

2023 Preliminary Operating Budget





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Targeted Topics

4th Quarter 2022

HRA Rent
Standards & Utility
Allowance

Begin 2023
Division Workplan

Targeted Topics

1st Quarter 2023

Finalize 2023
Division Workplan

Begin 2024 Budget
Development
Process

Targeted Topics


Budget Development Objectives

Support Implementation Of

Thrive MSP 2040

Housing Policy Plan

Regional Parks Policy Plan



For more than 50 years, the Metropolitan Council has helped coordinate regional growth and planning in the Twin Cities metropolitan area.

Budget Development Objectives

Financial Stewardship

Construct balanced budgets

Prioritize structural solutions – mitigate structural gaps over time

Maintain reserve balances at Council policy levels



Budget Development Framing



Framing

- Council's Regional Role
- Data Analysis and Research
- Equity Impacts
- General Economic Conditions
- Leverage Funds
- Timely Financial Impacts
- Supporting Council Initiatives

Budget Development Looking Ahead



Looking Ahead

- Financial Forecasting 2024+
- Legislative Session
- Federal Budgets
- Council Strategic Initiatives
- Divisions Workplans
- COVID-19

Economic Conditions



Economic Conditions



The Minneapolis-St. Paul metropolitan area is still recovering from the COVID-19 pandemic and its economic repercussions.

State's GDP bounce-back in 2021 was average compared to the nation and peer states.

Annual gross domestic product (GDP) for Minnesota was estimated at \$429.4 billion in 4th Quarter 2021. This amounts to annual growth of 12.1 percent, or 5.6 percent in real, inflation-adjusted terms.

Industries have made many adjustments to resume routines and to bring workers back to work –workflow and business model restructuring, customer-facing adjustments, and health precautions.

Economic Conditions



Some segments of the economy are bouncing back, while others are frustrated in their recoveries or challenged by new problems.

In the Minneapolis-St. Paul MSA, the construction sector, manufacturing sector, and other industries have fully recovered employment, back to 2019 levels.

Local-demand-serving or “in-person” service industries continue to struggle with reduced demand, reduced activity, and unused capacity.

Consumer spending patterns are not entirely back to normal. The pandemic continues to inhibit certain activities, like entertainment and recreation and travel.

Economic Conditions



The metro economy's strides toward recovery are frustrated by a “great resignation” exodus. Tens of thousands have exited the job market.

There are socioeconomic disparities evident in the “great resignation.”

Twin Cities metro fully recovered its high-earnings employment by January 2021.

“Below-median-earnings” employment (jobs paying less than \$37,000) remained depressed throughout 2021, with total employment -20 to -30 percent below pre-pandemic levels.

Workers who have dropped out of the market are disproportionately older workers; or lower-paid workers with fewer benefits; or workers from retail and services businesses that have reduced their operations.

Economic Conditions



Minnesota has above-average job openings compared to the nation and peer states

Unemployment rates fell steadily from 10.1 percent, the peak in May 2020, to 4.4 percent in December 2020, to 2.3 percent in December 2021

Job openings rates in Minnesota have been at record-levels, 6 to 8 percent of all jobs being open, in every month since June 2021.

Economic Conditions

More Information

Data and Sources

Minnesota DEED, Local Area Unemployment Statistics, December 2021
(<https://apps.deed.state.mn.us/lmi/laus/detail.aspx?geog=2709TC0000>)

U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey
(<https://data.bls.gov/PDQWeb/jt>)

Opportunity Insights Economic Tracker (<https://tracktherecovery.org>)

Census Bureau, Small Business Pulse Survey, February 2022
(<https://portalcensus.gov/pulse/data/#weekly>)

Minnesota Management & Budget, Budget and Economic Forecast
(<https://mn.gov/mmb/forecast/forecast/>)



Advancing Thrive MSP 2040

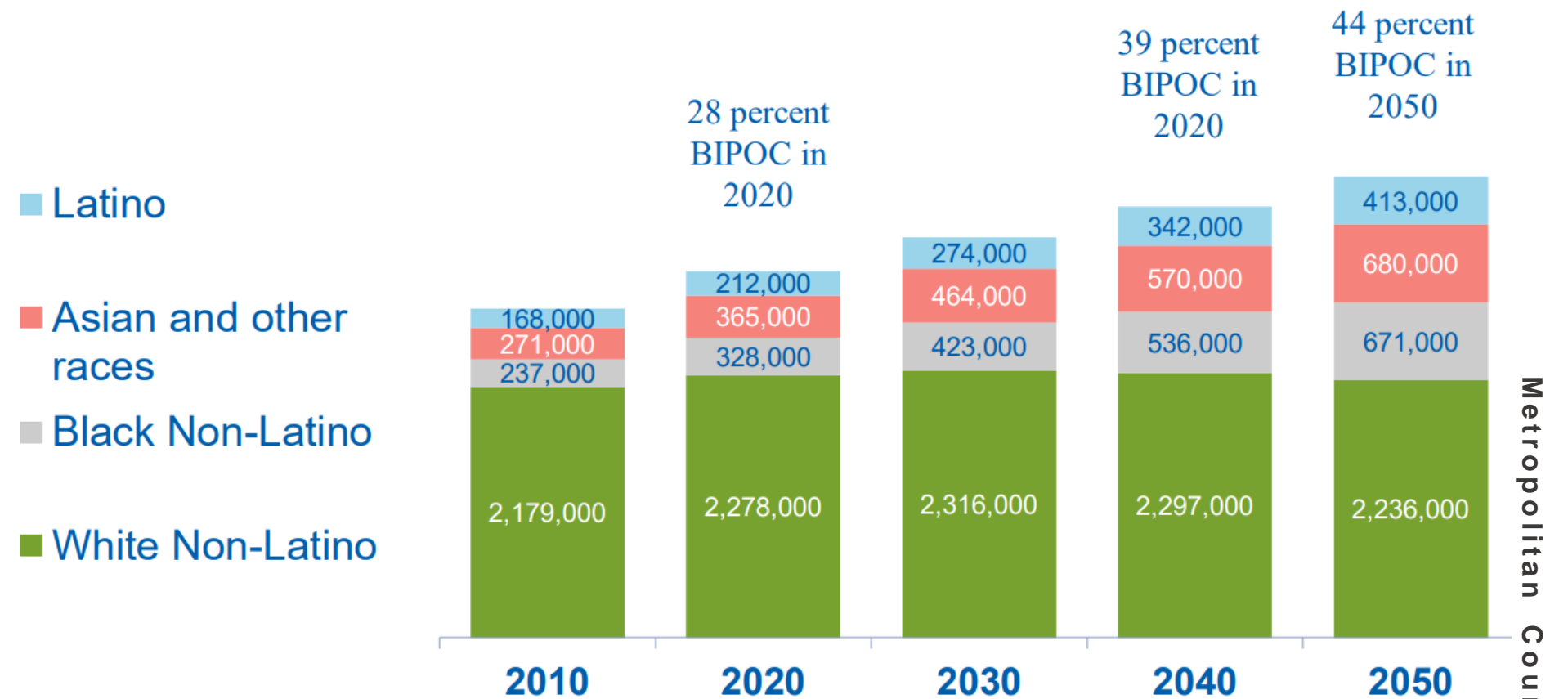


Advancing Thrive Recent Initiatives 2050 Development Guide

Planning for a thriving Twin Cities Region

- Delivered Comp Plan Composite Series, a series of reports on trends in 2040 local comprehensive plans
- Completed initial 2050 regional population and employment forecast
- 2021 Census and Land Use Trends analysis
- Initiated the 2050 Regional Development Guide vision and values work

Growing racial and ethnic diversity



Advancing Thrive 2023 2050 Development Guide

2023 Initiatives

- Vision / Values
- Forecasting
- Land Use Policy
- Parks Policy Plan
- Housing Policy Plan

Funds programmed in Community Development for 2050 Development Guide support enterprise work and projects.



Advancing Thrive Recent Initiatives Equity



Investing in the region and our staff

Historic investment in LCA's Local Housing Incentives Account – supports production and preservation of affordable rental and ownership Housing

Expanding housing choice and capacity in Metro HRA

Enhanced equity and engagement requirements in regional parks

Enhanced tools and resources for staff including Racial Equity Impact Tool, redesign of internal Equity Change Team site, guides

Advancing Thrive 2023 Equity



Promoting equity across the region and in our day-to-day work

Across the Region

- Centering racial equity and environmental justice in our work
- Creating real choice in where we live and recreate
- Investing in affordable housing
- Master plans for regional parks and trails must include an equity analysis
- Competitive grant programs

Supporting and Developing Staff

- Updating Division Racial Equity Action Plan
- Expanding Equity Change Team website
- Regular conversations to raise up equity efforts, grow staff capacity, and better institutionalize equity

Advancing Thrive Recent Initiatives Livable Communities

Promoting prosperity & economic development

- \$14M to help create a more livable and mobile region
- \$8M in affordable housing projects will help create 557 affordable homes and preserve 113 affordable housing units
- \$3.2M will help clean up 22 acres of land, produce and preserve nearly 543 affordable homes and add or retain nearly 400 jobs



Investing in communities through grants to help them achieve their goals of economic prosperity, job creation, housing choices and mobility

Advancing Thrive 2023 Livable Communities

2023 Initiatives

- 2050 Housing Policy Plan Partner
- LHIA Homeownership Pilot
- Grant scoring criteria
- Reduce barriers to grant application process



Advancing Thrive Recent Initiatives Local Planning Assistance

Ensure coordinated, orderly and efficient development in the region

- 2050 Development Guide
- 2040 Comprehensive Guide Debrief
- 2040 Comprehensive Guide Composite
- Develop Tools & Programs to support local governments



Growing equitable shade and fighting climate change, one tree at a time

Advancing Thrive 2023 Local Planning Assistance

2023 Initiatives

- 2050 Development Guide
- In person re-engagement with local government partners
- Assistance to local governments through Sector Rep program
- Implement process improvements identified in 2040 Comprehensive Plan Debrief



Advancing Thrive Recent Initiatives Metro HRA

Promoting equity, livability and prosperity

- Expanding housing choices in low-poverty areas using \$5.2M in awarded federal funds
- Moving people from the street to housing stability using 218 new Emergency Housing Vouchers
- Purchase affordable housing units through partnership with City of Edina
- Learn more about how to better meet needs of vouchers holders through Residential Preferences Study



Metro HRA programs serve over 7,000 households throughout the region

Advancing Thrive 2023 Metro HRA

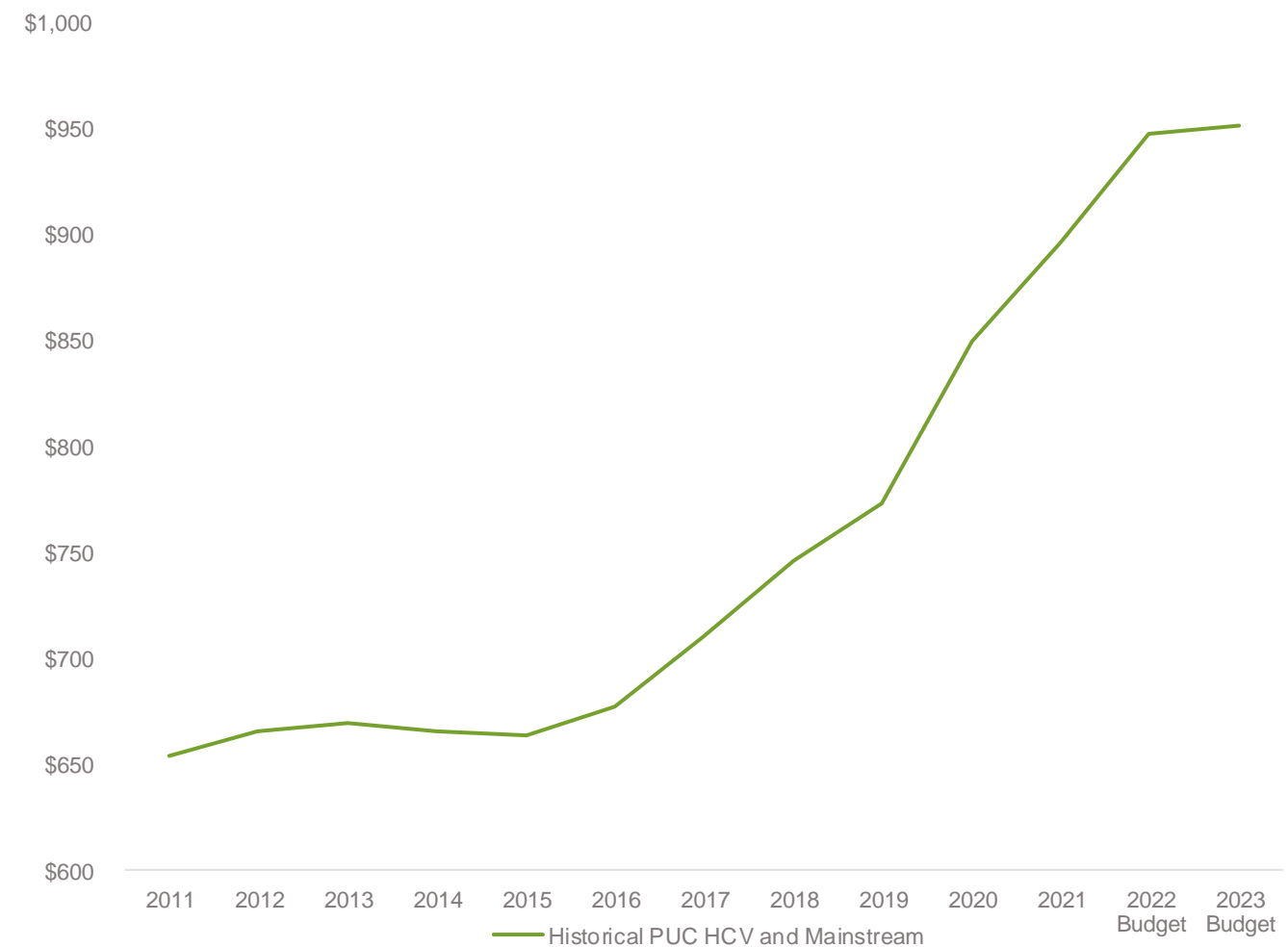
2023 Initiatives

- Community Choice Mobility Demonstration Program
- Explore Homeownership Program
- Implement Foster Youth to Independence Program
- Residential Preference Study

Closely watching

- Federal Budget
- Per Unit Cost (PUC)

HRA Historical Average Yearly Per Unit Cost (PUC)



Advancing Thrive Recent Initiatives Regional Parks

Recent Initiatives

- Awarded 23 Regional Parks System Equity Grants
- Regional Parks System Geographic Information System improvements (phase I)
- Parks Visitor Study

A close-up photograph of a goat with a black and white face and blue eyes, eating from a bush. The goat is the central focus of the image, with its head and neck visible. It is surrounded by green foliage and small blue berries. The background is a dense thicket of green leaves and branches.

Goats are among a suite of tools regional park staff use to reduce the presence of undesirable plant species.

Advancing Thrive 2023 Regional Parks

2023 Initiatives

- 2050 Development Guide
- Advancing equity through the Regional Parks System Historical Cultural Study
- Convening and enhanced coordination with state and regional partners

Parks offer incredible sights, sounds and learning opportunities



Advancing Thrive Recent Initiatives Research



Advancing a better Twin Cities region for all by delivering trusted, useful information

- Analyzed and disseminated results of the 2020 Census and developed an interactive visualization to analyze the findings and observe demographic change over time.
- Completed the parks visitor study and began a partnership with DNR and Greater MN regional parks to use location-based services data to better understand parks visitation.
- Created the first regional forecast of population and jobs for 2050 and continued development of our local model of population and employment.
- Completed foundational research to develop our tool that will enable all local jurisdictions the ability to analyze the effects of actions they can take to reduce greenhouse gas emissions. Releasing in July 2022.

Advancing Thrive 2023 Research



2023 Initiatives

- Develop population and employment forecasts as key inputs to the 2050 regional development guide.
- Lead scenario planning efforts to inform policy makers on implications of uncertainties in long-range planning caused by the pandemic.
- Release updated and enhanced version of community profiles interactive tool.

2023 New Initiatives



Advancing Thrive

- 2050 Regional Development Guide
- Climate Action Plan Implementation
- Federally funded HRA work
- New FTE
 - Climate Researcher
 - Housing Planning Analyst
 - Parks Ambassador Outreach Coordinator
 - Land Use Planner
 - HRA & CD Grant Compliance (0.5)
 - Grant Administration (0.75)

2023 Overview

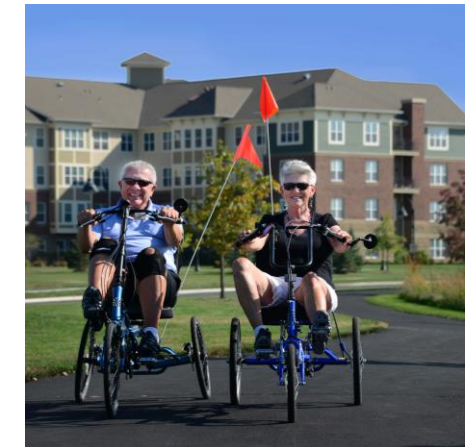
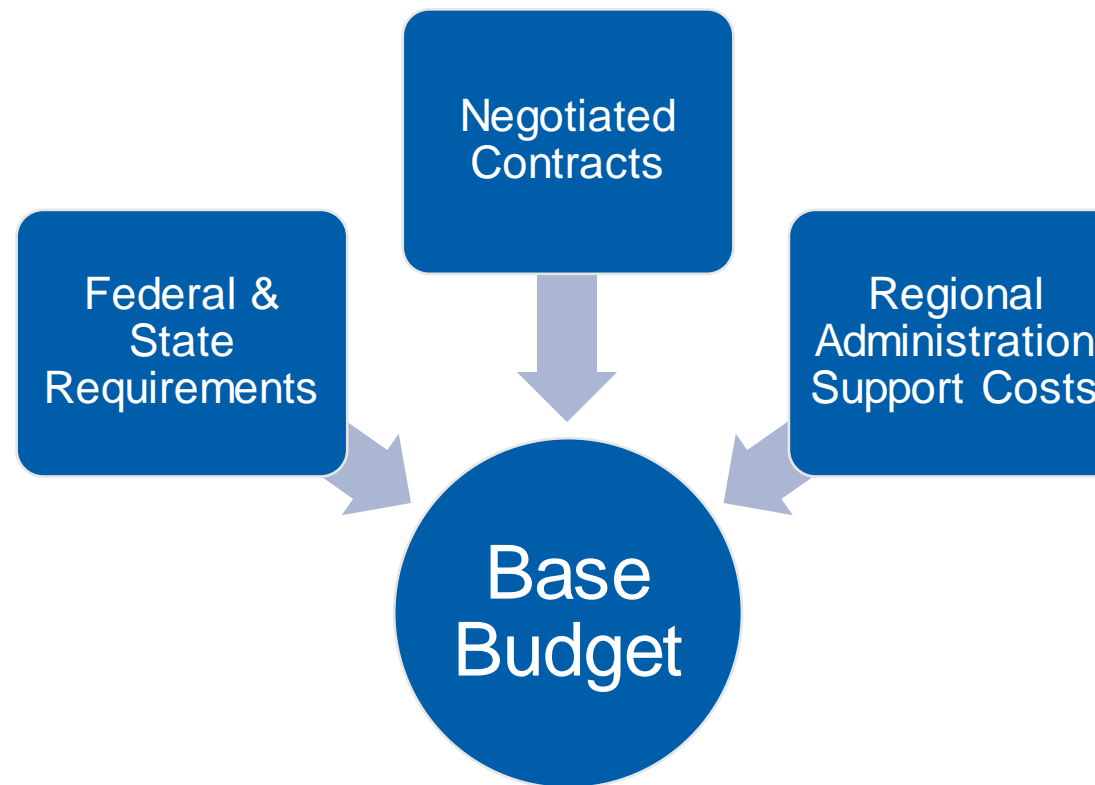
Preliminary Budget \$145.6M compared to \$147.1M Adopted 2022

Metro HRA

- Passthrough (+2% or \$1.5M)
- Administration (+3% or \$262K)

Community Development

- Program Units (+15% or \$1.4M)
- Regional Administration (+8% or \$279K)
- Parks Passthrough Programs (0% or \$0)
- Livable Communities Passthrough Programs (-14% or -\$4.7M)
- Debt Service (-9% or -\$154K)



Potential changes for Public Comment

In Development

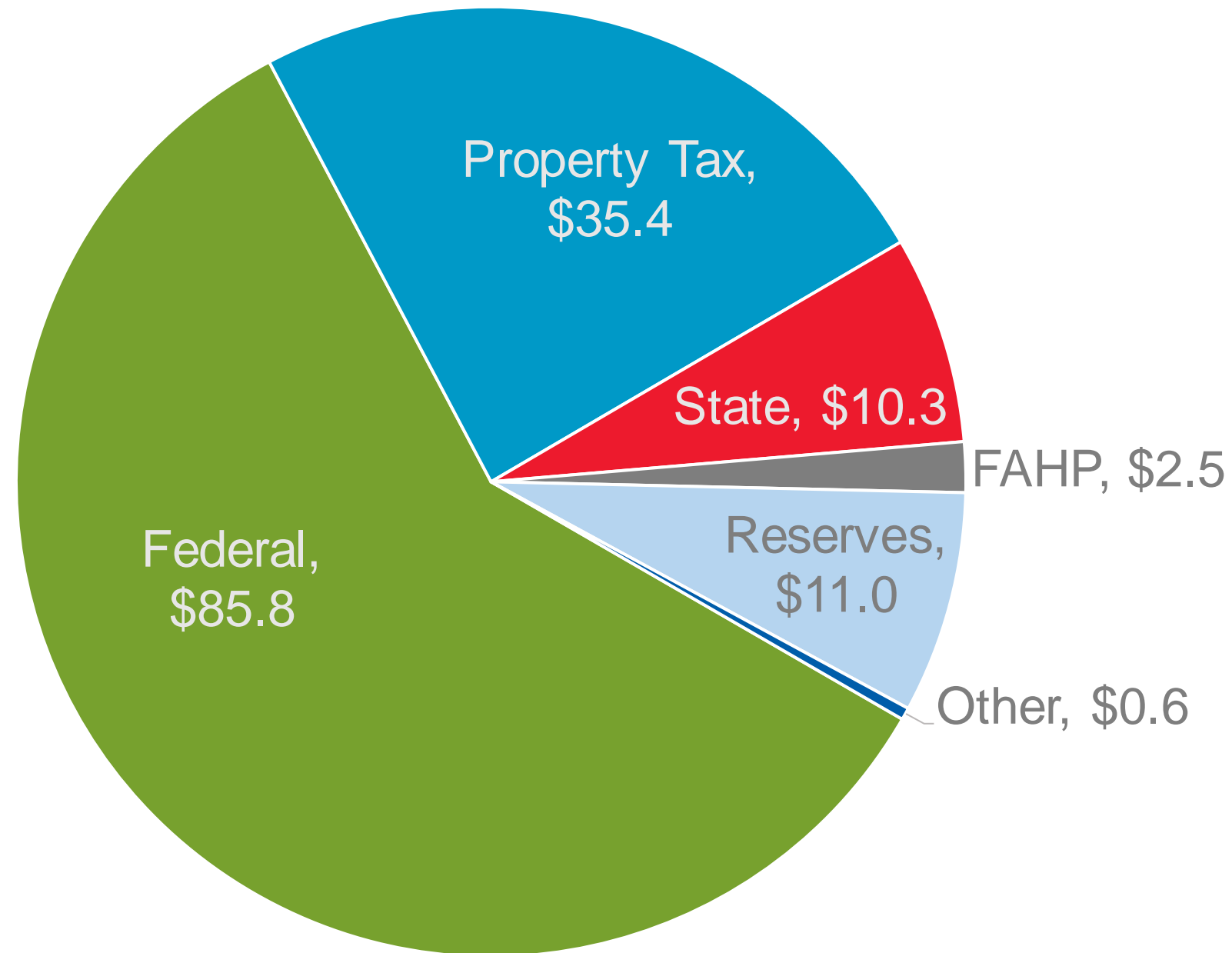
- Metro HRA Operating and Passthrough
- Livable Communities Passthrough
- Parks Passthrough
- Specific Projects
 - 2050 Development Guide
 - Climate Action Plan Implementation

Next Steps

- Monitor state and federal legislative processes
- Project refinement
- Stakeholder conversations
- Adjustments to 2023 budgets

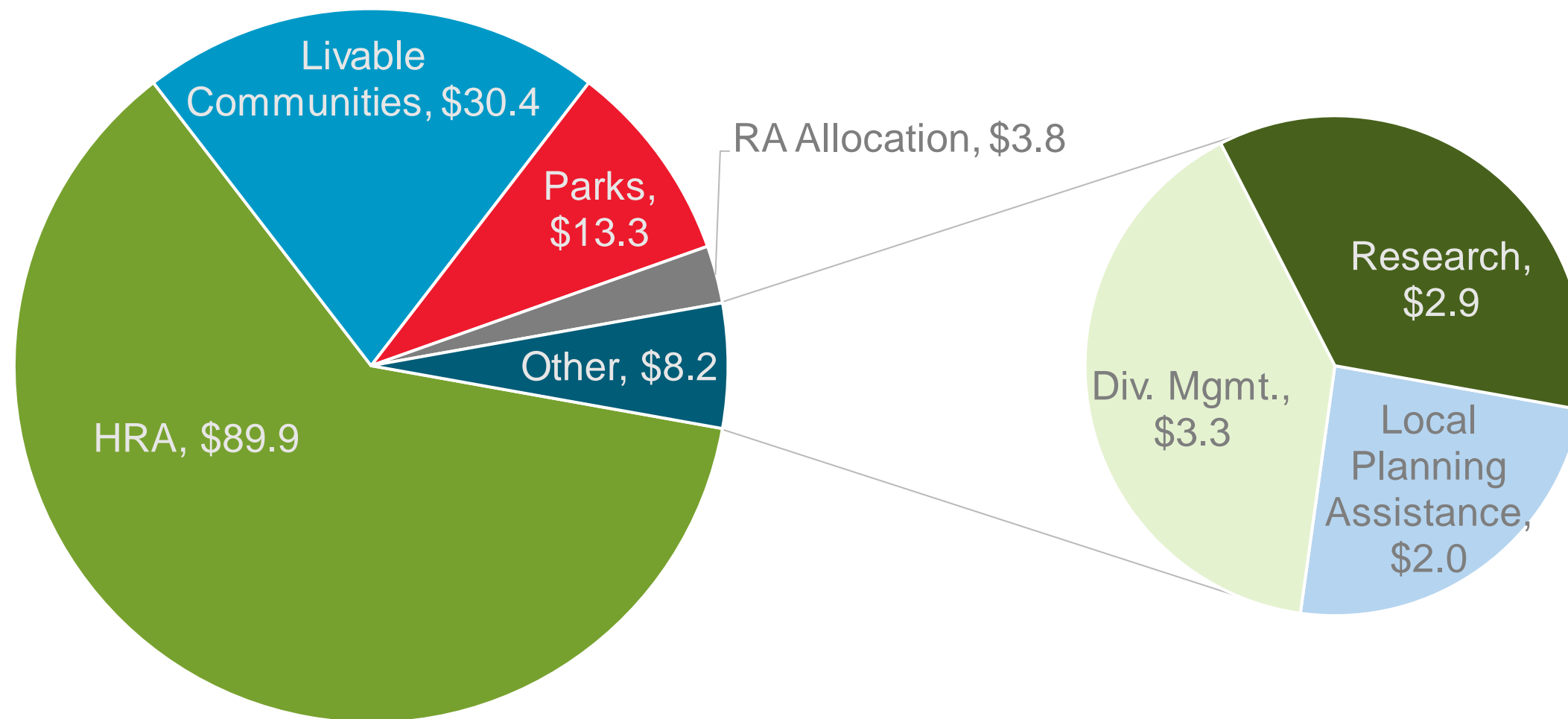
2023 Preliminary Budget - \$145.6M

Revenue Sources



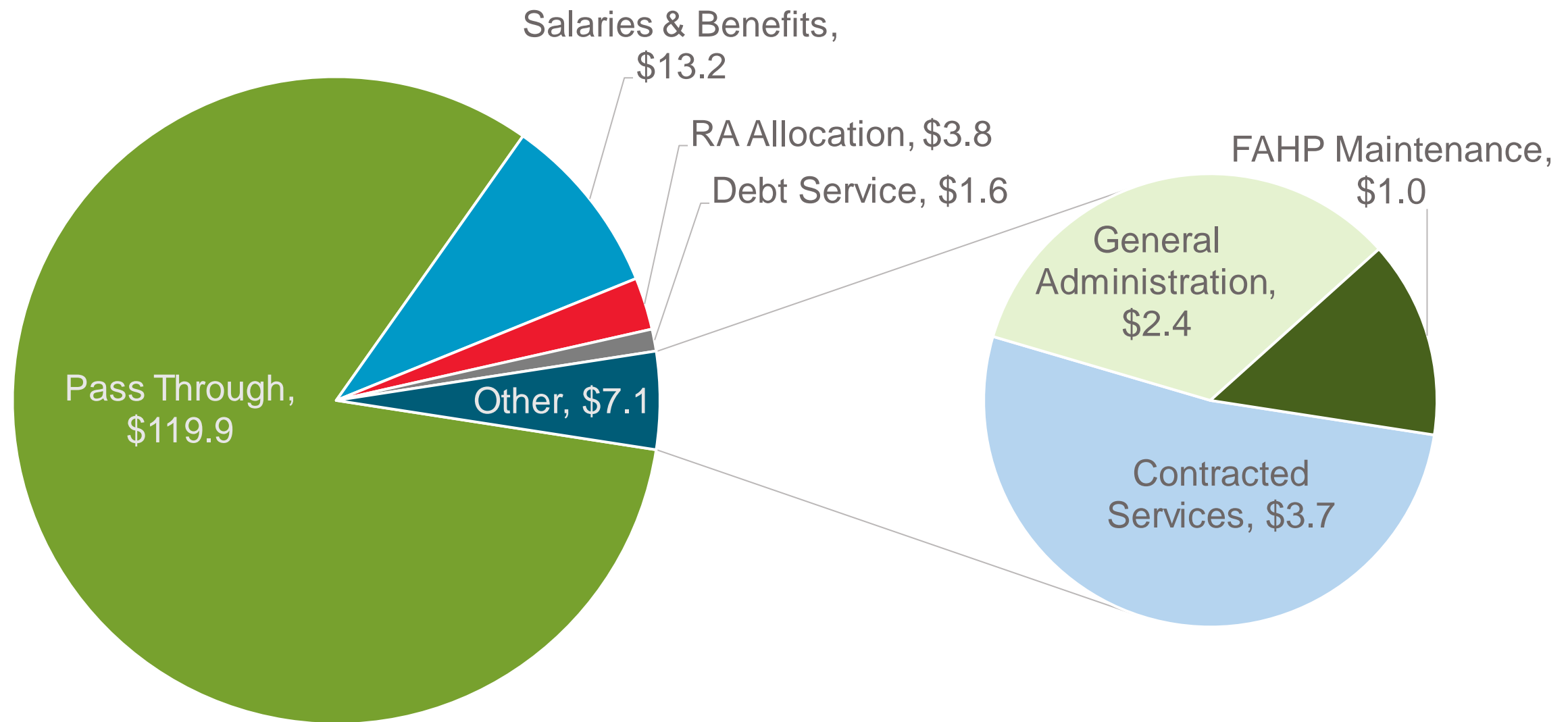
2023 Preliminary Budget - \$145.6M

Expense By Program



2023 Preliminary Budget - \$145.6M

Uses By Category



Targeted Topics July Grant Programs

Fostering Prosperity

- Acquire and protect parklands to sustain our environment
- Expand and preserve affordable housing
- Support efficient growth of housing, jobs and services
- Develop high density mixed-use projects near transit
- Clean polluted land for redevelopment with public benefits



Over 25 years, the Livable Communities program has helped to leverage billions of public and private dollars for investment in economic opportunity.

Parks grant programs expected to pass through \$400M in funding over the next 6 years.

Targeted Topics

2050 Development Guide

Guiding & directing the region's growth

- Land use planning and policy
- Regional Parks and Trails
 - System Planning
 - Policies
- Housing policy
- Research and analysis
- Public engagement
- Cross-divisional integration and collaborative projects



The Community Development Division leads the planning process for the next the regional development guide through 2050.

Targeted Topics Fall Metro HRA

Connecting people to stable housing

- Small Area Market Rent Analysis
- Public Housing Agency Plan & Administrative Plan
- Mobility Demonstration Program
- Partnership with City of Edina
- Property Disposition & Purchase
- Rent Standards & Utility Limits



The Metro HRA serves over 7,000 low- and moderate-income households monthly and provides other housing services to additional clients.



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Thanks to

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