



Legislation Text

File #: Res. 2024-074, **Version:** 1

City Council Meeting Date: July 9, 2024

To: Mayor and City Council
City Administrator

From: Nate Carlson, Economic Development Coordinator

Approval of Redevelopment Grant Application to the Department of Employment and Economic Development (DEED)

Action Requested:

The Northfield City Council makes a motion to approve a Resolution supporting the application for a redevelopment grant from DEED.

Summary Report:

Community Development plans to apply for up to \$55,000 with the DEED Redevelopment Grant to help offset costs of the asbestos abatement within the Northfield News Building located at 115 5th Street. If you are interested, the detailed survey of the materials and recommended quote for the removal are included as attachments.

The Northfield News Building is currently under a purchase agreement with Loon Liquors, LLC to relocate the distillery to the building. The City Council approved the purchase agreement on April 23, 2024. The business has requested the city assist in the costs related to the asbestos abatement.

Background

Because there is often no incentive for the private sector to redevelop old industrial, residential, or commercial property when undeveloped parcels of land are available, public sector investment is required to induce private development of these difficult sites. Therefore, the Redevelopment Grant Program was established by the 1998 legislature to assist with complex and costly redevelopment projects that might not otherwise occur without public financial assistance.

Pursuant to Minnesota Statutes §§ 116J.571 - 116J.575, the Minnesota Department of Employment and Economic Development (DEED) has the authority to award grants to assist development authorities with eligible redevelopment costs as defined below:

Eligible Costs

- Public acquisition*
- Demolition costs (as defined by Minn. Stat. § 116J.572)

- Interior Environmental Abatement (applicable in this application)
- Public Infrastructure Improvements** (e.g., water and sewer, standard sidewalks, standard exterior public lights, roads, etc.)
- Environmental Infrastructure (e.g., ponding, stormwater, etc.)
- Geotechnical Soil Correction

**Although the statute recognizes acquisition as an eligible expense, DEED will only consider public acquisition, and these costs are only eligible as matching costs.*

***Although these costs are eligible, they should not be the sole costs of the grant request.*

Local Match Requirement

It is required that the applicant pay for at least 50% of the eligible redevelopment costs as a local match to obtain a redevelopment grant. The match can come from any source available to the applicant.

Eligible redevelopment costs incurred up to 12 months prior to the application due date may be included as local match but cannot be reimbursed. See “Eligible Program Costs” above. Prior costs should be identified in the Cost Analysis budget section of the application.

Alternative Options:

N/A

Financial Impacts:

Applying for up to \$55,000 grant amount. The local match of 50% is planned to be covered by City as seller and recouped back by additional pending tax abatement by City and County generated from the expanded tax base of the privatization and improvement by the project. If the grant isn't received the full amount would be covered entirely by the pending tax abatement.

Tentative Timelines:

The DEED Redevelopment Grant application deadline is August 1, 2024.