

Community Development Committee

Meeting date: September 18, 2017

For the Metropolitan Council meeting of September 27, 2017

Subject: Authorization to Amend the 2017 Unified Budget – Third Quarter Amendment

District(s), Member(s): All

Policy/Legal Reference: Council Admin Policy 3-1 and Procedure 3-1a and MN Statutes 473.13, Subd. 1 – Council Budget Requirements; MN Statutes Subd. 473.325 and 85.53; MN Constitution, Article XI, Sect 15

Staff Prepared/Presented: Terri Smith, Director, Housing and Redevelopment Authority, (651) 602-1187; Deb Streets Jensen, Senior Parks Finance Planner, (651) 602-1443

Division/Department: Community Development / HRA and Regional Parks & Natural Resources

Proposed Action

That the Metropolitan Council amend the 2017 operating budget in accordance with the attached tables.

Background

Housing and Redevelopment Authority. The Metropolitan Council Housing and Redevelopment Authority (Metro HRA) operates rent subsidy programs for low income families with the largest program being the federal Section 8 Housing Choice Voucher program. The program assists families in affording rental housing on the open rental market. Funding is provided through the U.S. Department of Housing and Urban Development (HUD) and is dependent on congressional appropriations.

Congress enacted the Consolidated Appropriations Act, 2017 on May 5, 2017. The Act provides the program funding for the Section 8 Housing Choice Voucher program for calendar year 2017. Housing authorities, including the Metro HRA, were notified by HUD on June 28, 2017 of final funding awards. Although the rent subsidy revenue increased slightly from 2016, the funds awarded are not enough to sustain rent assistance for all current families, due to increasing rents.

Voucher recipients choose a unit on the open rental market renting from a private owner. The tenant pays 30% of their income towards rent. The federal Voucher pays the remainder directly to the private owner, up to approved limits. The vacancy rates in the region are extremely low, below 3%. When vacancy rates are low, rents go up. This results in a higher per-family subsidy cost.

HUD has set the maximum number of families to be served by the Metro HRA at 6,502. HUD allows the HRA to serve as many families as possible within the awarded funding, up to 6,502. In 2016, Metro HRA was able to serve 6,502 families within the allotted funding. This year, if the HRA remained within the funding awarded by HUD, only 6,380 families would receive rent assistance. This 122-family reduction is a result of higher per family costs due to increasing rents and the low vacancy rates.

The Metro HRA is proposing a fund balance transfer of \$800,000 to sustain rent assistance for all 6,502 families. This will better enable the HRA to maximize the funding potential for 2018 and continue service to as many families as possible.

Regional Parks and Natural Resources. The 2017 second quarter budget amendment ([business item 2017-118](#)) in part authorized the addition of the \$16,584,000 appropriated to the Council from the Parks and Trails Legacy Fund (Legacy) for state fiscal year 2018 and \$1,105,600 in Council bonds to serve as a match for grants awarded to the Regional Parks Implementing Agencies from the Park Acquisition Opportunity Fund (PAOF).

- On July 26, 2017, the Council awarded three PAOF grants on business items [2017-137](#), [2017-138](#), and [2017-139](#). In the first group of changes this quarter, this amendment acknowledges the obligation of \$193,527 from Legacy PAOF and \$129,018 in Council match to fund those grants.
- The second group of changes accounts for timing changes among the 58 Legacy projects approved on the second quarter amendment. This amendment will shift the fiscal year 2018 costs for two grants into fiscal year 2019, while two others shift from 2019 to 2018. The overall amount authorized is unchanged, but the amount obligated for state fiscal year 2018 will be reduced by \$68,544.

Rationale

Metro HRA. The Council's Target Fund Balance is 8.3% of the HRA's annual budgeted operating expenses or \$4.9 million. Using \$800,000 in reserves will result in the fund balance remaining above target.

Regional Parks and Natural Resources. This amendment will update the Authorized Capital Program to match the grants awarded by the Council on July 26, 2017.

Thrive Lens Analysis

The proposed budget amendment will help accomplish the following Thrive outcomes:

Metro HRA

Prosperity – Providing continued rent assistance to existing program participants will allow low-income families with the opportunity for continued stable housing, allowing families to flourish and thrive.

Equity – Our region is stronger when all people have real choice in where we live, providing safe housing options for families may not otherwise have that choice.

Regional Parks and Natural Resources

Livability – The acquisition of easements and property increases the livability of the region by implementing the Council-approved master plans for the Regional Parks System.

Funding

Metro HRA. Funding for the Section 8 Housing Choice Voucher program is provided through the U.S. Department of Housing and Urban Development through congressional appropriations. The Transfer from Other Funds line item will be funded from the Section 8 Housing Choice Voucher fund balance built when fees generated to administer the program exceed costs. This is an approved use of reserves under the program rules. Please see Table 1 for detail.

Regional Parks and Natural Resources.

- **Acquisitions.** Funding for acquisitions was appropriated under Minnesota Laws 2017, chapter 91, article 3, section 4. The 2017 second quarter budget amendment authorized the matching amounts from regional bonds. The three grants awarded on July 26, 2017 from the Parks and Trails Legacy Acquisition Opportunity Fund do not change the obligated balance; they are

included in this budget amendment for internal recordkeeping purposes. Please see Table 2 for detail.

- **Non-acquisitions.** Funding for the non-acquisition Legacy projects was also appropriated under Minnesota Laws 2017, chapter 91, article 3, section 4. These changes shift the timing of the obligations and reduce the overall obligated balance for state fiscal year 2018 by \$68,544. Please see Table 3 for detail.

Known Support / Opposition

There is no known opposition to this action.

Table 1 – Changes for the Housing and Redevelopment Authority

Description	Adopted Budget	Proposed Budget	\$ Change
HRA Federal Voucher - Subsidy Revenue	\$53,000,000	\$53,600,000	\$600,000
HRA Federal Voucher - Subsidy Expense	\$53,000,000	\$54,400,000	\$1,400,000
Change in Fund Balance - HRA		(\$800,000)	(\$800,000)

**Table 2 – Changes for Regional Parks and Natural Resources
Parks and Trails Legacy Acquisition Opportunity Fund**

Description	Adopted Budget	Proposed Budget	\$ Change
Unallocated Parks and Trails Legacy Acquisition Opportunity Fund & Council match	\$2,799,284	\$2,476,739	\$0
Three Rivers Park District	(38,678)	38,678	0
Three Rivers Park District	(178,499)	178,499	0
Dakota County	(\$105,368)	\$105,368	\$0
Total	\$2,799,284	\$2,799,284	\$0

**Table 3 – Changes for Regional Parks and Natural Resources
Parks and Trails Legacy Fund (Non-acquisition)**

Description	Adopted Budget	Proposed Budget	\$ Change
Ramsey County – Grant #SG-05946	\$240,000	\$0	(\$240,000)
Ramsey County – Grant #SG-05952	160,000	200,000	40,000
City of Saint Paul – Grant #SG-05886	610,000	588,328	(21,672)
City of Saint Paul – Grant #SG-05887	\$957,740	\$1,110,868	\$153,128
Total	\$1,967,740	\$1,899,196	(\$68,544)

**METROPOLITAN COUNCIL
CAPITAL PROGRAM
COMMUNITY DEVELOPMENT - PARKS AND OPEN SPACE**

2017-195 JT
September 27, 2017

Program	Authorized Capital Program (ACP)			Capital Improvement Plan (CIP)			Capital Program (ACP+CIP)		
	Current	Revision	Amended	Current	Revision	Amended	Current	Revision	Amended
REGIONAL PARK IMPLEMENTING AGENCIES									
Anoka County	7,426	-	7,426	14,496	-	14,496	21,922	-	21,922
Bloomington	1,669	-	1,669	3,020	-	3,020	4,689	-	4,689
Carver County	2,334	-	2,334	3,471	-	3,471	5,805	-	5,805
Dakota County	10,669	-	10,669	12,670	-	12,670	23,339	-	23,339
Minneapolis Park and Recreation Board	30,665	-	30,665	30,109	-	30,109	60,774	-	60,774
Ramsey County	9,213	(200)	9,013	11,308	200	11,508	20,521	-	20,521
Scott County	2,697	-	2,697	3,564	-	3,564	6,261	-	6,261
St Paul	20,800	131	20,932	19,644	(131)	19,513	40,444	-	40,444
Three Rivers Park District	25,917	-	25,917	35,359	-	35,359	61,276	-	61,276
Washington County	5,642	-	5,642	8,822	-	8,822	14,464	-	14,464
Total Regional Park Implementing Agencies	117,034	(69)	116,965	142,463	69	142,532	259,497	-	259,497
OTHER PARKS PROGRAMS									
Other Governmental Units - Passthrough	20,923	-	20,923	-	-	-	20,923	-	20,923
Land Acquisition Funds	10,797	-	10,797	22,530	-	22,530	33,327	-	33,327
Competitive Equity Grants	-	-	-	9,217	-	9,217	9,217	-	9,217
Total - Other Parks Programs	31,720	-	31,720	31,747	-	31,747	63,467	-	63,467
Total CD - Parks and Open Space Capital Program	148,754	(69)	148,685	174,210	69	174,279	322,964	-	322,964



**METROPOLITAN COUNCIL
SUMMARY BUDGET
COMMUNITY DEVELOPMENT DIVISION
FY17**

Table D-1

Amended September 27, 2017

(\$ in 000's)

	Division Management	Reg Policy & Research	Local Planning Assistance	Reg Parks & Natural Resources	Livable Communities	Subtotal General Fund Operating	HRA Administration	Total Operating	Parks Debt Service	Parks Pass-Through	HRA Pass-Through	Planning Assistance Pass-Through	TBRA	DEMO	LHIA	Total Livable Communities Pass-Through	Memo Total
Revenues:																	
Property Tax	9,996	-	-	-	-	9,996	-	9,996	6,555	-	-	-	5,000	11,367	-	16,367	32,918
Federal Revenues	-	-	-	-	-	-	4,926	4,926	-	-	57,085	-	-	-	-	-	62,011
State Revenues	-	-	-	-	-	-	164	164	-	10,500	2,160	-	-	-	-	-	12,824
Investment Earnings	-	-	-	-	-	-	50	50	96	-	-	-	250	500	50	800	946
Other Revenues	-	-	-	-	-	-	2,190	2,190	-	-	-	-	-	-	-	-	2,190
Total Revenues	9,996	-	-	-	-	9,996	7,330	17,326	6,651	10,500	59,245	-	5,250	11,867	50	17,167	110,889
Expenses:																	
Salaries & Benefits	793	1,656	1,310	791	556	5,106	3,809	8,915	-	-	-	-	-	-	-	-	8,915
Consulting & Contractual Services	550	320	218	50	-	1,138	1,458	2,596	-	-	-	-	-	-	-	-	2,596
Materials & Supplies	18	-	-	-	-	18	40	58	-	-	-	-	-	-	-	-	58
Rent & Utilities	550	-	-	-	-	550	570	1,120	-	-	-	-	-	-	-	-	1,120
Printing	42	-	-	-	-	42	35	77	-	-	-	-	-	-	-	-	77
Travel	9	24	19	12	9	73	55	128	-	-	-	-	-	-	-	-	128
Insurance	-	-	-	-	-	-	95	95	-	-	-	-	-	-	-	-	95
Operating Capital	51	-	-	-	-	51	109	160	-	-	-	-	-	-	-	-	160
Other Expenses	200	-	-	-	-	200	546	746	-	-	-	-	-	-	-	-	746
Passthrough Grants	-	-	-	-	-	-	-	-	-	10,500	60,045	500	8,000	12,500	2,500	23,000	94,045
Debt Service Obligations	-	-	-	-	-	-	-	-	6,237	-	-	-	-	-	-	-	6,237
Total Expenses	2,213	2,000	1,547	853	565	7,178	6,717	13,895	6,237	10,500	60,045	500	8,000	12,500	2,500	23,000	114,177
Other Sources and (Uses):																	
Interdivisional Cost Allocation	(2,202)	-	-	-	-	(2,202)	(1,163)	(3,365)	-	-	-	-	-	-	-	-	(3,365)
Transfer To Operating Capital	(56)	-	-	-	-	(56)	-	(56)	-	-	-	-	-	-	-	-	(56)
Intradivisional Transfers	(1,200)	-	-	-	-	(1,200)	200	(1,000)	-	-	-	-	(300)	(1,200)	2,500	1,000	-
Net Other Sources and (Uses)	(3,458)	-	-	-	-	(3,458)	(963)	(4,421)	-	-	-	-	(300)	(1,200)	2,500	1,000	(3,421)
Change in Fund Balance	4,325	(2,000)	(1,547)	(853)	(565)	(640)	(350)	(990)	414	-	(800)	(500)	(3,050)	(1,833)	50	(4,833)	(6,709)

Agency	Project #	Subgrant #	Description	CURRENTLY AUTHORIZED			PROPOSED CHANGES			AMENDED			2017 Budget	Multi-Year Authorization	
				State	Regional	Total	State	Regional	Total	State	Regional	Total			
PARKS AND OPEN SPACE													Original Adopted	\$ 46,401,000	\$ 138,109,375
													After Prior Amendments	\$ 46,401,000	\$ 95,154,440
													After This Amendment	\$ 46,387,291	\$ 95,085,896
<p>RP=Regional Park, PR=Park Reserve, RT=Regional Trail</p> <p>New Parks and Trails Legacy Acquisition Opportunity Fund ML 2017 Ch 91 Art 3 Sec 4</p>															
Three Rivers Park District			Nine Mile Creek RT / 5309 70th St W Edina 2017-137				\$ 23,207	\$ 15,471	\$ 38,678	\$ 23,207	\$ 15,471	\$ 38,678	\$ 7,736	\$ 38,678	
Three Rivers Park District			Nine Mile Creek RT / 4900 77th St W Edina 2017-138				\$ 107,099	\$ 71,400	\$ 178,499	\$ 107,099	\$ 71,400	\$ 178,499	\$ 35,700	\$ 178,499	
Dakota County			North Creek Greenway RT / Smith 2017-139				\$ 63,221	\$ 42,147	\$ 105,368	\$ 63,221	\$ 42,147	\$ 105,368	\$ 21,074	\$ 105,368	
Council Wide			Parks and Trail Legacy Acquisition Grant Account	\$ 1,658,400	\$ 1,140,884	\$ 2,799,284	\$ (193,527)	\$ (129,018)	\$ (322,545)	\$ 1,464,873	\$ 1,011,866	\$ 2,476,739	\$ (64,509)	\$ (322,545)	
Subtotal Acquisition Account Changes				\$ 1,658,400	\$ 1,140,884	\$ 2,799,284	\$ -	\$ -	\$ -	\$ 1,658,400	\$ 1,140,884	\$ 2,799,284	\$ -	\$ -	
<p>Park & Trail Legacy Grants (Non-land Acquisition) ML 2017 Ch 91 Art 3 Sec 4</p>															
Ramsey County	SG-05946	10857	Regional Park and Trail Master Plan Development and Amendments throughout Ramsey County Regional Parks and Trails	\$ 240,000		\$ 240,000	\$ (240,000)		\$ (240,000)	\$ -	\$ -	\$ -	\$ (48,000)	\$ (240,000)	
Ramsey County	SG-05952	10862	Vadnais-Snail Lake Regional Park - Sucker Lake Picnic Area - Sucker Lake Channel Restoration and Fishing Improvements	\$ 160,000		\$ 160,000	\$ 40,000		\$ 40,000	\$ 200,000	\$ -	\$ 200,000	\$ 8,000	\$ 40,000	
Saint Paul, City of	SG-05886	10866	Lilydale-Harriet Island & Cherokee Heights Regional Park Improvements	\$ 610,000		\$ 610,000	\$ (21,672)		\$ (21,672)	\$ 588,328	\$ -	\$ 588,328	\$ (4,334)	\$ (21,672)	
Saint Paul, City of	SG-05887	10867	Phalen Regional Park Master Plan Implementation	\$ 957,740		\$ 957,740	\$ 153,128		\$ 153,128	\$ 1,110,868	\$ -	\$ 1,110,868	\$ 30,626	\$ 153,128	
Subtotal Parks and Trails Legacy Non-Acquisition				\$ 1,967,740	\$ -	\$ 1,967,740	\$ (68,544)	\$ -	\$ (68,544)	\$ 1,899,196	\$ -	\$ 1,899,196	\$ (13,709)	\$ (68,544)	
PARKS AND OPEN SPACE TOTAL				\$ 3,626,140	\$ 1,140,884	\$ 4,767,024	\$ (68,544)	\$ -	\$ (68,544)	\$ 3,557,596	\$ 1,140,884	\$ 4,698,480	\$ (13,709)	\$ (68,544)	