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2026 PED/HRA Budget Update



Major PED/HRA Accomplishments 2020-2025



Major PED Accomplishments over past 5 years

- **Deepened and reorganized department structure**, adding supervisory level positions in each of the three divisions and creating opportunities for advancement, leading to multiple promotions within the department.
- **Added a second Deputy Director who functions as Chief Financial Officer**, overseeing accounting, budgeting and reporting, examining and implementing internal controls, and ensuring compliance with local, state and federal regulations.
- **Increased diversity among department staff and leadership.** Of the 80 current employees in the department, the 45 employees hired before July of 2020 were only 20% people of color. The 35 employees hired since July of 2020 are over 40% people of color, including the Deputy Director/CFO, the Economic Development Director and the Housing Director.



Major PED Accomplishments over past 5 years

Developed policies and programs toward the mitigation of generations of structural racism and inequities

- Created the **Inheritance Fund**, offering **descendants of families who lost homes** and generational wealth due to the construction of I-94 in Rondo and the Riverview Industrial Park in West Side Flats the opportunity to **rebuild wealth through homeownership in Saint Paul**
- Facilitated an **Incremental Development Bootcamp** focused on **emerging developers of color**, for which many of the participants also participated in the ULI Real Estate Diversity Initiative and Ramsey County Emerging and Diverse Developers Program. **Many of these emerging developers are now developing projects on HRA owned land.**

Shaped several policies leading to more affordable housing and expansion of housing opportunities

- **Eliminated parking minimums**, improving both housing affordability and effective land use
- Enacted landmark changes in the zoning code to **eliminate exclusionary single-family zoning**, allowing neighborhood-scale housing, such as duplexes, triplexes, fourplexes, accessory dwelling units, townhomes and cluster developments to be built in every part of the city

Advanced projects that had long been stalled

- **United Village**, which had not progressed for nearly a decade
- **Central Station** site, which has been vacant since 2011
- **Hamm's Brewery** site, which the HRA has owned since 2004



Major PED Accomplishments over past 5 years

- Deployed **millions of dollars in special Spending Plan TIF** to provide gap funding to critical projects including:
 - **\$5M** to support sewer infrastructure leading to the development of commercial and artist space, market rate housing and affordable housing in the **Farwell Yards** development adjacent to Harriet Island, working with a developer who had not previously invested in Saint Paul
 - **\$1.5M** for **Little Africa Plaza** in the Midway to support African and immigrant owned small businesses
 - **\$1.8M** for **Listening House** to renovate a former restaurant space into a day shelter with supportive housing
 - **\$440K** for The Mali Center to assist with build out of new space focused on assisting businesses and organizations
- Assisted **Ruam Mit** in its relocation, build-out, and expansion in **HRA owned space at the Lawson Ramp, activating an important corner in downtown.**
- Supported **hundreds of small businesses and cultural organizations** through the **Neighborhood, Year Round, and Cultural STAR** programs. Highlights include:
 - **\$10,329,141** awarded to **166 Neighborhood STAR** projects from 2020-2025
 - **\$6,427,993** awarded to **124 Year-Round** projects from 2020-2025
 - **\$9,680,329** awarded to **363 Cultural STAR** projects from 2020-2025
 - **\$63,800,000** in additional capital investment leveraged through Neighborhood STAR awards from 2020-2025



Major PED Accomplishments over past 5 years

Development Assistance Team

- Created a **multi-disciplinary team** of staff from all three PED divisions to work with other departments and guide development projects forward **more efficiently and effectively**

District Council Coordination

- Filled full time **District Council Coordinator** position
- **Improved coordination, contract and payment processing** with 17 District Councils
- Conducted analysis and provided recommendations related to funding formula
- New and improved **District Council webpage** to help educate and engage residents
- District Councils **50th Anniversary City Council Resolution** and celebration

1% for Public Arts

- Brought the management of the program over from OFS, aligning with our Cultural STAR program under the Arts and Culture Coordinator position, with the **goal of improving and expanding the program** to be comparable with peer cities

Parking System Audit and Operator RFP

- Working with an external consultant, conducted the **first known operational audit** of the parking system. RFP for Parking Operators to be released soon, **in accordance with best practices.**



Major PED Accomplishments over past 5 years

Partnerships

- Partnered with the **Saint Paul Downtown Alliance** to develop the **Downtown Investment Strategy**, leading to the creation of the **Saint Paul Downtown Development Corporation** and the hiring of its first CEO
- Partnered with the **Saint Paul Port Authority** to develop a plan for the demolition and redevelopment of the vacant **St Joseph's Hospital** campus
- Partnered with the **Federal Reserve Bank of Minneapolis** to create a **"State of Housing in Saint Paul"** dashboard, which is nearing completion
- Partnered with **Ramsey County** on **ARPA funded 30% AMI Program**, jointly leveraging \$75M toward the creating of hundreds of units of housing affordable to families earning 30% of Area Median Income or less.



PED/HRA Outcomes in 2025 to date



Highlights of 2025 PED/HRA Outcomes to date

Housing Development & Affordability

Emergency Rent Assistance / Eviction Prevention Program: Supporting Vulnerable Residents

- New City Council-created program implemented with no additional staff
- With a \$1 million allocation, approximately 400-500 residents facing eviction anticipated to be served

Downpayment Assistance Programs: Fostering Homeownership (as of 9/1/2025)

- **Citywide Downpayment Assistance:**
 - Since opening on June 13th, 95 applications received.
 - 5 applications currently undergoing underwriting, 38 applications approved with funds reserved, 9 loans closed.
- **Inheritance Fund Downpayment Assistance:**
 - 3 applications for WSF received and under review since program opening on June 13th.



Highlights of 2025 PED/HRA Expected Outcomes

Housing Development & Affordability

Major Project Completions & Openings: Enhancing Urban Landscape

- **Landmark Towers** (Sherman Associates): Completion and opening of 187 market-rate units, adaptive reuse
- **Balsam on Broadway** (Broadway Street Development): New construction of 128 affordable rental units (30%-80% AMI) and office space
- **American House** (Beacon Interfaith): Occupied rehabilitation of a 69-unit SRO Housing First resource
- **Marshall Avenue Flats** (PAK Properties): New construction of 98 affordable housing units (30%-60% AMI)

Under Construction: Building for the Future

- **The Harken** (CommonBond Communities): 60 affordable rental units (30% and 50% AMI)
- **892 E 7th St.** (PPL): 60 affordable rental units (30%, 50% & 60% AMI) with several 3+ bedroom units
- **Habitat at The Heights**: Phase I construction continues through 2026, 74 ownership housing units (60%-100% AMI)



Highlights of 2025 PED/HRA Expected Outcomes

Small and Large Scale Development

Small-Scale Development Projects: Expanding Housing Options

- **HRA Owned Properties:**
 - 3 properties with completed developments in process of being sold to homeowners
 - 5 properties (4 NSP) under tentative developer status for development within a year
 - 5 properties actively under construction
 - Multiple properties marketed for immediate development

Large-Scale Development Projects In Flight: Catalyzing Major Growth

- **United Village:** Restaurants, office, and hotel under or nearing construction, with all on-site infrastructure approved
- **Highland Bridge:** Block 2 currently under construction after delays due to RSO
- **The Heights:** Habitat for Humanity homes and Xcel building under construction
- **Central Station:** Entered into TDS with Flaherty and Collins for a major development



Highlights of 2025 PED/HRA Expected Outcomes

Commercial District and Business Support

Commercial Corridors: Revitalizing Local Business Districts

- New City Council-created program successfully launched with existing staff
- Contracts established with 18 organizations to implement projects and initiatives
- As projects progress, compelling stories shared via print, social media, and video

Business Support & Financing: Empowering Local Enterprises

- 968 Payne (BLCK Press) and 849 Rice (Thoj Group) actively developing with LISC CAT fund support
- La Noire Bridal celebrated grand opening, aided by Business Assistance and Year-Round STAR funding

Business Outreach: Connecting with Downtown Community

- Quarterly meetings facilitated with downtown businesses to address concerns and share information
- At least 100 individual business visits conducted for targeted outreach, primarily in downtown
- Multiple businesses successfully assisted in relocating from Alliance Bank to other downtown sites

Full Stack: Cultivating a Thriving Tech Ecosystem

- Tech training and internships in partnership with Ramsey County, building a skilled talent pipeline
- Sponsorship of 40 events to inspire, connect, and educate, fostering a dynamic tech environment
- Stories and resources shared to attract corporate innovators, investors, startups, and tech talent



Highlights of 2025 PED/HRA Expected Outcomes

Planning & Heritage Preservation

Current Planning: Guiding Development Responsibly

- **40** zoning cases, **20** administrative subdivisions, **3** major State-level environmental reviews, and **48** HUD-required environmental reviews managed.

Long-Range Planning: Shaping Saint Paul's Future

- **Key Zoning Studies:** Advancing studies on Traditional Neighborhood Districts, Mississippi River Corridor Critical Area (MRCCA), and Drive-Through Zoning.
- **District and Citywide Plans:** Contributing to the Hamline-Midway District Plan, New West 7th Corridor (Mayor's Office-led), and Climate Action and Resilience Plan (Mayor's Office-led).

Heritage Preservation: Protecting Our Rich History

- **Capitol Mall Design:** Supported Capitol Area Architectural and Planning Board (CAAPB) by reviewing and commenting on the Capitol Mall Design Framework and participating in Section 106 environmental review
- **Hamm's Brewery Site:** Environmental review processes managed, including Section 106 and Office of the State Archaeologist (OSA) archaeological reviews. Local historic designation initiated
- **Inheritance Fund (Rondo & West Side Flats):** Historical research conducted on impacted properties and contributed to boundary determinations.
- **Design Reviews:** **150** Staff Administrative Design Reviews, **15** public hearings for design reviews, **5** pre-applications, **8** Certified Local Government (CLG) Reviews, **20** Section 106 FCC Wireless Reviews and **100** Section 106 Reviews completed. **220** Historic EAW inquiries addressed.



SAINT PAUL
PLANNING & ECONOMIC
DEVELOPMENT

Looking toward 2026

2026 Budget Priorities



2026 PED/HRA Budget Priorities

- **Investments in Housing**
 - Production, Production, Production
 - Office to Housing Conversions
 - Small Scale Developments, particularly on HRA owned land
 - Accessory Dwelling Units
 - Emergency Rent Assistance
 - Citywide Downpayment Assistance
 - Inheritance Fund Downpayment Assistance
- **Implementation of the Downtown Investment Strategy**
 - Retain and Attract Businesses
 - Update to Downtown Development Strategy
- **Commercial Corridors Program**
 - Launched in 2025, Continue in 2026
- **Strengthen District Councils program**
- **Strengthen 1% for Public Arts program**
- **Begin 2050 Comprehensive Plan Development (mandated)**
- **Power of Home/Healthy Homes (funded with Franchise Fees)**
- **Full Stack**



2026 Budget Priority – Investments in Housing

- **Production, Production, Production**
 - Office to Housing Conversions - **\$1.5M from HTF and \$3.5M from LAHA**
 - Small Scale Developments, particularly on HRA owned land - **\$1M from HTF**
 - Cross-Divisional Development Assistance Team will push projects forward
 - Folded in complicated Inspiring Communities Program
 - Large scale developments moving forward since the RSO amendment
 - **Budget includes two experienced Principal Project Managers and a Development Coordinator (repurposed funds)**
- **Accessory Dwelling Units**
 - Purchase pre-approved plans for various sizes and types - **\$100k from HTF**
 - Subsidies are necessary to make these financially feasible - **\$500k from HTF**
- **Emergency Rent Assistance - \$1M from LAHA**
 - New program in 2025 with no new staff added
 - **Budget includes the addition of .5 FTE**
- **Citywide Downpayment Assistance - \$2M from LAHA**
- **Inheritance Fund Downpayment Assistance - \$1M from LAHA**



2026 Budget Priority – Implementation of Downtown Investment Strategy

- **Retain and Attract Businesses - \$500k from HRA Loan Enterprise Fund (diminishing source)**
 - Funding for business retention and attraction, primarily downtown but across the city as well. An example would be funding necessary to attract a new grocer to the vacant Lund's space downtown.
- **Update to 2006 Downtown Development Strategy - \$150k from HRA General Fund (diminishing source)**
 - Update outdated zoning, land use and development policies to respond to downtown's current needs and support future growth (existing *Downtown Development Strategy* was adopted in 2003 and all downtown plans were written pre-COVID)
 - Implement development guidelines and policies based on *Downtown Investment Strategy* (2024)
 - Support outcomes of the *Enterprise Strategy for Downtown Revitalization* through development and urban design policies
 - Focus on policy and regulatory implementation to support downtown vision, including zoning reforms.
 - A consultant will be necessary to do this work



2026 Budget Priority – Commercial Corridors, District Councils and Public Art

- **Commercial Corridors Program – \$1.0M from Economic Development STAR**
 - New Program introduced by City Council in 2025 with no new staffing added
 - Budget includes addition of .5 FTE Project Manager
- **Strengthen District Council Program - \$200k (City funds) to improve the funding formula**
 - Consolidated program under PED from City Council and PED (with a net loss of staff)
 - Stabilize District Council operations by increasing the minimum contract to \$75,000
 - Enhance organizational capacity by enabling District Councils to invest in outreach efforts
 - Foster stronger City partnerships by supporting adequately resourced District Councils
- **Strengthen 1% for Public Arts**
 - Consolidated program under PED from various departments with multiple projects in flight
 - Researched programs in other cities, best practices



2026 Budget Priority – 2050 Comprehensive Plan (Mandated)

- The Comprehensive Plan is a once per decade policy guidance document mandated by the Met Council.
- The 2050 Comprehensive Plan effort begins in 2026 and ends in adoption in 2028
- Consultants will provide specialized expertise, increased capacity, objective perspective, and managed risks. These benefits contribute to the development of robust, sustainable, and inclusive comprehensive plan that addresses the unique needs and goals of the community
- **\$150k from HRA General Fund (diminishing fund balance)**

2026 Budget Priority – Power of Home/Healthy Homes (Franchise Fees)

- Franchise fees cover the costs of staff working out of PED but managed by Russ Stark
- Contracting with CEE to do the heavy lifting of program implementation
- Programs will launch around August 1, so we won't know much about program success before the 2026 budget is adopted
- **\$500k for Power of Home from franchise fees (City funding)**



Full Stack Saint Paul



**\$350,000 from HRA Loan Enterprise Fund (\$50,000 carry over and \$300,000 new)
(diminishing source)**

- \$180,000** Tech training scholarships, placement support, and paid tech internships in partnership with Ramsey County Workforce Development
- \$55,000** Communications and marketing staffing through a contract with the Saint Paul Area Chamber on social media, newsletter, website, public relations
- \$65,000** Event sponsorships focused on innovation and inclusive engagement
- \$50,000** Signature Saint Paul innovation event competition and festival
- \$350,000**



PED/HRA Sources and Uses of Funding – 2026

Federal Entitlement Grants (CDBG, HOME, ESG)

CDBG: Housing, Real Estate, Acquisition, Business Support

HOME: Multifamily Construction

ESG: Shelter Operations, Rapid Re-Housing, Outreach (JPA with Ramsey County)

STAR – Sales Tax (long-standing state legislation)

Cultural STAR
Neighborhood STAR
Year-Round STAR
Commercial Corridors/Economic Development STAR

LAHA (local affordable housing aid)

Downpayment Assistance
Inheritance Fund Downpayment Assistance
Emergency Rent Assistance/Eviction Prevention

Housing Trust Fund *World Trade Center Parking is now only source*

Small Scale Development (and disposition of HRA Owned Land)
Accessory Dwelling Unit plans and subsidies

HRA General Fund (HRA levy, conduit bond fees) *diminishing fund balance*

PED/HRA Staff
Downtown Development Strategy Update
2050 Comprehensive Plan Update (mandated)

HRA Loan Enterprise Fund (loan repayments and interest, land sales) *diminishing source*

Business Retention and Attraction

City Funds

HRA Funds



Funding Sources and Uses

Local Affordable Housing Aid (City)

- **\$3.5M** Downtown Housing and Office to Housing Conversions
- **\$2M** Citywide Downpayment Assistance
- **\$1M** Inheritance Fund Downpayment Assistance
- **\$1M** Emergency Rent Assistance/Eviction Prevention
- **\$880k** Supportive Housing Contract (Ramsey County/COC)
- **\$100k** Homeline Contract (OFE)

Housing Trust Fund (HRA)

- **\$1.5M** Downtown Housing and Office to Housing Conversions
- **\$1M** Small Scale Development – gap subsidies
- **\$100k** Acquire Pre-Approved ADU Plans
- **\$500k** Accessory Dwelling Unit Subsidies
- **\$300k** Staffing (OFE fair housing coordinator, PED housing senior project manager)



Local Affordable Housing Aid (City) – 2026 Investments

Program	2026 Funding Amount	Responsible Department	Anticipated outcomes
Downtown Housing and Office to Housing Conversions	\$3,500,000	PED	Combined with HTF allocation, investment in 1-2 affordable housing projects
Citywide Downpayment Assistance	\$2,000,000	PED	Downpayment assistance to approximately 50 homebuyers
Inheritance Fund Downpayment Assistance	\$1,000,000	PED	Downpayment assistance 10-15 homebuyers
Emergency Rent Assistance	\$1,000,000	PED	Serve 400-500 households
Homeline Contract	\$ 100,000	OFE	Tenant advocacy line. In Q1 2025 758 renter households called for assistance with repairs, evictions, lease questions, security deposits and more.
Supportive Housing Contract	\$880,000	Heading Home Ramsey	Varies depending on HHR determinations of need



Housing Trust Fund (HRA)– 2026 Investments

Program	2026 Allocation	Responsible Department	Anticipated outcomes
Downtown Housing and Office to Housing Conversions	\$1,500,000	PED	Combined with LAHA allocation, investment in 1-2 affordable housing projects
Small Scale Development/HRA owned land development	\$1,000,000	PED	Continue development opportunities for emerging developers on HRA owned land
Accessory Dwelling Unit Acquire Pre-Approved ADU Plans	\$100,000	PED	Permit-ready plans that any resident can use to build a variety of housing options. This streamlines the process and decreases the overall cost of pre-construction.
Accessory Dwelling Unit Subsidies	\$500,000	PED	Creation of Accessory Dwelling Units to add to housing supply and provide wealth building opportunities
Staffing (OFE fair housing coordinator, PED housing senior project manager)	\$300,000	OFE/PED	This is not sustainable long term. Another funding source will need to be determined going forward.



Economic Development STAR (City) – 2026 Investments

Program	2026 Funding Amount	Responsible Department	Anticipated outcomes
Commercial Corridors	\$1,000,000	PED	Ongoing support for the 18 identified commercial corridors. Funding Will result in 18 unique, community led projects, programs, and initiatives including: corridor beautification work, marketing campaigns, and new sub-granting programs



HRA General Fund (HRA) – 2026 Investments

Program	2026 Funding	Responsible Department	Anticipated outcomes
Downtown Development Strategy Update	\$150,000	PED/Planning	Update and develop new downtown policies and implement zoning code changes that enables downtown to develop flexibly and efficiently to ensure neighborhood stability and promote entertainment in a neighborhood of choice.
2050 Comprehensive Plan Development	\$150,000	PED/Planning	Refocus Citywide policy to guide land use and ensure climate, economic and social resilience.

HRA Loan Enterprise Fund (HRA) – 2026 Investments

Program	2026 Funding Amount	Responsible Department	Anticipated outcomes
Full Stack	\$300,000 plus \$50,000 carryover	PED/Econ Dev	Tech training scholarships, placement support, and internships, communications and marketing, event sponsorships
Business Retention and Expansion	\$500,000	PED/Econ Dev	Various efforts to retain and attract businesses downtown and throughout the city, based on recommendations coming forth in the Citywide Economic Development Strategy



HRA and PED 2026 Support for other Departments

Description	2021 Actual	2022 Actual	2023 Actual	2024 Adopted	2024 Actual	2025 Adopted	2026 Proposed
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	154,822	155,296	155,332	155,332	165,964	154,967
Mayor's Office Staffing for Business Outreach				75,000	75,000	75,000	
Right Track (additional \$50k from Job Opportunity Fund in 2019)	191,437	191,437	191,437	191,437	191,437	191,437	191,437
Office of Financial Empowerment (OFE) Position	121,135	123,312	123,215	118,575	118,575	151,104	156,991
Executive Project Lead for Redevelopment	200,850	197,444	217,625	217,403	199,490	226,174	
One-time transfers (expand pedestrian and bicycle safety and abate graffiti/plywood)		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)	675,000			845,000		845,000	845,000
Total Support for Other Departments	1,985,257	1,659,789	1,330,347	2,245,521	1,382,608	2,297,453	1,991,169
*The budget was amended to use these transfers for the Bridge Fund and were later repurposed for HRA programs.							



Set Maximum 2026 HRA Levy

- **Maximize 2026 HRA Levy**
 - 2025 HRA Levy = \$6,636,903 (maximum allowed by state law)
 - Proposed 2026 HRA Levy = \$6,636,875 (maximum allowed by state law)
 - 0% increase from 2025



Things to consider in future budget cycles

- PED has consistently handled more and more programming with less and less staff. Either programs need to be eliminated/streamlined, or staff needs to be added. New programs should come with new staffing unless other programs are eliminated at the same time.
- The HRA General Fund is a finite source and is nearing depletion, and the HRA Loan Enterprise fund is a diminishing source. New funding sources such as City levy, or less transfers out to the City General Fund, will be needed going forward (and have been requested every year for many years)
- Another funding source should be determined for District Councils besides CDBG, to decrease the administrative burden of the reporting requirements.



Questions?