

# **DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY**



## **REDEVELOPMENT INCENTIVE GRANT PROGRAM**

### **POLICY AND PROCEDURES GUIDE**

**FISCAL YEAR ENDING 2024**

**(JULY 1, 2023 – JUNE 30, 2024)**

## I. PROGRAM PURPOSE

The Redevelopment Incentive Grant Program (the RIG Program) was created and funded by the Dakota County Community Development Agency (CDA) in September 2006. Additional funds for environmental assessments and site clean-up/remediation are provided by Dakota County Environmental Assessment Program for eligible activities. The goals of the RIG Program are to increase the tax base and improve the quality of life in Dakota County through redevelopment.

The CDA focuses on redevelopment because blighted and under-utilized areas do not maximize their potential economic value and can negatively impact the livability of a community. These areas often require additional service costs, especially for those sites that may require environmental remediation due to the presence or potential presence of a hazardous substance, pollutant or contaminant. The responsibility for creating redevelopment activities rests primarily with the cities. Although Dakota County cities have been proactive in promoting redevelopment, they may lack sufficient resources to adequately plan for and implement redevelopment activities. The RIG Program is intended to assist Dakota County cities with those redevelopment projects that may not be undertaken by the private market without some assistance from the public sector.

## II. DEFINITIONS

**Activity** – Those components that will be completed as part of the Project. Activities do not in and of themselves comprise the Project for which Redevelopment Project Grant funds are requested.

**Environmental Assessment** – The assessment or evaluation of a property to identify potential environmental contamination and assess potential liability coming from that contamination and costs to clean up the site. It includes conducting due diligence to determine who previously owned the site and how it was used, assessing the current conditions at the property, and determining if those uses or conditions present an environmental concern.

**Phase I Environmental Site Investigation** - A historical review of the property's use, previous ownership and current conditions.

**Phase II Environmental Site Investigation** - A subsurface site investigation that includes sample collection and analysis of soil, soil gas, and surface and groundwater, as appropriate.

**Housing Affordability** - "Affordable" is defined as: (a) rental – available to households at/below 50% of the area median income; (b) owner – available to households at/below 80% of the area median income.

**Infill Development** – Residential or non-residential development that occurs on vacant sites scattered throughout more intensely developed areas of municipalities. These sites may have been undeveloped due to size, configuration, or access to other more easily developable land.

**Higher Wage Jobs** – Employment that pays \$15 per hour or more in wages.

**Project** – The redevelopment component for which Redevelopment Grant funds are requested.

**Redevelopment** – The reconstruction, re-use or change in use of any developed property that improves the economic use and value of property. Redevelopment is usually characterized by the clearance of existing structures and new construction, and the clean-up and remediation of a contaminated site. Redevelopment may also include infill development when such sites are part of a redevelopment area. The new use may be residential, commercial, retail, industrial or other use that the city supports.

**Response Action Plan** - The detailed plan to remediate and/or manage contamination at a brownfield site. Background information on site history, environmental conditions, and the planned property use is required to present the context and rationale for the proposed response actions.

### III. GENERAL PROGRAM INFORMATION

**A. Types of Grants:** The RIG program funds three types of grants:

- Planning
- Environmental Investigation
- Project

**B. Eligible Activities:** Only those activities specifically listed below will be funded, per the type of grant.

1. Planning Grants – Grant funding is restricted to activities directly related to a future redevelopment project such as market analysis, financial feasibility studies, concept development, site design, zoning studies, engineering studies.
2. Environmental Investigation Grants - Grant funding is restricted to activities directly related to environmental investigation of the site including, but not limited to, environmental studies, environmental assessment (Phase I, Phase II, etc.), soil borings, and development of Response Action Plans.
3. Project Grants – Grant funding is restricted to the following activities that are often required in preparation for redevelopment:
  - a. Property acquisition (see Property Acquisition Requirements elsewhere in this document).
  - b. Relocation payments to occupants of property acquired with program funds.
  - c. Clearance and demolition expenses related to site assemblage for redevelopment.
  - d. Environmental remediation activities on the impacted site. These may include contaminated soil excavation and disposal, ground water remediation, contaminated soil remediation, soil vapor remediation and mitigation.

- e. Necessary public infrastructure improvements required for and directly connected to the redevelopment project, limited to utilities such as sanitary or storm sewer, water connections, stormwater (pipes or ponds), or fiber optic lines.
- f. Geotechnical corrections to soil conditions that require extraordinary expense to remediate.

**C. Ineligible Activities:** Grant funds cannot be used toward the following activities:

1. Public facilities such as city halls, city parks, city water treatment facilities, etc.
2. Streets, parking lots, parking ramps, streetscape (planters, streetlights, benches, etc.), sidewalks, wayfinding signage, and other similar public or private improvements.
3. Building construction and associated soft costs related to the project to be built on the redeveloped site.
4. Costs not included in the application, including those incurred prior to the award date.
5. Rehabilitation of either historic or non-historic buildings, or house moving.
6. Administration expenses.

**D. Eligible Applicants:** Any statutory or home rule cities in Dakota County and the Dakota County CDA may apply for all three types of grants (planning, environmental investigation and project). Townships are not eligible to apply. Developers (private and non-profit) and business owners may apply for Environmental Investigation grants.

**E. Funding Available:** Up to a maximum of \$996,000 is available for grants provided under the RIG Program during this funding cycle (July 1, 2023 – June 30, 2024). Funding for all three categories will be awarded on an open pipeline basis until all funding is exhausted.

The CDA will reserve up to \$100,000 for Planning grants. The maximum Planning grant amount is \$25,000. CDA reserves the right to adjust Planning grant funding any time during the program year.

The CDA will reserve up to \$100,000 for Environmental Investigation grants. The maximum Environmental Investigation grant amount is \$25,000. CDA reserves the right to adjust the Environmental Investigation grant funding any time during the program year.

The maximum RIG Project grant amount is \$250,000.

#### **IV. PLANNING GRANTS**

Planning grants must meet the following requirements:

1. Submittal of a completed application form labeled “RIG Planning Application”.

2. The application must include a letter of support from the City signed by the City Administrator/Manager and/or Mayor.
3. There must be a minimum leverage rate of 1 to 1 (\$1 of other funds for every \$1 of Planning Grant). Applicants may use non-public funds as a match.
4. The city must be supportive of affordable housing and the CDA's mission, as demonstrated by the city's adoption of the Required Resolution Provisions (attached) and the city's history of supporting affordable housing developments.
5. The completed application form must be submitted according to "Section VI – Grant Application Instructions".

A maximum of two planning grants will be funded per eligible applicant per fiscal year.

## **V. ENVIRONMENTAL INVESTIGATION GRANTS**

Environmental Investigation grants must meet the following requirements:

1. Submittal of a completed application form labeled "RIG Environmental Investigation Application".
2. The application must be supported by the local government with a letter of support from the City signed by the City Administrator/Manager and/or the Mayor (sample letter attached).
3. There is no minimum leverage or match requirement for environmental investigation grants.
4. The completed application form must be submitted according to "Section VI – Grant Application Instructions".

A maximum of two environmental investigation grants will be funded per eligible applicant per fiscal year.

## **VI. PROJECT GRANTS**

Project grants must meet the following requirements:

1. The application must be approved by the respective city council by resolution that includes the Required Resolution Provisions.
2. Applicants (Cities) must demonstrate a minimum leverage rate of 2 to 1 for cities with populations 10,000 and over (\$2 of other funds for every \$1 of Redevelopment Grant); and 1 to 1 for cities with populations under 10,000 (\$1 of other funds for every \$1 of Redevelopment Grant). Applicants may use non-public funds as match.
3. Proof of commitment to Project by property owner must be included. This may be satisfied by a letter of support or copy of the purchase agreement. If the property is owned by the city submitting the application, a letter of commitment from the purchaser may be included in lieu of a purchase agreement, but a purchase agreement is strongly recommended.

4. The city must be supportive of affordable housing and the CDA’s mission, as demonstrated by the city’s adoption of the Required Resolution Provisions (attached to the application) and the city’s history of supporting affordable housing developments.
5. The completed application form must be submitted according to “Section VI – Grant Application Instructions”.
6. The proposed project must meet the eligibility criteria listed below.
  - a. Leverage. Applications should include a variety of other funding sources committed to the project. Other funding sources could include CDBG, TIF, DEED, Metropolitan Council grants, or other public and private resources. Evidence of funding commitments must be submitted with application. In addition to identifying leverage, the applicant shall also explain in a narrative how they have exhausted other resources for the project.
  - b. Readiness to Proceed. The applicant should be ready to proceed with the identified project upon funding award, e.g. zoning approvals in place, site control secured, financing commitments in place. Activities that are funded through the RIG program must be completed within 12 months from the date of the award agreement.
  - c. Economic Benefit. The project should have a defined impact on the local economy. This impact is measurable through growth in property taxes and new and/or retained Higher Wage Jobs.
  - d. Environmental Improvement. Projects that will protect, preserve or enhance the environment are encouraged. Projects should facilitate the investigation and/or cleanup of sites to promote public health and safety, and protect and improve the environment in addition to providing economic and community benefits. Applicants should work with Dakota County Environmental Resources Department and State agencies to identify the optimum remedy.

The CDA will also consider whether an Applicant successfully used any previously awarded RIG funds. In its comments to the CDA Board, staff will include the Applicant’s past use of RIG funds (if any), whether the Applicant utilized all awarded funds, if the 12-month timeframe was met, and if funds were returned to the CDA.

A maximum of one project grant will be funded per eligible applicant per fiscal year.

## VI. GRANT APPLICATION INSTRUCTIONS

RIG applications are accepted throughout the year on an open pipeline basis. Eligible **Applicants may only apply for a maximum of one (1) RIG Project, two (2) RIG Planning, and two (2) RIG Environmental Investigation grants per fiscal year (July 1- June 30).**

- I. Project grants. Applicants must submit the appropriate application for Project grants by the first of the month. CDA and County staff will review the application for completeness, eligible activities, and readiness, and to determine if the proposed Project aligns with Dakota

County objectives and goals for workforce development, transportation, housing, and environmental issues.

CDA and County staff may take up to 60 days to review the application and will inform applicants if there are any concerns about the application. If the application is deemed eligible and funding is available, CDA staff will then forward the application and staff comments to the CDA Board of Commissioners to be reviewed at the next available CDA Board meeting. It is expected that it will take approximately 90 days from the day of submittal for a completed project application to be moved to the CDA Board for consideration. The CDA Board meeting schedule can be found on the Dakota County CDA website: <https://www.dakotacda.org/about/leadership/cda-board-of-commissioners/>. The CDA Board will determine if the Project grant application should receive funding. There is no appeal process of the CDA Board's determination.

Please note that applications submitted after the first of the month will not be reviewed until the first day of the following month. For example, if an application is submitted August 4<sup>th</sup>, the review process for that application will not begin until September 1<sup>st</sup>.

- II. Planning and Environmental Investigation grants. CDA and County staff may take up to 30 days to review the application, inform applicants if there are any concerns with application, and make a recommendation to the CDA Executive Director. The CDA Executive Director has authority to approve and sign RIG planning and environmental investigation grants, on behalf of the CDA Board of Commissioners. All RIG planning and environmental investigation grants will be communicated to the Board per the Executive Director Update at the following CDA Board meeting.

It is incumbent upon the applicant to choose which potential projects align with the goals of the RIG Program outlined in the Program Guidelines. It is the applicant's responsibility to be aware of the submission requirements needed to prepare an application for the Planning Grants or Project Grants in accordance with this guide. The award of RIG funding is based on the information provided in the application.

Applicants shall submit one (1) paper copy of the original application and all supporting documents to the CDA, and email the application and all attachments to the following:

Dakota County CDA  
Attn: Margaret Dykes  
Assistant Director, Community & Economic Development  
1228 Town Centre Drive  
Eagan, MN 55123  
[mdykes@dakotacda.org](mailto:mdykes@dakotacda.org)

In lieu of emailed attachments, an applicant may provide the attachments on a flashdrive or other similar data storage devices to the CDA.

Applications determined by the CDA to be incomplete or not legible will not be accepted and will be returned to the applicant. Applications will not be accepted by facsimile. The CDA retains the right to reject in whole or in part any application for any reason.

Contact Margaret Dykes, (651) 675-4464 or [mdykes@dakotacda.org](mailto:mdykes@dakotacda.org) if you require assistance with submitting your application.

All application forms are available on the Dakota County CDA website:  
<https://www.dakotacda.org/community-development/redevelopment-incentive-grant-program/>

## **VII. PROPERTY ACQUISITION REQUIRMENTS**

Property acquisition may be undertaken by a public, private or non-profit entity as part of a redevelopment project. In all instances, the CDA will provide the Redevelopment Incentive Project Grant to the city as grantee, which in turn, will provide those funds to another acquiring entity if necessary. The corresponding grant agreement will specify conditions whereby the acquiring entity will have no recourse to the CDA in matters related to the acquisition of real property.

If federal funds are used in whole or in part for a project, including property acquisition, clearance and/or construction, all provisions of 49 CFR 24.101 (the Uniform Relocation Act or URA) must be followed. With all funding sources, the cost of property acquisition must be based on a determination of fair market value as derived from an independent appraisal and/or county assessed value. If the final acquisition price exceeds the appraised value, the Redevelopment Incentive Grant must be less than this value with the additional cost being paid by public or private matching funds.

Minnesota Statutes 117.50 et. seq. and related case law also require that in all acquisitions undertaken by an acquiring entity without federal participation, the authority must provide relocation assistance as a cost of acquisition. Additionally, the Minnesota Supreme Court held in *In Re Wren*, 699 N.W.2d 758 (Minn. 2005) that an authority may be responsible for certain relocation costs when property is acquired by a private developer if the activities of the authority and the developer are so intertwined to produce a joint acquisition of the project.

## **VIII. SELECTION**

Applications will be reviewed by CDA and County staff, including the Joint CDA/County Economic Development Committee. All cities will be notified when a RIG application is submitted to the CDA. Those applications that include an environmental improvement component will also be reviewed by Dakota County Environmental Resources staff. Project applications meeting the eligibility criteria will be submitted to the CDA Board of Commissioners for consideration for approval. If the proposal is selected and approved by the CDA Board of Commissioners, the CDA will issue a letter of commitment and enter into a grant agreement with the city.

## **IX. GRANT AGREEMENT**



CDA staff will work with the city and enter into a Grant Agreement. This agreement will detail the terms and conditions of the grant and allow for the release of funds to the city. The grant agreement will require funds to be spent within **12 months** of the date of the agreement. Waivers and extensions to any provision in the agreement requested by the grantee may be considered on a case-by-case basis depending on the merits of the request. Grant recipients may request one 12-month extension to be reviewed for administrative approval for those projects that are making substantial progress towards completion. *Projects that are not underway within 12 months from the award date are not eligible for an extension.*

Grants will be paid on a reimbursement basis. Grantees will be required to submit semi-annual progress reports to the CDA. Reports will consist of the progress of the project and will be due each May 31<sup>st</sup> and November 30<sup>th</sup> during the Grant Term.