

# 2024 Preliminary Operating Budget

Community Development Division

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HRA Rent  
Standards & Utility  
Allowance

Begin 2024  
Division Workplan

Targeted Topics

## 1<sup>st</sup> Quarter 2024

Finalize 2024  
Division Workplan

Begin 2025 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 coordinated 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 2025+
- Legislative Outcomes
- Federal Budgets
- Council Strategic Initiatives
- Division Workplans

# Economic Conditions





# Economic Conditions



## The Minneapolis-St. Paul metropolitan area continues to recover from the COVID-19 pandemic and its economic repercussions.

Employment and economic activity that were lost during the pandemic response of 2020 have been mostly regained.

Annual gross domestic product (GDP) for Minnesota was estimated at \$447 billion in 2022. This amounts to annual growth of 8.3 percent, or 1.2 percent in real, inflation-adjusted terms.

Minnesota's GSP (gross state product) rebound has been slower than the national average. Economic expansion for the Minneapolis-St. Paul region is not yet published but will be similar to the state growth rate.

# Economic Conditions



## The Minneapolis-St. Paul metropolitan area is enjoying an historic building boom

Built-space investment and development have been a bright spot, despite building costs inflation.

In 2022, built-space investment in the metro area amounted to \$6 billion of newly permitted housing and \$3 billion of commercials, industrial and other non-residentials projects.

New housing production expected to exceed 22,000 units for 2022, meeting or exceeding unit levels in 2019 – 2021.

Housing production levels highest in a century, steadily reducing the area's housing deficit and providing more choice and flattening of rent inflation for apartment seekers.

# Economic Conditions



## Job openings rates at record-levels; unemployment rates remain low compared to other metro areas

Unemployment rates fell steadily from 11.9 percent, the peak in May 2020, to 4.8 percent in December 2020, and have remained around 2.5 percent since December 2021.

Minneapolis-St. Paul's 2.7 percent unemployment rate in December 2022 was the 6<sup>th</sup> lowest among the nation's 25 largest metropolitan areas.

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

# Economic Conditions

## More Information

### Data and Sources

Minnesota DEED, Local Area Unemployment Statistics, December 2022  
(<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>)

Housing Data:

<https://www.census.gov/construction/bps/current.html>

U.S. Bureau of Economic Analysis, GDP, Annual 2022

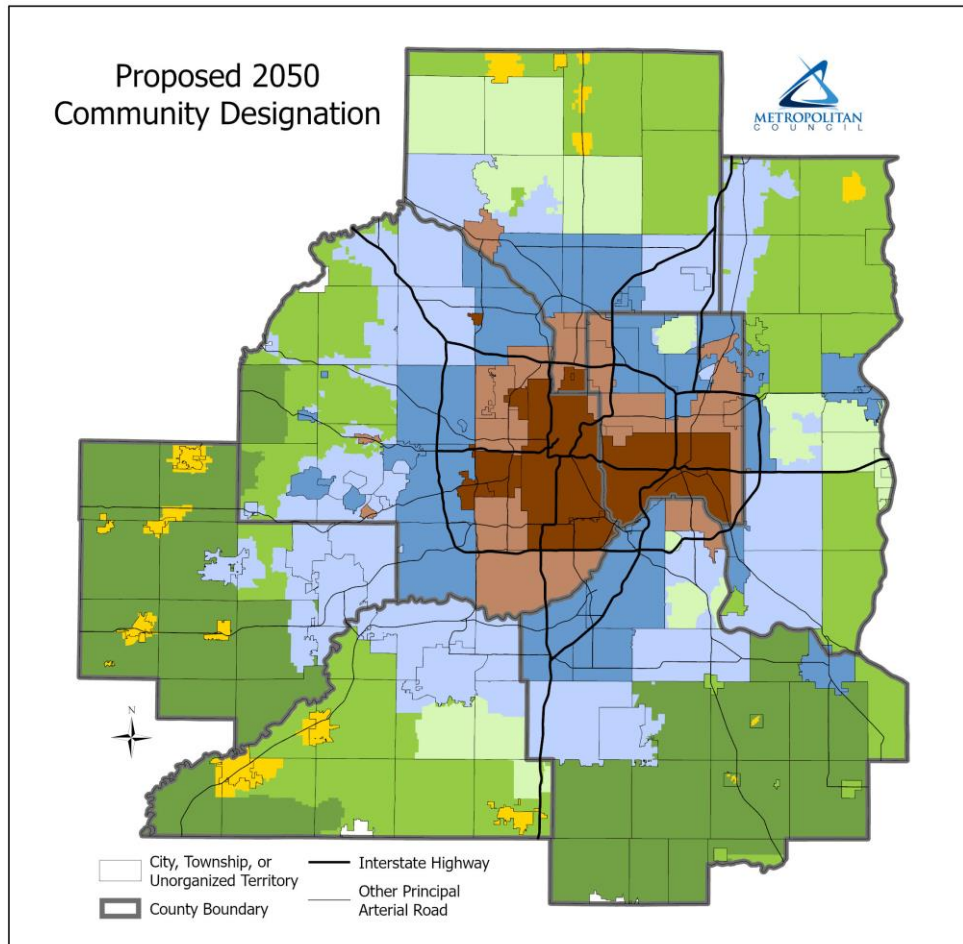
Dodge Reports/Construction.com



# Advancing Thrive MSP 2040



# Advancing Thrive Recent Initiatives 2050 Development Guide



## Planning for a thriving Twin Cities Region

- Completed 2050 regional forecasts
- Completed preliminary Community Designations
- Council endorsed working 2050 Development Guide vision and values

# 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.**

# Advancing Thrive 2024 2050 Development Guide

## 2024 Initiatives

- Vision, Values, Shared Regional Goals
- 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

- Awarded \$2 million to nine communities through the launch of the new Affordable Homeownership pilot grants through Local Housing Incentives Account (LHIA)
- Launched HUD Community Choice Demonstration Program in September 2022
- Expanding housing choice and capacity in Metro HRA
- Enhanced equity and engagement requirements in regional parks
- Enhanced community engagement in regional planning processes

# Advancing Thrive 2024 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
- Regular conversations to raise up equity efforts, grow staff capacity, and better institutionalize equity

# Advancing Thrive Recent Initiatives Livable Communities

## Promoting prosperity, equity, and livability

- Launched new Affordable Homeownership pilot grants: \$2M total to 9 communities
- New Policy Development grant program supports communities' readiness for development: \$94k to 2 communities
- Improving access to grant programs through direct outreach, plain language and program modifications
- Community engagement to inform the 2050 Housing Policy Plan



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

# Advancing Thrive 2024 Livable Communities

## 2024 Initiatives

- 2050 Housing Policy Plan
- Analyze grant programs to evaluate impact
- Set up systems tying application evaluation criteria to post-award performance
- Continue reducing barriers to accessing funds and improve program goals



# Advancing Thrive Recent Initiatives Local Planning Assistance

## Ensure coordinated, orderly and efficient development in the region

- 2050 Development Guide
- Develop Tools & Programs to support local governments
- Spring Swing, Sector Reps visited face-to-face with nearly 30 communities in spring 2023 with more to come



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

# Advancing Thrive 2024 Local Planning Assistance

## 2024 Initiatives

- Support local governments in implementation of their 2040 comprehensive plans
- Improvements to comprehensive plan review process
- 2050 Regional Policy
  - Climate & Environment
  - Economic competitiveness
  - Rural and Ag policies
- Amplify voices in disadvantaged communities



# Advancing Thrive Recent Initiatives Metro HRA

## Promoting equity, livability and prosperity

- Collaborating with County Partners on a Homework Starts with Home expansion as an investment in place strategy
- Moving people from the street to housing stability using 218 new Emergency Housing Vouchers
- Learn more about how to better meet needs of vouchers holders through Residential Preferences Study

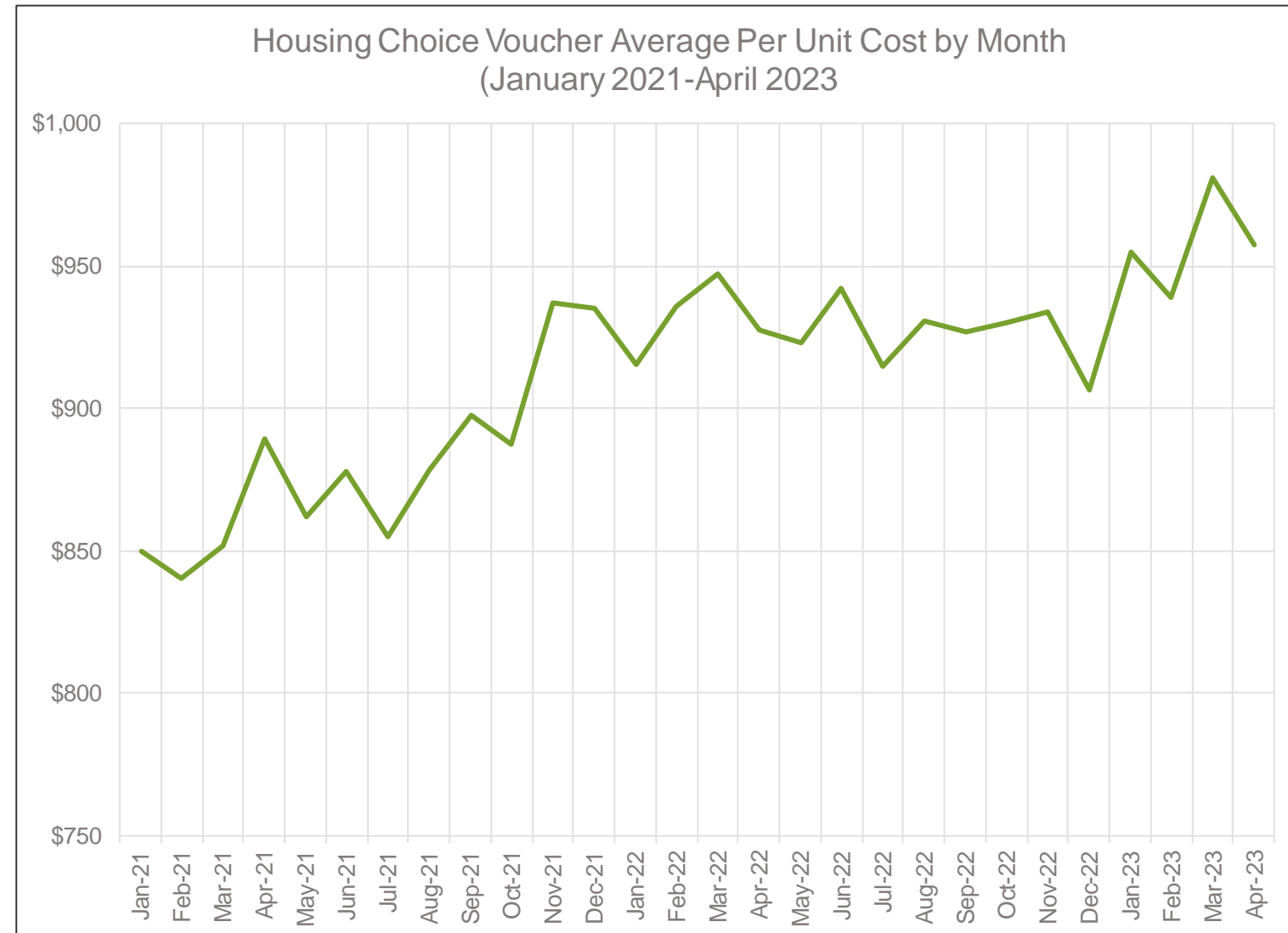


Metro HRA programs serve over 7,000 households throughout the region

# Advancing Thrive 2024 Metro HRA

## 2024 Initiatives

- Exploring wealth building with participants
- Minnesota (state) Rental Assistance Program
- Implement Foster Youth to Independence Program
- Residential Preferences of Housing Choice Voucher holders





# Advancing Thrive Recent Initiatives Regional Parks

## Recent Initiatives

- Regional Development Guide and Parks Policy Work
- Regional Parks System Geographic Information System improvements: working to complete phase 2
- Parks Core Planning Work: Review of Long-Range Plans, Comp Plans, Environmental documents
- Enhanced coordination and collaboration with Regional Park Agency partners, especially during 2023 legislative session



# Advancing Thrive 2024 Regional Parks

## 2024 Initiatives

- 2050 Development Guide, including engagement with non-park/trail visitors
- Complete and share Regional Parks Historical Cultural Study
- Implement 2024 Equity Grant Program
- Implement Ambassador Program initiative
- Amplify importance of Parks and Trails Legacy Fund with key audiences



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

- Completed analysis and dissemination of the Parks Visitor Study in partnership with the Parks Unit.
- Developed and released the Growing Shade tool in partnership with LPA
- Completed and released population estimates
- Conducted joint research project to explore the use of location-based services data in analyzing parks visitation.
- Releasing Greenhouse Gas Scenario Planning tool

# Advancing Thrive 2024 Research



## 2024 Initiatives

- Releasing regional and local forecasts of population and employment - key inputs to the 2050 regional development guide.
- Regional planning technical support including scenario planning, regionally significant ecological areas, Young Leaders Collaboration, community designations, environmental justice framework, among others
- Improving our ability to provide people-centered data analysis that contextualizes data with lived experiences through expanding qualitative research

# 2024 New Initiatives



## Planning for 2050

- 2050 Regional Development Guide, including growth management, parks policy, and housing policy
  - Implementation of the Climate Pollution Reduction Grant from the Environmental Protection Agency
  - Implementation of new legislative planning requirements
- Climate Action Work Plan Implementation & Reporting
- Federally funded HRA work
- 2024 Equity Grant Program
- New FTE
  - Qualitative Researcher
  - Parks Planner
  - Land Use Planner
  - HRA Coordinator
  - HRA Specialist

# 2024 Overview

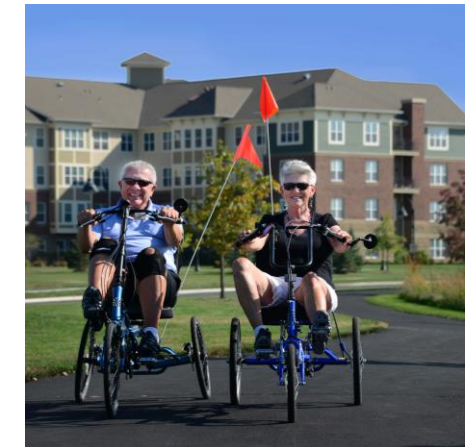
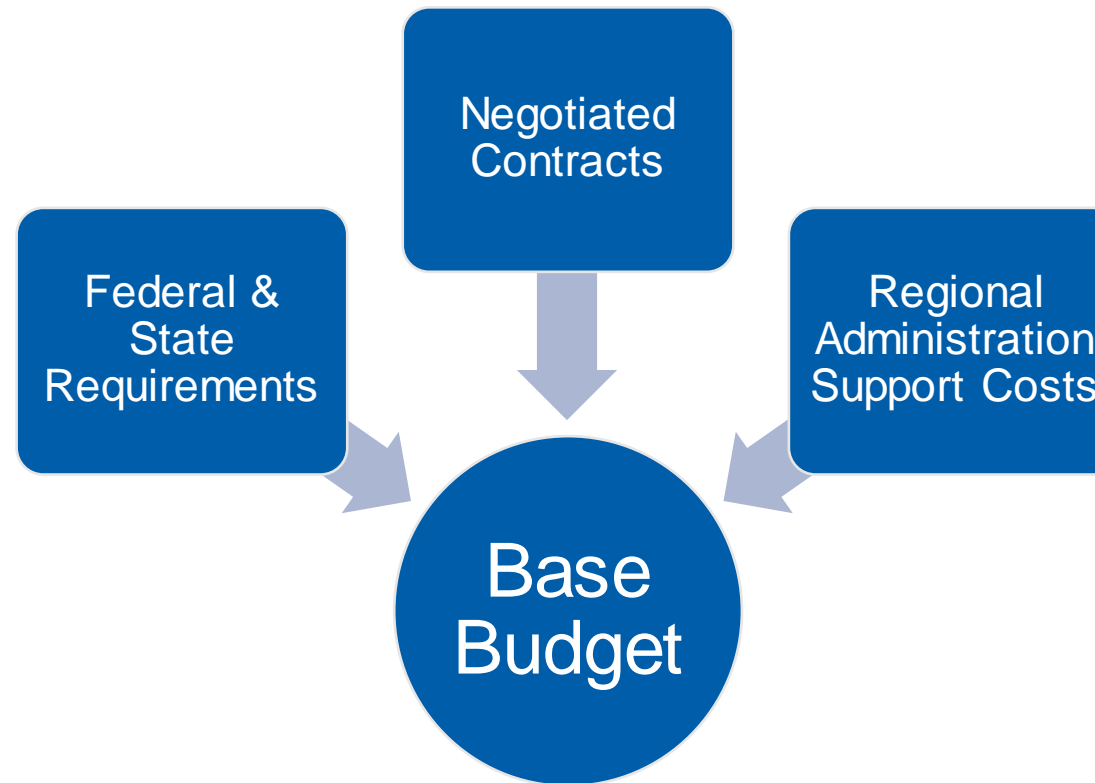
## Preliminary Budget \$162.3M compared to \$156.0M Adopted 2023

### Metro HRA

- Passthrough (+5% or \$4.1M)
- Administration (+12% or \$1.1M)

### Community Development

- Program Units (+9% or \$1.0M)
- Regional Administration (-3% or -\$119K)
- Parks Passthrough Programs (+15% or \$1.5M)
- Livable Communities Passthrough Programs (-7% or -\$2.7M)
- Debt Service (+86% or \$1.4M)



# Potential changes for Public Comment

## In Development

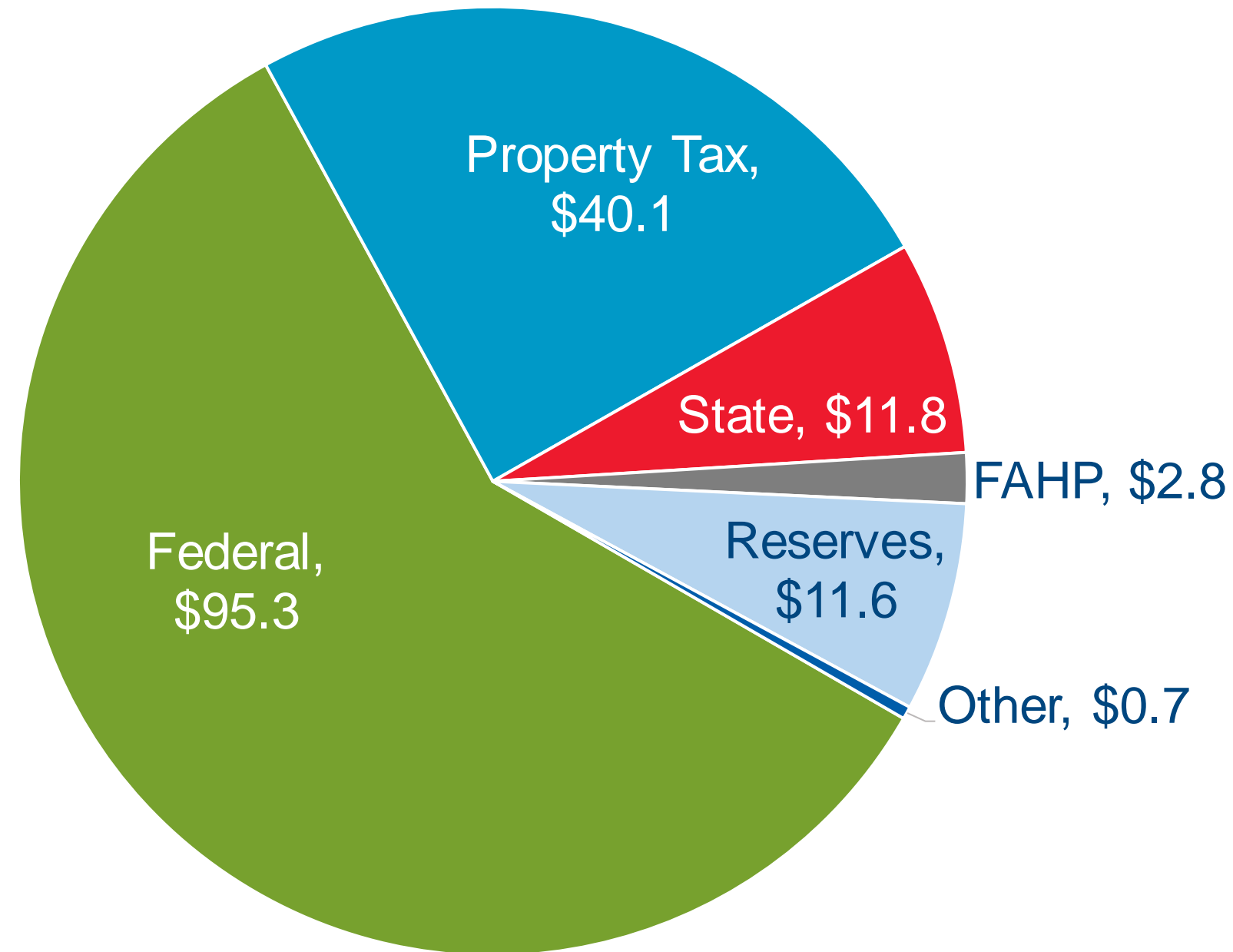
- Metro HRA Passthrough
- Statewide rental assistance program
- Livable Communities Passthrough
- Specific Projects
  - 2050 Development Guide
  - Climate Action Plan Implementation

## Next Steps

- State legislative session wrap-up – new funding
- Project refinement
- Stakeholder conversations
- Adjustments to 2024 budgets

# 2024 Preliminary Budget - \$162.3M

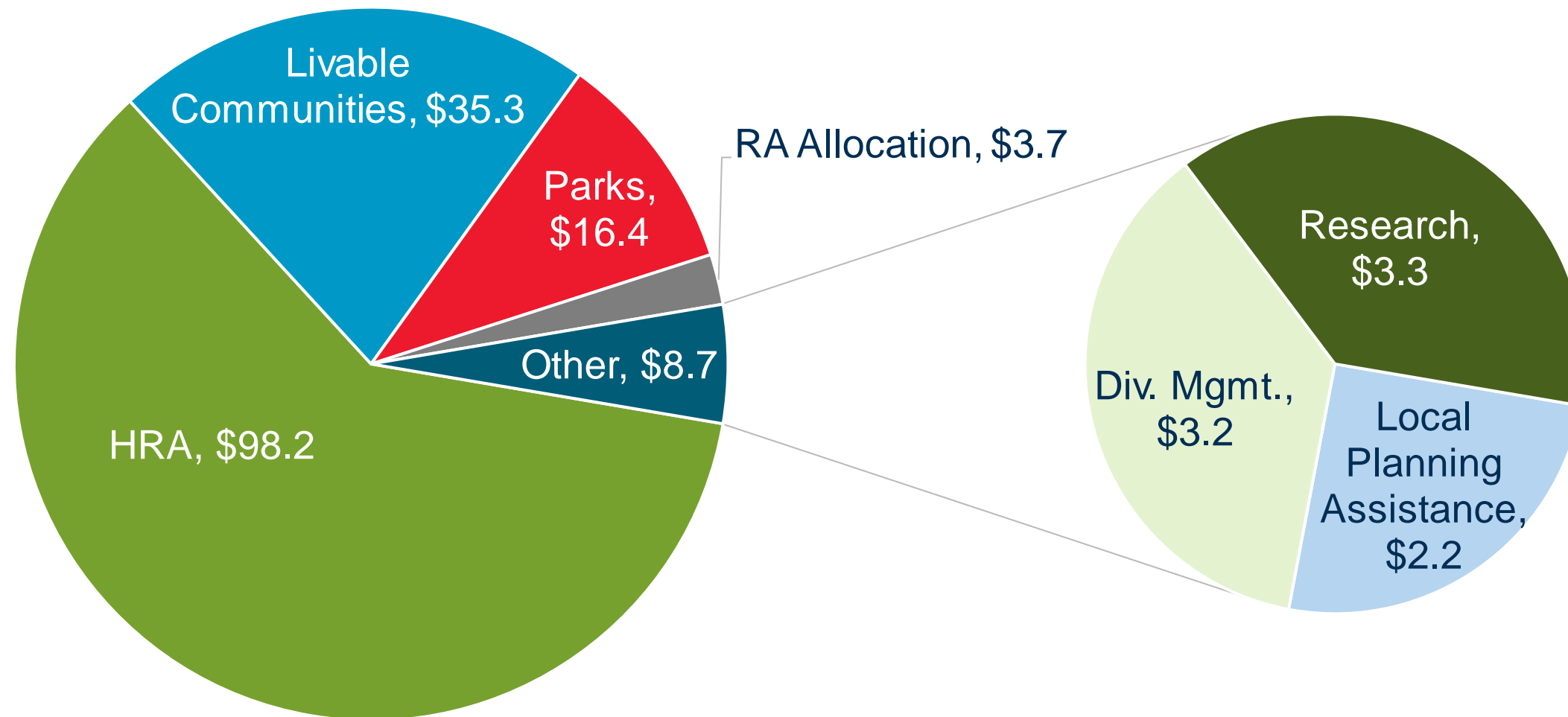
## Revenue Sources





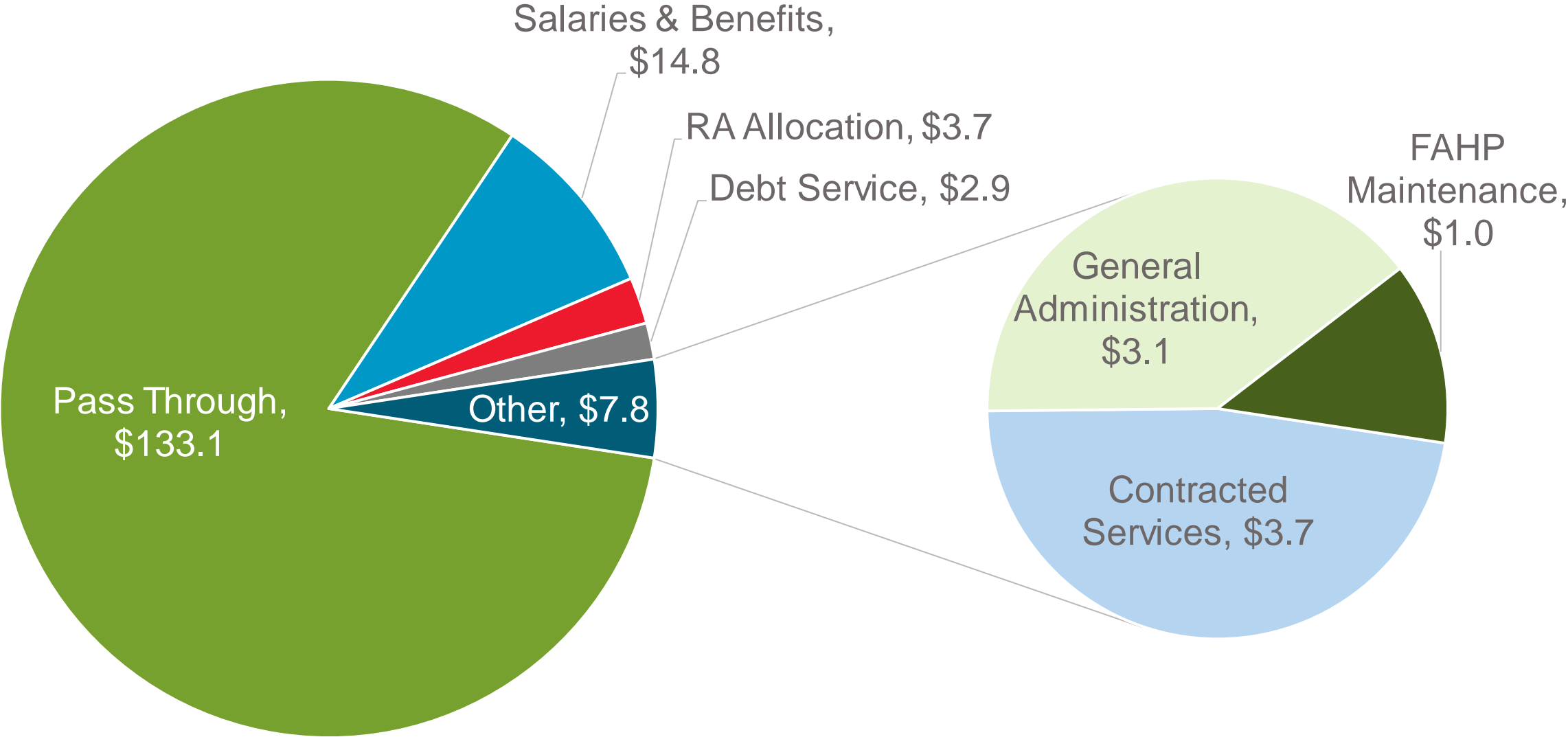
# 2024 Preliminary Budget - \$162.3M

## Expense By Program



# 2024 Preliminary Budget - \$162.3M

## Uses By Category



# Targeted Topics July LCA Grant Programs

## Fostering Prosperity

- 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.**

# Targeted Topics Fall Metro HRA

## Connecting people to stable housing

- Small Area Market Rent Analysis
- Public Housing Agency Plan
- Property Disposition & Purchase
- Rent Standards & Utility Limits



**The Metro HRA serves over 7,000 low-income households with rent assistance and provides housing stability services to promote success.**



## **Heather Giesel**

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## **Thanks to**

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