

2025 Preliminary Operating Budget





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HRA Rent
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Allowance

Begin 2025
Division Workplan

Targeted Topics

1st Quarter 2025

Finalize 2025
Division Workplan

Begin 2026 Budget
Development
Process

Targeted Topics

Budget Development Objectives

Support Implementation Of

Thrive MSP 2040 / Imagine 2050

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 2025+
- Legislative Outcomes
- Federal Budgets
- Council Strategic Initiatives
- Divisions Work Plans

Economic Conditions



Economic Conditions



The Minneapolis-St. Paul metropolitan area settles into a new normal following the COVID-19 pandemic and its economic disruptions.

Employment and economic activity that were lost during the pandemic response of 2020 have been regained overall and in most industries.

Annual gross state product (GSP) for Minnesota was estimated at \$472 billion in 2023. This amounts to annual growth of 1.2 percent in real, inflation-adjusted terms, half of national-level GDP growth.

Businesses cite inflation, high interest rates and a tight labor market with limited workforce availability as their most comment concerns and challenges.

Economic Conditions



Some segments of the economy have bounced back, while others are challenged by new problems.

In the Minneapolis-St. Paul Metropolitan Statistical Area (MSA), the construction sector, manufacturing sector, wholesale trade and most of the transportation sector have all expanded employment beyond pre-2020 levels.

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

Industries that have not regained their past employment include accommodation and food services, arts, entertainment and recreation, and specialty retail, as well as temp employment, information services and professional business services.

Economic Conditions



Job openings rates at record-levels; unemployment rates continue to fall steadily

Unemployment rates fell steadily from 12.1 percent, the peak in May 2020, to 4.8 percent in December 2020, and have remained around 2.2 percent since December 2022.

The “great resignation’ exodus continues to impact the region and those workers are no longer reflected in unemployment rates. Resident workforce at 1.7M in 2023; 10,000 fewer than 2019 and 50,000 fewer than would have been expected with normal demographic growth.

Job openings rates in Minnesota continue to be at record-levels, 6 to 8 percent of all jobs being open, in every month from May 2021 to December 2023. Job opening rates are high compared to peer states.

Economic Conditions

More Information

Data and Sources

Minnesota DEED, Local Area Unemployment Statistics, April 2024

<https://apps.deed.state.mn.us/lmi/ces/ResultDetails.aspx>

Minnesota DEED, Local Area Unemployment Statistics

<https://www.bls.gov/web/metro/laulrgma.htm> and
<https://apps.deed.state.mn.us/lmi/laus/detail.aspx?geog=2709TC0000>

Federal Reserve Bank of Minnesota, General Business Survey, February 2024

<https://www.minneapolisfed.org/-/media/assets/events/2024/regional-economic-conditions-general-business/regional-economic-conditions-general-business-slides.pdf>

U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

(<https://data.bls.gov/PDQWeb/jt>)

U.S. Bureau of Economic Analysis, GDP, Annual 2023

<https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1&acrdn=1>

Advancing Thrive MSP 2040



Advancing Thrive: Recent Initiatives 2050 Development Guide

Planning for a thriving Twin Cities Region

- Undertook significant public engagement for Imagine 2050
- Drafted plans for Parks, Land Use, and Housing
- Completed preliminary local forecasts



Imagine 2050

2025 Initiatives

- Plan Adoption
- System Statements issuance
- Planning for technical assistance for local comprehensive planning

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 \$3 million to five communities through the second year of the Affordable Homeownership grants from the Local Housing Incentives Account (LHIA)

Expanding housing choice and capacity in Metro HRA

Solicited second round of competitive Equity Grant Program

Equity Framework and Environmental Justice Framework

Advancing Thrive 2040 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

- Updated Division Racial Equity Action Plan
- Expanded 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, equity, and livability

- New Affordable Homeownership and Policy Development grant programs are well established and broaden range of impact
- Improving Access to LCA grant programs
- Increased and improved community engagement and analysis to help inform program goals and action steps



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

Implementing Imagine 2025 Livable Communities

2025 Initiatives

- 2050 Housing Policy Plan partner
- Technical assistance to implement the 2050 Housing Policy Plan
- Use data analysis to better target grant programs toward regional goals
- Improve capacity for program evaluation and customer experience with new grant software



Advancing Thrive Recent Initiatives

Local Planning Assistance

Ensure coordinated, orderly and efficient development in the region

- 2050 Development Guide
- Analysis to support growth management policies
- Land use policies
- Support Regional Planning Advisory Group
- Community engagement and focus groups



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

Implementing Imagine 2025 Local Planning Assistance

2025 Initiatives

- Support local governments in implementation of their 2040 comprehensive plans
- Provide technical assistance to local governments through local planning handbook and revival of the PlanIt program
- Develop new initiatives and programs for comprehensive planning
- Support implementation of recommendations of the American Indian Advisory Council



Advancing Thrive Recent Initiatives Metro HRA

Promoting equity, livability and prosperity

- Launched HUD's Community Choice Demonstration
- Applied for and awarded 56 additional vouchers by HUD
- Purchase affordable housing units through partnership with City of Edina
- Project Based Voucher RFPs
 - Mainstream
 - Veteran's Affairs Supportive Housing (VASH)



Advancing Thrive 2024 Metro HRA

2025 Initiatives

- Exploring wealth building with participants
- Minnesota (state) Rental Assistance Program
- School district partnership implementation for students experiencing homelessness
- Residential Preferences of Housing Choice Voucher holders



Advancing Thrive Recent Initiatives Regional Parks

Recent Initiatives

- Complete Historical Cultural Study and launch web-based tool
- GIS Improvement Project
- Preparing for 2025 Regional Parks and Trails Visitor Study
- Enhanced coordination and collaboration with Regional Park Agency partners, including legislative session and Parks Policy Plan updates

A photograph showing two women jogging away from the camera on a paved trail. The trail is surrounded by dense green trees and foliage, with some fallen leaves scattered on the path. The scene is bright and sunny, suggesting a pleasant day for outdoor activities.

2024 marks the 50th anniversary of the creation of the Regional Parks and Trails system.

Implementing Imagine 2025 Regional Parks

2025 Initiatives

- Strategic Funding
- Seek additional support and funding for the Equity Grant Program
- Implement the Historical Cultural Study
- Use the RDG to better position the Regional Parks and Trails system to serve all in our region



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

- Released annual parks use estimate and planning for the 2025 Parks Visitor Study
- Developed and released the Growing Shade tool in partnership with LPA
- Completed and released annual population estimates
- Released Greenhouse Gas Strategy Planning tool and Priority climate Action Plan
- Ongoing work to develop the Comprehensive Climate Action Plan

Implementing Imagine 2050 Research



2025 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, etc.
- Improving our ability to provide people-centered data analysis that contextualizes data with lived experiences through expanding qualitative research

2025 New Initiatives



Implementing Imagine

- Adopt 2050 Regional Development Guide
- Climate Action Work Plan Implementation
- EPA Grant: Comprehensive Climate Action Plan
- Federally funded HRA work
- LCA Anti-Displacement Policy
- New FTEs
 - Trail Planner
 - Research staff
 - LCA Housing Coordinator
 - LCA Associate Program Officer
 - HRA Mobility Coordinator

2025 Overview

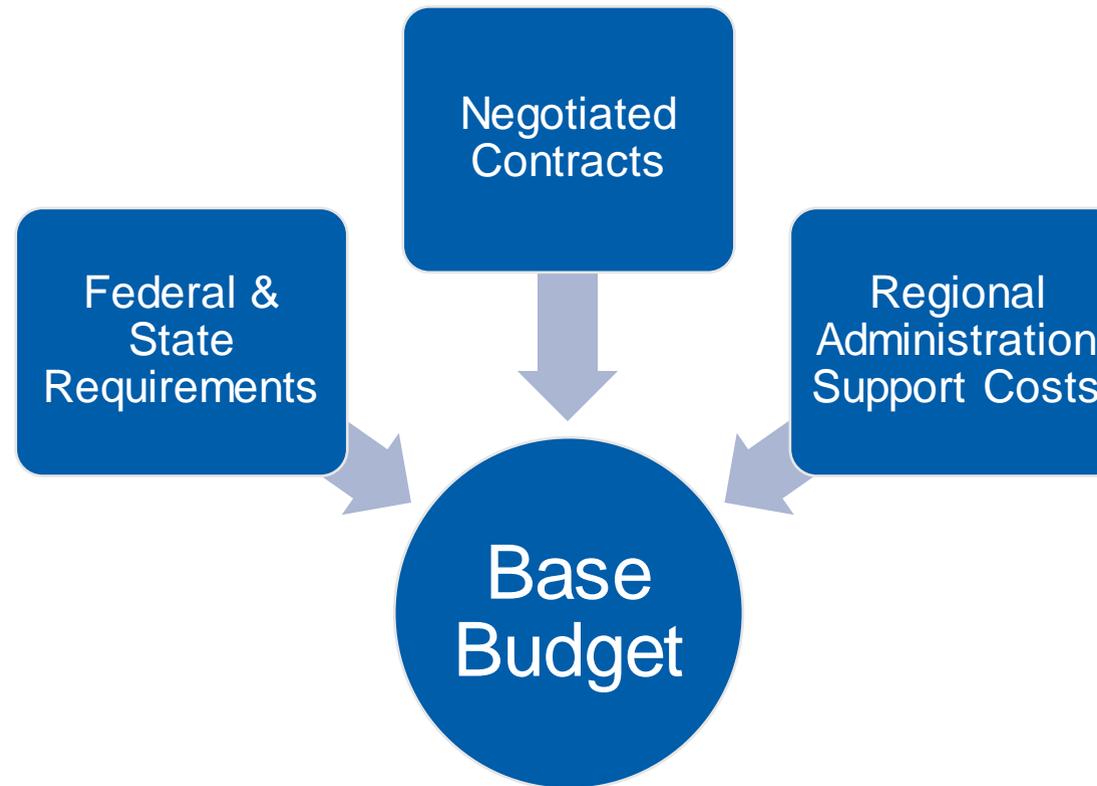
Preliminary Budget \$178.7M compared to \$169.5M Adopted 2024

Metro HRA

- Passthrough (+6% or \$5.6M)
- Administration (+11% or \$1.2M)

Community Development

- Program Units (+23% or \$2.6M)
- Regional Administration (+3% or \$117K)
- Parks Passthrough Programs (+2% or \$224K)
- Livable Communities Passthrough Programs (-1% or -\$393K)
- Debt Service (-4% or -\$113K)



Potential Changes for Public Comment*

In Development

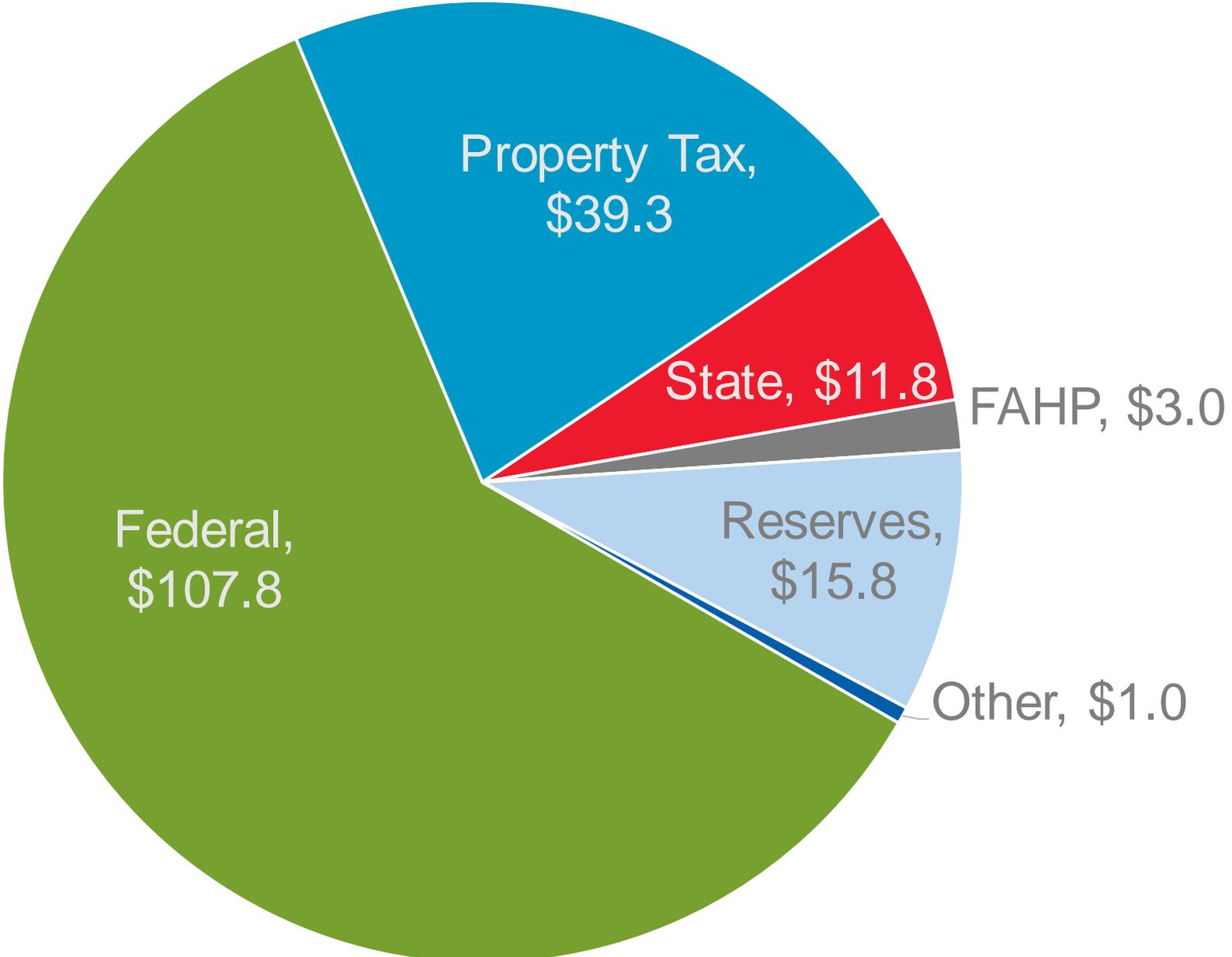
- Metro HRA Operating and Passthrough
- Livable Communities Passthrough
- Parks Passthrough
- RA Cost Allocations
- Specific Projects
 - 2050 Development Guide
 - Climate Action Plan Implementation

Next Steps

- Monitor state and federal legislative processes
- Project refinement
- Stakeholder conversations
- Adjustments to 2024 budgets

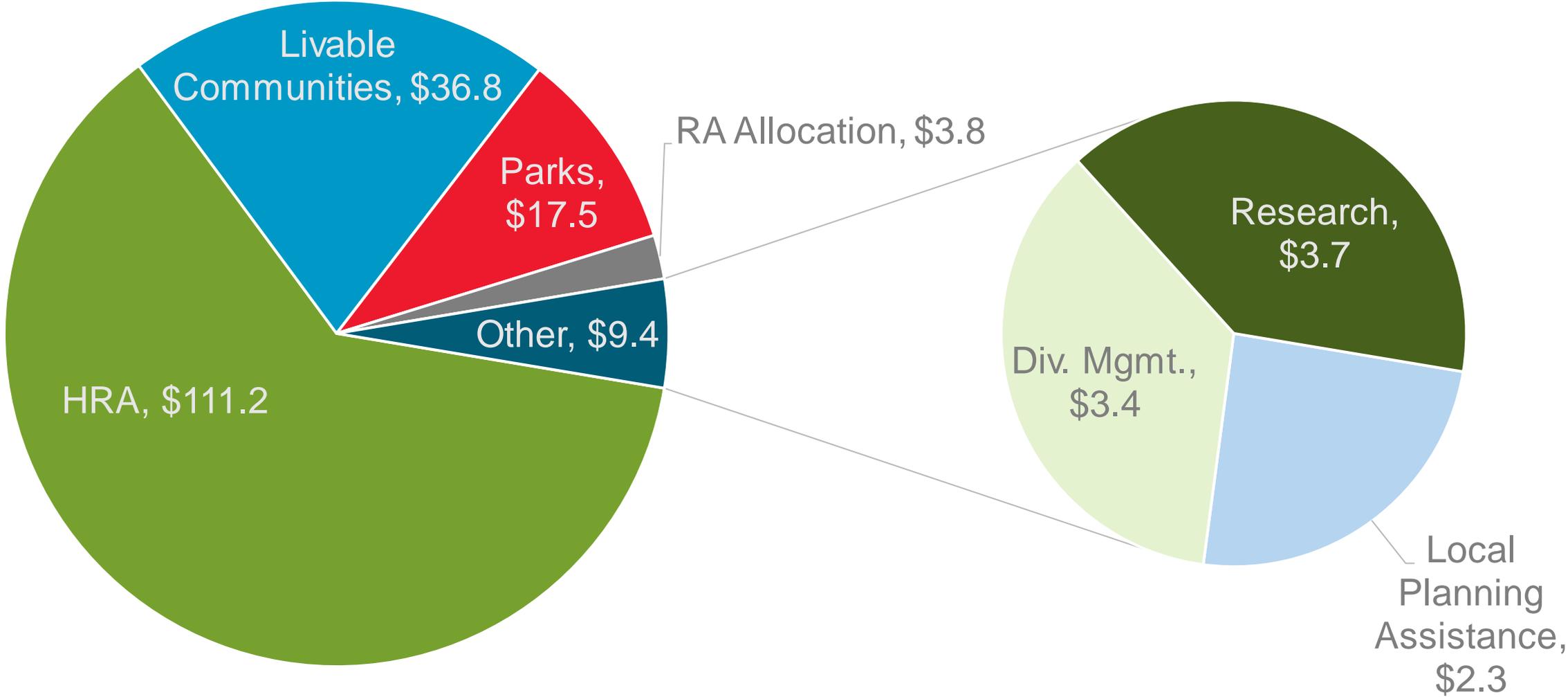
2025 Preliminary Budget - \$178.7M

Revenue Sources



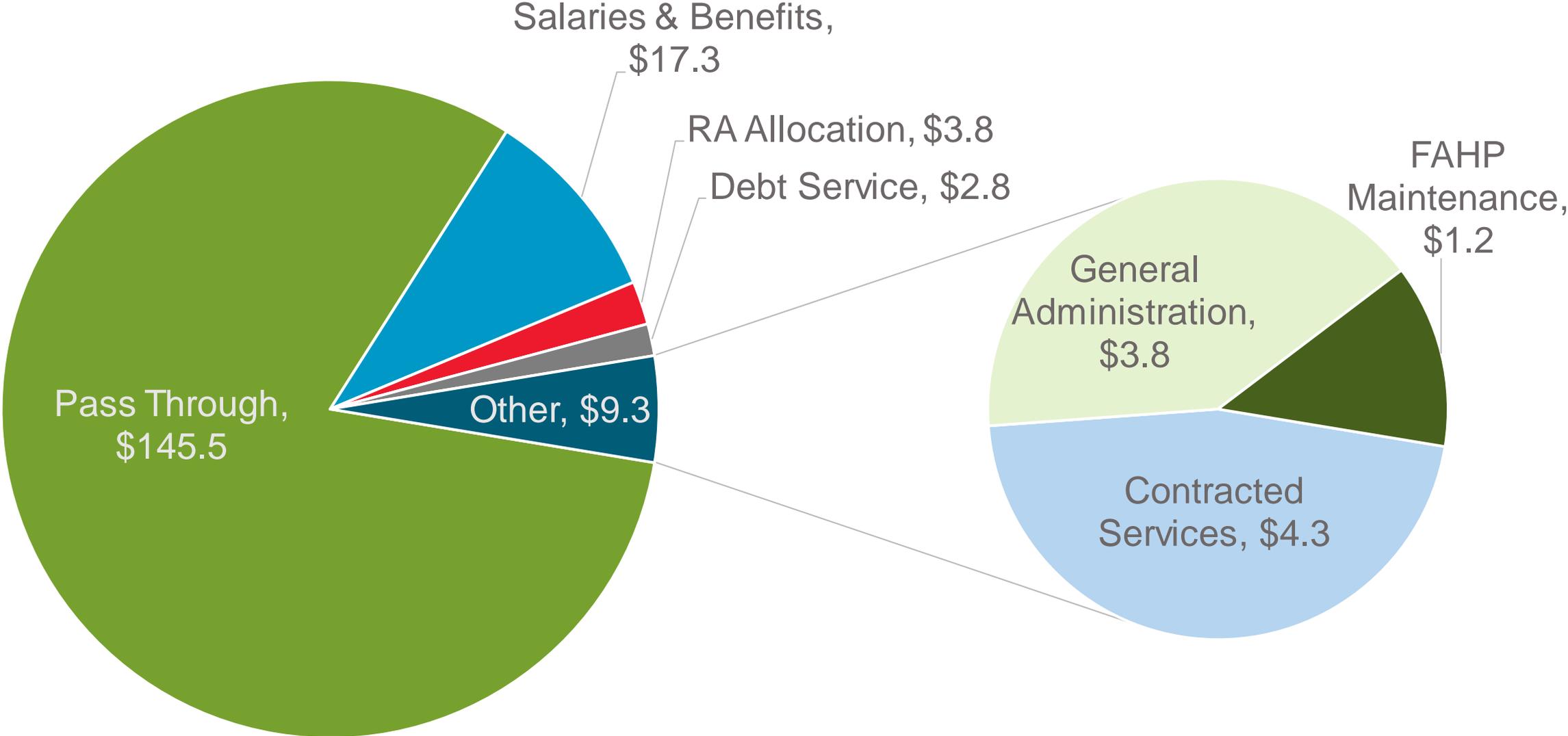
2025 Preliminary Budget - \$178.7M

Expense By Program



2025 Preliminary Budget - \$178.7M

Uses By Category



Targeted Topics 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 up polluted land for redevelopment with public benefits
- Equity Grant Program Opportunities



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

Implementing Imagine 2050

Local comprehensive planning support

- Local planning grants
- Direct planning supports for small local governments
- PlanIt – comprehensive planning training program



Targeted Topics

Metro HRA

Providing Housing Choice

- Small Area Fair Market Rent Analysis
- Payment Standards & Utility Allowances
- Public Housing Agency Plan & Administrative Plan
- Bring It Home – Statewide Rent Assistance Program
- Property Disposition & Purchase



The Metro HRA serves over 7,200 low- and moderate-income households monthly.



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Thanks to

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