

Downtown Redevelopment Grant and Loan Program

Applications open starting May 1, 2026, for Fiscal Year 2026.

Grant Program Overview

The Downtown Redevelopment Grant and Loan Program supports new construction on vacant downtown properties by helping fill project financing gaps. Through grants, loans or a combination of both, the program helps make redevelopment projects financially feasible, encourages private investment and supports economic activity in local communities.

Contact Information

Community Development Grant information: Chris Ismil, Chris.Ismil@state.mn.us, or 218-735-3010.

Business Development Loan information: Samuel Davidson-Teff, Samuel.Teff@state.mn.us, or 218-735-3016.

Funding Availability

- Funded at \$1,000,000 for Fiscal Year 2026.
- Financial assistance is available in the form of grants, loans or a combination of both.
- Projects may be awarded a combination of loan and grant funding to address a demonstrated financing gap between total project cost and what the project can support financially.
- Total financial assistance, including any combination of loan and grant funding, shall not exceed \$750,000 per project.
- Total program participation shall not exceed 50% of total project costs.
- Participation by a financial institution is required.
- Applicants must demonstrate the ability to service debt; Iron Range Resources & Rehabilitation (IRRR) shall not be a stand-alone funder.
- A meeting is required with IRRR grant and loan staff, the developer, lender and the city prior to submitting a full application.

Eligibility

Eligible Applicants

A business in collaboration with a city within the IRRR service area.

Loan Applications: Loans may be available to businesses undertaking an eligible downtown construction project on a vacant lot. Applicants must demonstrate lead financial institution participation and clearly document the financing gap the loan is intended to fill. Businesses must apply for loan funding directly to the IRRR.

IRRR purchases a portion of a loan originating with a commercial bank or other regulated lender. A shared first position lien, with the bank or lender, on the financed assets and/or other assets is required. The interest rate on IRRR's purchased participation will be set at a minimum interest rate of three percentage points less than the full-faith and credit obligations of the United States government of a comparable term to the loan, rounded up to the nearest one-half percent. The minimum rate charged on participation loans is one percent. The interest rate is determined at the time the participation loan is approved by IRRR.

Grant Applications: Grant funding may be available to cities in support of a business undertaking an eligible downtown construction project on a currently vacant lot. Applicants must demonstrate private financial institution participation and clearly document the financing gap the grant is intended to fill. Businesses must apply for grant funding through the city in which the project is located.

Loan and grant assistance under this program is intended solely to address demonstrated financing gaps. IRRR will not support projects that can be fully financed through private or conventional sources without IRRR participation.

Loans may be paired with Downtown Redevelopment grant funding for the same project when IRRR determines that both are necessary to address a demonstrated financing gap.

Eligible Projects

Projects must be located on a main street in a downtown business corridor. Eligible project funding components include environmental assessments, brownfield remediation, site preparation and new building construction on a vacant or expanded downtown lot.

Eligible Costs

Eligible costs are limited to those directly associated with new construction on vacant downtown lots and may include: site development, facility construction, equipment, other permanent building systems and fixed assets integral to the facility. Construction-related soft costs such as architectural, environmental, engineering and permitting fees may be included as part of the total project cost for purposes of demonstrating the financing gap but are not eligible for grant reimbursement.

Ineligible Costs

The following costs may be included as part of the total project cost for purposes of demonstrating the financing or financing gap but are not eligible for grant reimbursement.

- Construction-related soft costs such as architectural, engineering and permitting fees.
- Renovation, reconstruction or improvements to existing occupied buildings.
- Operational expenses such as salaries, utilities, rent.
- Marketing, advertising and non-permanent furniture and equipment.

- Costs unrelated to the new construction or financing gap demonstration.
- Costs incurred prior to the execution of the grant or loan agreement.
- Property acquisition.

Program Priorities

Projects will be evaluated based on their ability to advance the following:

- **Economic impact:** Projects that generate meaningful economic activity, including private investment, increased economic activity, including private investment, increased property values and long-term community benefit.
- **Downtown revitalization:** New construction on vacant lots that strengthen downtown business corridors and activates underutilized properties.
- **Tax base growth:** Projects that increase the local tax base and generate new or expanded property tax revenue.
- **Job creation:** Creation or retention of jobs that contribute to the local economy.

Evaluation Criteria

Both loan and grant applications require a project narrative and supporting documentation addressing the criteria below. All assumptions must be clearly stated in the project narrative and supported by documentation.

1. Financial gap analysis: Applicants must demonstrate a clear gap between total development cost and what the project can support financially.

Include:

- A sources and uses statement.
- A pro forma or cash flow analysis showing scenarios without and with IRRR funding.
- Documentation supporting project value such as an appraisal or income-based estimate.

The analysis must:

- Identify total project cost.
 - Show supportable debt based on projected income.
 - Calculate the resulting funding gap.
 - Demonstrate the project is not financially feasible without IRRR funding.
 - Show how IRRR funding reduces the gap.
2. Downtown revitalization impact: Provide a summary of how the project will contribute to the revitalization of downtown and provide a map of the project location in relation to downtown.
 3. Tax base increase: Describe the predevelopment tax value and the estimated post development tax value, providing the additional tax revenue generated.
 4. Jobs created and retained: Describe the job created or retained as a result of the designation of funding.

Application Submission

Application Process

- A lending pre-application and meeting with the IRRR, developer, lead financial institution and the city are required.
- Following the pre-application meeting and submission of required materials, the business may be invited to submit a full loan application. If grant funding is needed, the lending application will be used to support a corresponding grant application through the FLUXX grants portal. Additional grant requirements will apply, including a resolution, project narrative and supporting documentation.
- Loan applications are reviewed by the IRRR Technical Advisory Committee (TAC).
- Grant funding, if applicable, will be awarded to the city following a favorable TAC recommendation.
- If it is determined that IRRR lending is not needed, the lending application materials will be provided to the city for submission as part of a grant application through the FLUXX grants portal.

Application Deadline

- Applications are accepted May 1, 2026 through May 29, 2026 or until program funds are substantially committed for the fiscal year, whichever occurs sooner.
- Notify the grant program administrator of any changes to the application after the final submission.

Review Process and Timeline

Funding Application Review

- An initial review is completed by the loan and grant program administrators to confirm eligibility, completeness and compliance with program requirements.
- Projects requesting grant funding are reviewed in conjunction with a concurrent loan application submitted through IRRR's lending program.
- The loan and grant financial assistance are jointly evaluated to assess overall project feasibility, private lender participation, financial capacity and the presence of a demonstrated financing gap.
- Grant applications are evaluated based on the demonstrated financing gap, loan recommendation and any remaining gap following loan underwriting.
- Loan and grant program administrators finalize funding recommendations based on completed evaluations, loan underwriting results, a favorable Technical Advisory Committee (TAC) recommendation, past performance of the applicant, lead financial institution approval and availability of program funds.

Application Award

- Funding recommendations may include approval of loan funding, grant funding or a combination of both, as applicable to the project.

- Grant awards are informed by the results of IRRR’s loan underwriting review conducted through the concurrent lending and grant application.
- Loan and grant components, when applicable, may be approved as part of a single project funding action, subject to program limits, underwriting standards and availability of funds.
- IRRR reserves the right to award all or partial funding for either the loan or grant component based on project feasibility, financial gap analysis and underwriting results.
- Applicants will be notified by email within 60 days following application review.
- All awards are subject to the commissioner’s final approval and must meet objectives, priorities and policies established by the commissioner.
- If awarded, eligible expenditures may only be incurred once all required agreements are fully executed and the funding has reached its effective date.
- Award decisions are final and not subject to appeal.

Application Content

Loan Application Checklist

Link to Loan Pre-Application and Full Application:

<https://mn.gov/irrrb/business-resources/business-assistance/business-loans.jsp>

Grant Application Checklist

- Applicants must submit the following in order for the application to be considered complete.
 - Project narrative that addresses the evaluation criteria.
 - Resolution allowing applicant to apply for and accept funds.
 - All required documents for the lending pre-application and full application including attachments.

Fields to be Completed within the FLUXX System

All Applicants

- Project budget detail, to include match and other project funds.
- Project timeline/milestones.
- Estimated number of jobs that will be created or retained along with any other workforce impacts, if applicable.
- Select environmental impacts, if applicable.
- Select diversity, equity and inclusion impacts, if applicable.
- Conflict of interest disclosure.

Applicants Requesting \$50,000 or More, Excluding Tribal Governments

Certification requirement that no current principals have been convicted of a felony financial crime in the last ten years. Current organization chart or personnel list must be provided to include all names of staff, public

officials and board members with authority to access, administer or determine the use of grant funds for both the city and business entity.

Bidding Requirements

City Bidding Requirements

Cities must follow the contracting and bidding requirements in the Uniform Municipal Contracting Law as defined in Minnesota Statutes Section 471.345.

Tribal Government Bidding Requirements

Minnesota Tribal governments are sovereign nations and not subject to the requirements of Minnesota Statutes Section 471.345

Prevailing Wage Requirements

Applicants must follow:

- The requirements of prevailing wage for grant-funded projects that include construction work of \$25,000 or more, per Minnesota Statutes Section 177.41 through 177.44. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole.

Certified Payroll Records

As a condition of prevailing wage requirements, state of Minnesota contractors and subcontractors may be required to complete and submit certified payroll records to IRRR for construction projects over \$25,000.

Certified payroll records must be provided by the grant recipient prior to IRRR disbursing funds, per Minnesota Statutes Section 116J.871, subdivision 2(b).

Job Creation and Retention Requirements

IRRR is required to follow Minnesota State Statute 298.22 which notes for any grants awarded, the commissioner must evaluate applications based on criteria including, but not limited to job creation or retention goals for the project, including but not limited to wages and benefits, and whether the jobs created are full time, part time, temporary, or permanent. Job goals are measured using methods established by the commissioner. Job goals must be verified for achievement. IRRR reserves the right to request supporting documentation of job goals.

Historic Preservation Requirements

If your project is listed in or located on the National Register of Historic Places and/or the State Register of Historic Places (specific to public buildings and landmarks), it must be submitted to the State Historic Preservation Office (SHPO) for review, and the response letter uploaded to your application. Contact SHPO with questions at 651-201-3287.

Diversity, Equity & Inclusion

IRRR works to improve economic opportunities in support of diversity, equity and inclusion in its service area.

- Diverse populations served by this program include economically distressed communities, Tribal Nations, racial and ethnic communities, veterans, low to moderate-income neighborhoods and people with disabilities.
- Additional consideration will be given to projects that serve a diverse population as listed above or for projects that reduce barriers by increasing accessibility, equity, usability and independence or projects that incorporate a targeted business or vendor.

Grant Outcomes

- The project cannot begin prior to execution of a grant contract.
- IRRR reserves the right to require signage/logo acknowledging financial assistance from Iron Range Resources & Rehabilitation. Details are outlined in the grant agreement.
- Awarded projects must meet the Minnesota Prevailing Wage Statutes and IRRR's board policy as stated in the grant agreement.
- Spending within IRRR's service area is encouraged.

Accountability and Reporting Requirements

- A progress report is required prior to a grant reaching 12 months and annually thereafter.
- A site visit may be conducted by the program administrator.
- A final progress report is required before final payment.
- All grant payment requests will require substantiation of eligible expenditures before payment.
- Minnesota Statutes Section 16B.97 and Policy 08-10 Grant Monitoring (https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf) require the following:
 - One monitoring visit/report during the grant period on all grants of \$50,000 and higher
 - Annual monitoring visits/reports during the grant period on all grants of \$250,000 and higher.
 - Conducting a financial reconciliation of the grantee's expenditures at least once during the grant period on grants of \$50,000 and higher.
- A close-out acknowledgment form may be required if there is a grant balance remaining.

Accessibility Inquiries or Accommodation Requests

Contact: Jordan Metsa, Jordan.Metsa@state.mn.us or 218-735-3061.