



CITY OF  
**GRAND RAPIDS**  
ITS IN MINNESOTA'S NATURE

**Public Hearing  
Tax Abatement  
GREDA's DEED Demolition Loan**

**GREDA Hwy. 2 W. Redevelopment Project**

**May 26, 2026**

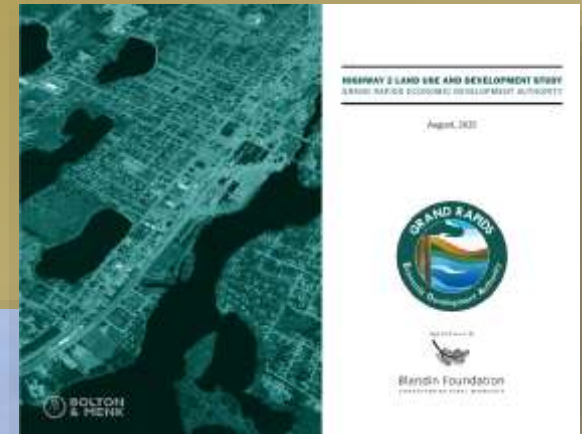


# Project Background

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## **Former Itasca Co. Farm Co-op – GREDA Hwy. 2 West Redevelopment**

- GREDA has prioritized an effort to catalyze reinvestment in the Hwy 2 West commercial corridor, by first completing a community planning effort, the *Highway 2 Land Use and Development Study*.
- The first GREDA project in this effort will involve the demolition/site preparation of the former Itasca Co. Farm Co-op site at 900 NW 4<sup>th</sup> St. (Hwy. 2). The goal of this project is to remove the impediment of the environmental contaminants and the blighted, functionally obsolete building, so it can be sold as “pad ready” for a TBD new commercial development(s).





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## Site History and Environmental Conditions

- The 1.5-acre site was occupied by the Farm Co-op, beginning with their construction of the existing 16,600 sq. ft. build in 1940. Also previously located on the west end of the site was a gas station and bulk fuel storage beginning in the 1930's.
- The Farm Co-op declared bankruptcy and closed its doors in 2021. Title reverted to Deerwood Bank who marketed the site for two years sale, as is, without success.
- After GREDA and the City agreed to waive two prior outstanding business loans to the Co-op, GREDA was able to purchase the site from the bank for a nominal amount in July of 2024.





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## Site History and Environmental Conditions

- A Phase I and Phase II Environmental Report confirmed the existence of petroleum and agricultural contaminants.
- Hazardous Building Materials Survey discovered asbestos containing materials that must be removed prior to demolition.
- GREDA reported the findings and enrolled the site in the MPCA VIC Program and the Minnesota Department of Agriculture AgVIC Program.
  - MPCA has approved our plan for mitigating any contaminants impacted or discovered during demolition.
  - MDA approval is still in process.





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Sources/Revenue:		Uses/Development Costs:	
IRRR Commercial Redev. Grant	\$175,000	Demolition & Grading	\$457,400
<b>DEED</b> <b>Demolition Loan</b>	\$420,000	A&E	\$91,500
		Contingency	\$45,700
		Permit Fees	\$400
<b>Total:</b>	<b>\$595,000</b>	<b>Total:</b>	<b>\$595,000</b>





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# Tax Abatement

## DEED Demolition Loan

- **MN DEED awarded a requested \$420,000 Demolition Loan to GREDA.**
- **With this Program, DEED requires the City to issue a general obligation bond in the amount of the loan, with that note provided to the State as security for the loan. This was discussed at the January 8, 2026, City Council meeting, when a resolution committing local match was adopted.**
- **Tax Abatement General Obligation Bonds can be used by the City, for this purpose.**
- **Seven properties have been selected for this tax abatement, which are along the Highway 2 Corridor and will indirectly benefit from this and other redevelopment efforts along the corridor.**
  - 91-420-2750, 91-420-2105, 91-420-2130, 91-420-2135
  - 91-420-2140, 91-420-2145, 91-420-1810
- **The total City portion of the property taxes of these seven properties is adequate to pay the annual principal and interest of the DEED Demolition Loan over the maximum 10-year term. The total annual abatement equals \$52,791.**
- **The revenues from the Abatements will be pledged to repay a Revenue Bond to be issued by GREDA to DEED to finance the principal amount of the \$420,000 Loan.**



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**Questions?**