



Saint Paul Minnesota
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2019 Proposed Budget Presentation to the City Council

September 12, 2018
Planning and Economic Development
Housing and Redevelopment Authority

Dr. Bruce P. Corrie, PhD
Director, PED
Executive Director, HRA

Budget Team



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- Dr. Bruce Corrie, Director
- Kristin Guild, Deputy Director
- Rhonda Gillquist, Lead Accountant
- Michael Marmsoler, Accountant
- Jenny Wolfe, Debt Manager
- Marissa Peterson, Senior Budget Analyst, OFS



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Department Overview



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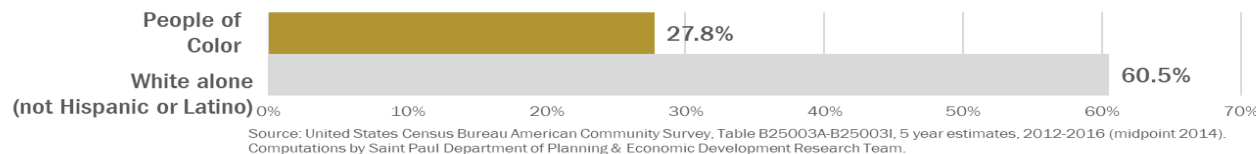
Planning and Economic Development Mission

Building Community Wealth – *through Business, Jobs,
Housing, Planning, Financial and Cultural Assets*

3 Economic Trends – Saint Paul

- Low Unemployment rate – 2.5 % May 2018
- Over 50 percent of renter households are cost burdened
- Racial disparities in wealth

Homeownership (2014)

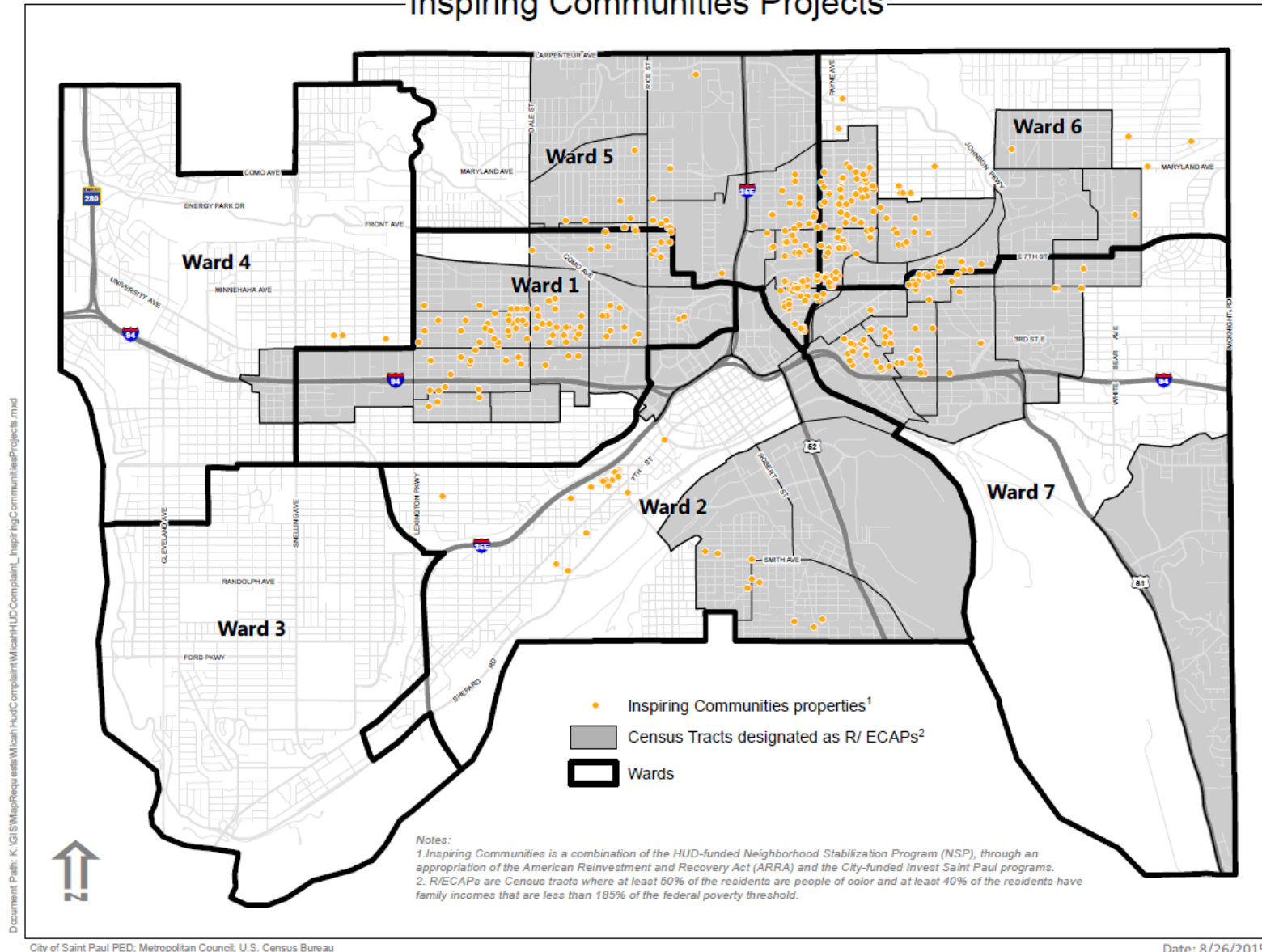


PED's Economic Role

- Grow the economic base
- Broad based wealth creation
- Role of funder and to leverage resources to build capacity and wealth
- Market leader/influencer

Homeownership: Inspiring Communities

Inspiring Communities Projects



Previous Recent Investments

Describe how recent funding has been used and results to date?

Rental Rehab Program

Program guidelines were adopted by the HRA Board on July 26, 2017 for loans of up to \$30,000 for property improvements to rental buildings. Staff have conducted outreach with direct mailers to property owners, through community organizations, with media features and at community events. We have closed on nine loans that supported just under \$185,000 of improvements to 21 apartments. While the property owner applicants are mostly white, residents of the occupied units are primarily women of color and nearly 50% have a Section 8 voucher. Another seven applications for 23 housing units are under review.

Full Stack Saint Paul: Start Up Scale Up

The Council funded \$300,000 in the first year of implementation of Full Stack for a combination of marketing and networking activities and scholarships for income-eligible Saint Paul residents to the MSP Tech Hire tech job certification program. We had an early win in 2018, in securing the TechStars Farm to Fork Accelerator for downtown Saint Paul with a small forgivable loan of \$200,000 for tenant improvements using budgeted HRA business assistance funds. To date, 10 tech events attended by over 1,500 people have been held in Saint Paul, four of which were supported by Full Stack. We have supported 8 residents with scholarships to helpdesk (1) and coding (7) certification programs.

Job Opportunity Fund

With \$500,000 in HRA business assistance dollars reprogrammed to a new Job Opportunity Fund focused on job creation in ACP50 areas, the program was launched in July of this year. We've received over 40 inquiries and three applications to date.

Outcomes – Jan-Aug 2018 Highlights

Business and Jobs

- Deepen outreach - 12 small businesses assisted through the Neighborhood STAR program
- 3 revolving loan pools funded through Neighborhood STAR
- At least 223 business visits by PED staff
- Small Business friendly policy change to the Neighborhood STAR Program
- Launch of the Job Opportunity Fund in ACP50 areas
- Groundbreaking on the Selby-Milton project
- Smooth transition for the two Megaprojects - Allianz Field and Ford - and progress continues
- Development of Ford Site launched
- Full Stack brought high tech - Techstars Farm to Fork to Saint Paul.
- Launch of the MEDA Million dollar pitch investments for minority firms



Outcomes – Jan-Aug 2018 Highlights

Housing

- Launch of the Rental Rehab loan program and implementation for NOAH properties
- Groundbreaking on over 400 units of housing in critical parts of the city, such as Ain Dah Yung shelter, Selby Milton project, Dominion affordable housing units
- Fair Housing Report with other departments.
- Exploring Accessory Dwelling Unit (ADU) policy for city
- Support for organizations serving people experiencing homelessness

Outcomes – Jan-Aug 2018 Highlights

Planning

- Development of Mission statement of PED to bring clarity to strategy and programs.
- Draft Comp Plan 2040 and community outreach for public review
- Completion of the African American Context Study
- Proposed review of Historic Preservation design guidelines to make it easier for residents to manage historic designated property
- Sustainability – Benchmarking and updated Sustainable Building Policy

Outcomes – January to August, 2018

- Downtown
 - Active partnership with the new Downtown Alliance to grow jobs and businesses
 - Active engagement around redevelopment opportunities in core sites
 - Support for cultural and placemaking activities such as the Twin Cities Jazz Festival and Central Station
 - Continued support for Higher Ground and the new Opportunity Center
 - Support for the new tech start-up sector such as Techstars Farm to Fork.

Outcomes – Jan-Aug 2018 Highlights

Cultural Assets

- Cultural destination placemaking investments in Rondo, District Del Sol, North End, Little Africa.
- Providing visibility of Little Africa and other cultural corridors to the developments in Allianz Field.

Financial Assets

- Strategic partnerships to improve community access to wealth building resources and networks with Ramsey Action Partnership, Prepare and Prosper, Bridge to Benefits, Ramsey County
- Support for the development of the Office for Financial Empowerment



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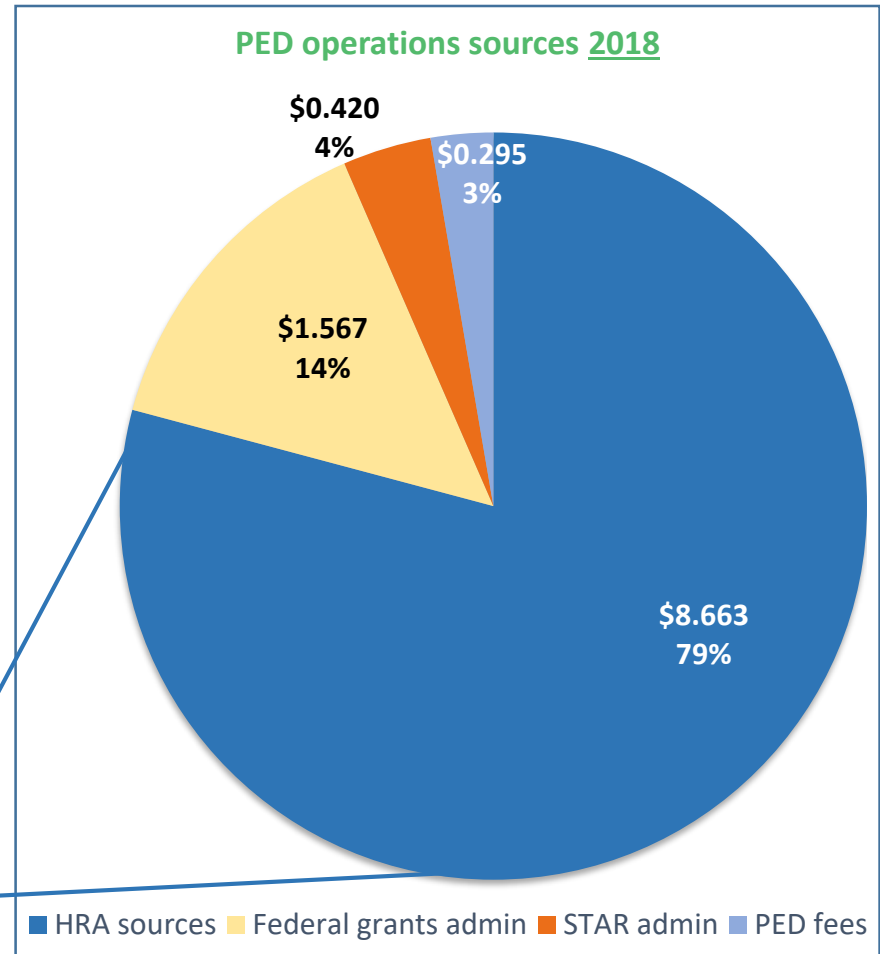
HRA Fiscal Outlook

PED Operations Funded Mainly from HRA Resources

- 79% of operating budget
- Annual HRA expenses exceed annual revenues – as much as \$4 million
- Relying heavily on one time HRA sources (particularly property sale revenues)
- **Projected HRA deficit in 2021**

HRA sources used for 2018 PED operations:

- HRA levy (\$3.547M)
- HRA bond fees (\$1.408M)
- HRA parking & TIF admin (\$1.05M)
- HRA property sales (\$2.658M)



Proposed PED/HRA Budget Strategy

Goals:

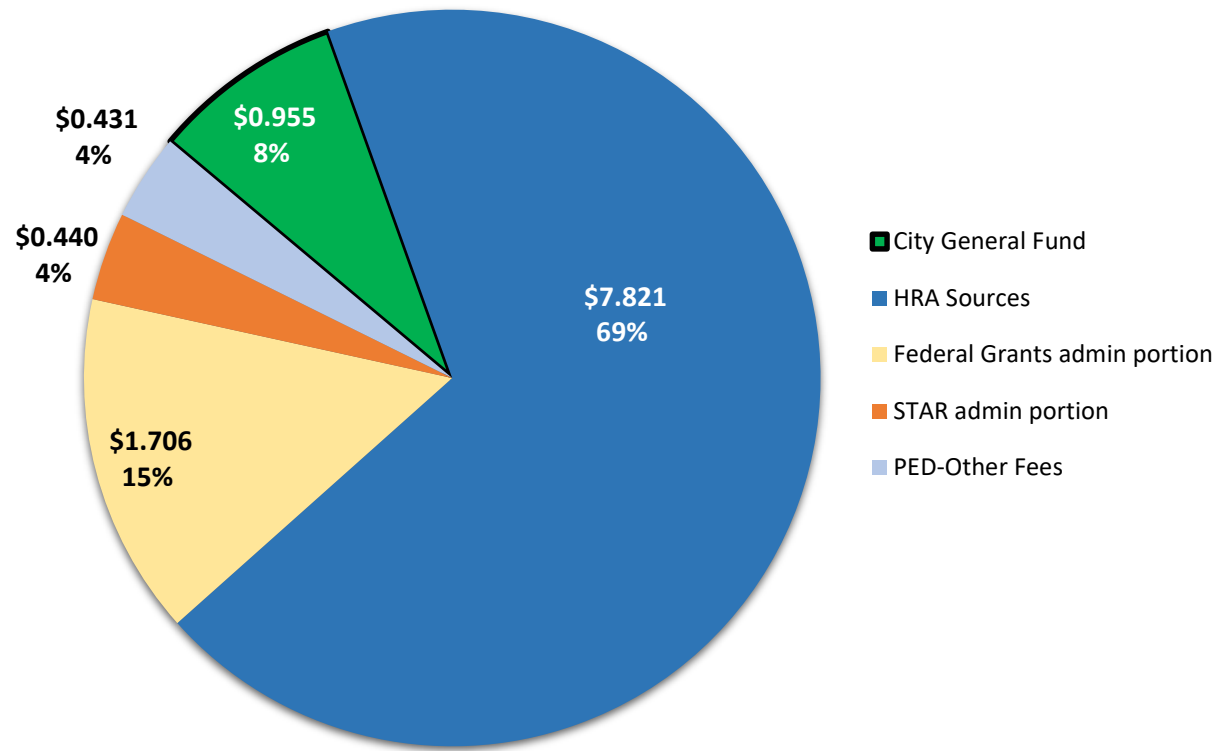
1. Stabilize HRA fiscal outlook
2. Make resources available for new HRA investments (\$1M for housing in 2019)

Proposed Action:

1. Phase in City General Fund over 3 years to support 1/3 of PED operations
2. Reduce HRA transfers
3. Maximize HRA levy

1. Phase into General Fund – Year 1 (\$954,803 shift)

2019 PED OPERATIONS SOURCES



2. Reduce HRA Transfers

Reduce transfers to other department operations by nearly \$1M:

Continue		Shift	
HRA Board of Commissioners	\$183,233	HREEO Contract Compliance and business TA contracts	841,787
Council Policy Analyst	\$84,322	Mayor's Office staffing	\$145,422
Right Track	\$191,437		
General Govt Staff	\$18,486		
	\$477,478		\$987,209

3. Maximize HRA Levy

HRA PROPERTY TAX LEVIES AND PROPERTY VALUES

Prepared on August 10, 2018

LEVY - PAYABLE	2014	2015	2016	2017	Final 2018	Proposed 2019
Taxable Market Value (Real and Personal Property)	18,388,992,700	18,425,451,200	19,709,227,700	20,563,822,400	22,091,435,000	24,107,017,400 *
State Law Maximum Levy Rate (% of Taxable Market Value)	0.0185%	0.0185%	0.0185%	0.0185%	0.0185%	0.0185%
Maximum Tax Levy per State Law	\$ 3,401,964	\$ 3,408,708	\$ 3,646,207	\$ 3,804,307	\$ 4,086,915	\$ 4,459,798
Actual Tax Levy Certified (Includes Shrinkage)	3,178,148	3,278,148	3,278,148	3,546,597	3,822,159	4,459,798
Actual Levy under Maximum	223,816	130,560	368,059	257,710	264,756	0
% of Actual Levy to Maximum	93.42%	96.17%	89.91%	93.23%	93.52%	100.00%

* Estimated Market Value provided by Ramsey County on 3/16/2018.

Market Value data provided by Ramsey County

Beginning in 2013, Taxable Market Value is replaced with Total Estimated Market Value
The levy is based on prior year's market value but is applied to current year's net tax capacity

Proposal: Increase levy by
\$637,639; an estimated \$4.21
increase for a median value home



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Budget Proposals

Strategic Framework for Budget

- Build on the economic development strategies of past years
- Deepen these strategies to help build broad based community wealth
- Leveraging “assets” of residents and neighborhoods, especially cultural assets.
- Focus on “place making” to build community and grow wealth.

Key Budget Proposals

- Establish a Housing Trust fund of \$12 million to fund production, preservation and protection strategies along the continuum of housing.
- Build wealth in low income areas through Cultural Destination Areas
- Continue investment in Full Stack to grow tech based/digital business cluster in Saint Paul
- Provide stability to PED's fiscal outlook

Program Investment Proposals

Program	Total Cost
Affordable Housing Strategy, slides 25-29 NEW	\$12,000,152
Cultural Destination Areas wealth building (total \$1.8M including STAR), slides 30-36 NEW	\$200,000
Full Stack continuation, slide 37	\$300,000
Business Technical Assistance (total \$200,000 including \$75,000 from CDBG), slide 38 NEW	\$125,000
Heritage Preservation Design Review revisions, slide 39 NEW	\$125,000
Support for Reconnect Rondo, slide 40 INCREASE	\$50,000
Grant writing consultant, slide 41 NEW	\$20,000
Building Benchmarking staffing (City General Fund), slide 42 NEW GF	\$82,486 (GF)

Affordable Housing Strategy

Fiscal Impact				FTEs	Funding
General Fund		HRA and STAR		Additional (if applicable)	One-time (yes/no)
Spending	Revenue	Spending	Revenue	Fair Housing Coordinator included in Office of Financial Empowerment	\$10M one time and \$2M ongoing
		\$11M - HRA \$1M - STAR			

Description
Families across Saint Paul are facing the same critical challenge: their rents and mortgages are going up and their incomes are not keeping pace. We recognize the city role in supporting a continuum of housing needs from addressing homelessness to affordable housing, including housing production, affordable housing preservation and resident protection. We propose a \$10M Housing Trust Fund combined with \$59M of existing resources (Federal Grants, Tax Credits, Revenue Bonds) and \$2M of ongoing additional city investment .

Which of the Mayor's strategic objectives does this proposal support?		
Economic Justice	Lifelong Learning	Community-first Public Safety
X		X

Department Strategic Objective	Fair Housing
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Affordable Housing Strategy

From Homelessness to Affordable Housing

Affordable Housing Strategy

Implement the priorities outlined in:

- Fair Housing strategy report
- Council resolution 18-1204

Production

- Construction of affordable rental units targeted to 30-50% Area Median Income
- Inspiring Communities resources to support single family housing development
- Models to reduce costs (manufactured, tiny homes, land trust, etc)

Preservation

- Preserve Naturally Occurring Affordable Housing (NOAH)
- Adopt a 4D policy to preserve affordable rents on 250 NOAH units through a property tax incentive
- Continue Rental Rehab Loan Program with existing budgeted dollars
- Refinance existing affordable properties with expiring terms
- Continue to deploy Federal dollars for homeowner rehab assistance
- Develop policies and tools to support aging in place (in a home and in a neighborhood)

Protection

- Landlord training on fair housing
- Expand tenant protections and provide emergency housing assistance
- Continue support for services to residents experiencing homelessness including Winter Shelter
- Expand acceptance of Section 8 vouchers
- Explore expanding down payment assistance partnerships and programs

Affordable Housing Strategy

Funding

\$71 million to be invested over three years

\$59 million of Federal grant monies, bond authority and tax credits

Funds in hand 2018, 2019 for:

- Multifamily and single family new construction
- Inspiring Communities
- Homeowner and rental rehab
- Homelessness prevention

Additional Federal dollars expected in 2020-21 for affordable housing investment

New **\$12 million** Saint Paul Housing Trust Fund

- \$10M one time, deployed over 3 years
 - \$1.5M reprogrammed ISP dollars no longer needed as a reserve to NSP program
 - \$8.5M from World Trade Center ramp revenues
- \$1M ongoing HRA
- \$1M ongoing STAR economic development

All **flexible local dollars**, most can be used for either capital or programming

Staffing Priorities

- Zoning changes for smart density
- Definition of “family” and “households”
- Inclusionary Zoning
- Accessory Dwelling Units (ADUs)
- Administrative citations
- 4D policy changes

Cultural Destination Area Investments

Fiscal Impact				FTEs	Funding
General Fund		HRA		Additional (if applicable)	One-time (yes/no)
Spending	Revenue	Spending	Revenue		Yes
		\$200,000			

Description

The Destination Area Wealth Building Pilot will focus on emerging cultural destinations in Saint Paul. We will focus on a cultural node, a cultural corridor and a cultural district. A cultural node is a unique small area such as a block. A cultural corridor is a strip along a commercial corridor. A cultural district spans a few blocks. A cultural destination area may include a cultural node, cultural corridor and cultural district. Cultural destination areas help build the infrastructure of Saint Paul – A Global City. The pilot explores building the economic base and scaling existing investment in these cultural destinations and will consist of 3 phases.


- Phase 1 – will identify neighborhood economic assets and build capacity of community groups to build these assets. In this phase community groups will help connect residents and businesses to some key wealth building tools or programs.
- Phase 2 – Build the cultural infrastructure in the area such as signage, façade improvements, murals and place making activities to help create a sense of place.
- Phase 3 – Deepen investments such as investing in ethnic businesses and cultural infrastructure

Which of the Mayor's strategic objectives does this proposal support?

Economic Justice	Lifelong Learning	Community-first Public Safety
X	X	

Department Strategic Objective

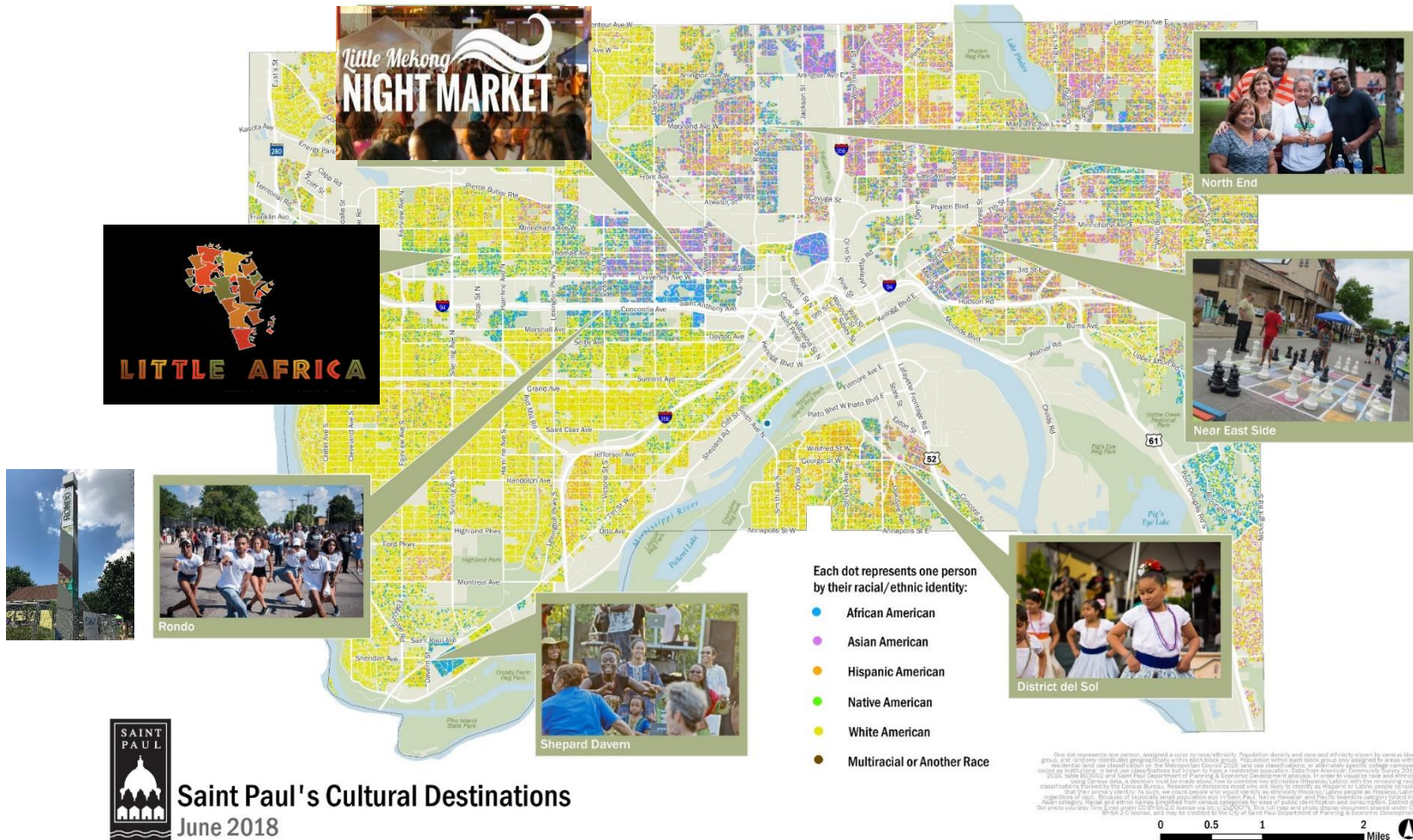
Build community wealth

The background of the slide is a collage of three images. The left image shows a sidewalk lined with colorful murals, including one of a waterfall and another of tropical fish. The right image shows a close-up of a mural featuring a person's face and hands, with the text 'THE AND HONORABLE' visible. The bottom right image shows a woman in a red shirt standing in front of a mural of a dining table.

Saint Paul's Cultural Destinations

Creative spaces. Vibrancy. Wealth Creation

Saint Paul's Innovation – Cultural Assets and Economic Development



Cultural Destination Areas

“Let’s view our
diverse residents as
assets.”

Mayor Melvin Carter



Cultural Destination Areas

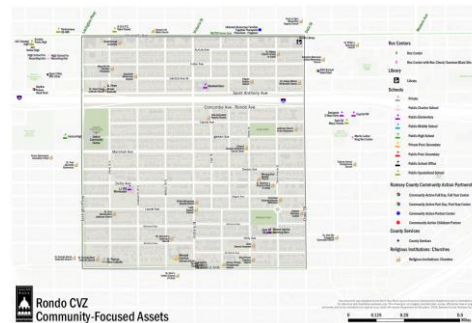
- Cultural Node



- Cultural Corridor



- Cultural District



Elements of a Cultural Destination Area

- Streets – signs, sidewalks, benches, gardens
- Art – murals, sculpture, performances
- Businesses – ethnic themed
- Organizations – cultural organizations doing programming
- Place making events – around food, music, community history, theater
- People – cultural ambassadors

Cultural Destination Area Investments

New investments

- \$200,000 budgeted from HRA for wealth building programs with community partners and flexible placemaking/marketing grants for economic development in cultural destinations

Targeting existing resources

- Focus \$1.5 million of \$2.55M total Neighborhood STAR to Cultural Destinations to grow local businesses and build cultural district infrastructure
 - business outreach
 - STAR board prioritization
- Focus \$100,000 of Cultural STAR to bring ethnic vibrancy to the downtown featuring artists and performers from the cultural destination areas across the city

= \$1.8 million investment

Plus leveraging

- \$ 500,000 Job Opportunity Funds for working capital
- Bring MEDA's Catalyst Network for TA to ethnic businesses in cultural districts
- Housing Trust Fund investments for rental and home ownership programs

Full Stack Implementation

Fiscal Impact				FTEs	Funding
General Fund		HRA		Additional (if applicable)	One-time (yes/no)
Spending	Revenue	Spending	Revenue		Yes
		\$300,000			

Description

Full Stack is a public-private effort to grow, retain, and attract innovative companies in Saint Paul. There are three strategies: 1) telling the story of business innovation in Saint Paul, 2) creating opportunities for innovators to connect and build the talent pipeline, and 3) creating spaces attractive to growing innovation sector companies and workforce.

To support implementation, we propose investing:

- Up to \$75,000 in promotion and marketing connected to strategies 1 and 2 – this includes **marketing and networking event sponsorship**, and
- \$225,000 for **scholarships** in coding and help desk training through the MSP TechHire program building our talent pipeline.
- We anticipate supporting the real estate-focused strategy with other departmental predevelopment resources.

Which of the Mayor's strategic objectives does this proposal support?

Economic Justice	Lifelong Learning	Community-first Public Safety
x	x	

Department Strategic Objective

Build community wealth

Business Technical Assistance Program

Fiscal Impact				FTEs	Funding
General Fund		HRA		Additional (if applicable)	One-time (yes/no)
Spending	Revenue	Spending	Revenue		Yes
		\$125,000			

Description
<p>The Business Technical Assistance Program will provide technical assistance consulting to small and medium-sized businesses located in Saint Paul. The assistance will be provided through contracts with local non-profits that specialize in entrepreneur and business training. The overall program budget will be \$200,000, with \$125,000 from HRA sources and an additional \$75,000 coming from the CDBG Business Assistance allocation.</p> <p>Operating a successful business is complicated, and long-term success is highly dependent on a business owner's general and specific business training and knowledge. Yet obtaining this assistance is often overlooked with all the other details they must deal with. This Technical Assistance Program will provide Saint Paul businesses the professional guidance and support they need to grow.</p>

Which of the Mayor's strategic objectives does this proposal support?		
Economic Justice	Lifelong Learning	Community-first Public Safety
x		

Department Strategic Objective	Build community wealth
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Heritage Preservation Design Review Revisions

Fiscal Impact				FTEs	Funding
General Fund		HRA		Additional (if applicable)	One-time (yes/no)
Spending	Revenue	Spending	Revenue		Yes
		\$125,000			

Description

Currently, there are different officially-adopted design guidelines for each historic district as well as each individually-designated historic property. We are finding that these guidelines and the subtle differences between them are confusing to property owners wanting to invest in their buildings as well as challenging for the HPC to administer.

This funding would be utilized for a **consultant** to review all the existing content in each of the historic preservation guidelines, evaluate changes with public input, and consolidate and streamline the design guidelines into a single set of clear, user friendly standards to ensure that heritage preservation standards effectively balance preservation with investment in a way that works for a thriving, diverse, dynamic city.

PED Heritage Preservation staff will also focus significant time in 2019 on this effort.

Which of the Mayor's strategic objectives does this proposal support?

Economic Justice	Lifelong Learning	Community-first Public Safety
Creates a uniform policy to sustain fairness		Clarifies required code safety components

Department Strategic Objective

Build community wealth

ReConnect Rondo

Fiscal Impact				FTEs	Funding
General Fund		HRA		Additional (if applicable)	One-time (yes/no)
Spending	Revenue	Spending	Revenue		Yes
		\$50,000			

Description
<p>ReConnect Rondo, and the proposed Rondo Land Bridge is an inspirational community vision to rebuild Historic Rondo. PED has taken leadership in supporting the public launch of this project including the recent ULI national panel to assess the feasibility of the concept. PED provided \$35,000 for the initial feasibility study and staff have provided support for the project. In 2019 PED will continue to assign staff resources to the project and provide support to complete the feasibility analysis. The budget request enables funds to support requests for city involvement in this stage of the project.</p>

Which of the Mayor's strategic objectives does this proposal support?		
Economic Justice	Lifelong Learning	Community-first Public Safety
x		

Department Strategic Objective	Build community wealth
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Grant writing consultant

Fiscal Impact				FTEs	Funding
General Fund		HRA		Additional (if applicable)	One-time (yes/no)
Spending	Revenue	Spending	Revenue		yes
		\$20,000			

Description
<p>Aside from success with securing redevelopment grants for projects within the city and occasional competitive Federal and foundation grants, PED has limited grant writing capacity. Hence our ability to leverage Federal, private and foundation resources is very limited. Through this allocation we hope to hire the service of grant writers to write a wide range of grants in partnership with community groups to achieve our department goals.</p>

Which of the Mayor's strategic objectives does this proposal support?		
Economic Justice	Lifelong Learning	Community-first Public Safety
X		

Department Strategic Objective	Build community wealth
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Building Benchmarking

Fiscal Impact				FTEs	Funding
General Fund		Special Fund		Additional (if applicable)	One-time (yes/no)
Spending	Revenue	Spending	Revenue	1.0	No
\$82,500					

Description

Commercial and multifamily buildings contribute 35% of the total greenhouse gas emissions in Saint Paul. Benchmarking is the first step to reducing emissions. The Saint Paul Benchmarking Ordinance (to be introduced in 2018) would require city buildings (25,000 sf+) and private buildings (50,000 sf+) to track and report their energy and water use data. The **FTE** would develop & deliver trainings, provide support, analyze data & create reports, produce documents and a website, and manage the voluntary efficiency program. The balance of the funds will be used to purchase software and provide additional technical support.

Which of the Mayor's strategic objectives does this proposal support?

Economic Justice	Lifelong Learning	Community-first Public Safety
X		

Department Strategic Objective

Citywide: Resilience

HRA Parking Fund overview



Parking Revenues are strong

- 2019 estimated net revenue after operations, maintenance and debt service is \$2.88M
- There are reserves established for debt service and maintenance

Excess net revenues in past few years have been invested to support the following:

- On-street parking meter operations (\$345k/yr)
- Parking meter conversions (\$2M, 2015-2018)
- The RiverCentre General Fund (\$500k/yr)
- Neighborhood parking improvements (\$1.2M, 2016-2018)
- Building a replacement reserve for RiverCentre ramp (\$5.85M end 2018)

Proposed investments for 2019

Ongoing:

- | | |
|---|-----------|
| • Transfer for parking meter operational expenses | \$345,000 |
| • Structural repairs/maintenance to River Centre Ramp | \$500,000 |
| • Neighborhood parking improvement program | \$500,000 |

New:

- | | |
|--|-----------|
| • Parking and transportation investments by Parks and Public works | \$561,000 |
|--|-----------|

2019 Budget Proposal STAR (Oct 24 discussion)



Sales tax collections continue to perform well

Neighborhood STAR proposal

- \$2.55M (with \$1.5M focused on Cultural Destination Areas)
 - Targeted outreach
 - STAR board prioritization

Cultural STAR proposal

- \$1.34M for two competitive grant rounds
- Children's Museum contribution \$300,000
- Library materials \$175,000
- \$100,000 focused on downtown event series featuring Cultural Destination Area arts organizations

Economic Development Proposal

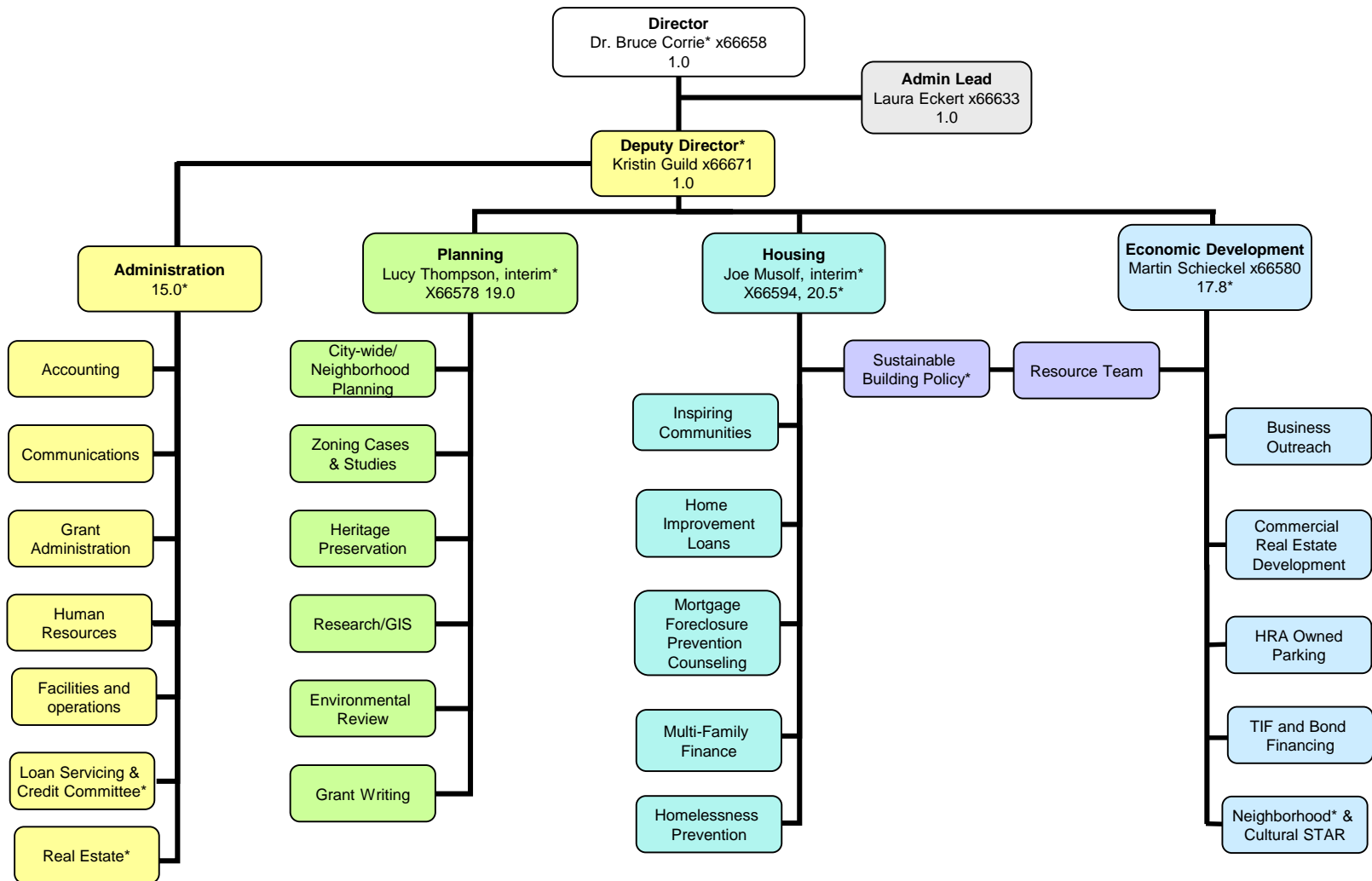
- Continue \$1M investment in ED
 - Ford/Hillcrest sites predevelopment work - \$200,000
 - Design Center City staffing - \$50,000
 - Commercial Vitality Zone – 5th year - \$750,000
- Add \$1M ongoing investment in Housing Trust Fund



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Background Information

PED Organizational Chart



75.3 FTEs*

Business Line Descriptions

Planning – promotes the social, physical and economic well-being of residents, property owners and business owners of Saint Paul by working on citywide, neighborhood and major site plans, zoning, heritage preservation, and providing local data and mapping.

Economic Development – works to increase the number of jobs in Saint Paul, increase access to those jobs for residents, grow our tax base, and lower unemployment among the City's diverse populations with disproportionately high unemployment rates.

Housing – provides financing for housing development and rehabilitation for single family homes as well as several-hundred unit apartment buildings to provide residents with opportunities for quality housing. Provides guidance on housing policy.

Administration – prepares the department budget and annual financial reports, manages the department loan portfolio and redevelopment property, human resources and communications functions, and manages Federal HUD grants for the city.

Financial Summary – PED Operations and recent HRA program investments

	2018 Adopted	2019 Current	% Change	FTEs
City General Fund	-	\$954,803		7.8
PED Admin Fund	\$10,945,165	\$10,397,808	(5%)	67.5
Total:	\$10,945,165	\$11,352,611	3.7%	75.3
Significant Special Fund Changes in Previous Budgets – HRA program investments				
Year	One-time/Ongoing	Investment	Amount	
2017 & 2018	Ongoing	Right Track increase from \$66,437	\$191,437/yr	
2018	Initiated in 2018	Full Stack implementation	\$300,000	
2018	Initiated in 2018	Job Opportunity Fund – shift from Strategic Investment Fund balance (budget neutral)	\$500,000	
2018	One-time	Inspiring Communities flexible dollars	\$300,000	
2017 & 2018	One-time	Rental Rehabilitation Loan program	\$850,000 total	

HRA Outlook showing:

- first year of phasing in General Fund for PED operations (8% in 2019, phased to 1/3 by 2021),
- reduced transfers out,
- maximizing the HRA levy, and
- \$1M ongoing investment in Housing Trust Fund

	Actual 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Total HRA Fund 2100 and HRA Fund 6820 Balances on Jan. 1	26,732,218	22,083,184	15,069,743	12,931,182	9,969,356	6,348,989	1,366,173
Administration	995,286 ¹	(2,157,756)	(456,083) ²	(994,348)	(1,652,889)	(3,015,338)	(3,678,611)
Programs:							
Annual Programs (Business Assistance, Strategic Investment Fund, predevelopment, Historic Survey, community engagement)	(335,302)	(2,086,420) ³	(360,000)	(490,000)	(490,000)	(490,000)	(490,000)
2018 one-time program investments (Rental Rehab \$750k plus additional \$100k, Job Oppy Fund, Insp Comm, Full Stack)		(1,950,000)					
2019 proposed one-time HRA Genl Fund and Loan Enterprise investments (Full Stack, Reconnect Rondo, Cultural Destination Areas, Business TA, Grant writer, Heritage Preservation design review)	0		(695,000)	0	0	0	0
Transfer to Housing Trust Fund	0	0	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
One-Time Net Sales Proceeds Sources/Uses	(4,012,000)	500,000	850,000	0	0	0	0
Annual Transfers to Other Departments:	(1,297,018)	(1,319,265)	(477,478)	(477,478)	(477,478)	(477,478)	(477,478)
Total HRA Fund 2100 and Fund 6820 Cash Balance on Dec. 31	22,083,184	15,069,743	12,931,182	9,969,356	6,348,989	1,366,173	(4,279,916)
Reserves:	(8,424,516)	(5,831,181)	(3,880,918)	(2,720,609)	(2,782,323)	(2,845,030)	(2,908,768)
HRA Fund 2100 and HRA Fund 6820 Unreserved Balances on Dec. 31	13,658,668	9,238,562	9,050,264	7,248,747	3,566,666	(1,478,857)	(7,188,684)

¹ There was an increase in conduit bond fees in 2017 due to the refunding of large conduit bond issuances including Fairview Health Services and Allina.

² The 2019 proposed budget includes \$955,000 of City general funds for PED administration which reduces the funding needed from the HRA.

³ Assumes Fund 6820 spending budget balances carried over from 2017 will be used in 2018.

Assumptions:

Projected 2019 through 2023 assumes the 2018 HUD grant allocation, conduit bond fees that are scheduled to be received as of May 15, 2018, and 3% inflation for staff related expenses.

Financial Summary – Grants

Redevelopment and Housing Grants

- In 2017, PED secured 14 grants for brownfield remediation and property redevelopment totaling \$3.66M (2016 awards totaled \$5.87M)
- Also in 2017, we secured an additional \$540,000 in grants for single family housing development, housing repair, and foreclosure prevention counseling.

Housing and Urban Development (HUD) grants

Funding Allocations*	FY2015	FY2016	FY2017	FY2018
Community Development Block Grant Program**	\$6,384,098	\$6,347,173	\$6,293,101	\$6,822,334
HOME Program	\$1,427,984	\$1,482,826	\$1,472,699	\$1,938,350
Emergency Shelter Block Grant Program	\$579,908	\$574,696	\$571,420	\$566,521
Totals	\$8,391,990	\$8,404,695	\$8,337,220	\$9,327,205

* Saint Paul's HUD program year is June 1 – May 31.

** 20% of the annual CDBG allocation to the City goes to PED for staffing for CDBG program administration

Approx. 30% goes to PED programs including homeownership rehab loans, property acquisition, and business loans

Approx. 50% goes to contracts with community partners including District Council community engagement and CDC-operated programs and to other City departments including DSI for building demolitions



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Budget Proposals Supplemental Questions

Affordable Housing Strategy

How does this proposal advance equity in the City of Saint Paul?

There are significant disparities in housing between people of color and whites in Saint Paul, part of a long shadow of past and continuing institutional racism including redlining and predatory lending. Fifty percent of households of color are cost burdened, spending more than 30% of their income on housing, and while 60.2% of whites are homeowners only 27.2% of people of color own a home. There are strong correlations between income and race in Saint Paul, and approximately half of the city is within a Met Council designated ACP50 area.

The Housing Trust Fund will invest funds into the Inspiring Communities program and in the Rondo Land Trust, both of which have strong outcomes in building wealth among homeowners of color. The Trust Fund will also provide resources toward affordable housing production for households earning 30% Area Median Income and below and to support Naturally Occurring Affordable Housing.

How and when will you ensure accountability, evaluate, and communicate results?

We propose semi-annual reporting to City Council on progress on metrics in coordination with other departments including HREEO and DSI.

How have/will you engage the community?

The regional Fair Housing strategy included extensive community engagement, particularly focused on renters and communities of color. We propose continued engagement for program development and to create a community advisory board staffed by the Fair Housing Coordinator.

How does this proposal reform or improve current operations/services?

The Housing Trust Fund will invest in the entire continuum of housing need and the Fair Housing Coordinator will ensure that City departments and resources are aligned toward the mission of eliminating housing disparities, lowering barriers to safe, decent and affordable housing and ensuring access to economic opportunity.

How does this better position your department for the future?

As a recipient of HUD funds, Saint Paul is required to analyze the current fair housing landscape and implement strategies to advance fair housing and overcome barriers to fair housing in our community.

Full Stack Implementation

How does this proposal advance equity in the City of Saint Paul?	Full Stack was created to provide strategy and guidance on how both public and private sector actors can support the growth of innovative and technology sector businesses. Maintaining a diversified economy with a variety of career opportunities, and intentionally building connections between job seekers and employers is crucial to achieving racial equity in employment. MSP TechHire program supports low-income Saint Paul residents who are underrepresented in the tech sector, including women and racial and ethnic minorities.
How and when will you ensure accountability, evaluate, and communicate results?	The MSP TechHire program uses workforce development software to track scholarship demographics and job placement outcomes. Also, we work with Full Stack committee members, MN DEED, and GreaterMSP to track progress on job creation in the tech and innovation sectors in Saint Paul. Bob Spaulding in PED's research department will also track progress from available data sources.
How have/will you engage the community?	To date, we have engaged the community through the Full Stack board, community development organizations, and regional economic development agencies. As we move further into implementation, we will broaden the engagement focus to ensure workforce-employer connections and awareness about training opportunities.
How does this proposal reform or improve current operations/services?	The proposal continues the momentum of the 2018 Full Stack roll out to fully realize the potential for job growth and employment in the Saint Paul tech and innovation sectors. The proposed funding targets low income residents for training in the sector. Job placements for MSP TechHire development program participants have achieved a median starting salary of \$55,000 and have a 93% placement rate.
How does this better position your department for the future?	Finding a qualified workforce continues to constrain growth for Saint Paul businesses. Further, the unemployment rate among people of color in the city is much higher than the overall unemployment rate. Supporting both workforce supply and creating business demand helps drive economic growth in the city.

Cultural Destination Area Investments

How does this proposal advance equity in the City of Saint Paul?	This project will launch a unique economic development strategy where cultural assets help leverage economic development activities to build wealth for residents in the area and offer a unique destination and community space around these core cultural assets.
How and when will you ensure accountability, evaluate, and communicate results?	PED will evaluate impacts on access to its own programs and resources, such as which organizations apply for programs, their location and ownership. In addition, PED's research staff will establish benchmarks around demographic data, including income, employment, transportation access, and housing data to seek improvements in community-wide outcomes.
How have/will you engage the community?	We will work with existing community groups partnering with a local community development corporation as the lead community organizer and involving key community stakeholders.
How does this proposal reform or improve current operations/services?	This program focuses on ensuring PED, HRA and City resources are aimed at reducing racial disparities, so it will address potential inequities in PED's programs and resources.
How does this better position your department for the future?	The program will address market failures head on by focusing on neighborhoods in a deep way. As Saint Paul becomes more diverse, it is imperative to head off racial disparities in wealth so that future generations have equitable opportunities and outcomes not based on race, their zip code or neighborhood of origin.

Business Technical Assistance Program

How does this proposal advance equity in the City of Saint Paul?	The Technical Assistance Program will be targeted towards small and minority-owned businesses, many of which lack the resources or connections to get the technical assistance they need to be successful and grow their business.
How and when will you ensure accountability, evaluate, and communicate results?	The city will contract with technical assistance providers who have a proven track record for providing these services. Regular reporting on results will be a requirement for participating in the program.
How have/will you engage the community?	Through multiple partners, including local community development organizations, nonprofits, and regional economic development agencies. Utilizing community-based non-profit service providers will tap into existing networks within the business communities they serve.
How does this proposal reform or improve current operations/services?	PED staff has long recognized the importance of having technical assistance services available to the small businesses it works with. We do not have the staff capacity to provide these services ourselves, and previously have only been able to make referrals. With this program, funding to help pay for the assistance will also be available.
How does this better position your department for the future?	Supporting the growth of entrepreneurs and small businesses will help build the foundation for economic growth and vitality throughout the city. This program could become a vital tool to help round-out the economic development services provided by our department in the future.

Heritage Preservation Design Review Revisions

How does this proposal advance equity in the City of Saint Paul?	The City's activities associated with the preservation, survey, restoration, and reconstruction of historic and cultural resources should be sustainable and equitable; improve the quality of life for all residents and visitors; guide public and private investment; express a sense of place and pride; celebrate the racial, ethnic and cultural diversity of the community; and be embraced in all facets of the City's work.
How and when will you ensure accountability, evaluate, and communicate results?	Streamlining Chapter 74 will be added to the 2019 staff work plan with a detailed schedule. Results will be shared at a series of regular public meetings of the Heritage Preservation Commission and published on our website. Success will be a new set of a preservation program for all the heritage preservation areas in Saint Paul which is simple and easier to use.
How have/will you engage the community?	The need for these revisions to clarify and streamline design review processes came into sharp focus at a recent Public Hearing held by the Heritage Preservation Commission on another section of the Legislative Code that governs historic preservation in Saint Paul. Throughout the process staff will hold meetings at each Heritage Preservation Commission meeting to openly discuss a particular topic area. Open public meetings will be held in each of the heritage districts. Further updates would be held each quarter with the consultant for further input.
How does this proposal reform or improve current operations/services?	Streamlining the design review process will better serve the residents and business of Saint Paul by providing greater clarity on standards and process for applicants, staff and the Heritage Preservation Commission.
How does this better position your department for the future?	By clarifying standards and roles for design review, staff time currently devoted to navigating and explaining ambiguity in decision making can be redirected to proactive heritage preservation policy work and property survey. We currently have a significant backlog of survey work required by the state and policy work to celebrate diverse cultures in our heritage preservation program is lagging.

ReConnect Rondo

How does this proposal advance equity in the City of Saint Paul?	ReConnect Rondo efforts, will be integrated with city investments in the Historical Rondo Business and Cultural District. This includes investments in the Selby/Victoria developments, CVZ Central Selby investments, Rondo Commemorative Plaza, support for Hallie Q Brown and Walker West among other projects.
How and when will you ensure accountability, evaluate, and communicate results?	ReConnect Rondo, and PED staff, have been working with the community for over two years to gather input, establish metrics, and build and maintain relationships to provide direction and leadership and establish responsibility and control for the design, creation, and operation of the proposed land bride.
How have/will you engage the community?	ReConnect Rondo and PED staff are part a collaborative effort that includes community members, as well as Ramsey County, the Met Council, and the Minnesota Department of Transportation, all of which have assigned resources for community engagement and community involvement, towards a goal of community ownership.
How does this proposal reform or improve current operations/services?	The Department of PED is proud of its long commitment to community engagement and determined to increase the number of jobs, the access to these jobs, and the employment among underserved populations in Saint Paul. The Rondo Land Bridge initiative offers opportunities for learning, experimentation, and innovation in the pursuit of these goals.
How does this better position your department for the future?	The Reconnect Rondo Land Bridge is a PED Mega Project in a very unique context and will require new ways of thinking and acting to achieve success. This will help develop unique cultural and placemaking skills in PED staff.

Grant writing consultant

How does this proposal advance equity in the City of Saint Paul?	Most of PED work is focused on ACP50 areas. The grants will help build community wealth in those areas and decrease disparities.
How and when will you ensure accountability, evaluate, and communicate results?	We will measure the amount of funded grant requests in each of our program areas: Federal and state grants and foundation grants.
How have/will you engage the community?	Grants will be written in partnerships with community groups. PED will leverage the voice of the city to help build the capacity of our community partner who will help implement the project.
How does this proposal reform or improve current operations/services?	We currently have a very limited grant writing capacity.
How does this better position your department for the future?	This will grow the revenue base of the city and also help stabilize the long term PED budget.

Building Benchmarking

How does this proposal advance equity in the City of Saint Paul?	People of color and those with lower incomes are often the most affected by climate change and pollution. Through benchmarking, emissions will decrease, with the ultimate goal of fighting climate change and reducing air pollution. Also, because the benchmarking ordinance will require multifamily buildings to publicly report energy and water use data, renters will be able to compare buildings and identify those that are more efficient. This is one tool that can be used to help reduce energy burden in Saint Paul.
How and when will you ensure accountability, evaluate, and communicate results?	The entire benchmarking initiative is metric-based. Performance metrics include: percentage of buildings that benchmark, energy savings year over year, participation in the voluntary Race to Reduce program and other offered programs, participation in financing programs, audits conducted etc. Results will be communicated to the public on the Energize Saint Paul website and in an annual report.
How have/will you engage the community?	Engagement with impacted parties has been intentional and deep. The ordinance framework was developed by a committee composed of building owners and managers. City staff have had early and frequent interaction with BOMA, Chamber, the Business Review Committee, energy experts, and a network of supporters.
How does this proposal reform or improve current operations/services?	This is a new initiative and does not replace or improve current operations/services. Our goal is to create the most effective and efficient program of its type and we have gleaned best practices from cities around the country with benchmarking policies/programs.
How does this better position your department for the future?	Benchmarking will help position entire city to be more resilient and vibrant. The ultimate goal of benchmarking (and related measures) is to reduce emissions, but it also has the benefits of reducing operations costs, increasing property values, providing healthier spaces to live and work, creating transparency, and making Saint Paul more competitive with surrounding cities.



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Strategic Objectives

Strategic Objectives 2016-18

Innovation	Resilience	Equity	Department Strategic Objectives	Mayor's Strategic Objective(s)
			Build community wealth, through business, housing, jobs, planning, financial and cultural assets.	Predominately economic justice, also touches on lifelong learning, and community-first public safety.
			Goals: 1) Increase vitality, livability, and investment in the city. 2) Capture market momentum on key redevelopment sites. 3) Preserve and increase jobs and tax base 4) Increase and improve housing options for growing the population. 5) Expand access to opportunity and housing choice; addressing racial disparities in employment and housing. 6) Increase department effectiveness.	

Build community wealth

Goals	Performance Measures	Targets for 2017/2018	Current Performance	Targets for 2018/19	Targets for 2020/2021
1) Increase vitality, livability, and investment in the city.	<p>Comprehensive Plan 10 year update; vision through 2040</p> <p>Increase transit options for connections to jobs and housing.</p> <p>Update zoning code and design guidelines to promote investment and vitality.</p>	<p>Complete draft plan document.</p> <p>Active engagement in regional transit planning.</p> <p>Research underway fall 2017 for winter city design guidelines and parking requirements review.</p>	<p>Draft plan complete.</p> <p>Participated in Riverview and Gold Line scoping and station area planning.</p> <p>Several zoning studies completed, including accessory dwelling units, short-term rentals, South Snelling, Southport and Ford.</p>	<p>Plan adopted by Council and submitted to MC.</p> <p>Riverview and Rush Line station area planning, Saint Paul Pedestrian Plan.</p> <p>Complete parking standards study, Ford design standards, W. Marshall Zoning Study, airport zoning study, Critical Area ordinance.</p>	<p>Implementation.</p> <p>Adoption of Riverview station area plans.</p> <p>Potential rezoning of Hillcrest site, pending outcome of master planning; adopt Critical Area ordinance.</p>

Build community wealth

Goals	Performance Measures	Targets for 2017/2018	Current Performance	Targets for 2018/19	Targets for 2020/2021
2) Capture market momentum on key redevelopment sites	Snelling-Midway	Negotiate development details	Stadium under construction.	Stadium open. Recruit investment	Recruit investment.
	Ford Site	Zoning & Public Realm plans in public review	Zoning and Public Realm Master Plan adopted.	Negotiate devel agreements and begin phased construction.	Continue construction.
	West Side Flats	Negotiate development agreements	Negotiating devel agreements.	Construction on WSF Phase III; WSF Greenway construction start.	Greenway completion, phased construction on Hunt-Weidner parcels.
	Hillcrest site	New opportunity in 2018	Proposed planning process developed.	Master plan completed, rezonings adopted as appropriate.	Development underway.
	Downtown sites	Macy's – Construction; Gateway – development agreement; Ramsey West– developer selected; Central Station Block – RFQ released.	Macy's tenanted – Gateway – tent DA; Ramsey West – reviewing offers; CSB – RFQ release in Q3 2018.	Gateway – construction underway; Ramsey West –project underway; CSB - master developer selected and project defined	Gateway – construction completed; Ramsey County – construction underway; CSB – under construction.

Build community wealth

Goals	Performance Measures	Targets for 2017/2018	Current Performance	Targets for 2018/19	Targets for 2020/2021
3) Preserve and increase jobs and tax base	<p>Increase jobs in Saint Paul</p> <p>Maintain unemployment rate in Saint Paul relative to the State rate</p> <p>Increase tax capacity in Saint Paul</p>	<p>Increase Saint Paul jobs by 3,000 over 3 years, starting 2016</p> <p>Maintain unemployment rate in Saint Paul relative to the State rate</p> <p>Increase total tax capacity by 15% over 3 years starting 2016</p>	<p>Annualized job goal for 2018: 182,460 Annual 2017: 182,276</p> <p>Rate in St. Paul at end of 2017 was 0.2% less than State rate</p> <p>Payable 2019 goal: \$275M Payable 2018: \$285M</p>	<p>Annualized job goal for 2019: 183,460</p> <p>Maintain rate in Saint Paul relative to the State rate</p> <p>Payable 2020 goal: 5% above 2018 - \$300M</p>	<p>Annualized job goal for 2020: 184,460 (1,000 / year increase) Maintain rate in Saint Paul relative to the State rate</p> <p>Payable 2020 goal: 5% above 2019 - \$315M</p>
4) Increase and improve housing options for growing the population	<p>Expand decent, safe, affordable housing choice:</p> <ul style="list-style-type: none"> Support new construction and preservation of affordable housing Invest in existing housing stock 	<p>Population: 309,180 (2017), up from 304,442 (2016)</p> <p>Housing Targets:</p> <ul style="list-style-type: none"> Affordable rental units— 290 Affordable ownership units— 30 Homeowner assistance loans -35 Rental rehab loans –10 	<p>2017 Housing Production (units and loans closed):</p> <ul style="list-style-type: none"> Affordable rental units – 544 Affordable ownership units – 24 Homeowner assistance loans – 41 Rental rehab loans - 2 	<p>Existing 2018 Funding</p> <ul style="list-style-type: none"> LIHTC 2018 Bonds/4% and 9% - 521 units 9% LIHTC for 2019 – 50 units Pooled TIF investments – 100 units Rental Rehab Loan Program Balance – 25-45 properties Inspiring Communities 2018 – 23 homes Homeowner Rehab Program – 30-40 homes CDC Housing Investment Programs Using City CDBG – 50-60 units 	<p>Anticipated 2019 Funding</p> <ul style="list-style-type: none"> Bonds/4% for 2019 – 250-300 units 9% LIHTC for 2020 – 40 units Pooled TIF investments – 100 units Homeowner Rehab Program – 30-40 homes CDC Housing Investment Programs Using City CDBG – 50-60 units

Build Community Wealth

Goals	Performance Measures	Targets for 2017/2018	Current Performance	Targets for 2018/19	Targets for 2020/2021
5) Expand access to opportunity and housing choice; addressing racial disparities in employment and housing	<p>Coordinate ED and Housing investments to maximize access to jobs and housing opportunities</p> <p>Create new affordable rental housing outside of ACP50 areas</p> <p>Address racial disparities in homeownership</p> <p>Address racial disparities in unemployment rates</p> <p>Support business expansion in ACP50 areas</p>	<p>Coordinate investments at staff level and HRA Board;</p> <p>No target set</p> <p>Inspiring Communities and Homeowner Rehab program have positive outcomes for people of color</p> <p>14.2% unemployment among Saint Paul residents of color</p> <p>No target set</p>	<p>Implemented Project Evaluation Tool to assess racial equity impacts</p> <p>Draft 2019 QAP adds points for new construction outside QCTs</p> <ul style="list-style-type: none"> RFP release for additional lots in 2018 Homeownership Center data on St Paul residents served Program applications data on business ownership demographics MSPTech Hire deployment Workforce Development <p>Job Opportunity Fund launched</p>	<p>Implement 2019 QAP</p> <ul style="list-style-type: none"> Sale of RFP Lots Review Homeownership Opportunity Alliance Report (released May 2018) <p>Narrow disparities in employment through business development support</p>	<p>Implement 2020 QAP</p> <ul style="list-style-type: none"> Sale of RFP Lots Expand the acceptance of Section 8 across the City. Pilot alternative homeownership models <p>Narrow disparities in employment through business development support</p>

Build community wealth

Goals	Performance Measures	Targets for 2017/2018	Current Performance	Targets for 2018/19	Targets for 2020/2021
6) Increase department effectiveness	<p>Centralize key administrative functions</p> <p>Develop systems technology for data management</p>	<p>New HP team supervisor position</p> <p>Create a centralized Loan Servicing group</p> <p>Preliminary assessment of data management needs for effective operations</p>	<p>Supervisor hired.</p> <p>Loan Servicing and Real Estate team created. Supervisor hired.</p> <p>Funds budgeted in 2018. Project request submitted to OTC fall 2017. OTC reviewing in context of Citywide data management needs.</p>	<p>Complete NSP program account reconciliation.</p> <p>Improve management of property and loans.</p> <p>Assessment of PED data management needs completed with OTC oversight.</p>	<p>Continuous improvement of grant compliance and asset management functions.</p> <ul style="list-style-type: none"> • New systems implemented for PED/HRA data management. • PED investment dashboard and data on open information portal.