



REQUEST FOR COUNCIL ACTION

AGENDA DATE: May 27, 2025

AGENDA ITEM: Consider adopting a resolution supporting the use of tax increment financing for a rental housing development project

PREPARED BY: Rob Mattei, Director of Community Development

BACKGROUND:

The Grand Rapids Economic Development Authority executed a Preliminary Development Agreement with Commonwealth Real Estate Acquisitions a subsidiary of Commonwealth Development Corporation of Middleton, WI.

Commonwealth wishes to develop a 32-unit affordable housing development a GREDA-owned 1.8-acre vacant site in the vicinity of SE 4th Ave. and SE 10th St. The estimated total development cost of the project is \$13.8M.

This July Commonwealth will be applying to the Minnesota Housing Finance Agency (MHFA) for an award of Federal Low Income Housing Tax Credits (LIHTC). The award of LIHTC for this project is necessary for the project to advance. The MHFA LIHTC program is very competitive. The award of funds is based upon a score for the project. One area of the MHFA scoring system looks at the developments financial readiness to proceed and if leveraged funds have been committed.

Commonwealth has submitted a Business Assistance application requesting TIF as one of the leveraged funding sources for the project, however the City has not completed the TIF review process. This is intentional, because it would not be advisable to create a TIF district without knowing the LIHTC funds have been awarded, and the project can move forward. The notice of LIHTC funding awards will not occur until this December.

In lieu of any final approval of TIF by the City, the attached resolution, drafted by the City's economic development attorney, declares contingent support for the use of TIF. This level of support will be adequate for the MHFA scoring in this area of their application.

REQUESTED COUNCIL ACTION:

Make a motion to adopt a resolution supporting the use of tax increment financing for a rental housing development project.