

116J.571 CREATION OF ACCOUNTS.

Two redevelopment accounts are created, one in the general fund and one in the bond proceeds fund. Money in the accounts for the program may be used to make grants as provided in section 116J.575 and loans as provided in section 116J.5761 and to pay for the commissioner's costs in reviewing applications and making grants and loans and is available until spent. The repayment of principal and interest on loans and other income earned on money in the accounts may be used for making grants and loans and for administrative costs and are appropriated for such purpose.

116J.572 DEFINITIONS.

Subdivision 1. **Scope of application.** For purposes of sections 116J.571 to 116J.5765, the terms in this section have the meanings given.

Subd. 1a. **Demolition costs.** "Demolition costs" means the costs of demolition, destruction, removal and clearance of all structures and other improvements on the project site, including interior remedial activities, and proper disposal thereof. As used in this subdivision, "structure" has the meaning given it in section 116G.03, subd. 11.

Subd. 2. **Development authority.** "Development authority" includes a statutory or home rule charter city, county, housing and redevelopment authority, economic development authority, or port authority.

Subd. 2a. **Metropolitan area.** "Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 2b. **Municipality.** "Municipality" means the statutory or home rule charter city, town, or, in the case of unorganized territory, the county in which the redevelopment or project is located.

Subd. 3. **Redevelopment costs or costs.** "Redevelopment costs" or "costs" means the costs of land acquisition, stabilizing unstable soils when infill is required, ~~demolition~~, infrastructure improvements, and ponding or other environmental infrastructure, demolition costs and costs necessary for adaptive reuse of buildings, including remedial activities.

Subd. 4. [Repealed by amendment, 1Sp2005 c 1 art 4 s 17]

116J.574 GRANT APPLICATIONS.

Subdivision 1. **Application required.** To obtain a redevelopment grant, a development authority shall apply to the commissioner. The governing body of the municipality must approve the application by resolution.

Subd. 2. **Required content.** The commissioner shall prescribe and provide the application form. The application must include at least the following information:

- (1) identification of the site;
- (2) a redevelopment plan for the site;
- (3) a detailed estimate, along with necessary supporting evidence, of the total redevelopment costs for the site;
- (4) an assessment of the development potential or likely use of the site after completion of the redevelopment plan, including any specific commitments from third parties to construct improvements on the site;
- (5) the manner in which the municipality will meet the local match requirement; and
- (6) any additional information or material the commissioner prescribes.

116J.575 GRANTS.

Subdivision 1. **Commissioner discretion.** The commissioner may make a grant for up to 50 percent of the eligible costs of a project. The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section and sections 116J.571 to 116J.574 and available unencumbered

money in the redevelopment accounts. The commissioner's decisions and application of the priorities under this section are not subject to judicial review, except for abuse of discretion.

Subd. 1a. **Priorities.** (a) If applications for grants exceed the available appropriations, grants shall be made for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred. "Public benefits" include job creation, bioscience development, environmental benefits to the state and region, efficient use of public transportation, efficient use of existing infrastructure, provision of affordable housing, multiuse development that constitutes community rebuilding rather than single-use development, crime reduction, blight reduction, community stabilization, and property tax base maintenance or improvement.

In making this judgment, the commissioner shall give priority to redevelopment projects with one or more of the following characteristics:

- (1) the need for redevelopment in conjunction with contamination remediation needs;
 - (2) the redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project;
 - (3) the redevelopment potential within the municipality;
 - (4) proximity to public transit if located in the metropolitan area;
 - (5) redevelopment costs related to expansion of a bioscience business in Minnesota;
 - (6) multijurisdictional projects that take into account the need for affordable housing, transportation, and environmental impact; or
 - (7) the project advances or promotes the green economy as defined in section 116J.437.
- (b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the redevelopment plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 50 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Subd. 2. **Application cycles.** In making grants, the commissioner shall establish semiannual application deadlines in which grants will be authorized from all or part of the available money in the accounts.

Subd. 3. **Match required.** In order to qualify for a grant under sections 116J.571 to 116J.575, the municipality must pay for at least one-half of the redevelopment costs as a local match from any money available to the municipality.

Subd. 4. **Grant Repayment.** If a project fails to substantially provide the public benefits listed in the grant application within five years from the date of the grant award, the commissioner may require that 100% of the grant amount be repaid by the development authority over a term not to exceed ten years. The commissioner may exercise discretion to require repayment of only a portion of the grant amount taking into account the public benefits generated by the completed development.

116J.5761 LOANS.

Subdivision 1. **Authority.** The commissioner may make loans to development authorities for projects that meet the criteria under sections 116J.5761 to 116J.5764. The commissioner may make a loan for up to 100 percent of the estimated land acquisition and demolition costs of the project. The determination whether to make a loan for a project is within the discretion of the commissioner, subject to this section and sections 116J.5761 to 116J.5764 and available unencumbered money in the redevelopment accounts. The commissioner's decisions and application of the priorities under this section are not subject to judicial review, except for abuse of discretion.

Subd. 2. **Qualifying Projects.** A project qualifies for a loan under this section, if the following criteria are met:

- (1) the property and structures are owned by the development authority;

- (2) the structures on the property have been vacant for 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 the demolition, the development authority reasonably expects that the property will be improved and these improvements will result in economic development benefits to the municipality.

116J.5762 LOAN APPLICATIONS.

Subdivision 1. Application Required. To obtain a demolition loan, a development authority shall apply to the commissioner. The governing body of the municipality must approve the application by resolution.

Subd. 2. Required Content. The commissioner shall prescribe and provide the application form. The application must include at least the following information:

- (1) identification of the property;
- (2) proof of ownership by the development authority;
- (3) a description of how the structures on the property constitute a threat to public safety, are functionally obsolete and/or are economically unfeasible to repair;
- (4) length of vacancy;
- (5) a detailed estimate, along with supporting evidence, of the total demolition costs for the project;
- (6) evidence that the structures on the property are not listed on the National Register of Historic Places;
- (7) an assessment of the development potential or likely use of the property after completion of the demolition plan;
- (8) the current appraised or assessed value of the property;
- (9) financial documentation necessary for loan underwriting;
- (10) other sources of funding if the total estimated demolition costs exceed the loan amount;
- (11) the proposed source of funds to be used for repayment of the loan;
- (12) information showing the applicant's financial condition and ability to repay the loan;
- (13) the proposed term and principal repayment schedule for the loan;
- (14) the statutory authorization for the applicant to issue bonds, together with a statement that the statutory provision authorizes the use of proceeds of such bonds to pay demolition costs and secure the loan; and
- (15) any additional information the commissioner prescribes.

116J.5763 PRIORITIES

Subdivision 1. Priorities.

- (a) If applications for loans exceed the available appropriations, loans shall be made for projects that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred. "Public benefits" include health, safety and other environmental benefits, blight reduction including the property's potential for improved economic vitality, functionality and aesthetics, community stabilization, crime reduction, reduced maintenance costs and the potential for future development. In making this judgment, the commissioner shall consider the following:
 - (1) the extent to which the existing property conditions threaten public safety;
 - (2) the length of vacancy of the property;
 - (3) the development potential of the property;
 - (4) the proximity of the property to existing sufficient public infrastructure;
 - (5) the applicant's financial condition and ability to repay the loan.
- (b) The factors in paragraph (a) are not listed in a rank order or priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers

appropriate. The commissioner may consider other factors that affect the net return of public benefits.

Subd. 2. **Application Cycle.** The commissioner shall establish semiannual application deadlines in which loans will be authorized from available money in the accounts.

116J.5764 LOAN TERMS AND CONDITIONS.

Subdivision 1. **Terms.** Loans to development authorities for demolition costs may be made by the commissioner subject to the following terms and conditions:

1. the agreement to repay the loan must be a general obligation of the development authority, payable primarily from a dedicated source of revenue, 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 two percent, 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 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.

Subdivision 2. **Modification of loan terms.** The commissioner has the discretion to consent, to the modification of the rate of interest, time of payment, installment of principal or interest, or other term of a loan made under sections 116J.5761 to 116J.5764.

Subd. 3. **Forgiveness.** The commissioner may forgive principal of the loan and interest accrued but unpaid thereon, if any, up to 50% of the original loan amount, not to exceed the costs of demolition, upon completion of the redevelopment plan, if the project would otherwise have received grant funding in the most recent semiannual grant round, based on the priorities in section 116J.575.

116J.5765 NONLIABILITY.

The state shall have no responsibility or liability relating to or arising out of activities at the site of a project solely by reason of the making of a grant or loan by the commissioner under sections 116J.5761 to 116J.5764.