

**MINNESOTA
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

05 - 0421

GREATER MINNESOTA REDEVELOPMENT GRANT PROGRAM

FY 2005 ANNUAL REPORT FOR JULY 1, 2004 – JUNE 30, 2005

Minnesota Statutes § 116J.573, Subdivision 5 requires the Department of Employment and Economic Development (DEED) to report to the legislature annually on the Greater Minnesota Redevelopment Account established in Minnesota Statutes 116J.571-116J.575. This report must include information on the amount of money in the account, the amount distributed, to whom the grants were distributed, and for what purposes, and an evaluation of the effectiveness of the projects funded in meeting the policies and goals of the program.

1. Background of Program

The Redevelopment Program (M.S. §§ 116J.561 – 116J.567) was initiated in October 1998 and was funded from 1998 – 2000 as a statewide program. The program was created 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. Therefore, the Redevelopment Grant Program was established by the 1998 legislature to assist with complex and costly redevelopment projects that might not occur without public financial assistance.

The Redevelopment Grant program statute was repealed in 2002 and the Greater Minnesota Redevelopment Program (116J.571 – 116J.575) was created to serve only the areas of the state located outside of the seven-county metropolitan area. Among many other substantive changes, this new statute included an annual reporting section.

Although the statute was passed, there was no appropriation of funds to administer the new program until the 2005 bonding bill was passed (see Section 2 below).

Since this report was prepared just prior to June 30, the legislature had not yet adjourned, and therefore the proposed policy language, which would reinstate the language used under the original Redevelopment Grant program, had not passed. Therefore, it is unknown at this time when a grant application round may occur.

2. Amount of Funds in Account

In early 2005, the bonding bill passed, appropriating \$15,000,000 of funds to the redevelopment account. Of that, \$5,000,000 was for a grant to the city of Mounds View for public improvements for a commercial and industrial redevelopment project. This grant is exempt from the requirements of Minnesota Statutes, sections 116J.572 to 116J.575. Also, \$1,000,000 was for a grant to the city of Willmar to pay part of the cost of acquiring land for the city airport and to construct, furnish, and equip hangars and a precision lighting system at the airport. Lastly, \$600,000 is for a grant to the city of Rushford to acquire real property for, and to design, construct, and renovate, furnish, and equip a facility for the Institute of Nanotechnology. This leaves \$8,400,000 available for grants.

3. Amount of Funds Distributed

A total of \$13 million has been distributed to date under the original statewide Redevelopment Grant Program. No awards have been made under the Greater Minnesota Redevelopment Program, as there have been no funds appropriated to date.

4. Grants Recipients

Several communities throughout the state have been awarded grants through the original program. See the attached spreadsheet for details. Again, no grants have been awarded under the current program statute.

5. Meeting Policies and Goals

The original program has met several economic development goals including the creation of new jobs, job retention, and providing housing units. Of the \$13 million awarded to the original program, private investments of more than \$345 million have been generated. See the attached spreadsheet for details.

Redevelopment Grant Program Funded Projects to date: June 2005

Cycle	Grantee	Project Name		Award Amount	Acres	Job Creation	Retained Jobs	Tax Increase	Housing Units-Market Rate	Housing Units - Affordable	Total Housing	*Non-State Investment (private)	Assessed Market Value Increase	Status	Date
Oct-98															
Oct-98	MCDA	SEMI	A	\$689,000.00	58.7	750		\$636,803	0	0	0	\$16,165,533		Awarded	1/20/1998
Oct-98	City of Duluth	Technology Village	KP	\$460,000.00	1	800		\$502,500	0	0	0	\$34,237,300		Closed	2/6/2001
Oct-98	St. Paul HRA	Lake Phalen Townhomes	KP	\$221,000.00	3.39	0		\$41,519	29	0	29	\$3,488,409	\$2,100,000	Closed	3/5/2001
Oct-98	City of Racine	Community Utility Company	R	\$80,000.00	4	9		\$7,540	0	0	0	\$434,000		Closed	1/22/2001
Oct-98	City of Detroit Lakes	Swift/Eckrich Project	KH	\$450,000.00	4.62	35		\$55,557	0	0	0	\$2,747,000		Closed, Pending Dev	2/1/2002
Oct-98	South St. Paul HRA	Golden Steer Site	R	\$100,000.00	13	25		\$104,000	0	0	0	\$4,292,000		Closed	3/30/2000
Apr-99															
Apr-99	Brooklyn Park EDA	The Village	A	\$300,000.00	17.5	99		\$406,218	0	0	0	\$9,036,760		Closed, Pending Dev	1/21/2003
Apr-99	Fosston	Block 4 W. Fosston Addition	A	\$50,000.00	1.1	0		\$9,471	0	0	0	\$50,000		Closed, Pending Dev & Rpts	12/9/2003
Apr-99	Little Falls	Falls Fabricating Site	KP	\$224,933.00	1	0		\$53,270	26	14	40	\$1,394,400		Closed	9/30/2003
Apr-99	Maynard	Helle/Moen Buildings	KL	\$5,754.00	0.5	1		\$3,638	0	0	0	\$90,000		Closed	6/30/2000
Apr-99	MCDA	Great Lake Center	A	\$433,334.00	19	1780	1780	\$1,538,064	0	0	0	\$49,000,000		Closed, Pending Dev	12/30/2004
Apr-99	Mounds View	Mermaid Hotel	KH	\$333,333.00	10.81	46.5		\$199,778	0	0	0	\$8,485,926		Closed	5/5/2003
Apr-99	New Brighton	Main Street Village II	KL	\$433,333.00	9.65	421		\$302,578	96	0	96	\$3,457,856		Closed, Pending Dev	6/17/2002
Apr-99	SEMMCHRA	Kenyon Housing Development	KL	\$24,464.00	0.39	0		\$23,450	30	18	48	\$119,536		Closed	6/16/2000
Apr-99	Waseca	Bratrud Block Development	KP	\$183,536.00	5.59	0		\$0	0	0	0	\$0		Closed, Pending Dev	8/16/2002
Oct-99															
Oct-99	St. Paul Port Authority	Stroh's (See April 00)	KP	\$500,000.00	33									Closed Pending Dev & Rpts	12/12/2003
Oct-99	Minneapolis, City of	East Village Project	A	\$300,000.00	2.9	20		\$111,464	140	40	180	\$9,798,843		Closed	9/6/2002
Oct-99	Robbinsdale, City of	Montgomery Wards Site	A	\$337,150.00	14.3	0		\$97,117	0	0	0	\$2,640,000		Closed, Pending Dev	12/29/2003
Oct-99	Rockford, City of	Carpet Corner Building	KH	\$69,450.00	0.33	9		\$8,174	2	0	2	\$69,450		Closed	2/14/2005
Oct-99	Maple Lake	Downtown Housing Dev.	KH	\$125,000.00	2	0		\$9,045	3	0	3	\$900,000		Awarded	6/12/2000
Oct-99	Pine City	Riverview Estates	KH	\$168,400.00	3.1	25		\$48,630	6	0	6	\$2,750,000		Closed, Pending Dev	6/9/2003
Apr-00															

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Apr-00	Minneapolis, City of	Grain Belt Brewery (See Oct 00)	KH	\$235,000.00	1	18	189	\$165,200	0	0	0	\$6,250,000		Awarded	6/26/2000
Apr-00	Bird Island	Learning Center	R	\$15,000.00	0.25	10		\$5,100	0	0	0	\$28,348		Closed	1/12/2001
Apr-00	Princeton	Great Northern RR Corridor	KL	\$70,000.00	8.16	0		\$42,560	112	0	112	\$1,679,120		Closed pending Audit	4/4/2003
Apr-00	St. Paul Port Authority	Stroh's (See Oct 99)	KP	\$500,000.00	see above	100		\$128,000				\$3,125,000		Closed Pending Dev & Rpts	12/12/2003
Apr-00	Dakota County	W. St. Paul North End	R	\$355,000.00	2.83	30		\$836	0	50	50	\$1,305,063		Closed	1/11/2005
Apr-00	Two Harbors	Downtown & Waterfront Redevelopment	R	\$308,000.00	39	5	NA		35	0	35	\$1,920,000		Awarded	6/26/2000
Oct-00															
Oct-00	MCDA	Grain Belt Brewery (See April 00)	KH	\$209,000.00	1.8				*	*	*	*		Awarded	12/26/2000
Oct-00	St. Paul Port Authority	Maxson	KP	\$1,200,000.00	21	150		\$74,340	0	0	0	\$2,800,000		Closed pend Dev	6/11/2003
Oct-00	MCDA	Stremel Mfg.	A	\$147,488.00	1.46	15	71	\$58,509	0	0	0	\$1,950,000	\$97,000	Closed	4/1/2005
Oct-00	St. Louis Pk. EDA	Park Commons	KH	\$421,942.00	15	100		\$967,000	338	122	460	\$98,214,000		Closed, Pending Dev	4/9/2002
Oct-00	Richfield(\$5M legi appr.)	Airport Noise Mitigation	KL	\$5,000,000.00	6.8	46		\$340,818	0	0	0	\$25,500,000		Awarded	6/30/2004
Oct-00	Brainerd	NPC West Development	KP	\$348,570.00	18.6	166		\$55,188	0	0	0	\$1,800,000		Closed Pending Dev	5/1/2003
Oct-00	Spicer	Bentley-Chelsea Site	KL	\$43,000.00	0.76	2.5		\$4,550	0	0	0	\$750,000		Closed	6/26/2002
Apr-01															
Apr-01	Jackson	Commercial Redevelopment	R	\$265,765.00	3.8	15		\$44,846	0	0	0	\$1,417,000		Closed, Pending Audit	8/9/2004
Apr-01	Owatonna	Northgate Redevelopment	KH	\$176,250.00	1.14	20		\$117,923	50	0	50	\$5,074,000		Closed, Pending Dev	9/6/2002
Apr-01	Gilbert	Business Park	A	\$85,250.00	7.72	120	NA		0	0	0	\$91,193		Awarded	8/1/2001
Apr-01	Watertown	Riverbend Plaza	KH	\$34,751.00	1.4	28		\$15,150	0	0	0	\$2,200,000		Closed	1/8/2004
Apr-01	Harmony	Senior Living Project	KP	\$128,750.00	3.54	12		\$18,435	4	30	34	\$4,550,000		Closed	7/8/2002
Apr-01	Shoreview	Lexington/Co. Rd. D Gateway	R	\$366,000.00	4	11		\$187,216	54	29	83	\$681,194		Closed	2/17/2004
Apr-01	Osseo	Bell Tower Commerce Ctr.	A	\$127,300.00	6.73	130		\$126,211	0	0	0	\$9,849,000		Closed	6/24/2002
Apr-01	St. Paul Port Authority	Phalen Blvd / Westminster Bus.Ctr	KP	\$2,300,000.00	35	300		\$519,415	0	0	0	\$22,000,000		Closed, Pending Dev	4/28/2003
	TOTAL			\$17,825,753.00	385.87	5299	2040	\$7,030,113	925	303	1,228	\$340,340,931			