

## Redevelopment Grant and Demolition Loan Programs Call for Applications

### Overview

The Department of Employment and Economic Development (DEED), through its Brownfields and Redevelopment Unit, is accepting grant applications through the Redevelopment Grant and Demolition Loan Programs.

### Redevelopment Grant Program

The Redevelopment Grant Program assists local communities with redevelopment projects by filling the financial gap that often prevents the reuse of land. Due to the presence of dilapidated structures and inadequate infrastructure, previously or currently developed sites are often more costly and complex to redevelop than undeveloped parcels. This program is not intended for parties that have operated on the site long-term, but rather to assist new parties with site redevelopment. Grants are awarded based on statewide, statutory criteria.

### Demolition Loan Program

The Demolition Loan Program was added to the Redevelopment Grant Program statute in 2012 to assist local units of government with the acquisition and removal of vacant blighted structures when there is no immediate plan for site redevelopment. Sites where there is potential for future development, but that potential is hindered by severe blight, hazardous conditions and/or public safety concerns are eligible for a Demolition Loan.

### Eligibility

Eligible applicants are cities, counties, housing and redevelopment authorities (HRAs), economic development authorities (EDAs), and port authorities. In addition, the following eligibility requirements apply:

#### Redevelopment Grant Program

1. To qualify for this grant program, it is expected that the site will be redeveloped into a different and/or more productive use, and that a developer is committed to the redevelopment plan. Sites can be privately or publicly owned.
2. Only sites that have been previously developed or are currently developed qualify for a Redevelopment Grant. Sites that were never historically developed with buildings or infrastructure (i.e., cornfield, etc.) do not qualify.

#### Demolition Loan Program

1. To qualify for this loan program, the property and structures must be owned by the development authority (i.e., the applicant).
2. The structures on the property have been vacant at least one year.
3. The structures constitute a threat to public safety because of inadequate maintenance, dilapidation, obsolescence, or abandonment.
4. The structures are not listed on the National Register of Historic Places.
5. Upon completion of demolition, the development authority reasonably expects that the property will be improved, and these improvements will result in economic development benefits (i.e., jobs, taxes) to the municipality.

## Funding Availability

As authorized in [Minn. Stat. § 116J.571](#), approximately \$2 million is available for grants and loans under the Redevelopment Grant and Demolition Loan Programs. If applying for a Demolition Loan, the loan request cannot exceed \$1,000,000.

## Redevelopment Grant Match Requirement

A local match of at least 50% of the eligible redevelopment costs is required for each redevelopment project receiving a Redevelopment Grant. This match can come from any source available to the municipality.

Per [Minn. Stat. § 116J.572, Subd. 2b](#) “municipality” means the statutory or home rule charter city, town, or, in the case of unorganized territory, the county in which the redevelopment project is located.

## Demolition Loan Terms and Conditions

1. The agreement to repay the loan shall be a general obligation of the development authority, payable primarily from a dedicated source of revenue, or other security subject to the review and approval by the commissioner, and the development authority must deliver its bond or note to the commissioner to secure the loan.
2. The term of the loan may not exceed 15 years.
3. The loan shall bear interest at a rate equal to 2%, but interest will not accrue during the first two years of the loan term.
4. The development authority shall make semiannual interest payments and annual principal payments beginning in the third year of the loan until the end of the term.
5. The principal amount of a loan may not exceed \$1,000,000.
6. Loan proceeds shall be disbursed for eligible demolition costs as incurred or paid by the borrower and upon submission of invoices and other supporting documentation satisfactory to the commissioner.
7. An eligible borrower shall establish a dedicated source of revenue for repayment of the loan.

## Target Population

It is the policy of the State of Minnesota to ensure fairness, precision, equity, and consistency in competitive grant awards. This includes implementing diversity and inclusion in grant-making.

[Policy 08-02](#) establishes the expectation that grant programs intentionally identify how the grant serves diverse populations, especially populations experiencing inequities and/or disparities.

This grant will serve geographic diversity within and across the entire State of Minnesota. Per [Minn. Stat. § 116J.575, Subd. 1b](#), unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 50% of the money provided as grants must be made for sites located outside of the metropolitan area.

## Competitive Priorities, Selection Criteria, and Weight

DEED will award Redevelopment Grants and Demolition Loans to projects that provide the highest return in public benefits for the public costs incurred and meet all the statutory requirements. To evaluate the applications for public benefits with respect to the costs incurred, [Minn. Stat. § 116J.575 Subd. 1](#) and [Minn. Stat. § 116J.5763](#) specifies priorities that DEED must consider.

To review applications in an objective and fair manner, these priorities have been assigned maximum points so that DEED can analyze applications and award grants and loans. All assigned points will be relative to the points assigned to other applications received in the same grant round. Redevelopment Grant applications must receive a minimum of 50 points to be eligible for funding. There is no minimum point requirement for Demolition Loans.

### **Redevelopment Grant Program**

1. The need for redevelopment in conjunction with contamination remediation needs. Maximum 15 points.
2. The redevelopment project meets the current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project. Maximum 25 points.
3. The redevelopment potential within the municipality. Maximum 85 points.
4. The proximity to public transit if located in the metropolitan area. Maximum 5 points.
5. Multi-jurisdictional projects that consider the need for affordable housing, transportation, and environmental impact. Maximum 15 points.

### **Demolition Loan Program**

1. The extent to which the existing property conditions threaten public safety. Maximum 15 points.
2. The length of vacancy of the property. Maximum 5 points.
3. The development potential of the property. Maximum 10 points.
4. The proximity of the property to existing sufficient infrastructure. Maximum 5 points.
5. The applicant's financial condition and ability to repay the loan. Maximum 15 points.
6. Other public benefits, including but not limited to, health, safety, environmental benefits, blight reduction, community stabilization, crime reduction, and reduction of maintenance costs. Maximum 5 points.

### **Required Financial and Grantee Capacity Review**

[Minn. Stat. § 16B.981](#)/Chapter 62 - MN Laws, Article 7, Section 11 requires that a pre-award risk assessment is conducted for grant awards of \$50,000 or more.

All grantees as defined in [Minn. Stat. § 16B.981 Subd. 1 \(c\)](#) applying for grants in the state of Minnesota must undergo a financial and capacity review prior to a grant award of \$50,000 and higher.

To comply with this requirement, applicants will need to complete and submit a pre-award risk assessment on grantee capacity and certify that no principals have been convicted of a felony financial crime in the last ten years.

The submission of inaccurate or misleading information may be grounds for disqualification from the grant contract agreement award and may subject an organization to suspension or debarment proceedings, as well as other remedies available to the State, by law.

Based on [Minn. Stat. § 16B.981](#)/Chapter 62 - MN Laws, Article 7, Section 11, Subd. 3-5 establishes the authority for a granting agency to:

- Provide or require enhanced grant oversight
- Request additional information from a potential grantee to determine whether there is a substantial risk that the potential grantee cannot or would not perform the required duties of the grant agreement.
  - The potential grantee has 30 business days to respond
- Develop a plan to address the risk or concerns identified

- Not award the grant.
  - The granting agency must provide notice of this determination to not award the grant to the grantee and the Commissioner or Administration
  - The notice must include the following:
    - The reason for postponing/not awarding the grant
    - The timeline for the process for contesting the agency's decision

## **Application Content and Instructions**

For more detailed information on the Redevelopment Grant and Demolition Loan Programs, and for the application instructions and forms, please refer to the applicable program links on our website: [Site Cleanup and Redevelopment](#).

The governing body of the applicant agency (and municipality in which the site is located, if different) must approve, by resolution, the application. Resolutions must be adopted prior to the application deadline and be submitted with the application.

## **Application Submission Deadlines and Requirements**

All applications and required attachments must be received no later than 4:00 p.m. on August 1, 2024. Three complete sets of applications (application form and required attachments) are required for each site. Two paper copies and one electronic copy on a flash drive are required. All three copies must be complete and submitted by the deadline to be considered for funding.

Applications sent by mail or courier must be delivered to the following address on or before the application deadline.

Brownfields and Redevelopment Unit  
Great Northern Building  
180 East Fifth Street, Suite 1200  
St. Paul, MN 55101

On August 1, 2024, applications may be submitted in person at the above address. Please take the 5th Street elevators (by the guard's desk) to the 12th floor and leave applications on the cart located in the DEED elevator lobby. Applications will be retrieved promptly.

Applications submitted by email will NOT be accepted. Applications should be in a binder, spiral-bound, or, at a minimum, binder clipped with all attachments marked and tabbed.

## **Review Process and Award Timeline**

Grant and loan applications are competitive and are evaluated by the DEED Brownfields and Redevelopment Unit. Final scores and recommended award amounts are determined by the Brownfields and Redevelopment Unit and based on the statutory criteria established in the program statutes. The Unit's recommendations are made to the DEED Commissioner. Once final approval is made by the DEED Commissioner, decision notices are issued to applicants. It is anticipated funding announcements will be made approximately eight weeks after the application deadline.

## **Conflicts of Interest**

State grant policy requires that steps and procedures are in place to prevent individual and organizational conflicts of interest, both in reference to applicants and reviewers per [Minn. Stat. § 16B.98, Subd. 2-3](#) and [08-01 Conflict of Interest in State Grant-Making Policy](#).

Organizational conflicts of interest occur when:

- a grantee or applicant is unable or potentially unable to render impartial assistance or advice to the Department due to competing duties or loyalties.
- a grantee's or applicant's objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties.

In cases where a conflict of interest is in question or disclosed, the applicants or grantees will be notified and actions may be pursued, including but not limited to, revising the grant work plan or grantee duties to mitigate the risk, requesting the grant applicant to submit an organizational conflict of interest mitigation plan, disqualification from eligibility for the grant award, amending the grant, or termination of the grant contract agreement.

## Public Data

Per [Minn. Stat. § 13.599](#)

- Names and addresses of grant applicants and amount requested will be public data once proposal responses are opened.
- All remaining data in proposal responses (except trade secret data as defined and classified in [Minn. Stat. § 13.37](#)) will be public data after the evaluation process is completed. For the purposes of this grant, when all grant contract agreements have been fully executed.
- All data created or maintained by DEED as part of the evaluation process (except trade secret data as defined and classified in [Minn. Stat. § 13.37](#)) will be public data after the evaluation process is completed. For the purposes of this grant, when all grant contract agreements have been fully executed.

## Accountability and Reporting

Accountability and reporting information will be used to monitor project progress, confirm grant reimbursement requests, and measure performance. Grantees are required to submit reports on an annual basis. Annual reports are due no later than July 25th of each year. DEED will provide the grantee with the reporting form. The reports include financial and project progress information.

## Grant Payments

Per [Policy 08-08](#) reimbursement is the preferred method for making grant payments. All grantee requests for reimbursement must correspond to the approved grant budget and be accompanied by supporting invoices that clearly demonstrate grant eligible activities have been completed. The State shall review each request for reimbursement against the approved grant budget, grant expenditures to-date, and the latest annual report before approving payment. Grant payments shall not be made on grants with past due reports unless DEED has given the grantee a written extension.

## Grant Monitoring and Audits

The grantee agrees to permit monitoring by DEED to determine grant performance and compliance with grant contract agreement provisions. The grantee further agrees to cooperate with DEED in performing and completing such monitoring activities and the grantee agrees to implement and comply with such corrective action as is proposed by DEED. The grantee must provide any financial records, timesheets, or other supporting documentation, upon the request of DEED.

Per [Minn. Stat. § 16B.98](#) Subdivision 8, the grantee's books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the Commissioner of Administration, the state granting agency and either the legislative auditor or the state auditor, as appropriate. This requirement will last for a minimum of six years from the grant contract agreement end date, receipt, and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

The grantee shall maintain adequate financial records consistent with generally accepted accounting principles. The grantee shall submit accounting system records that track the use of grant proceeds and all matching funds by eligible Redevelopment Costs for each year in which grant disbursements and expenditures were made. The records shall reflect both expenditures and revenues and shall be submitted after all grant proceeds and matching funds have been expended or at the State's request.

## **Grantee Bidding Requirements**

Grantees that are municipalities must follow:

- The contracting and bidding requirements in the Uniform Municipal Contracting Law as defined in [Minn. Stat. § 471.345](#)
- Prevailing wage rates are required to be paid on an economic development project site if that project receives or will be receiving state financial assistance in the form of a grant where a single business receives \$200,000 or more of the grant proceeds, a loan or the guaranty or purchase of a loan if a single business receives \$500,000 or more of the loan proceeds, or certain tax incentives, per [Minn. Stat. § 116J.871](#). For economic development projects subject to the prevailing wage requirements in [Minn. Stat. § 116J.871](#), Grantee must ensure that Grantee and all contractors and subcontractors comply with applicable prevailing wage requirements including submitting all required certified payroll records, as described in Exhibit A, "Prevailing Wage Certification – Minn. Stat. § 116J.871", to the following email address: [wagedata.deed@state.mn.us](mailto:wagedata.deed@state.mn.us).

The grantee must not contract with vendors who are suspended or debarred in MN: [Suspended/Debarred Vendor Information](#)

## **Vendor Registration**

All grant recipients must complete a grant agreement before DEED will disburse any funds. The State of Minnesota's accounting and procurement system is called State-Wide Integrated Financial Tools (SWIFT). Every organization or sub-grantee doing business with the state is considered a vendor. Vendors must be registered with the State of Minnesota. Vendors can interact with the state through the [Supplier Portal](#), which is part of SWIFT. The Supplier Portal allows vendors to login and view payment detail as well as maintain address and contact information related to their vendor record. For new prospective grantees (vendors), if you are awarded a grant, it will be necessary to register as vendor via the [Vendor Registration link](#).

## **Technical Assistance**

For questions regarding the application process or to seek clarification on application instructions/questions, please contact the Brownfields and Redevelopment Unit at (651) 259-7451.

## **Application Information Sessions**

To learn more about the DEED's Redevelopment Grant and Demolition Loan Programs, and to have the opportunity to discuss potential projects and/or questions, the Brownfields and Redevelopment Unit will be holding four information sessions across the state. Date and location specifics are provided below.

### **Owatonna – Thursday, June 13, 2024**

Owatonna Public Library, Gainey Room  
105 North Elm Avenue  
Owatonna, MN 55060

10:00 – 11:00 AM

### **Moorhead – Tuesday, June 18, 2024**

Hjemkomst Center, Oak Room  
202 1<sup>st</sup> Avenue North  
Moorhead, MN 56560

10:00 – 11:00 AM

### **Maplewood – Tuesday, June 25, 2024**

Ramsey County Library  
3025 Southlawn Drive  
Maplewood, MN 55109

11:00 AM - noon

### **Duluth – Thursday, June 27, 2024**

Duluth Public Library, Green Room  
520 West Superior Street  
Duluth, MN 55802

11:00 AM – noon