



2026 Preliminary Operating Budget

Community Development

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May 19, 2025





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Performance &
Connection to
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Targeted Topics

3rd Quarter 2025

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2026 Operating
Budget Updates

Targeted Topics

4th Quarter 2025

HRA Rent
Standards & Utility
Allowance

Begin 2026
Division Workplan

Targeted Topics

1st Quarter 2026

Finalize 2026
Division Workplan

Begin 2027 Budget
Development
Process

Targeted Topics

Budget Development Objectives

Support Implementation of

- Imagine 2050
- Housing Policy Plan
- Regional Parks Policy Plan

Financial Stewardship

- Construct balanced budgets
- Prioritize structural solutions – mitigate structural gaps over time
- Maintain reserve balances at Council policy levels



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

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 2026+
- 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.

Unemployment rates have fallen steadily as the economy recovered from the pandemic. December 2024 unemployment rate was 2.4% – lowest in the nation

Economic expansion has flattened in response to perceptions of high operating costs, excessive regulation, and limited workforce supply growth.

Minneapolis-St. Paul metro area employment at the end of 2024 was +0.91% above 2019 employment levels, the 3rd slowest metro recovery from the pandemic and recession.

Economic Conditions



Housing prices increase; New housing construction slows after recent high production

In 2024, the median sale price of a single-family house in the region was \$413,000, up 3.3% from the previous year.

Apartment rents have been substantially tamed by new supply and historically high vacancy rates as new apartment buildings open. Average apartment rent was \$1,524 in Q4 2024, up 1.2% from the previous year.

New housing construction in the seven-county region is now decelerating. 12,300 units permitted in 2024, after multiple years of production at 20,300 to 23,200 per year from 2019-2022.

Economic Conditions

More Information

Data and Sources

U.S Bureau of Labor Statistics, Unemployment Rates for Large Metropolitan Areas

<https://www.bls.gov/web/metro/laurgma.htm>

U.S Bureau of Labor Statistics, State and Metro Rea Employment, Hours & Earnings

<https://www.bls.gov/sae/data/>

Minneapolis Area Realtors, Annual Housing Report – Twin Cities Metro

<https://maar.stats.10kresearch.com/docs/ann/2024/x/report?src=pag>

Metropolitan Council, Community Profiles

<https://stats.metc.state.mn.us/profile/detail.aspx?c=R11000>



Advancing Imagine 2050



Advancing Imagine: Recent Initiatives - Equity



Investing in the region and our staff

Adopted a Housing Choice Voucher waiting list preference for people who identify as American Indian

Engaged with residents of the region through Art + Policy

Learned about community priorities for climate change actions through engagement with nine community-based organizations

Implementing Imagine 2050

Recent Division Initiatives

2024/2025 Highlights

HRA

- 2025 celebrates **50 years** of providing rent assistance to low-income families
- Achieved 100% utilization of housing vouchers; expended 97% of federal funds (2024)

Livable Communities

- 2050 Housing Policy Plan completed
- LCA grant program report completed fall 2024, update underway in 2025

Parks

- Modernizing Regional Parks and Trails Mapping (GIS Improvement) Project

Local Planning Assistance

- Adoption of Imagine 2050 Land Use Policy in February 2025

Research

- Releasing updated Greenhouse Gas Inventory and Strategy Planning tool, funded by Climate Pollution Reduction Grant

Implementing Imagine 2050 Livable Communities

2026 Initiatives

- Imagine 2050 Housing Policy plan moves into implementation
- Deeper focus on regional housing policy with PRO Housing grants, partnerships and increased staff capacity
- Implement updated approach to LCA grant programs
- Increased focus on internal & external systems collaboration



Implementing Imagine 2050 Local Planning Assistance

2026 Initiatives

- Issuing of System Statements
- Update Local Planning Handbook
- PlanIt Program
- Comprehensive planning guidance

LPA Planning Grants

- \$3.5-\$4.0M total
- Transfer from general fund
- \$750k in 2025 and 2026
- Additional transfers in '27, '28 and '29 to align with anticipated expenses



Implementing Imagine 2050 Metro HRA

2026 Initiatives

- Bring It Home statewide rent assistance program
- Monitoring budget changes at the federal level to determine what impacts they may have in current year and beyond



Implementing Imagine 2050 Regional Parks

2026 Initiatives

- 2026 Regional Parks and Trails Visitor Study Implementation.
- Ongoing implementation of the Imagine 2050 plan

Regional Parks offer incredible sights, sounds, and learning opportunities



Implementing Imagine 2050 Research



2026 Initiatives

- Qualitative research with community organizations to help local communities understand how their built environments can remove barriers to healthy and safe communities for elders, youth, and children.
- Regional data development: land use inventory, population estimates, parks use estimates, parks visitor study, development trends

2026 New Initiatives



Implementing Imagine

- 2026 Parks Visitor Study
- Climate Action Work Plan Implementation
- EPA Grant: Comprehensive Climate Action Plan
- Federally funded HRA work
- New Grants Management System
- New FTEs
 - Parks Planner

2026 Overview

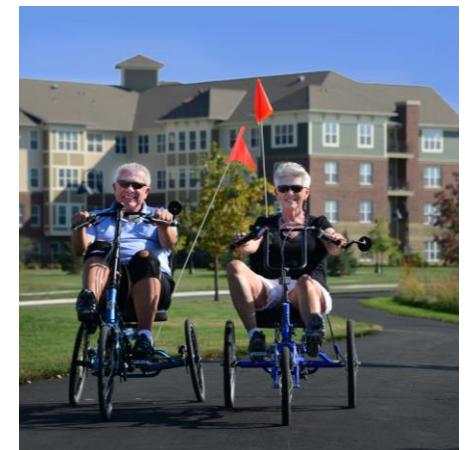
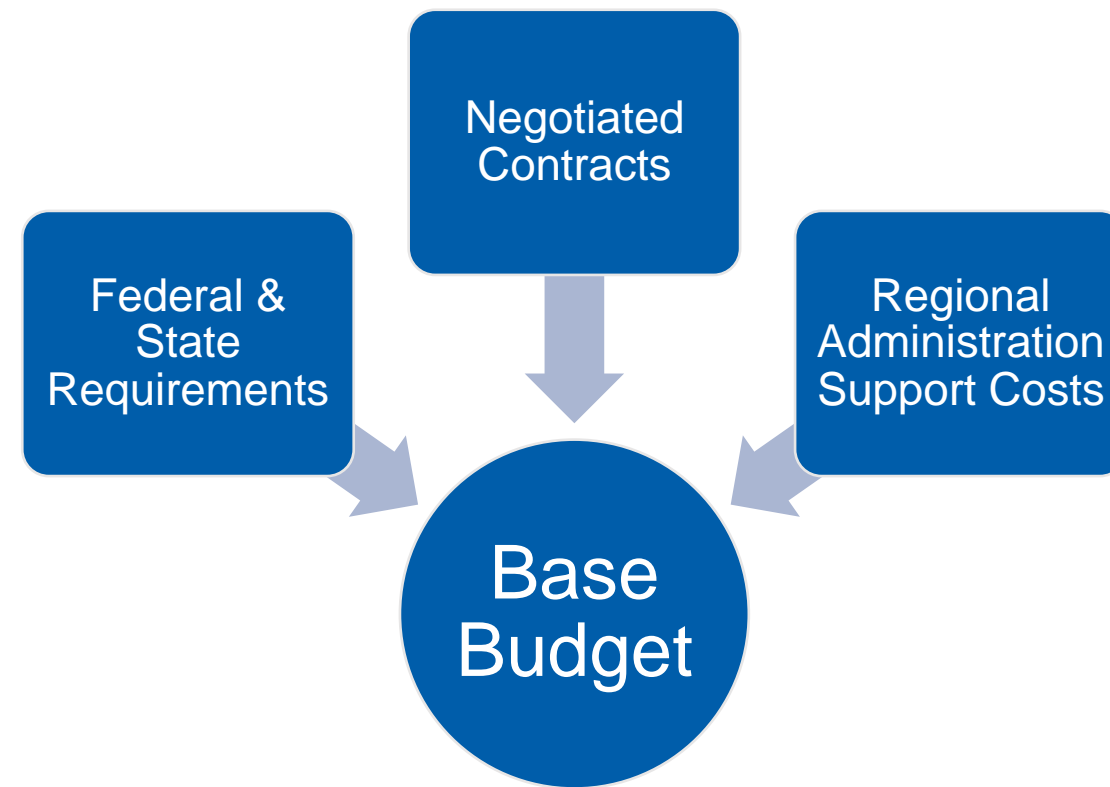
Preliminary Budget \$191.6M compared to \$179.9M Adopted 2025

Metro HRA

- Passthrough (+6% or \$6M)
- Administration (+5% or \$725k)

Community Development

- Program Units (+11% or \$2.0M)
- Regional Administration (+3% or \$143K)
- Parks Passthrough Programs (+2% or \$224K)
- Livable Communities Passthrough Programs (+1% or \$397K)
- Local Planning Assistance (+100% or \$1.6M)
- Debt Service (-2% or -\$29K)



Potential Changes for Public Comment

In Development

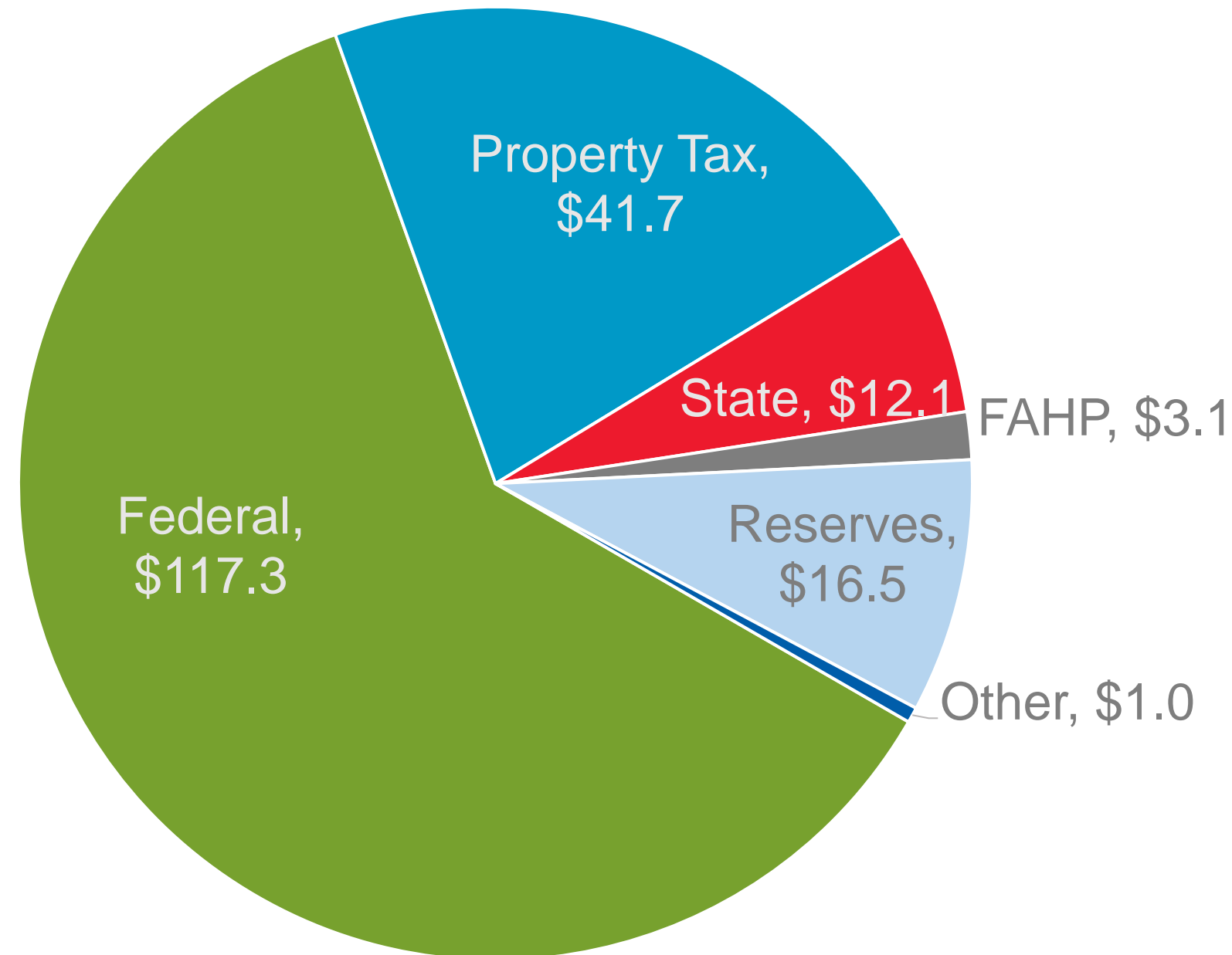
- Metro HRA Operating and Passthrough
- Livable Communities Passthrough
- Parks Passthrough
- RA Cost Allocations

Next Steps

- Monitor state and federal legislative processes
- Project refinement
- Stakeholder conversations
- Adjustments to 2025 budgets

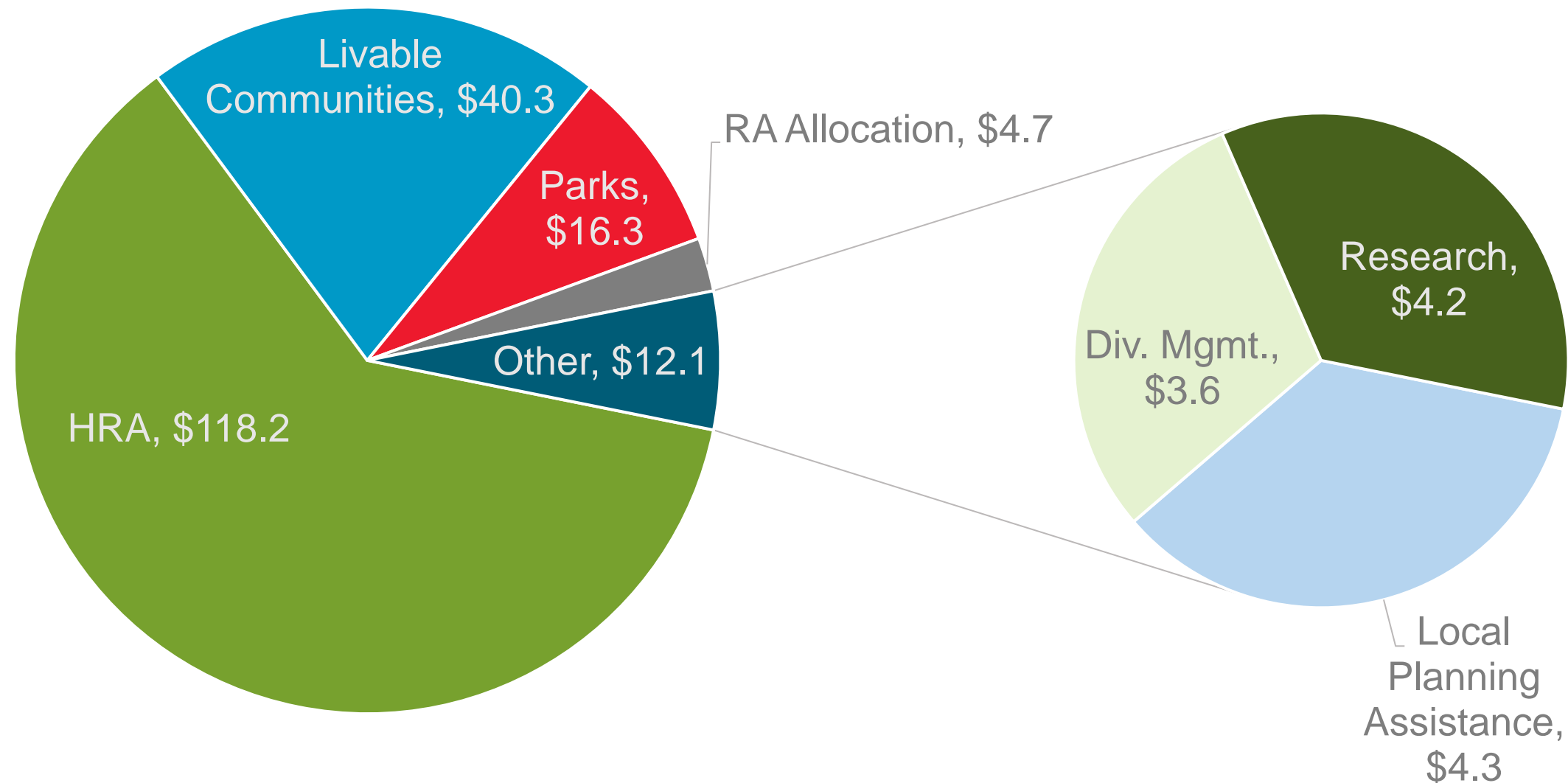
2026 Preliminary Budget - \$191.6M

Revenue Sources



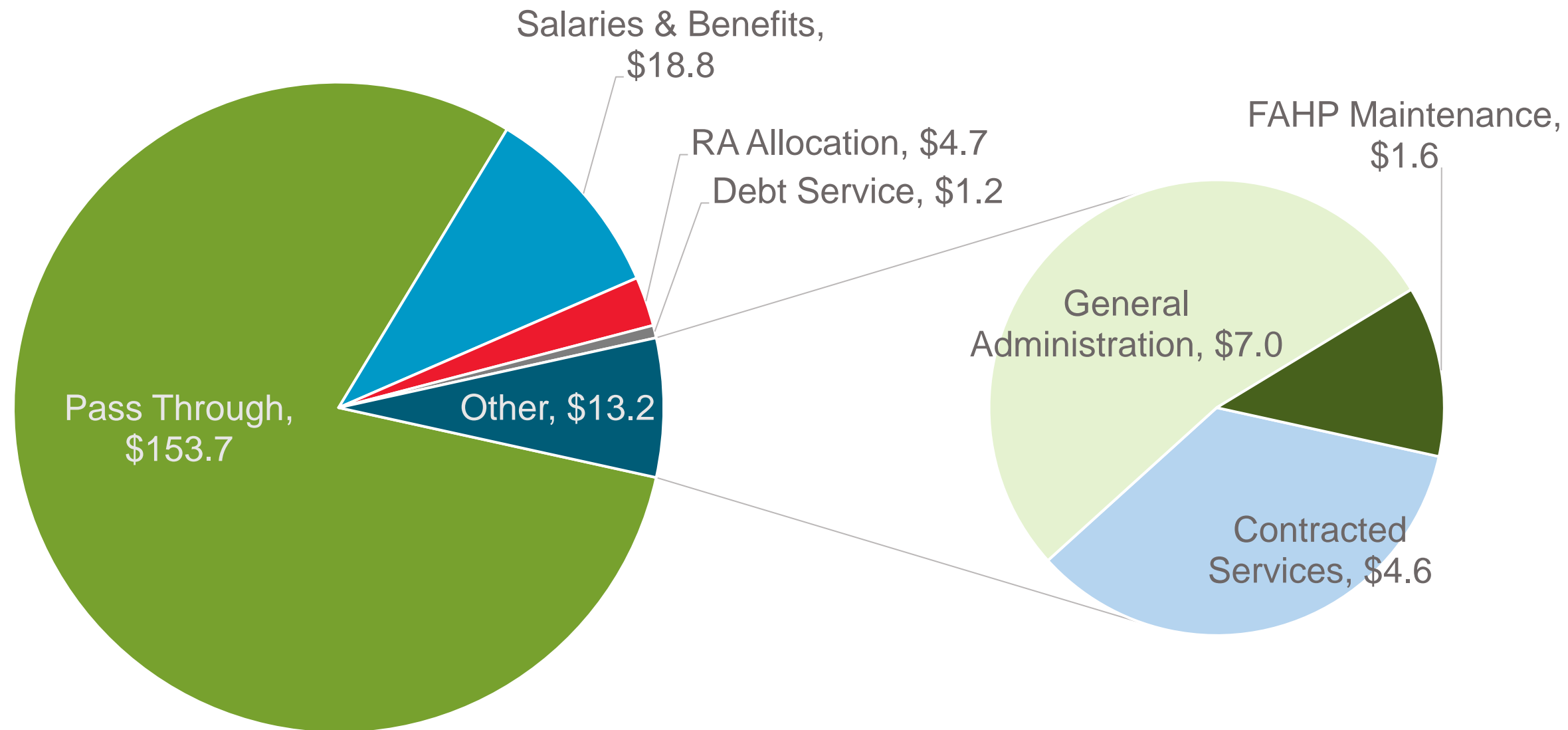
2026 Preliminary Budget - \$191.6M

Expense By Program



2026 Preliminary Budget - \$191.6M

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



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 assistance grants
- Direct planning supports for small local governments
- Technical Assistance Program Updates:
 - Local Planning Handbook Update – guidance for local planners
 - PlanIt – comprehensive planning training program
- Plat Monitoring Program Update



Targeted Topics

Metro HRA

Providing Housing Choice

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



The Metro HRA serves over 7,300 low- and moderate-income households monthly.



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Thanks to

Senior Budget Manager, Nick Hendrikson
Principal Financial Analyst, Adam Yang
Principal Financial Analyst, Brenda Jepsen
Financial Analyst, Magdalene Miranda

