



REQUEST FOR COUNCIL ACTION

AGENDA DATE: December 2, 2024

AGENDA ITEM: Consider adopting a resolution decertifying Tax Increment Financing District No. 1-12: the Pillars of Grand Rapids.

PREPARED BY: Barb Baird

BACKGROUND:

The City established Tax Increment Financing District No. 1-12: The Pillars of Grand Rapids, a housing district within the Development District, and approved a Tax Increment Financing Plan on December 16, 2019, all pursuant to Minnesota Statutes, Sections 469.174 through 469.1794.

The City and KTJ 338, LLC, a Minnesota limited liability company, entered into a Contract for Private Development dated December 16, 2019, contemplating that the Developer would construct a four-story building consisting 98-units of senior, multifamily rental housing, 20 units of memory care, one guest unit, and underground structured parking, for occupancy by low and moderate income seniors on the property and that the City would provide a taxable tax increment revenue note to the Developer in order to make the project financially feasible.

However, the issuance of the TIF Note was subject to a lookback calculation as set forth in Section 3.5 of the Contract. After completing the first lookback analysis, the TIF Note was issued in the amount of \$1,751,833 on May 2, 2022 and the City began making payments on the TIF Note to the Developer. Thereafter, the project reached stabilization and the City and its municipal advisor completed the second lookback analysis in accordance with Section 3.5 of the Contract. Based on such calculations, the City and the municipal advisor have determined, with the agreement of the Developer, that the no additional tax increment assistance is necessary for the Minimum Improvements based on the cash on cash return on the Minimum Improvements. As such, the City has completed all of its obligations under the Contract and will terminate the TIF Note.

REQUESTED COUNCIL ACTION:

Make a motion to adopt a resolution decertifying Tax Increment Financing District No. 1-12: the Pillars of Grand Rapids.