS soon to be NSPIRE)
- 10% of annual allocation can be used for Admin activities



# City of Saint Paul HOME Program Design

- Use of HOME funding for multifamily rental new construction and rehabilitation projects.
- Housing projects requesting City financial assistance are received on a pipeline basis.
- HOME funding is used as gap financing for projects managed by PED's Multifamily Housing team.
- Funding requests are vetted through PED's Resource and Credit Committee prior to PED Director forwarding to HRA for review and recommendation.



# HOME Commitment and Expenditure Deadlines

- HOME funds must be committed via HOME Written Agreement within 24 months after HUD signs annual grant agreement (currently suspended)
- Funds must be expended within 5 years after the last day of the month that HUD signs annual grant agreement

## Other Restrictions

- City must match every dollar of HOME funds used with 25 cents from non-federal sources
- 15% of allocations used to fund housing owned, developed, or sponsored by community-driven nonprofit groups designated at Community Housing Development Organizations (CHDO)



## Emergency Solutions Grant (ESG)

- *Program provides funding to engage homeless individuals and families living on the street; improve emergency shelters and help operate them; provide essential services to shelter residents; rapidly rehouse homeless individuals and families; and prevent families and individuals from becoming homeless*



**Catholic Charities, Higher Ground Emergency Shelter**  
Completed 2017 and with second phase in 2019.



# City of Saint Paul ESG Program Design

- The City of Saint Paul has a Joint Powers Agreement with Ramsey County to administer the program, who allocates funds and contracts annually with a variety of homeless service providers
- Ramsey County contracts with service providers and coordinates with the Continuum of Care (Heading Home Ramsey) to provide the following activities:
  - **Street Outreach** (Breaking Free and People, Inc)
  - **Shelter Operations** (Catholic Charities, Model Cities, Lutheran Social Services, Salvation Army)
  - **Rapid Rehousing and Homeless Prevention** (Breaking Free, Face to Face, Theresa Living Center)
  - **Admin and HMIS** (Ramsey County and Institute for Community Alliances)



# ESG Obligation and Expenditure Deadlines

- Must obligate all program funds within 180 days after HUD signs our annual grant agreement
- All funds must be expended within 24 months after HUD signs our annual grant agreement

## Other Restrictions

- Expenditures require a 1:1 match of non-federal funds
- No more than 60% of allocation may be used for street outreach and emergency shelter activities.
- Up to 7.5% may be used for administration of the grant



**Questions?**