

CHAPTER 5: ECONOMIC DEVELOPMENT

Economic development holds significant importance for Green Isle, MN, as it plays a pivotal role in fostering a thriving and sustainable community. A robust economy contributes to the overall well-being of the residents and the local environment in various ways. Firstly, economic development generates employment opportunities, enhancing the livelihoods of the community members. This, in turn, leads to increased household income and improved living standards. A flourishing economy also attracts businesses and investments, stimulating further growth and development. The revenue generated through economic activities can be reinvested into essential services such as education, healthcare, and infrastructure, positively impacting the overall quality of life for residents. Moreover, economic development fosters a sense of community pride and engagement, as residents witness the positive transformation of their surroundings. Additionally, a strong local economy provides a solid foundation for social programs, cultural initiatives, and community development projects. Therefore, the importance of economic development in Green Isle, MN, lies in its ability to create a vibrant and resilient community that offers ample opportunities for its residents and contributes to the overall well-being of the region.

INVENTORY AND ANALYSIS

Category	Green Isle	Minnesota
Median household income	\$68,137	\$77,720
Unemployment rate (2020)	4.4%	3.1%
Top industries	Construction, food/agriculture, retail	Healthcare, manufacturing, retail

<https://www.city-data.com/city/Green-Isle-Minnesota.html#b>

EDA PROGRAMS

TAX ABATEMENT

Tax abatement is a financial incentive provided by governments to encourage certain types of development or investment in a particular area. It involves a temporary reduction or elimination of property taxes, often as an inducement for property owners or businesses to undertake projects that contribute to economic development, community revitalization, or other public policy goals. Tax abatement is typically used to attract investments, promote job creation, and stimulate economic growth.

Here are key points about tax abatement:

1. **Temporary Reduction or Exemption:** Tax abatement involves a temporary reduction or exemption from property taxes for a specified period. This period is often negotiated and agreed upon between the property owner and the local government.
2. **Conditions and Criteria:** Governments may impose certain conditions or criteria for tax abatement eligibility. These conditions could include creating jobs, improving infrastructure, or contributing to the overall economic development of the community.
3. **Targeted Development Areas:** Tax abatement is often used in targeted development areas, such as economically distressed neighborhoods or areas in need of revitalization. It serves as an incentive for property owners or businesses to invest in these areas.
4. **Types of Development:** Tax abatement can apply to various types of development, including residential, commercial, industrial, and mixed-use projects. It is commonly used to attract businesses to set up operations in a particular region.
5. **Negotiation and Agreement:** The terms of tax abatement are typically negotiated through agreements between the property owner or developer and the local government. The agreement outlines the specific conditions, duration, and benefits of the tax abatement.
6. **Community Benefits:** Proponents argue that tax abatement can stimulate economic activity, create jobs, and enhance property values. However, critics often raise concerns about potential revenue loss for local governments and the need to ensure that the community receives tangible benefits in return.

TAX INCREMENT FINANCING (TIF)

TIF stands for Tax Increment Financing, which is a public financing tool used by local governments to fund infrastructure and community improvement projects. The key concept of TIF involves capturing the incremental increase in property tax revenue generated by a development or redevelopment project within a designated district. The additional tax revenue, or "tax increment," is then used to finance the costs of the project. TIF is often employed to encourage economic development, alleviate blight, and stimulate investment in specific areas.

Here are the main features of Tax Increment Financing (TIF):

1. **Incremental Property Tax Revenue:** When a development occurs in a TIF district, the property's assessed value typically increases. The additional property tax revenue generated from this increase is the "tax increment."

2. **Designated TIF District:** Local governments establish TIF districts in areas targeted for redevelopment or economic development. These districts are typically characterized by blight or the need for infrastructure improvements.
3. **Financing Public Projects:** The tax increment collected from the TIF district is used to finance public projects or improvements within that district. This can include infrastructure upgrades, streetscape improvements, utilities, or other community enhancements.
4. **Project Financing Mechanism:** TIF allows municipalities to fund projects without relying on general tax revenues. The funds are generated from the specific development or redevelopment activities occurring within the TIF district.
5. **Limited Duration:** TIF districts have a limited duration, usually ranging from 10 to 30 years. Once the designated period expires or the costs of the project are covered, the increased property tax revenue reverts to the general tax base.
6. **Community Benefits:** TIF is intended to promote economic development, create jobs, and improve the overall quality of life in designated areas. By capturing the tax increment, municipalities can fund projects that might not be feasible through traditional financing methods.
7. **Public-Private Partnerships:** TIF often involves collaboration between the public sector and private developers. Incentives provided through TIF can attract private investment to targeted areas.

REVOLVING LOAN FUND

A revolving loan fund (RLF) is a financing mechanism commonly used by governments, nonprofits, and community development organizations to provide loans for various projects, particularly those that contribute to economic development, job creation, or community improvement. The distinguishing feature of a revolving loan fund is that, as loans are repaid, the principal and interest are recycled or "revolved" to fund new loans. This creates a sustainable and self-replenishing pool of capital that can be continuously reinvested in the community.

Key characteristics of a revolving loan fund include:

1. **Capital Recycling:** The primary purpose of an RLF is to recycle the funds generated from loan repayments. As borrowers repay their loans, the money is returned to the fund, allowing it to be used for subsequent loans.
2. **Local Economic Development:** RLFs are often established to support local economic development initiatives. This can include providing financing for small businesses, startups, expansions, or community development projects.

3. **Flexible Financing:** RLFs typically offer flexible financing terms, which may include lower interest rates, longer repayment periods, or more lenient eligibility criteria compared to traditional lenders.
4. **Community Impact:** The funds disbursed through RLFs aim to have a positive impact on the community by fostering entrepreneurship, job creation, and infrastructure improvements.
5. **Public and Private Collaboration:** RLFs may involve collaboration between public and private entities, including local government, economic development agencies, and private financial institutions. Public funds may be leveraged to attract private investment.
6. **Targeted Projects:** RLFs often focus on specific types of projects or sectors based on community priorities. For example, an RLF might be dedicated to supporting environmentally sustainable businesses or revitalizing a particular neighborhood.
7. **Risk Mitigation:** Some RLFs incorporate risk mitigation measures, such as loan guarantees or technical assistance, to support borrowers and enhance the likelihood of successful projects.
8. **Local Control:** RLFs are typically managed at the local or regional level, allowing communities to have direct control over the allocation of funds and tailoring financing programs to their specific needs.

Examples of projects that may benefit from revolving loan funds include small business startups, expansions of existing businesses, affordable housing developments, community facilities, and infrastructure improvements.

Revolving loan funds play a crucial role in providing accessible capital to entities that may face challenges securing financing through traditional channels, contributing to local economic growth and community development.

Applications for Tax Abatement, TIF and the Revolving Loan Fund can be found on the city’s website.

Table 5.2 Businesses and Employees in Green Isle	
Business/Service	Number of Employees
CLUB NEW YORKER	10
GREY FOX	8
BP	3
DAHLHEIMER	70
JIT COMPANIES	9
OEM	7
MATHEWS SEWER	2
WENTZLAFF MASONRY CONSTRUCTION	1

STEVE'S	1
R&R REAPER	5
NORTHERN METAL RECYCLING	6
SCRAPYARD	3
CORNERSTONE STATE BANK	3
TIMBERLINE	4
LAWN SERVICE	1
CITY OF GREEN ISLE	29
GREEN ISLE COMMUNITY SCHOOL	17
ST. PAUL'S LUTHERAN CHURCH	2
Estimated number of employees in Green Isle	17

WHY WOULD GREEN ISLE WANT TO WORK TO KEEP THESE BUSINESSES?

GREEN ISLE WOULD WANT TO WORK TO KEEP THESE BUSINESSES IN TOWN

- 1. Employment opportunities:** These businesses provide jobs for local residents, contributing to the economic well-being of the community. Keeping these businesses in town ensures employment opportunities available for the local workforce.
- 2. Tax revenue:** Businesses contribute to the local tax base through property taxes and other fees. This revenue helps fund essential services, infrastructure improvement programs.
- 3. Local economic stability:** A diverse mix of businesses helps create a more resilient economy. If one business or sector experiences a downturn, the presence of others can cushion the impact on the overall economy.
- 4. Community vitality:** Thriving local businesses contribute to the vitality and character of the community. They provide goods and services that meet the needs of residents, and they often serve as gathering places and support local events and initiatives.
- 5. Multiplier effect:** Local businesses tend to recirculate a larger share of their revenue back into the local economy compared to chain or out-of-town businesses. This means that money spent at local businesses is more likely to be re-spent within the community, creating a multiplier effect that benefits other businesses and residents.
- 6. Attraction and retention of residents:** A strong local business community can help attract new residents and retain existing ones.

Economic Development Case Study

Main Street Revitalization in Lanesboro, MN Lanesboro (population ~750) revitalized its downtown through a combination of historic preservation, arts initiatives, and small business support programs. This effort resulted in a thriving tourism economy and a 30% increase in downtown businesses over five years.

Key strategies included:

- Restoring historic storefronts with the help of state grants
- Establishing an arts center and regular events to attract visitors
- Providing low-interest loans to small businesses
- Creating a cohesive marketing strategy for the town

Results:

- 30% increase in downtown businesses over five years
- 50% increase in tourism revenue
- Reduced vacancy rates in commercial properties
- Improved quality of life for residents

Lessons for Green Isle: This case study demonstrates how a small town can leverage its unique assets and create a vibrant downtown through targeted investments and community engagement. Green Isle could adapt similar strategies to support local businesses and attract visitors, tailoring the approach to our community's specific strengths and character.

People are more likely to choose to live in a community that offers a variety of employment opportunities, goods, and services.

7. Community involvement: Local business owners often have a strong stake in the well-being of the community and are more likely to get involved in local initiatives, charities, and events. They can serve as leaders and advocates for the community.

By working to keep these businesses in town, Green Isle can foster a vibrant, sustainable, and prosperous local economy that benefits all residents.

ECONOMIC DEVELOPMENT GOALS, OBJECTIVES AND POLICIES

Based on the provided information about the importance of economic development in Green Isle, MN, and the available tools such as tax abatement, Tax Increment Financing (TIF), and revolving loan funds, here are a proposed goal, objectives, and policies for the economic development chapter:

Goal 3: Foster a thriving and sustainable economy in Green Isle that creates employment opportunities, attracts investments, and enhances the overall quality of life for residents.

Objective 1: Encourage the growth and expansion of local businesses.

- Policy 1.1: Provide tax abatement incentives to businesses that create new jobs or invest in facility expansions within Green Isle.
- Policy 1.2: Establish a revolving loan fund to support small business startups and expansions, with a focus on businesses that align with the community's economic development priorities.
- Policy 1.3: Streamline permitting and approval processes to facilitate business growth and development.

Objective 2: Attract new businesses and industries to Green Isle.

- Policy 2.1: Identify and designate targeted development areas for new business and industrial growth.
- Policy 2.2: Utilize Tax Increment Financing (TIF) to fund infrastructure improvements and incentivize development in designated TIF districts.
- Policy 2.3: Collaborate with regional economic development agencies to market Green Isle's business-friendly environment and available resources to potential investors and companies.

Objective 3: Support workforce development and enhance residents' skills.

- Policy 3.1: Partner with local educational institutions and training providers to offer vocational programs and workforce development initiatives that align with the needs of local industries.
- Policy 3.2: Encourage businesses to participate in internship and apprenticeship programs to provide hands-on learning opportunities for residents.
- Policy 3.3: Collaborate with businesses to identify and address skill gaps in the local workforce.

Objective 4: Foster a vibrant and attractive downtown district.

- Policy 4.1: Implement a façade improvement program to encourage property owners to renovate and enhance the appearance of downtown buildings.
- Policy 4.2: Utilize TIF or other financing mechanisms to fund streetscape improvements, pedestrian amenities, and public spaces in the downtown area.
- Policy 4.3: Promote mixed-use development in the downtown district, combining retail, office, and residential spaces to create a vibrant and walkable environment.

Objective 5: Monitor and assess economic development progress and effectiveness.

- Policy 5.1: Establish key performance indicators (KPIs) to track the success of economic development initiatives, such as job creation, business growth, and investment attracted.
- Policy 5.2: Conduct regular surveys and engage with the business community to gather feedback on the effectiveness of economic development programs and identify areas for improvement.
- Policy 5.3: Prepare an annual report on the state of the local economy, highlighting achievements, challenges, and future strategies.

Objective 6: Enhance local resilience and self-reliance through support of local businesses and food systems.

- Policy 6.1: Develop and implement a "Buy Local" campaign to encourage residents and businesses to purchase goods and services from local providers, thereby strengthening the local economy and enhancing community self-reliance.
- Policy 6.2: Establish a mentorship program pairing established local business owners with new entrepreneurs to foster knowledge sharing and support the growth of new local businesses.
- Policy 6.3: Encourage the development of a local farmers' market by:
 - Identifying and providing a suitable location for a regular farmers' market
 - Assisting with the organizational and logistical aspects of establishing a farmers' market
 - Promoting the farmers' market to both potential vendors and customers
- Policy 6.4: Support local food production by:
 - Reviewing and updating zoning regulations to allow for small-scale urban agriculture and community gardens where appropriate
 - Providing educational resources on small-scale farming and gardening techniques suitable for Green Isle's climate and conditions
 - Exploring partnerships with local schools to develop farm-to-school programs
- Policy 6.5: Investigate the feasibility of creating a local food hub to aggregate, store, process, and distribute locally produced food, enhancing the connection between local producers and consumers.
- Policy 6.6: Promote agritourism initiatives that showcase local farms and food producers, attracting visitors and supporting the local agricultural economy.

DETAILED STRATEGIES FOR BUSINESS ATTRACTION, RETENTION, AND WORKFORCE DEVELOPMENT

Green Isle recognizes the importance of having specific, actionable strategies to support our economic development goals. The following strategies will be pursued to enhance our efforts in business attraction, retention, and workforce development:

Business Attraction Strategies:

1. Develop a comprehensive marketing strategy to promote Green Isle's unique assets and business opportunities to potential investors and companies.
2. Create an online portal showcasing available commercial and industrial properties in Green Isle.
3. Establish a "concierge" service to guide potential businesses through the process of establishing operations in Green Isle.
4. Develop targeted incentive packages for industries that align with Green Isle's economic goals and strengths.

Business Retention Strategies:

1. Implement an annual business visitation program to understand the needs and challenges of existing businesses.
2. Establish a rapid response team to address urgent issues faced by local businesses.
3. Create a local business recognition program to celebrate the achievements and contributions of long-standing businesses in Green Isle.
4. Develop a resource guide for local businesses, including information on available support services, funding opportunities, and regulatory requirements.

Workforce Development Strategies:

1. Conduct regular skills gap analyses in partnership with local businesses to identify workforce needs.
2. Collaborate with nearby educational institutions to develop tailored training programs that meet the specific needs of Green Isle's business community.
3. Establish a youth entrepreneurship program in partnership with the local school to foster business skills and innovation among young residents.
4. Create a job board specific to Green Isle to connect local job seekers with employment opportunities in the community.
5. Develop a remote work support program to attract and retain professionals who can work from anywhere, leveraging Green Isle's quality of life and available high-speed internet.

These strategies provide a roadmap for implementing our economic development objectives and policies. They will be reviewed and updated regularly to ensure they remain relevant and effective in supporting Green Isle's economic growth and resilience.

By implementing these objectives and policies, Green Isle can work towards creating a robust and sustainable economy that benefits both businesses and residents, while leveraging available tools and resources to drive economic growth and community development.

