Department of Planning and Economic Development

HUD Grants Update

(Housing and Redevelopment Authority Presentation July 16, 2025)

Planning and Economic Development Federal 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)

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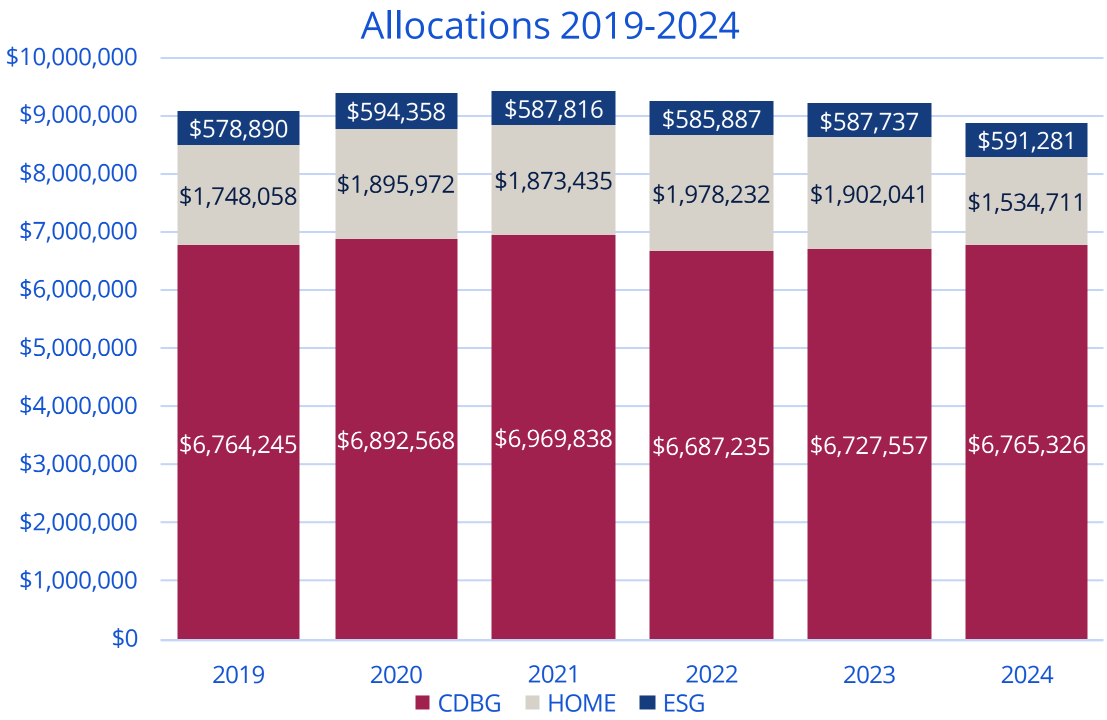
HUD Formula Grants Received by the City

All HUD entitlement funds are received and allocated by the City

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



Funding Changes for FY2026

On Friday, May 30, the Trump Administration released the full FY26 budget request to Congress. The request proposed a 51% cut to HUD funding with $0 funding for CDBG and HOME.

July 13, 2026, the House Transportation, Housing and Urban Development, and Related Agencies (THUD) Appropriations Subcommittee released preview of their spending bill. It provided full funding for CDBG and ESG and eliminated funding for HOME.

The Senate has not released their mark-up schedule for its THUD appropriation.

Consolidated Plan – Annual Cycle

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

Consolidated Plan Requirement and Goals

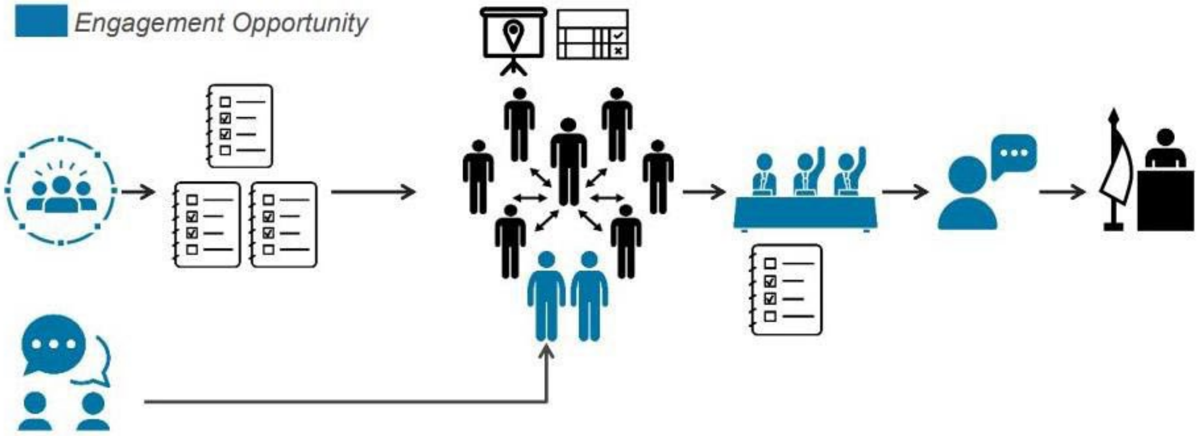
- HUD requires the City to adopt a five-year consolidated plan (ConPlan) detailing goals and objectives expected for use of HUD funds. Annual Action Plans (AAP) are required for years 2-5 of the ConPlan cycle. The Consolidated Annual Performance and Evaluation Report (CAPER) details activities and outcomes 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 Recently Completed Consolidated Plan for 2025-2029 include:
    - Development of New Housing
    - Housing Rehabilitation
    - Economic Development
    - Public Services
    - Public Improvements
    - Remediation of Substandard Properties

Capital Improvement Plan Year 1:

JULY - MARCH	MARCH - APRIL	APRIL - JUNE	AUGUST
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 30th.	Mayor proposes budget by mid-August.

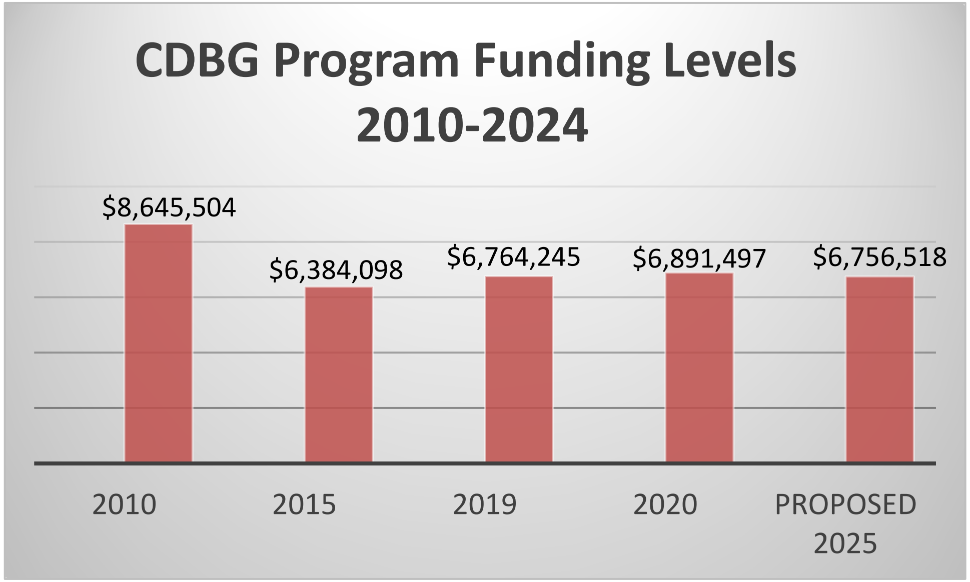


Executive Orders and Certifications Referenced in Grant Agreements

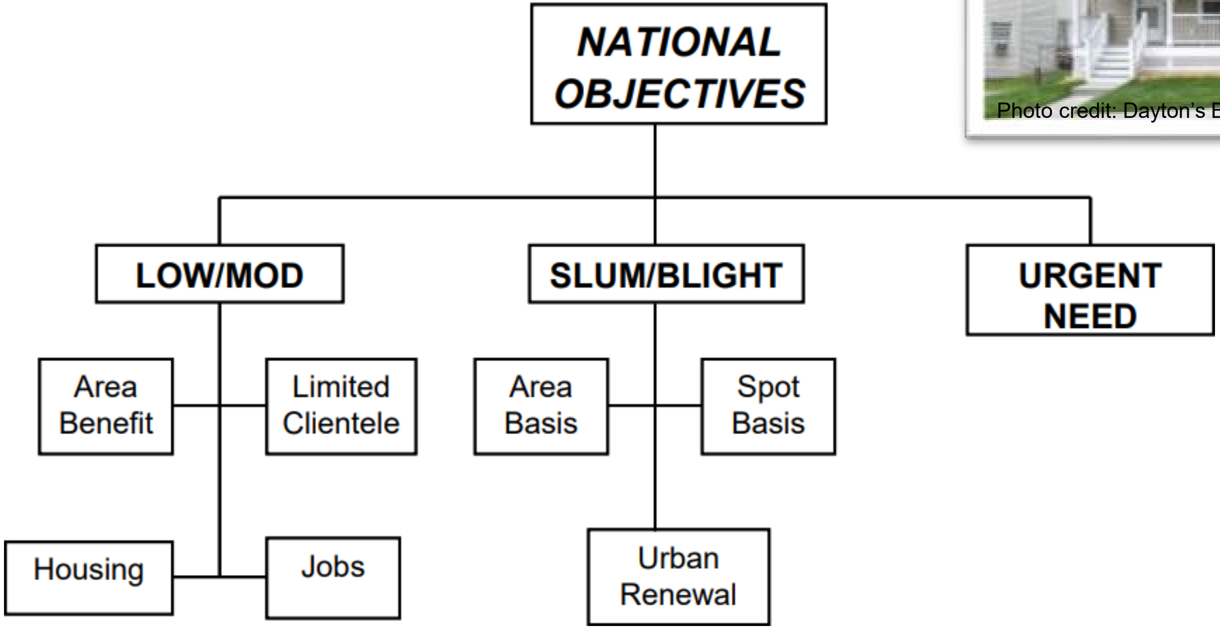
1. A Grantee shall not use grant funds to promote “gender ideology,” as defined in Executive Order (E.O.) 14168, Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government;
2. agrees that its compliance in all respects with all applicable Federal anti-discrimination laws is material to the U.S. Government’s payment decisions for purposes of section 3729(b)(4) of title 31, United States Code;
3. certifies that it does not operate any programs that violate any applicable Federal anti-discrimination laws, including Title VI of the Civil Rights Act of 1964;
4. shall not use any grant funds to fund or promote elective abortions, as required by E.O. 14182, Enforcing the Hyde Amendment; and that
5. notwithstanding anything in the grant or application, this Grant shall not be governed by Executive Orders revoked by E.O. 14154, including E.O. 14008, or requirements implementing Executive Orders that have been revoked.
6. The Grantee must administer its grant in accordance with all applicable immigration restrictions and requirements, including the eligibility and verification requirements that apply under title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646) (PRWORA) and any applicable requirements that HUD, the Attorney General, or the U.S. Citizenship and Immigration Services may establish from time to time to comply with PRWORA, Executive Order 14218, or other Executive Orders or immigration laws.
7. If applicable, no state or unit of general local government that receives funding under this grant may use that funding in a manner that by design or effect facilitates the subsidization or promotion of illegal immigration or abets policies that seek to shield illegal aliens from deportation.
8. Unless excepted by PRWORA, the Grantee must use SAVE, or an equivalent verification system approved by the Federal government, to prevent any Federal public benefit from being provided to an ineligible alien who entered the United States illegally or is otherwise unlawfully present in the United States.
9. Faith-based organizations may be subrecipients for funds on the same basis as any other organization. Grantees may not, in the selection of subrecipients, discriminate against an organization based on the organization’s religious character, affiliation, or exercise.

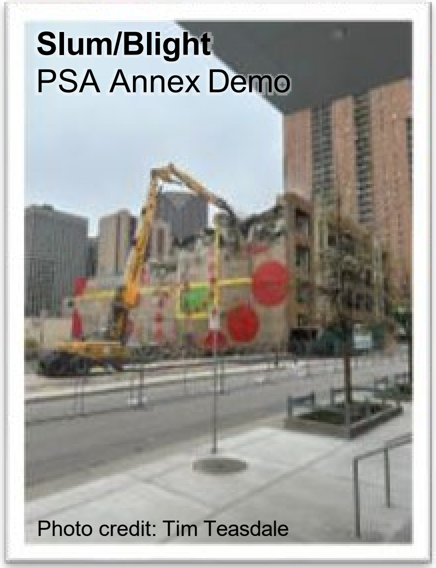
Community Development Block Grant (CDBG)

- *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 National Objectives





2025 CBDG - CIB Recommendations

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

Non-Capital CDBG Funds

Department:	Public Services:		
PED	Community Engagement	$	345,000
Parks	Capital City Youth Employment	$	525,000
Ramsey Co	Block Nurse Program	$	83,000
	Admin:		
PED/CAO	Program Administration	$	1,388,000
PED	Direct Project Costs	$	340,000
Total Non-Capital Uses		$	2,681,000

District Council Contracts

- The Federal Office of Management Budget (OMB), that establishes rules governing federal grants to non-profits, updated 2 CFR § 200, known as Uniform Administrative Requirements that affected the City's Community Engagement Agreements with District Councils and took effect on Oct. 1st, 2024.

- The updated provisions limit District Councils ability to request reimbursement for indirect costs/administrative and operational costs associated with their engagement work.

- Community Engagement Agreements are funded with CDBG and General Fund dollars. CDBG requirements are applied program-wide to ensure consistency, and PED staff are addressing emerging challenges as guidance evolves.

HUD Proposed CDBG Rule Changes

*All proposed rule changes have been suspended

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

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

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 Updates (final rule effective April 2025)

Final rule issued includes modernization and streamlining changes, representing first major regulatory update since 2013. Changes that impact Saint Paul's program include:

- Streamlined tenancy addenda for tenant protections of HOME assisted rental housing
- Changes to maximum per-unit subsidy limits (allowing more subsidy under high cost circumstances)
- Changes to periods of affordability (increased thresholds of when longer affordability periods are triggered for rehabilitated apartments, for example)
- Several provisions intended to streamline the program including allowing use of Public Housing Authority Utility Allowances in HOME assisted units (previously used a range of other tools, with a cost to produce anually) and also better streamlining rent and income limits when the property has multiple funding sources such as LIHTC and Project Based Vouchers.

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.

FY2026 Potential ESG Changes

FY2026 HUD Administration budget request proposed Consolidation of HUD's homelessness assistance grants into a more targeted formula-based Emergency Solutions Grant program. This would collapse the existing Continuum of Care (CoC) Program into ESG.

Questions?