



Legislation Text

File #: Res. 2022-019, **Version:** 1

City Council Meeting Date: March 1, 2022

To: Mayor and City Council
City Administrator

From: Reeve Needham, Assistant City Planner

Consider Resolution of Support for the Southern Minnesota Initiative Foundation (SMIF) Main Street Revitalization Grant Application to the Department of Employment and Economic Development (DEED).

Action Requested:

The Northfield City Council Approves a Resolution of Support for the Southern Minnesota Initiative Foundation (SMIF) Main Street Revitalization Grant Application to the Department of Employment and Economic Development (DEED).

Summary Report:

The Minnesota Department of Employment and Economic Development (DEED) Main Street Economic Revitalization Program was approved by the Minnesota Legislature and signed by Governor Walz on June 29, 2021. A total of \$41 million is available in this second round of funding. This program, through a Request for Proposals, will make grants to nonprofit partner organizations to fund 30% matching grants up to \$750,000 and guaranteed loans up to \$2,000,000 to eligible recipients for eligible projects that are designed to address the greatest economic development and redevelopment needs that have arisen in communities across Minnesota since March 15, 2020.

The only types of organizations eligible to submit a proposal for the grant funding as a partner organization are: Foundations engaged in economic development, Community development financial institutions, and Nonprofit organizations engaged in housing and commercial development. After being awarded the grant funding, the partner organization will then administer grants locally in a defined service area for eligible uses. Local governments cannot receive funding from this program.

Eligible uses for the grant funding include:

- Repair, or renovation of real property
- Building construction
- Landscaping and streetscaping
- Demolition and site preparation
- Predesign and design
- Engineering
- Infrastructure
- Related site amenities

Eligible project expenses do not include the purchase of real estate or business operations or business

operating expenses, such as inventory, wages, or working capital.

In the proposals, partner organizations define a service area that includes one or more commercial corridors and/or areas of concentrated commercial activity that have been impacted by conditions that have arisen in the area since March 2020. Proposals demonstrate how these conditions have resulted in the need for these funds to spur investment and increase commercial activity within those identified commercial corridors.

Specific qualifying conditions may include but are not limited to:

- Widespread arson and civil unrest
- Natural disasters
- Major plant closures, significant commercial vacancy increases, and/or loss of economic anchor institutions
- COVID-19 pandemic impacts on travel, tourism, retail and accommodation

Southern Minnesota Initiative Foundation serves the 20 counties of south central and southeastern Minnesota. SMIF has provided more than \$136 million in grants, loans and programming within the region since 1986. Given their experience and expertise, SMIF is well-equipped to manage a grant program if awarded funding. SMIF's application may include Northfield as an identified service area.

A resolution of support from the City of Northfield would be beneficial in the grant to support SMIF's application. Northfield has requested funding through SMIF for redevelopment of the downtown such as the Archer House and improvements along the river. The application included questions on the program design and work plan, such as outreach and communications, and how equity and diversity would be included in the process. The service area, downtown Northfield, was defined including the needs that have arisen due to the COVID-19 pandemic and the Archer House fire. The application asked for the estimated economic impact of proposed projects, including potential job creation and the increase in tax base. The funding requires matching funds, which could include TIF for the redevelopment of the Archer House as well as private capital for the remaining match. Finally, Northfield included three letters of support from the City, Northfield Downtown Development Corporation, and the Chamber of Commerce. SMIF will be finalizing the application, which may involve edits to the materials that Northfield submitted.

Alternative Options:

None recommended.

Financial Impacts:

Northfield has requested \$1,000,000 in grant funding to SMIF, however SMIF's request may be different.

Tentative Timelines:

Staff anticipates the grant awardees will be announced tentatively in April or May 2022.