

Request for Board Action Details

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In control: Board of Commissioners

On agenda: 8/17/2021 **Final action:** 8/17/2021

Title: American Rescue Plan Act Funds for the Advancement of the Ramsey County Economic Competitiveness & Inclusion Plan

Sponsors: Community & Economic Development

Indexes:

Code sections:

Attachments: 1. Resolution

Date	Ver.	Action By	Action	Result
8/17/2021	1	Board of Commissioners	approved	Pass

Sponsor: Community & Economic Development

Title

American Rescue Plan Act Funds for the Advancement of the Ramsey County Economic Competitiveness & Inclusion Plan

Recommendation

1. Approve \$20,000,000 of the American Rescue Plan Act funding for Affordable Housing Investment for years 2021-2025 to increase housing infrastructure in accordance with federal guidance.
2. Establish a \$20,000,000 Affordable Housing Investment Fund for years 2021-2025 through funding from the American Rescue Plan Act to increase housing infrastructure in accordance with federal requirements.
3. Authorize the County Manager to enter into agreements and contracts and execute amendments to agreements and contracts in accordance with the County's procurement policies and procedures provided the amounts are within the limits of the grant funding.
4. Authorize the County Manager to establish a project account for Affordable Housing Investment Fund and transfer related expenses and revenue, including any previously incurred expenses and recognized revenue.
5. Prioritize the Affordable Housing Investment Fund for any unspent American Rescue Plan Act funds should funds remain following remaining tiered investments.

Background and Rationale

The American Rescue Plan Act (ARPA) of 2021 was signed into law on March 11, 2021. The relief package provides funding in several areas such as state and local aid, education, rental assistance, transit, stimulus payments for individuals, and other provisions. In addition, ARPA provides \$350 billion in additional funding for state and local governments. Eligible uses of ARPA funding include the main tenants of the county's Economic Competitiveness and Inclusion Plan (ECI) including increasing housing supply along the affordability continuum and strengthening the small business ecosystem. ARPA funds may be used to address the negative economic impacts created and/or exacerbated by the COVID-19 pandemic in accordance with federal law, rules and guidance.

On March 23, 2021, Ramsey County released its ECI Plan, which was developed with strong input from residents and community stakeholders during the preceding 18 months. The ECI Plan laid out a variety of recommendations to ensure long-term economic growth, equity, and inclusion in Ramsey County. Many of the recommendations outlined in the Plan are aimed at addressing the longstanding housing crisis and economic inequities that have been exacerbated due to the COVID-19 pandemic and subsequent economic downturn. Accomplishing the ECI Plan's recommendations in the areas of housing and redevelopment was anticipated to be funded primarily through the activation of a Housing and Redevelopment Authority (HRA) property tax levy. The activation of the HRA levy is planned to commence in 2022. This request establishes an Affordable Housing Investment Fund that seeds and accelerates foundational resources and programming ahead of future HRA levy funding.

At the April 20, 2021 Ramsey County board workshop, the County Manager identified and tiered the county's approach to ARPA investments. Affordable Housing Supply was identified in Tier Five. Leveraging the transformational funding through ARPA ahead of the HRA levy activation ensures Ramsey County can boldly and more proactively address the housing crisis and economic inequities in the county. A phased investment model demonstrates the county participation in projects in the development pipeline while also allowing internal capacity and program development to be advanced to ensure the level of transformational change communicated via the strategic direction previously presented to the board at the April 20 workshop.

Advancing Housing Supply Along the Continuum with ARPA Funds

This request of \$20M is the first expected allocation requested for affordable housing development. Community and Economic Development (CED) department hopes to dedicate up to an additional \$17 million once the county is in receipt of its full ARPA allocation:

- \$20M in 2021 for housing development in 2021 and 2022.
- \$17M in 2022 is for housing development in 2022-2025.

ARPA funding will be used to progress the strategies and actions laid out in Ramsey County's ECI Plan and consistently with the ARPA funding requirements. Ramsey County will participate in projects primarily as a funding partner. This includes, but is not limited to:

- The preservation of the existing affordable housing supply across the county, including "Naturally Occurring Affordable Housing."
- The construction of multi-family rental housing that is affordable to those that make less than 30% of the Area Median Income (AMI).
- The construction and preservation of permanent supportive housing units for residents to bridge out of homelessness.
- Equitable housing redevelopment projects that progress county goals of racial equity, climate resiliency and mitigation, and innovative strategies for community wealth-building.
- Develop climate mitigation and resiliency requirements for multi-family investments and encourage developers to partner with utility providers, non-profits and governmental partners to reduce greenhouse gas emissions and operating costs.

Administrative and planning costs, including staff salaries and indirect costs are not expected to exceed 5%, or \$1,000,000 of the initial \$20M budgeted amount.

Strengthening the county's post-pandemic small business environment was identified in Tier Four of the county's approach to ARPA investments. A companion board action pertaining to the support of the small business ecosystem is anticipated as a subsequent request assuming availability of resources.

County Goals (Check those advanced by Action)

☐ Well-being

☒ Prosperity

☒ Opportunity

☐ Accountability

Racial Equity Impact

New and increased funding and tools for affordable housing and business supports were outlined as specific recommended actions within the ECI Plan. Most Black, Latinx, Asian, and Indigenous cost-burdened four-person households are earning less than \$51,700, which equates to 50% of the AMI. Black, Latinx, Asian, and Indigenous renters are more likely to be cost-burdened than white renters. Ramsey County's biggest need is affordable rental units at 30% AMI, and additionally a need for more rental units with two or more bedrooms. The ECI Plan recommends that Ramsey County consider investing in opportunities along the full housing continuum including building generational wealth in communities that have experienced historic wealth extraction.

Many Ramsey County residents live in poverty and struggle to find or afford stable housing. The current market is not building or preserving enough affordable housing to meet the needs of these residents, including seniors, low-wage workers and others who make less than \$25,000 annually. This challenge is anticipated to grow, placing further strain on the housing market and county services for all households.

- Of Ramsey County's 209,000 households, 65,000 pay more than 30% of their income on housing.
- 33,395 people in Ramsey County are currently in mixed-income housing, while 77,330 people are in poverty.
- There is currently a shortage of 15,000+ homes that are affordable for Ramsey County households making between \$30,000-\$50,000 per year
- If all new construction in Ramsey County was dedicated to affordable housing, it would take 20-50 years to meet the current need and would still require subsidies.

The housing shortage is anticipated to grow across Ramsey County, and proactive measures - not reactive - must be taken county-wide to improve our local quality of life. Affordable housing is a smart investment of taxpayer dollars and a long-term solution addressing the root cause of homelessness. Additionally, a regional approach to building housing infrastructure is better aligned with how residents live, work and play in Ramsey County. Housing investment transcends municipal boundaries and functions as critical infrastructure that supports the needs of our residents, workforce and business community.

Community Participation Level and Impact

Significant engagement informed the strategies and actions within the ECI Plan. The ECI Plan was informed and developed through engagement of residents, businesses, community leaders, a steering committee, and the Ramsey County Board of Commissioners, all of whom helped shape the development of an implementable plan that outlines economic and community objectives (and subsequently future budgets) over the next five years.

The engagement, however, does not stop with *what* needs to be done. CED staff will continue to work with the community, housing leaders, and city partners on the *how*. The implementation of these actions will take trust, and co-creation to ensure successful delivery.

CED is in a unique climate of transformative energy and are eager to partner with the community to determine how best to build out HRA programming that will help residents locate full housing options in every corner of the county.

Access to the Economic Competitiveness and Inclusion Plan can be found here:

<https://www.ramseycounty.us/your-government/projects-initiatives/economic-development-initiatives/economic-competitiveness-inclusion-plan>

Additional information pertaining to the HRA levy can be found here:

<https://www.ramseycounty.us/your-government/leadership/board-commissioners/railroad-housing-authorities/proposed-housing-redevelopment-authority-hra-levy>

☒ Inform

☒ Consult

☒ Involve

☐ Collaborate

☐ Empower

Fiscal Impact

A total of \$20 million is being requested from the Ramsey County local government ARPA funds to establish the creation of the Affordable Housing Investment Fund at this time.

Ramsey County received \$53.8 million in local ARPA funds to date and anticipates a second equal payment in May 2022. At the April 20, 2021 board workshop, the County Manager highlighted five tiers for investment. The areas of housing and economic development are identified in Tiers Four and Five. The Finance department will provide regular reporting on ARPA funds.

County Manager Comments

This proposed investment in affordable housing supply using American Recovery Plan Act funds aligns with the policy direction outlined by the County Board during previous Board workshops and policy discussions. It is part of a multifaceted American Recovery Plan Act investment strategy that seeks to simultaneously address emergency and systemic issues that must be a part of an effective community recovery effort. In addition to investments in affordable housing supply, the following areas either have already received a portion of Ramsey County's American Recovery Plan Act funds or will be included in priority proposals that will be presented to the Board in the coming months:

- Summer Youth Employment Support (already funded - \$2.5 million)
- Affordable Housing Supply (current proposal - \$37 million)
- Required Vaccine or Testing Program for all Employees (current proposal - \$1 million)
- Racial Equity and Community Engagement (slated for discussion and consideration in August/September)
- Comprehensive Approaches to Violence Prevention and Emergency Response (slated for discussion and consideration in September)
- Prevention of Cuts to County Service Delivery during the Pandemic and its Aftermath (will be included during biennial Budget discussions that begin in August and continue through 2021)

Last Previous Action

On August 10, 2021 the Ramsey County Board of Commissioners received an overview of the ARPA funded housing supply request for discussion and feedback. Amendments to the Request for Board Action were made as a result.

On June 22, 2021, the Ramsey County Board of Commissioners and Ramsey County Housing and Redevelopment Authorities approved the Ramsey County Housing and Redevelopment Authority area of operation to include all of Ramsey County, excluding North Saint Paul (Resolution B2021-151 and Resolution H2021-004).

On June 1, 2021, the Ramsey County Board of Commissioners authorized the County Manager to accept various COVID-19 grants (Resolution B2021-121).

On April 20, 2021 at a County Board Workshop, the County Manager identified and tiered the County's approach to ARPA investments.

Attachments

1. None.