

EVALUATION CRITERIA-PLEASE ANSWER THESE QUESTIONS IN FULL

1. Cover Letter and Program Summary – (0 points)

Using the included program summary template in [Form 1](#) to provide a summary of your proposal that includes the following details:

- Partner Organization and Program Lead Contact (Please fill in SMIF will use our information in proposal)
- Service Area
- Program Needs and Conditions
- Funding Request and Matching
- Program Impact
- Program Timetable

Organization Information

Brief Description of the program: The DEED grant will help rebuild after the devastating fire of the historic Archer House and recover from the impacts of the COVID-19 pandemic in downtown Northfield.

Funding Request

Funding Category	Calculation/Instructions	Amount
A. Leveraged Grant Allocation	Enter total dollar amount of state funds that are being requested for the purpose of awarding Leveraged Grants to eligible recipient.	\$1,000,000
B. Administrative Funds - Grants	Multiply A by 4%	\$40,000
C. Requested Guaranteed Loans Lending Capacity	Enter total amount of loans this program will issue that will be guaranteed by the state	n/a
D. Value of Loan Guarantees	Multiple C by 80%	n/a
E. Value of Trust Fund Contributions	Multiply D by 25%	n/a
F. Total State Funding Request	Add A + B+ E	\$1,040,000

G. Total Matching	See (see Item K in Matching Sources and Type Worksheet)	\$14,290,000
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Matching Sources and Type

Cash Contributions

Matching Funds source	Amount	Status (Committed/Non-committed)
City of Northfield TIF	\$1,500,000	Non-committed
City of Northfield EDA Grants	\$40,000	Non-committed
Private capital/loans	\$12,750,000	Non-committed

Total Matching Contributions

	Amount
J. Cash Grants and Cash Contributions	\$14,290,000
K. Non-Guaranteed Portion of Loans	n/a
L. Total Non-State Matching Contribution (J + K)	\$14,290,000

Service Area and Need

Commercial Corridor/Main Street #1

City: Northfield

Description of Boundaries: The Service Area is downtown Northfield and extends from Second Street to Sixth Street along Division Street and to all buildings within the Historic District, except for the Postal Office ([see this map from the City of Northfield's Façade Grant Program](#)).

Qualifying Needs: Widespread Property Damage, Major closures, COVID-19 Impacts (all)

When did the Needs or Conditions Arise: COVID-19 impacts since March 15, 2020; Fire/Business Closures: November 2020

Brief Narrative Description of Needs and Conditions: The COVID-19 pandemic dramatically decreased hospitality, retail, and tourism in Northfield. The downtown corridor was especially hard hit with local businesses struggling to continue through the pandemic and comply with the Governor's Executive Orders. Compounding the pandemic effects, a devastating fire destroyed the beloved historic Archer House. In addition to the unmeasurable community loss, multiple

businesses closed, and workers lost their jobs. It is impossible to know how much lost revenue has resulted from the loss of visitors and tourism.

Estimated Number of Projects to be Funded: 5

Projected Tax Base increase: \$1,106,250

Projected net new jobs: 40

Total \$ Leveraged grants: \$1,000,000

Total \$ Guaranteed Loans: \$0

Total \$ Matching Funds: \$14,290,000

Program Timetable

Activity	Start Date (month/year)	End Date (month/year)
Planning: Applications, Grant process	May 2022	December 2022
Outreach to Community	June 2022	Throughout duration of grant process
Webpage (Information available to the public)	October 2022	Throughout duration of grant process
Applications Open	December 2022	January 2023
Review Applications	January 2023	February 2023
Award Grants	February 2023	May 2024
Project Completion	May 2023	December 2026

Program conception planning, outreach, implementation, and completion

2. Program Design and Work Plan (15 points)

Provide a description of how the program will be implemented and outline a work plan to provide leveraged grants and guaranteed loans to eligible recipients for specific eligible projects that represent the greatest economic development and redevelopment needs in the surrounding community.

In the work plan, provide descriptions, tasks and timelines for the following categories of activities:

- Outreach and Communications
- Diversity, Equity and Inclusion Plan
- Application Process
- Review and Award Process
- Grant Making and Monitoring Processes
- ~~Lending and Underwriting Processes~~ (see [Form 2](#) “Lender Enrollment Form”)
- Performance Management and Reporting

In addition proposals should present a robust community engagement and equity plan as part of their program design and work plan that ensures individuals and diverse communities living and working in the service area have awareness of these efforts, what opportunities they will have to be included in the project review and funding decision process, and how the results of this work will be communicated back out to those individuals and communities.

Upon receiving the award in approximately April 2022, SMIF will work to finalize the grant application process and communications/outreach plan. This will involve engaging local stakeholders to develop an accessible application and review process. A dedicated link on SMIF’s webpage will provide updates on the outreach, application, and review process. SMIF’s website has plug-ins that can translate the site to multiple languages, providing more accessibility to all interested applicants. SMIF has multiple staff members dedicated to communications and website development and we are well-equipped as an organization advertise the grant opportunities available. SMIF is dedicated to embracing diversity in all its forms and seeks equity and inclusion as core organizational values. SMIF acts as regional leaders, committed to being proactive in engaging with diverse populations to ensure a thriving region.

SMIF anticipates the application to include community engagement (how the applicant has or will collaborate with community members, organizations, and other grassroots support), job projections for the project or other demonstrated economic impact, demographic information of the applicant, among other information. SMIF will work with DEED to establish the application form and ensure that applicants complete all requirements. The application form will be available in multiple languages to reflect the demographic needs of the community. SMIF has staff on board that speak Spanish and can work with applicants. As requested, additional accessible application forms (large print, etc.) will be made available.

In approximately December 2022, SMIF anticipates the application to open. This will be shared through our webpage, a press release, social media, and local news organizations in Northfield. Paper copies will be available at the SMIF office in Owatonna and will also be distributed to partner organizations in Northfield, which may include the Chamber of Commerce and City Hall. A dedicated staff person will be the main contact for the grant, who can assist those interested with any questions about the application or process. SMIF may offer a webinar, similarly to our Prosperity Initiative, to answer questions about

the application process. All applicants will be contacted via email or telephone to confirm receipt of their application.

The application will close in approximately January 2023. Applications will be reviewed, and priority will be given to Black, Indigenous, and People of Color (BIPOC) applicants. Applications will likely be ranked based on their proposed economic impact, demonstrated need, demographic information, and community support. A review committee of community members will provide recommendations and SMIF will make the final award decision.

After review, award recipients will be announced in approximately February 2023. The recipients will have 15 months to secure committed funds. SMIF will ensure that recipients follow all requirements including prevailing wages and an open bidding process, as applicable. A grant contract will be executed to ensure proper grant compliance, monitoring, and reporting. SMIF will provide updates about the projects' progress to DEED and the public. Upon completion, SMIF will share the success of the revitalization grants on our webpage, through press releases, and videos. SMIF is dedicated to storytelling and sharing the success of collaboration between DEED and SMIF for the Main Street Revitalization projects in the region. All projects will be completed by December 2026.

3. Service Area and Project Need (25 points)

Describe the project area, the needs that have arisen in the community since March 15, 2020, and how those conditions negatively impacted commercial corridors in the project area and why this proposed project is needed to revitalize those corridors:

Qualifying Needs and Conditions

- **What are qualifying conditions that have arisen in the surrounding community since March 15, 2020? Specific qualifying conditions cannot predate March 15, 2020. Conditions can include but are not limited to:**
 - **Widespread property damage due to fire, flood, natural disasters, arson, and/or civil unrest.**
 - **One or more employer closures or multiple commercial space vacancies that have significant impact on the corridor or main street.**
 - **Impact of COVID-19 and related Executive Orders on travel, tourism, retail and accommodation businesses.**
- **What impact have those conditions had on commercial activity and economic conditions in the project area?**
 - **Business closures**
 - **Jobs losses**
 - **Revenue losses**
 - **Number and percentage of residents at or below poverty level**
 - **Racial/ethnic disparities in employment outcomes (unemployment, wages, etc.)**
- **Describe any conditions in the surrounding community that pre-date March 15, 2020, that exacerbate the impacts of conditions that have arisen since March 15, 2020.**
 - **Racial/ethnic disparities in employment outcomes (unemployment, wages, etc.)**
 - **Housing conditions (number and percentage of cost burdened households, homelessness, etc.)**
 - **A shortage of essential services for residents (grocery, pharmacy, childcare, etc.)**

Northfield's downtown corridor full of small, locally owned businesses has struggled to cope with the COVID-19 pandemic and subsequent Executive Orders. The hospitality industry in Northfield has been especially hard-hit, with lodging tax revenue showing a 48% decline from 2019 to 2020. The current lodging tax revenue has still not yet recovered to 2019 levels, indicating the lasting impacts felt in Northfield. According to the labor market from DEED, Northfield lost 1,213 jobs, with 424 in the hospitality/retail industry, in 2020. Northfield's Housing Redevelopment Authority assisted 193 households with rent and 23 households with utilities 2020-2021. Throughout the entire Rice County, 935 applications were submitted to [RentHelpMN](#) requesting over \$5 million in assistance. The COVID-19 pandemic has had numerous negative impacts for workers, businesses, and families in Northfield.

To compound the already struggling hospitality industry, a fire started in the restaurant Smoqehouse, housed in the historic Archer House, in November 2020 and spread throughout the building. The community watched in horror as the building went up in flames for nearly 24 hours while firefighters worked to control the fire. For months the building sat open and exposed to the elements while the insurance team investigated, further worsening the damage. Ultimately, the building was declared a total loss due to the extensive structural damage. The Archer House property in downtown Northfield housed multiple businesses: the Archer House Inn and Bar, Paper Petalum, Chapati, and Smoqehouse. The Archer House Inn and Bar also featured two restaurants, a coffee shop, and a lounge. This iconic four-story red brick hotel, built in 1877 by James Archer, was an integral part of Northfield's development and history and contributed to the Northfield nationally designated Historic District. The Archer House Inn and Bar was one of Minnesota's oldest continually running historic inn.

The community rallied together after the fire, raising over \$18,000 to help the closed businesses and displaced workers. These funds also assisted one business formerly housed in the building, Paper Petalum, to reopen at a new location in downtown Northfield. Unfortunately, three businesses were permanently closed due to the fire: Chapati, Smoqehouse, and the Archer House Inn + Bar. Chapati was one of few successful minority-owned businesses in Northfield and resulted in the loss of many minority-held jobs. Approximately 50 jobs were lost as a result of the closure and fire. Minority workers represented approximately 35% of the workforce. Revenue losses are in the \$2,000,000 to \$2,500,000 range. An unknown amount of tourism revenue was lost due to decreased visitors because of the Archer House closure. Every year the historic landmark would draw in visitors to see and stay at the iconic hotel.

Prior to the COVID-19 pandemic, Northfield has struggled to meet housing demands. The Northfield Strategic Plan specifically highlights the need for all types of housing in the community. According to the [Center for Neighborhood Technology](#), Northfield residents spend approximately 42% of their income on housing and transportation costs, an indication of cost burdened households. These impacts are not felt equally across all of Northfield's residents and the community is working to bridge the disparities between different income levels and racial gaps. For example, Northfield's Racial Equity Plan and Strategic Plan highlight some action steps to reduce disparities in the community. These inequities were further exacerbated by the COVID-19 pandemic, which severely impacted retail and hospitality jobs, which are often filled by low-income workers. The City of Northfield is committed to increasing equity and contracted with Strong & Starlike Consulting to examine business conditions for minority and immigrant business owners and entrepreneurs.

This DEED Mainstreet Revitalization Grant would spur redevelopment in downtown Northfield, tackling multiple issues related to the housing shortage, reducing inequities and disparities, and create more jobs. Downtown Northfield is the heart of the community, and the economic activity is the pulse of city.

An analysis by Urban3 found that the City of Northfield yields 21 times the tax revenue per acre as compared to the rest of Rice County's land area. Further, Downtown Northfield's value per acre is 4 times that of the rest of the city. Incredibly, the property tax revenue per acre of downtown Northfield is 81 times more productive than Rice County relative to its size, indicating how crucial downtown Northfield is for not only the city but also the county. Investment in downtown Northfield is much more impactful than the rest of the city's area. The historic district is nationally designated and many of the buildings house mixed-use commercial and residential spaces. Preserving these buildings is key to maintaining existing wealth and sense of place in Northfield. It is critical to invest in these buildings and the DEED grant will provide business owners the necessary funding to adapt to the changing conditions of the pandemic.

4. Economic Impact (25 points)

Provide an analysis of the expected economic impact of this program within the service area defined in the proposal broken out by each commercial corridor and/or main street within the service area and summarized in total. Describe how this program will benefit residents and individuals working in and near the project areas identified in the proposal, with specific reference to diverse populations living and working in the project area. In the analysis address the following items:

- **Number of buildings proposed for development or redevelopment**
- **Proposed uses of the finished facility and any proposed or identified tenants**
- **The current vs expected increase in the tax base in the service area**
- **The number of residents in the surrounding area impacted by this program including demographic details of residents**
- **The number of new jobs created**
- **The number of jobs retained**

Use the included tables as part of the analysis.

The leveraged grants will spur redevelopment of the Archer House property. Tentative redevelopment plans include 30+ multifamily housing units, 15-20 short-term rental housing units, and commercial space on the first level for 1-2 restaurants and a retail store. These mixed-use residential and commercial spaces will provide needed housing and job opportunities. The project will incorporate citizen input into the design, offer public enhancements, and needed economic recovery and stability. The project is pursuing Tax-Increment Financing (TIF) through the City, which involves public input, as well as requiring approval from the Heritage Preservation Commission to receive a Certificate of Appropriateness. Northfield residents are eager for a high-quality, historically informed new building to revitalize the downtown. The project may also tie into expanding access to the riverfront and improving the overall streetscape of the downtown. Development in downtown Northfield is challenging due to the proximity to the Cannon River and a history of flooding and the high cost associated with historically accurate architecture in Northfield's Historic District.

The Archer House owner is looking to rebuild in the same space. Those businesses formerly housed in the Archer House building will be contacted for their interest in reopening. There are a few interested tenants for the retail space, however they have not been secured.

The rebuild will significantly impact the economic conditions of the downtown corridor. The new building will be more energy efficient than the one that was destroyed, as the City of Northfield has recently passed a Sustainable Building Policy. The project is estimated to have \$1,106,250 net increase

on the local tax base. Within five years of construction, there are projected to be 60 new jobs, with approximately 20 full-time jobs and 40 part-time jobs wages averaging \$16-\$32 per hour. The construction of the new building will also result in temporary new jobs. It is projected that the newly created positions would be filled with 30%-40% minority workers. These jobs and patrons of the hotel, restaurants and retail spaces will increase economic activity both directly through spending on goods and services and indirectly through the increase in business-to-business transaction caused by the direct spending in the downtown Northfield area.

This project would impact the entire city of Northfield, as the main street corridor is the heart of the city. Furthermore, there are numerous intangible benefits with this potential project. The hotel was a beloved historic landmark, and the community is eager to rise from the ashes with a new project. During demolition, artifacts were recovered to be used in the Northfield Historical Museum. Bricks were salvaged and funds will be raised through the sale of bricks for the local historical society. The DEED grant would greatly improve the recovery of downtown Northfield.

Beyond the Archer House redevelopment, SMIF anticipates applications from other retail businesses downtown. Proposed projects could include renovating outdoor patio space, further business expansion, and enhancements along the rear façade to draw in more riverwalk visitors. These improvements will accommodate additional customers, create more inviting spaces, and enhance tourism to the downtown.

Increase in Local Tax Base

Describe how the project will increase the service area's tax base. Please include a total projected tax base increase and how long it will take to accomplish that growth. Provide evidence (for example: letters from city/county assessor, 3rd party consultants, etc.) and amounts and comparison from previous tax year. Tax base increase should be calculated with projected businesses in place and not with bare lots.¹

Table 4: Local Tax Base Increase Worksheet

Commercial Corridor/Main Street	A. Current Tax Base	B. Projected Tax Base after Development	C. Projected Net Increase in Tax Base (B minus A)
Northfield	\$18,278,631	\$19,384,881	\$1,106,250
Total			

¹ Tax base increase is the difference between the previous property taxes collected prior to (re)development and the increased amount of taxes collected after (re)development. Please do not use the increased value of the property in the original base amount. Multiply that increased value by tax rate and subtract the previous property taxes collected. Do not subtract taxes abated or used for TIF from this calculation.

Job Creation

Will the proposed program lead to private investment in job creation and/or job retention? Please explain. Provide a narrative and complete the table below projecting job creation, how many full-time equivalent jobs (FTEs), wages of the new jobs and timing of job creation. Explain how this program correlates and is essential to attracting new businesses or expanding/preserving jobs of existing businesses. What opportunities will be lost if the proposed program is not funded?

Table 5: Job Creation Worksheet

Commercial Corridor/Main Street	# of Jobs (FTEs) in 2021	# of Jobs (FTEs) in by 2026	# of Jobs (FTEs) long-term	Avg. Wages
Northfield	9,715	9,755	9,755	\$16-\$32/hr.
TOTALS				

5. Matching Funds and Leverage (20 points)

Proposals will identify the source of all matching funds, the uses proposed for those funds as either cash contributions or loans to eligible projects and whether or not those funds are secured at the time of the proposal or will be secured within 15 months of being selected for an award.

A higher proportion of funds currently secured vs non-committed will result in a higher score. If a proposer does not have any matching funds committed to this project or has not identified the source of matching funds that will be accessed within 15 months of being awarded, their proposal will be disqualified.

- What is the total amount of funds requested to provide leveraged grants to eligible recipients?
- What is the total amount of lending capital your organization or your financing partners have committed or will commit to lend to eligible projects through this program?²
- What is the total amount of cash matching funds your organization has raised and has committed to grant to eligible projects through this program?
- What is the estimated total amount of matching funds that eligible recipients are contributing to their projects?
- What is the source and amount of any additional matching funds your organization intends to raise within 15 months of being awarded? What is the likelihood of those funds being secured on time?

SMIF is requesting \$1,000,000 in leveraged grants to distribute to eligible recipients to revitalize downtown Northfield. For eligible recipients, SMIF offers additional funding sources such as business loans, small enterprise loans, seed funding, and the Southern Minnesota Equity Fund. Eligible recipients

² Only 20% or the non-guaranteed portion of a guaranteed loan can be considered as matching funds for leveraged grants.

can apply for funding from SMIF in addition to applying for the leveraged grants. In addition, SMIF offers coaching and business trainings to assist entrepreneurs throughout southern Minnesota.

SMIF has not yet identified all eligible recipients and projects, however there is one project that has expressed interest in applying for a grant. To redevelop the Archer House, the owner is currently pursuing TIF from the City of Northfield for approximately \$1,500,000. While these funds are not yet committed, progress has been made to secure the funds. The Northfield City Council unanimously voted on December 7, 2021 to declare the Archer House building as substandard in Northfield Resolution 2021-125. This resolution allows for a redevelopment TIF district after the demolition of the structurally substandard building. City officials are in discussion with the owner to pursue TIF in the near future. Northfield City Council supports redevelopment of the Archer House, so these funds are likely to be secured when the application is brought forward.

In addition to tax-increment financing, the City of Northfield's Economic Development Authority (EDA) has other funding sources available for eligible applicants. The EDA has a façade improvement grant program, revolving loan fund program, and the Clement F. Shearer Micro-Grant program. Currently, the EDA is in the process of establishing another grant program for downtown businesses to improve the river streetscape. These funding sources are an option for all eligible projects if the applicants meet each programs' specific requirements. SMIF will work with the City of Northfield to share these fund opportunities with those interested. For some of the city's programs, the recipients must be a minimum match in the form of private capital, which could also be used to meet the minimum match requirements for a DEED Mainstreet Revitalization grant. The EDA has committed these funds in their budget, however those interested need to apply to secure funding for their specific project.

Beyond any secured funding from SMIF or the City of Northfield, the remaining source of funding will be from the eligible recipients, in the form of private loans and capital. For the redevelopment of the Archer House, this would total at least \$13.5 million in private capital and loans. This is not yet committed but is highly likely to be secured upon receiving a grant.

All eligible recipients will have 15 months to secure the funds upon receiving an award, and before receiving grant funds. SMIF is confident that recipients will have enough time to secure the necessary matching funding upon receiving a grant.

6. Organizational Capacity (10 points) – SMIF

The proposer must demonstrate that they and their partners have the scale, experience, qualifications and capacity to successfully implement a program that will result in the successful competition of multiple development and redevelopment projects within one or more commercial corridors in their defined service area. In the description address the following items:

- 1. What is your organization's average annual operating budget for the past three years?*
- 2. How many full-time staff does your organization employ?*
- 3. How many full-time staff (including contractors) will be assigned to running this program on your organization's behalf?*
- 4. What are the qualifications of key executives who will be responsible for running this program?*
- 5. What experience does your organization have in financing development and redevelopment projects?*
- 6. What qualifications and experience does your organization have in working with BIPOC communities and communities that speak a language other than English?*

7. Community Support (5 points)

Provide a narrative summary and a list of organizations that have issued a letter of support for your organization's proposed program. The list should include the name of the organization, the type of organization (local government, chamber, etc.) the address, the organization's lead and contact information. Any organizations or individuals listed must have a letter of support included as an attachment to the proposal.

Table 6: List of Community Supporters

Organization/ Individual Name	Description/Type	Address	Organization Lead	Contact
City of Northfield	Local Government	801 Washington Ave., Northfield, MN 55057	Ben Martig, City Administrator	507-645-3009, Ben.Martig@ci.northfield.mn.us
Northfield Chamber of Commerce and Visitors Bureau	Chamber of Commerce, Visitors Bureau	19 Bridge Square, Northfield, MN 55057	Lisa Peterson, President/CEO	507-645-5604 lisa@northfieldchamber.com
Northfield Downtown Development Corporation	Local Community Development Nonprofit	19 Bridge Square, Northfield, MN 55057	Kathleen Holmes, Board President	206-683-8822, coloradokmh@yahoo.com

The highest scoring proposals will have a least one letter of support from a local government from each jurisdiction within the proposed service area, one or more letters of support from a community-based organization serving residents in the area, one or more letters of support from a local chamber of commerce, and one or more letters of support from economic development organizations in the area.

There is extensive support from the community of Northfield for redevelopment in the downtown. Letters of support are included from the local city government, Chamber of Commerce and Visitors Bureau, and a local community development nonprofit. The Northfield Downtown Development Corporation (NDDC) helped organize a fundraiser after the devastating fire to support the businesses and workers impacted. The NDDC also follows the Main Street America program to revitalizing downtown Northfield, with efforts focused on the four-point approach of Economic Vitality, Design, Organization, and Promotion. Redevelopment in the historic downtown Northfield meets all those goals for a successful revitalization project. The City of Northfield is currently working with developers on a TIF application for the redevelopment of the Archer House. The City's Strategic Plan identifies multiple priorities that align with redevelopment including tourism and business recovery, infill construction, and

additional housing availability. The City has also adopted a Racial Equity Plan which affirms the City's commitment to an equitable application process open to all eligible recipients. The Chamber of Commerce and Visitors Bureau are eager for additional support for the downtown businesses and the tourist industry after the catastrophic fire and COVID-19 pandemic.