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Downtown Vitality Fund City of Saint Paul

March 4, 2026



Downtown Vitality Fund

Background and Overview

The value of Downtown

- **Economy:** Serves as the economic engine of the city and anchor for the broader region, driving job creation, business growth, and investment.
- **Inclusion:** Fosters inclusive placemaking that welcomes residents, employees, and visitors from all walks of life, reflecting a rich mix of racial, cultural, and economic backgrounds.
- **Vibrancy:** With strong transportation access, employment centers, parks, and cultural and retail amenities, Downtown supports a dynamic mix of uses that create energy throughout the day and evening.





Background and Overview

Pre-pandemic challenges exacerbated by COVID-19

- **Decline in Office Occupancy:** A significant reduction in in-office work has led to sustained lower occupancy rates and weakened demand for downtown office space.
- **Reduced Economic Activity:** Decreased foot traffic has negatively impacted retail, restaurants, and small businesses that rely on daily workers and visitors.
- **Public Safety Concerns:** An increase in safety issues has affected perceptions of Downtown and contributed to reduced visitation.

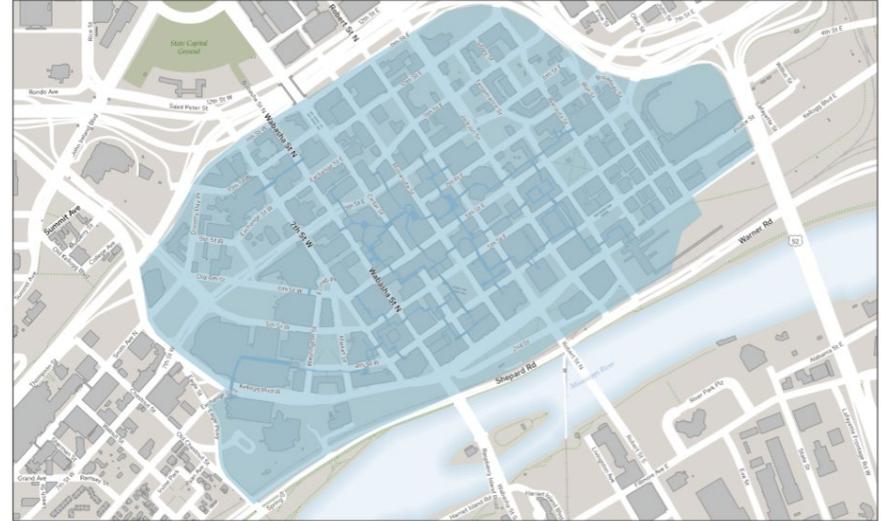




Downtown Vitality Fund

Path Forward: Downtown Vitality Fund Program

- The Downtown Vitality Fund provides financial assistance to commercial and residential development projects that strengthen and activate Downtown. The program supports the creation of new housing units and the activation of ground-floor commercial spaces to increase activity at the street level.
- The Fund's goal is to catalyze projects that drive vibrancy, encourage private investment, and contribute to a more dynamic, mixed-use Downtown environment.





Downtown Vitality Fund

Housing

Eligible Applicants:

- Housing developers planning to develop or redevelop housing units or complete an office to housing conversion in downtown Saint Paul.





Downtown Vitality Fund

Housing

Eligible Uses:

- Construction, acquisition, rehabilitation, and gap financing to provide affordable housing to households with incomes that do not exceed:
 - Homeownership – 115% of AMI
 - Rental units – 80% of AMI
 - Housing developed or rehabilitated with funds under this section must be affordable to the local workforce



Downtown Vitality Fund

Housing

Priorities for Funding:

If the fund is oversubscribed, projects will be prioritized based on the following criteria:

- Projects that are prepared to close in 2026
- Projects with the greatest number of units created

Reporting and Compliance:

- Annual reporting is required per LAHA requirement
- Projects are subject to City/HRA compliance requirements



Downtown Vitality Fund

Economic Development

Eligible Applicants:

- For-profit and non-profit entities engaged in an eligible activity and/or use located at a physical address within downtown Saint Paul or are relocating to a physical address in downtown Saint Paul.





Downtown Vitality Fund

Economic Development

Eligible Uses/Activities:

- Building capital improvements – street level interior and/or exterior permanently affixed, physical enhancements which visible enhance the downtown experience.
- Equipment purchases with 5 or more years of useful life to update and/or expand business operations.
- Public realm improvements that are maintained by the private property owner and/or adjacent businesses, such as lighting, outdoor seating, or public art.



Downtown Vitality Fund

Economic Development

Priorities for Funding:

If the fund is oversubscribed, projects will be prioritized based on the following criteria:

- Projects that activate 5,000 square feet or more of currently vacant space
- Projects that house business(es) that require employees to be in the office at least 50% of the week
- Projects that begin within 6 months of receiving funds
- Businesses relocating primary operations to a physical location downtown Saint Paul



Downtown Vitality Fund

Economic Development

Funding structure is determined by total amount of assistance.

Projects UNDER \$100,000

- Funding will be a grant that is distributed as a reimbursement as the project incurs eligible costs.
- All projects will submit a program report and have a monitoring visit from PED staff within one year of project completion.
- 5% of the total grant will be held in retainage by the City until the project is complete and demonstrates that all grant funded costs have been fully paid.



Downtown Vitality Fund

Economic Development

Funding structure is determined by total amount of assistance.

Projects OVER \$100,000

- Funding will be a deferred forgivable loan with a four-year term that is forgiven annually if the borrower:
 - Provides an annual report by year end of each year for the life of the loan
 - Maintains operations in downtown Saint Paul or has a space that is actively being leased to a business operating downtown Saint Paul for the term of the loan
 - A mortgage or other collateral placed on the subject property for the life of the loan

**Any project receiving over \$500,000 must be approved by the HRA Board.*



Downtown Vitality Fund

Department of Planning and Economic Development

Melanie McMahan
Interim Director

melanie.mcmahan@ci.stpaul.mn.us

651-266-6610