



## **Economic Development Financing Opportunities Toolbox Development / Redevelopment Red Wing Port Authority – Red Wing, MN**

The Port Authority works with private parties to create comprehensive financial solutions for challenging redevelopment projects. When developing solutions for project financing gaps, we bring our own resources, as well as our broad network and technical expertise, to access multiple types of financial resources. Each project is evaluated individually, and financial resources are specific to each project. Examples of our financial resources are summarized below.

### **FINANCIAL RESOURCES WE PROVIDE**

1. **Tax Increment Financing (TIF)** – The City of Red Wing and its Port/Housing Authorities have an adopted TIF Policy to further certain redevelopment, renewal and housing related projects. The fundamental purpose of using TIF is to support desirable development that would not otherwise occur “but for” the public’s financial TIF assistance. Public purposes that must be met relate to increasing/retaining jobs, increasing the tax base, meeting specific city development objectives, and enhancing the city’s economic base. A TIF application fee is \$5,000, plus any related costs that may be necessary for further specific analysis (i.e., blight determination or financial projections). Project costs that may qualify for pay-as-you-go TIF assistance include:
  - Land acquisition
  - Site improvements
  - Public / On-site utilities
  - Demolition
  - Relocation
2. **Tax Abatement** – The City of Red Wing and its Port Authority have an adopted Tax Abatement Policy to support desirable development, redevelopment or renewal that would not otherwise occur without this type of public assistance. Abatement is viewed as providing less potential public dollars to a project compared to TIF assistance (due to the independent election of the school district and county to approve tax abatements). Public purposes that must be met relate to increasing/preserving the tax base, providing employment opportunities, acquiring/constructing public facilities, redeveloping blighted areas, and financing public

infrastructure. An Abatement application fee is \$5,000. General project costs that may qualify for Tax Abatement assistance include:

- General economic development
- Public facilities / infrastructure
- Redevelopment of blighted areas
- Access to services for residents (i.e., retail)

3. Downtown Investment Fund – The City of Red Wing supported the creation of a 2-year pilot program referred to as the “Downtown Investment Partnership Program” (2018-2019). The city contributed to a dedicated fund over four years in support of this new initiative to provide local dollars, without regulatory strings attached, for assisting downtown redevelopment projects. These dollars can be used to support downtown redevelopment projects based on City Council review and support.
4. Port Authority Funds – The Red Wing Port Authority (RWPA) has financing resources available for redevelopment projects, including revolving funds and direct budget expenditures. The RWPA has a “Downtown Revolving Loan Fund” that has supported a variety of downtown projects. Currently, this fund is subject to further evaluation by the Port Board as to its primary purpose and use, with a fund balance of approximately \$150,000. In addition, the Port’s annual budget allocates funds to “Land Improvements” that can be further allocated to specific (re)development projects (on an annual basis). This budget has ranged recently from \$250,000 - \$350,000, which could potentially help fill a financing gap; no applications are required as this would likely be part of another application.

## **FINANCIAL RESOURCES WE FACILITATE**

5. Foundation Support – As part of the Downtown Investment Fund, the Port Authority identified local foundations that are dedicated to similar goals for downtown redevelopment projects. The Port Authority continues to work with foundations and philanthropic organizations to identify projects and project needs that are aligned with foundation goals. One or more local foundations may provide funding to redevelopment projects on a project-by-project basis.
6. HRA Community Development Revolving/Deferred Loans – The city’s Housing and Redevelopment Authority (RWHRA) has financing available to support the rehabilitation of commercial businesses in a target area, include downtown Red Wing. The maximum loan is \$50,000 at a 0% interest rate with half provided as a deferred loan forgiven after ten years. Certain federal financing restrictions apply to these funds, including Davis Bacon wages and Low/Moderate Income rents. This program works with an open pipeline application process. Applications are processed by the RWHRA, including a \$500 application fee.
7. MnDEED Redevelopment Grants – Pursuant to Minnesota Statutes §§ 116J.571 - 116J.575, the Minnesota Department of Employment and Economic Development (DEED) has the authority to award grants to assist development authorities with eligible redevelopment costs as defined below. The Redevelopment Grant Program applies only to sites where

there was a previous development and significant barriers exist to redevelop the land for a more productive use. Cities, HRA's and Port Authorities are eligible to apply with application deadlines twice per year on February 1 and August 1. Eligible costs include:

- Public acquisition
  - Demolition costs (as defined by [Minn. Stat. § 116J.572](#))
  - Interior Environmental Abatement
  - Public Infrastructure Improvements (e.g., water and sewer, standard sidewalks, standard exterior public lights, roads, etc.)
  - Environmental Infrastructure (e.g., ponding, stormwater, etc.)
  - Geotechnical Soil Correction
8. Minnesota Historical and Cultural Heritage Grants (“Legacy Grants”) – Legacy grants provide financial support for projects focused on preserving Minnesota’s history and culture. Redevelopment of certified historic buildings – both planning and construction – are qualified grant activities. Grants are only available to government units and non-profit organizations. The City of Red Wing can apply for and sponsor cooperative grants for historic structures.
9. EPA Funding – The federal EPA has resources available for redevelopment, including a Cleanup Grant to assist with projects on identified brownfield sites. The city may be able to help pursue these funds based on a project meeting EPA’s program criteria.
10. Other Resources – Other potential resources may include programs with the Southern MN Initiative Foundation (SMIF), programs at Minnesota DEED (MN Investment Fund, Job Creation Fund, etc.), and the United States Department of Agriculture (USDA).

### **WE CAN PROVIDE TECHNICAL GUIDANCE FOR ADDITIONAL SOURCES**

11. State and Federal Historic Tax Credits – Federal and state income tax credits are available for certified historic rehabilitation projects. Buildings must be listed in the National Register of Historic Places, all work must meet national historic preservation standards, and a multi-part application must be completed and approved by the State Historic Preservation Office (SHPO) and National Park Service (NPS). Federal income tax credits are equal to 20% of qualified project expenses, and state income tax credits are equal to a matching 20% of qualified project expenses. For more information: <https://www.nps.gov/tps/tax-incentives.htm> and <https://mn.gov/admin/shpo/incentives/state/>
12. Low-Income Housing Tax Credits – The Minnesota Housing Finance Agency (MHFA) offers a wide range of financial assistance to create and preserve affordable housing, including mortgages, low-income housing tax credits (LIHTC), deferred loans, and grants to prevent homelessness. For more information <https://www.mnhousing.gov/sites/multifamily/gettingstarted>
13. American Rescue Plan Act – The \$1.9 trillion package, based on President Biden’s American Rescue Plan, is intended to combat the COVID-19 pandemic, including the public health and economic impacts. Funds were allocated by federal legislation to states, which in turn

allocated the funds to cities. Red Wing continues to evaluate appropriate uses of funds it has received or may receive from this Act.

14. Opportunity Zone – Parts of the City of Red Wing are located within a designated Opportunity Zone. Opportunity Zones provide options for tax deferral for building redevelopment projects.
15. New Market Tax Credits – A substantial part of downtown Red Wing is located in a qualified census tract for new market tax credits. New market tax credits are intended to support jobs creation, and are generally not eligible for housing projects.

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