
Host Community Economic Development Grant Program

Annual Report to the Legislature as required by Minnesota Statute
§ 116J.548, Subd. 5
2/15/2024

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Background

The Host Community Economic Development Grant Program was passed by the 2013 legislature and created a program within DEED for “host communities” to pay for capital costs and design-related costs for eligible capital projects. These state grants can cover 100% of the total costs of the project, and do not require any matching funds. Grants may be used for capital costs of development or redevelopment projects to create jobs, increase the city tax base and enhance the city’s ability to attract private investment. To date, DEED has awarded \$7,841,118 in grants under the program.

Minnesota Statute § 116J.548, Subd. 5, requires the Department of Employment and Economic Development (DEED) to report to the committees of the legislature with jurisdiction over economic development by February 15 of each year on the grants awarded under the Host Community Economic Development Grants Program. This report fulfills that requirement.

How DEED identified eligible recipients

Minnesota Statute § 116J.548 defines a Host Community as “a city located within the seven-county metropolitan area, as defined in Minnesota Statutes, Section 473.121, Subd. 2, that is the site of a waste disposal facility that meets the standards in Minnesota Statutes 473.849, that accepts unprocessed mixed municipal solid waste generated in the metropolitan area.”

DEED consulted with the Minnesota Pollution Control Agency (MPCA) shortly after the Host Community legislation was passed to identify communities that met these requirements. It was determined that only the cities of Burnsville and Inver Grove Heights were eligible for grants under the Host Community statute. DEED continues to check annually, with the most recent confirmation in December 2023.

Grants Awarded under Minnesota Statutes 116J.548

In 2023, DEED received two applications for grant funds, from the city of Burnsville and from the city of Inver Grove Heights. DEED’s review of these applications determined that both met the Host Community statute’s goal of generating economic development, and DEED awarded two grants totaling \$831,250. Below are details on the awarded grants:

- *City of Burnsville – 35W/Buck Hill Rd - \$415,625 (Awarded May 25, 2023)*

The city of Burnsville will use these grant funds to purchase right-of-way and easements to be used during and after construction of the 35W/Buck Hill Road exit ramp and roundabout. The exit ramp and roundabout will help spur redevelopment on the east side of the Burnsville Center Mall by providing a direct access connection from I-35W. This connection will help facilitate the city’s long term vision and future development of the larger Burnsville Center Village project, which will include retail, housing, office space hotels and healthcare facilities that will increase the number of new jobs and taxes in the area.

- *City of Inver Grove Heights – 6500 Block of Concord Boulevard - \$415,625 (Awarded June 27, 2023)*

The city of Inver Grove Heights will use these grant funds to acquire parcels from Republic Services as a part of the larger Mississippi Riverfront project to redevelop with housing and commercial use. The future development is expected to increase the tax base in the area and provide jobs and workforce housing on the riverfront.

NOTE: The city of Inver Grove Heights' Host Community grant award for FY22 funds of \$415,625 was awarded for this same project but the project did not proceed in time to utilize the funding before it expired. Therefore, those funds were reverted back into the State's General Fund.

Use of Remaining Funds

DEED awarded \$415,625 in FY23 funds to the city of Burnsville and \$415,625 in FY23 funds to the city of Inver Grove Heights in June 2023 for a total of \$831,250, which exhausted the FY23 appropriation.

As this appropriation is part of DEED's base funding, DEED anticipates receiving an additional \$831,250 in FY24. The funds will be divided as evenly as practicable based on eligible costs within the applications submitted.