

Statutory Change Expanding Use of Ramsey County Housing & Redevelopment Authority (HRA)

HF 3784 (Lee) / SF 4655 (Hawj)

Small businesses are the backbone of Ramsey County. It's critical to our region that we continue to invest in our business community in the wake of the pandemic. Ramsey County seeks to amend the HRA statutory language to expand authority to better support diversifying industries, communities, and emerging entrepreneurs as best as possible.

HRA History

- March 23, 2021:** Ramsey County releases its first Economic Inclusion and Competitiveness Plan ([ECI Plan](#)). ECI Plan is developed with robust input from residents and community stakeholders over an 18-month period.
- Since 2021:** Ramsey County has been actively investing against the strategies and recommended actions outlined in the ECI Plan ([Track the Plan](#))
- June 22, 2021:** Ramsey County Housing and Redevelopment Authority approves an area of operation countywide, excluding the City of North Saint Paul.
- Dec. 21, 2021:** Ramsey County Board of Commissioners passes its 2022-2023 budget which includes \$11.1 million levied by the Housing and Redevelopment Authority for 2022.
- The first of the ECI Plan's recommended actions to be implemented was the activation of county's Housing & Redevelopment Authority levy.
 - Up until that point, Ramsey County was the only metropolitan county to **not** levy from its Housing and Redevelopment Authority for affordable housing and redevelopment projects.
- 2022 – 2023** In first two years of the HRA levy, Ramsey County invested \$13.8M million in affordable housing programs and projects (\$50M when factoring in all funding streams). Also introduced new community responsive and inclusive programming including First Home down payment assistance, Critical Corridors, Site Assessment Grant Program, and the Emerging & Diverse Developer Program. The Emerging & Diverse Developer Program represents a dual-pronged housing and economic development strategy that seeks to grow the pipeline of housing developers and housing projects.

Three of the eight ECI Plan strategies have yet to be fully resourced, including:

Strategy 6: *Develop pathways to entrepreneurship and Black, Latinx, Asian, and Indigenous business ownership*

Strategy 7: *Attract and grow high-wage industry and innovation: technology, advanced manufacturing, and life sciences*

Strategy 8: *Strengthen business retention and expansion infrastructure to support communities*

Why EDA?

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- During the COVID pandemic, Ramsey County distributed \$25M in Coronavirus Aid, Relief, and Economic Security Act (CARES ACT) and State legislative funds through small business relief grants.
 - In order to distribute relief funding efficiently and equitably, Ramsey County partnered with a **coalition of fourteen (14) small business organizations** to provide necessary technical assistance and outreach to small businesses.

- Since that grant relief funding was exhausted, Ramsey County has been unable to engage with small businesses in recovery and revitalization that our small business community expects.
- Hennepin County represents a local example where government is supporting the business community that includes a platform for business advisory programming, allowing businesses and entrepreneurs in Hennepin to attract and identify much needed capital.
- Ramsey County seeks to expand the HRA authority to include that of an EDA to increase the *flexibility* of funds to respond to the wide range of needs of our communities and provide enhanced business advisory support annually.
- It should be noted that Ramsey County remains steadfast in its prioritization of affordable housing investment. The new Housing Sales Tax created by the MN Legislature in 2023 creates additional funding capacity for affordable housing and will function as close to a one-to-one match to our HRA levy.
- The small business support (EDA eligible activities) realized by this legislative flexibility would initially start at \$1.5 - \$2 million of our yearly HRA levy to ensure the bulk of resources are remain available and prioritized for housing programs and projects.
- Ramsey County is seeking statutory changes that will allow for greater resource flexibility to include opportunities for small business programming, while continuing to prioritize housing investments. Statutory authority in Minn. Stat. 469.1082 and the use of special legislation allows the HRA to expand to include Economic Development Authority (EDA) powers. **This impact will not have any impact on the formula associated with HRA levy collection.** This statutory change will not have an impact on property owners. This change is merely in alignment with the range of authorities across the Metro that have comparable expanded authorities.
- Cities within Ramsey County Housing and Redevelopment Authority's Area of Operation (this is the full county minus North Saint Paul) will have the choice, through City Council resolution, to opt-in to this form of enhanced EDA-eligible programming created. Cities choosing to opt-out will retain existing HRA-eligible activities.

FOR QUESTIONS:

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Small businesses are the backbone of Ramsey County. It's critical to our region that we continue to invest in our business community in the wake of the pandemic. Ramsey County seeks to amend the HRA statutory language to expand authority to better support diversifying industries, communities, and emerging entrepreneurs as best as possible.

FREQUENTLY ASKED QUESTIONS

Will this legislative change result in a new property tax to Ramsey County property owners?

A: No. This legislative change has no change on property taxes. This legislative change simply expands the list of eligible activities in which Ramsey County's Housing and Redevelopment Authority levy is used. The text change would additionally add programming for entrepreneurs and small businesses as an eligible use for the Ramsey County Housing and Redevelopment Authority levy.

What is the county seeking from Ramsey County cities? If the legislation is successful, what is required from Ramsey County cities?

A: The County does not require approval from Ramsey County cities for this proposed legislation. The County does however seek support from our cities for this legislation.

If the legislation is successful, cities within the existing Ramsey County Housing and Redevelopment Authority area of operation will have the choice whether to:

- Opt-in: A city that chooses to opt-in will receive the greatest flexibility of eligible programming. In addition to the current portfolio of affordable housing and redevelopment programming, business programming will be provided. City Councils will be asked to pass resolutions 'opting-in' by June 2025. With the first year of HRA levy funded business programming occurring in 2026.
- Opt-out: A city that chooses to opt-out will continue to receive the current portfolio of affordable housing and redevelopment programming.

The City of North Saint Paul is not to be a part of the Ramsey County Housing and Redevelopment Authority Area of Operation. There is no change to North Saint Paul as a result of this legislation.

Ramsey County Housing & Redevelopment Authority

What is the current levy of the Ramsey County Housing & Redevelopment Authority (HRA)?

A: The 2024 HRA Levy is \$12,595,222. HRA Levy spending maintains a directed parity of 50% of the levy spent within suburban Ramsey County and 50% within the city of Saint Paul.

How is the Ramsey County Housing and Redevelopment Authority levy currently used?

A: The Ramsey County HRA levy is in its third year of operation. Over the last two years, the general breakdown of HRA levy usage was (Avg. of 2022 & 2023):

Housing Programing	Redevelopment Programs	Administration
73%	17%	10%

Current suite of HRA levy programming

Housing Programs	Redevelopment Programs
Affordable Housing infrastructure Investments	Critical Corridors – Development + Infrastructure;
FirstHome Down payment assistance	CC Suburban Commercial Corridor Initiative* <i>Suburbs only</i>
Emerging & Diverse Developers Program	Critical Corridors Planning
	Site Assessment Grants

- **HRA 2023 Annual Report – Highlights** (*2nd year of operation*)
 - Affordable Housing Investments. \$6.15M of HRA levy obligated to affordable housing projects in 2023. Across all funding streams, County invested in the construction of 1,365 new and 767 preserved rental housing units in 2023. Of the total, 988 were classified as deeply affordable for residents earning at or below 30% Area Median Income.
 - FirstHome Down Payment Assistance. Of the 27 closings, 25 were first-generation homebuyers.
 - Emerging & Diverse Developers (EDD). EDD is a two-part program initiated in second half of 2023.
 - Part A provides technical assistance and cohort group learning to strengthen the pipeline of local emerging and diverse developers in real estate. 48 developers received technical assistance in 2023.
 - Part B is a solicitation for projects led by EDD. County invested \$3.1 million (across all funding) into projects led by EDD.
 - Critical Corridors. Assisted 10 qualifying applicants/projects with \$2.1 million in Housing & Redevelopment Authority levy funding for place-based investments in three core areas: pre-development planning, commercial corridor initiatives (suburban only) and development and infrastructure
 - Site Assessment Grants. Program initiated in late fall 2023. Already supported 8 projects with site investigation (one project in 2023).
- **HRA 2022 Annual Report – Highlights** (*1st year of operation*)
 - Affordable Housing Investments. \$7.2M of HRA levy obligated to affordable housing projects in 2022. Across all funding streams, Ramsey County leveraged multiple funding sources in 2022 to bring dozens of affordable housing projects closer to realization and invested in the construction of 1,128 new rental housing units and preserved 1,029. Of the total, 571 are classified as deeply affordable for residents earning at or below 30% Area Median Income.
 - FirstHome. In Fall 2022, County relaunched its down payment assistance program to better align with market realities and offer first-time and first-generation homebuyers with down payment assistance. \$187,500 in down payment assistance loans disbursed in 2022.
 - Critical Corridors. Established in the Fall 2022, 14 grants in its first round of solicitations, totaling roughly \$2.3 million in three core areas: pre-development planning, development and infrastructure, and commercial corridor initiatives.

Will this change result in Ramsey County shifting its focus from supporting the preservation and expansion of deeply affordable housing?

A: No. Ramsey County remains focused on the improving affordable housing infrastructure throughout the county. The MN Legislature made unprecedented investments in housing and housing infrastructure as part of the 2023 Legislative session. The Local Affordable Housing Aid (LAHA) or housing sales tax is estimated to bring

resources comparable to that of the HRA levy. This additional funding for affordable housing allows for a slight adjustment of funding priorities of the HRA levy without deviating from the County's primary focus on expanding and improving affordable housing infrastructure.

Who decides on funding priorities on HRA Levy?

A: Ramsey County HRA Board is responsible for establishing funding priorities and make final decisions regarding spending of HRA levy. While the County HRA outlines its priorities, it relies on city partners as well as community organizations and developers to ready important projects. Prior to the county's funding in a project, projects are required obtain a municipal resolution in support in accordance with state statute.

EDA and business programming

What type of business activities does the County intend to do with this legislative change?

A: The County is responding to community requests for enhanced business programming. The small business support (EDA eligible activities) realized by this legislative flexibility would be a strong reelection of those local requests and would initially start at \$1.5 - \$2 million of our yearly HRA levy to ensure the bulk of resources are remain available and prioritized for housing programs and projects. Funding will continue to align with HRA levy spending directives where 50% of HRA levy spending occurs in suburban Ramsey County and 50% with the City of Saint Paul. Areas of need identified to strengthen the small business ecosystem are informed by the County's involvement and engagement with cities, business support organizations and small businesses that include:

- Capacity building of small business support organizations to meet current and future needs
- More technical assistance/advisory services to better serve targeted geographies, communities and/or industries
- Additional flexible capital to enable greater business retention, expansion and attraction

Did the County attempt to form an EDA previously?

A: In 2016, the County did submit legislation that would have created a Ramsey County EDA. The legislation was pulled by the County following community concerns around the creation of a new taxing authority. The county's current legislation would not create a new taxing authority as it merely allows for additional eligible uses (i.e. business programming) of the County's existing Housing and Redevelopment Authority.

Does Ramsey County provide business programming? If so, what programs? How much does it spend? And how does it pay for business programs?

A: Ramsey County provides limited business programming. The County funds the programming through the County's general property tax levy. Current business programming totals \$345,000.

- Entrepreneur support: Open to Business – Provides no cost direct technical assistance and other forms of support to small business owners and aspiring entrepreneurs. This program was expanded countywide in 2019 in response to direct city requests for this program.
- Small Business Growth: CEO Next - Cohort-based leadership program for second stage growth-minded business owners.
- Marketing & attraction programming: RamseyCountyMeansBusiness.com An online portal providing workforce and economic development resources throughout the county to current and prospective businesses and investors.

How do other metro counties support business programming and how did they obtain authority to provide economic development activities?

A: Hennepin County received special legislation (MN Statute 383B.79) - *A multijurisdictional reinvestment program is authorized involving Hennepin County, the Hennepin County Housing and Redevelopment Authority, and one or more of the following political subdivisions: the cities of Minneapolis, Brooklyn Center, and other interested statutory or home rule charter cities in Hennepin County, the Minneapolis Park Board, the Three Rivers Park District, and any watershed district entirely or partially located in Hennepin County. The multijurisdictional program may include plans for housing rehabilitation and removals, industrial polluted land cleanup, water ponding, environmental cleanup, community corridor connections, corridor planning, creation of green space, acquisition of property, development and redevelopment of parks and open space, water quality and lakeshore improvement, development and redevelopment of housing and commercial projects, economic development, and job creation.*

- Hennepin County utilizes Housing and Redevelopment Authority funding for a variety of economic development programs including their CEO Next and Elevate Business platform. Due to the broader nature of this statute, this has limited applicability to Ramsey County.

Dakota County has a Community Development Agency. Under MN Statute 383D.41, subdivision 7, *After December 31, 1999, the Dakota County Housing and Redevelopment Authority shall be known as the Dakota County Community Development Agency. In addition to the other powers granted in this section, the Dakota County Community Development Agency shall have the powers of an economic development authority.*

- A core focus of local Community Development Agencies (CDAs) is the ability to own and operate affordable housing. Ramsey County has expressed no interest in owning and operating affordable housing, so this the CDA statute has limited applicability to Ramsey County.

Washington County has a Community Development Agency. In 2016, Washington County successfully sought special legislation to amend their Housing & Redevelopment Authority and created a Community Development Agency. Under MN Statute 383D.41, section 2, subdivision 2a, *Request to handle economic development, housing, or redevelopment duties. The governing body of a statutory or home rule charter city or township with an existing municipal economic development authority may request the Washington County Community Development Agency to handle the economic development, housing, or redevelopment duties of the authority and, in such an event, the Washington County Community Development Agency shall act and have exclusive jurisdiction for economic development, housing, or redevelopment duties in the statutory or home rule charter city or township pursuant to the provisions of the Economic Development Authorities Act, Minnesota Statutes, sections 469.090 to 469.1081.*

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Scott County and Carver County each have a Community Development Agency. CDA's provide the most diverse array of eligible programming for housing, redevelopment and economic development uses.

Other questions:	
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