

November Budget Forecast Shows Surplus

On Tuesday, Minnesota Management and Budget (MMB) released the [November Budget and Economic Forecast](#) that shows a projected \$641 million surplus for the FY2020-21 biennium, a significant shift from a \$2.4 billion deficit that was projected in May. The FY 2022-23 biennium anticipates a \$1.3 billion deficit, an improvement from the May forecast showing a FY 2022-23 deficit of \$4.7 billion. The dramatic turnaround from May is the result of additional revenues of \$1.912 billion, as well as reductions in areas of state spending of \$1.058 billion. Federal CARES Act funds are not included in the forecast and are reported separately.

IHS, the state's macro-economic consulting firm, has projected an improved 2020 Gross Domestic Product (GDP) from -5.4% to -3.4% and a pre-pandemic recovery by early 2022. State Economist Laura Kalambokidis at a briefing Tuesday said higher consumer spending has partly contributed to this change. The pandemic has created volatility in consumer confidence, business survival and federal fiscal policy ahead of a widely available vaccine. State unemployment numbers now show 184,000 fewer jobs than the February 2020 Budget and Economic Forecast with a decline in wages of 1.4%. Lower wage workers have been disproportionately impacted by unemployment and wage declines.

Income tax, sales tax and corporate tax collections saw gains, resulting in \$1.9 billion additional forecasted revenue. The shift in consumer spending of durable goods resulted in higher sales tax receipts. Unemployment payments are taxable.

The \$1.058 billion in spending reductions are primarily in the E-12 Education and Health and Human Services (HHS) budget areas. A reduction of \$188 million in E-12 Education is due to the decline of 12,676 students from public school enrollment of 875,000. Some are delaying kindergarten enrollment, are home schooling or are enrolling in private education. The remainder of the decline is a forecast adjustment by MMB. In HHS, a forecasted \$919 million spending decline is the result of the increased federal match funding due to the COVID public health emergency for the Medical Assistance Program. The state must maintain required continuous coverage, however there is a 5.5% decline in enrollment resulting in less spending of \$293 million. The forecast does not include estimated inflation of \$1.3 billion for the 2022-2023 biennium. Accounting for inflation would increase the projected shortfall to almost \$2.6 billion.

Here is a link to the documents: <https://mn.gov/mmb/mmbhome/?id=456903>

The Governor and legislative leaders are working on an economic relief package for short term assistance for those hit hardest by the pandemic. A relief package could be considered in a possible December 14 Special Session, the next timeline for the Governor's peacetime emergency 30 day extension.

City 2021-2030 Housing Goals for Livable Communities Proposed - Public Hearing Set

The Metropolitan Council will hold a public hearing to receive public comment on affordable and life-cycle housing goals for cities electing to participate in the Livable Communities Housing

Incentives Account Program for the period 2021 to 2030. The goals are requirements for Livable Communities program participation.

The list of each city's proposed goal range can be [found here](#).

The 2011-2020 goal range was set by estimating the anticipated amount of available funding and what percent of a city's allocation of affordable need number for affordable housing could be developed. In 2010, that funding number was calculated at 65 percent; so each city's goal range was set at 65 percent of its need number up to the full need number. Metro Cities supports anticipated funding to be tied to the affordable housing goal number(s).

The 2021-2030 affordable housing goal range was [calculated by the Metropolitan Council](#). Metro Cities and several city officials from across the region provided input earlier this year. The Metropolitan Council worked with Minnesota Housing and determined that funding in 2021-2030 could support the construction of about 45 percent of the forecasted need for affordable housing. (Each city's 2021-2030 allocation of need number was issued by the Met Council with system statements in 2015 and included for planning purposes in the most recent 2040 comprehensive plan updates.) The Council's proposed goals add an additional 10 percent "stretch" to the 45 percent baseline. That extra ten percent is included, the Council says, to represent other funding sources not included in the 45 percent number as well as local policies and local innovations. Thus, the proposed range for a city's goal range is 55-100 percent of its allocation of need number.

Metro Cities recognizes the negotiated goal number is different than the need number and supports a need number range. The Council acknowledges there is no penalty for not meeting affordable housing goals. The Livable Communities program is a useful funding source for a range of a city's community development needs and is strongly supported by Metro Cities. However, Metro Cities is concerned that the change in this next decade's goal determination, with an elevated minimum goal number higher than anticipated funding, may deter participation in the program.

The public hearing will be held on **Monday, December 21, 2020**, 4:00 pm, via webinar.

All interested people are encouraged to attend and offer comments. To register to speak, please email public.info@metc.state.mn.us or leave a message at 651-602-1500. Written and recorded comments will also be accepted. Comments must be received before 5:00 p.m. on Monday, January 4, 2021. Email: public.info@metc.state.mn.us and phone: 651-602-1500.

The Community Development Committee will vote to adopt 2021-2030 Affordable and Life-cycle Housing Goals for the purposes of Livable Communities Housing Incentives Account participation for the 2021-2030 decade after the public comment period concludes. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitysmn.org with any questions.

House and Senate Name 2021-22 Committee Chairs

Following the November elections, the legislature has begun to organize itself into new committee structures for the next biennium.

Senate

The Senate released committee chairs in late November. There are nine new committees and subcommittees and five new chairs of existing committees. There was some shuffling due to election results and the departures of Senators Tom Bakk and David Tomassoni from the DFL caucus to independents who will work with GOP.

Sen. Bakk will chair the Capital Investment Committee and Sen. Dave Senjem will chair the Energy Committee. The former Energy chair, Sen. Dave Osmeck will chair a new Subcommittee on Metropolitan Governance Policy. Sen. David Tomassoni will chair the Higher Education committee. Sen. Carla Nelson, who chaired the E-12 Education Committee will now chair the Senate Taxes committee and Sen. Roger Chamberlain will chair the E-12 Committee.

Sen. John Jasinski, a former mayor of Faribault, will chair the Local Government Committee formerly chaired by Sen. Dan Hall. A new Housing Finance and Policy committee will be chaired by Sen. Rich Draheim who has been the lead on the Senate's housing initiatives.

House

The [House announced](#) this week that it will have 30 committees or divisions, a reduction to the 34 currently in place. Committee membership is expected to be announced later this month.

Rep. Sandra Masin is the new Local Government Division Chair. Rep. Mohamud Noor is the new Workforce and Business Development Chair, while Rep. Gene Pelowski will chair the Industrial Education and Economic Development Committee. Rep. Cheryl Youakim will chair the Property Tax Division.

Rep. Rena Moran is succeeding Rep. Lyndon Carlson as Chair of the Ways and Means Committee.

Rep. Fue Lee is the new Chair of the Capital Investment Committee, and Rep. Zack Stephenson will chair Commerce. Rep. Mike Sundin will be the new Agriculture Committee Chair, and Rep. Jamie Long is the new Climate and Energy Chair.

Rep. Paul Marquart remains the Chair of the Taxes Committee, and Rep. Alice Hausman remains Housing Committee Chair. Rep. Aisha Gomez is chairing a new Preventing Homelessness Division. Rep. Mary Murphy will chair the Redistricting Committee.

Rep. Jamie Becker-Finn is the new Judiciary Chair, and Rep. Frank Hornstein will remain Transportation Committee Chair. The updated list of members-elect can be [found here](#).

COVID-19 Housing Assistance Fund Applications Due MONDAY, DECEMBER 7

Minnesotans who are experiencing trouble paying their housing bills due to the COVID-19 pandemic are encouraged to access the state's housing assistance funds, authorized earlier this summer. Rent and mortgage assistance are available, as well as lot rent, homeowner association dues and other eligible uses.

The first step to access the funds is for residents to apply. [A December 7 deadline for the housing assistance program has been announced. Residents are encouraged to apply soon.](#)

- CALL 211 or toll free at 1.800.543.7709 or 651.291.0211 (from cell phones)
- ONLINE at www.211unitedway.org
- TEXT "MNRENT" or "MNHOME" to 898-211

If someone is eligible for State Funds, their application will be directed to the local agency they will be working with. Contact Charlie Vander Aarde with any questions, at charlie@metrocitiesmn.org.

Redevelopment Grant and Demolition Loan Funding Now Available – Applications Due February 1

If your city has a redevelopment project planned, state funding may be able to help. DEED's Brownfields and Redevelopment Unit is soliciting applications for grant funding for redevelopment projects through the Redevelopment Grant and Demolition Loan Programs. Metro Cities strongly supports this program and advocates for regular funding via the state's budget. Approximately \$2 million will be available for distribution for the Redevelopment Grant and Demolition Loan Programs in this next round of awards.

The Redevelopment Grant Program assists local communities with their redevelopment projects by filling the financial gap that often prevents recycling land for more productive uses. Redeveloping previously developed sites, where there are often dilapidated structures and inadequate adjacent infrastructure is more complex and costly compared to undeveloped parcels. The Demolition Loan Program awards loan funds to local units of government that need to remove blighted structures from their communities, but do not have an immediate redevelopment plan for the site.

Applications must be submitted by cities, counties, port authorities, housing and redevelopment authorities (HRAs) or economic development authorities (EDAs). A local match of 50% is required for each project site receiving a Redevelopment grant. There is no match required for Demolition Loans.

A December 15 webinar is scheduled to provide additional information on the program:

Tuesday, December 15, 2020
10:00 - 11:00 a.m.

Meeting link

<https://intercall.webex.com/intercall/j.php?MTID=m2de379e4c9b8ac829b89dce4d76e2015>

Meeting number

130 807 9507

Join by phone

- 1-888-7425095 Call-in toll-free number
- 1-619-3773319 Call-in number
- 176 233 5404 Conference Code

The deadline for the submission of applications is 4:00 p.m. on Monday, February 1, 2021. For more detailed information on the Redevelopment Grant and for application instructions and forms, refer to the program pages on DEED's website. [Redevelopment Grant Info](#)
For Demolition Loan, please refer to: [Demolition Loan](#)

If your city has questions regarding the application process, contact Brownfields and Redevelopment Unit staff at 651-259-7451.

TAC Sends Regional Solicitation Recommendations to TAB, Names New Chair

The Transportation Advisory Committee (TAC) to the Transportation Advisory Board (TAB) has selected Jon Solberg, MnDOT, as its new chair. The Chair rotates every two years between county, city and agency members. The TAC also approved a recommendation that Regional Solicitation funding use the Historical process 1-B for project selection. This proposal would fund 56 total projects with a total amount of \$222 million. This proposal would ensure that all counties receive funding for a project through either the regular solicitation or over-programming and uses

historical funding of the modal types as a baseline for funding levels. To view the business item, which includes the tables of those projects that would receive funding under this proposal, click [here](#).

Shared Mobility Collaborative Convening Invitation

The Twin Cities Shared Mobility Collaborative (TCSMC) is holding its Quarterly Convening meeting on **Tuesday, December 15th 8:30 to 9:30**. The topic of the event is Regional and Statewide Shared-Mobility Funding. Nathan Bean, research associate at the Humphrey School of Public Affairs, will present on the [*Regional and Statewide Shared-Mobility Funding: Recommendations for Minnesota*](#) white paper, the first in a planned TCSMC series about shared-mobility issues.

The mission of the TCSMC is to better meet the mobility needs of people in the Twin Cities region by fostering collaboration between government, nonprofits, and the private sector and expanding and improving multimodal and shared transportation options. Metro Cities is a member of the TCSMC.

The deadline to register is **December 11th**. To register, click [here](#). There is no cost to attend, but **registration is required to access the Zoom webinar**. For more information about the event, please visit the [event web page](#) or contact Chelsea Arbury Prorok at arbur001@umn.edu.

MPCA Recycling Market Development Projects Grants Announced

The MPCA is accepting applications for Recycling Market Development Projects. Grants are available to non-profit organizations, businesses, colleges and universities and local governments, including cities. Funding is available for projects that will use recyclable material to make new products. This will support cities, counties, and waste management companies that are required to collect recycling curbside, at drop off sites, and at businesses. MPCA's goal is to 1) increase the value of recycled materials, 2) make sure supply does not get bigger than demand because if that happens, then there is no value to cities, counties, and businesses that need to sell the material, 3) if businesses and local governments cannot sell their collected recycled materials, then they may ask to landfill the material and we don't want that, 4) create long lasting jobs in Minnesota.

Eligible applicants: Businesses, economic development, non-profit organizations; colleges, universities, and local governmental units located in Minnesota

Application deadline: January 8, 2021

Total funds: \$400,000

Awards: Maximum \$200,000; minimum \$50,000

Match requirement: 25% (Applicants must provide at least 25% match of the grant award)

Grant Website and link to request for proposals*: <https://direc.to/fiaF>

MPCA hosted this webinar about this grant opportunity on December 2nd. To view the webinar, click the link below.

[Webex: Informational meeting on the Recycling Market Development RFP](#)

Metro Cities Accepting Applications for TAB/TAC Openings

Metro Cities is seeking candidates for the Transportation Advisory Board (TAB) for two municipal seats as well as one seat on the Technical Advisory Committee (TAC) for seats that will become open in January. The TAB qualifies the region for federal transportation funds and is a participant in the 3C transportation processes that affect transportation planning and funding in the metro region. Municipal appointees to the TAB must be elected officials, and Metro Cities' guidelines for appointment place a high priority on appointment balance with respect to geography and city size. There are no term limits for TAB seats, but members are reappointed every two years and must meet attendance requirements to qualify for reappointment as well as city officials with a strong background and interest in transportation issues. Guidelines also give preference to those who serve or agree to serve on Metro Cities Transportation Policy Committee.

Metro Cities is also seeking interested applicants for an opening on the Metropolitan Council's Technical Advisory Committee (TAC) that advises the TAB (Transportation Advisory Board). Appointees must be department head level staff with an engineering, planning or public works background. Metro Cities' guidelines place a high priority on making the TAC balanced with respect to city size and geography. The Board also gives preference to those who agree to serve on Metro Cities Transportation Policy Committee. The Board seeks candidates who can commit to attending meetings.

The deadline for applications is Friday, December 11, 2020. Interested candidates should submit (1) a completed [questionnaire](#), (2) a letter of interest and (3) resume to Jennifer Dorn at jennifer@metrocitiesmn.org or by mail to Metro Cities at 145 University Avenue W, St. Paul, MN 55103.

Metro Cities News is emailed periodically to Metro Cities member mayors, councilmembers, city managers/administrators, and city staff to keep officials and staff abreast of important metro city issues.

If you'd like to sign up to receive Metro Cities News, please email newsletter@metrocitiesmn.org and provide the following: Name, Title, Employer and Email address. Thank you!

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