



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: February 13, 2025

STATEMENT OF ISSUE: Consider adopting a resolution approving a Development Assistance Agreement with KTJ 435, LLC

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

KTJ 435 is a limited liability corporation formed by Oppidan Development for a specific project to develop and own a 132-unit apartment to be located on a 15-acre parcel which they are purchasing from the Grand Rapids EDA in the plat of Great River Acres, near the West Rapids Elementary School.

This \$33M project involves not only bank lending and private equity, but also grants secured by the City of \$800,000 from MN IRRR, and \$7,946,000 from Minnesota Housing Finance Agency Workforce Housing Program. To close the remainder of the financing gap, the City Council established TIF District 1-17: (Oppidan Workforce Housing) following a public hearing held on December 2, 2025.

At the time of the TIF district and tax abatement approval in December, the final action to approve a Development Assistance Agreement was not taken, because the final draft form of it was not yet prepared and agreed to by both parties.

The Development Assistance Agreement is a three-party agreement between KTJ 435, GREDA and the City. As with similar agreements for past projects, it addresses the required actions by all parties regarding, construction of the project, TIF and Tax Abatement and management of grant funds awarded to the City for the project.

Like the Development Assistance Agreement with Oppidan for the Pillars of Grand Rapids project, Section 3.9 of the agreement contains a lookback provision. This provision allows the City to review the actual performance (Yield on Cost Return) of the project after it is operating and determine if it exceeds a figure of 8.0%. If it does, the City can adjust the amount of TIF and Tax Abatement assistance downward to cap the returns at that amount.

With approval of this agreement, the project will continue on its track toward a real estate closing with GREDA, permitting and construction start this spring.

RECOMMENDATION:

REQUIRED ACTION: Make a motion to adopt a resolution approving a Development Assistance Agreement with KTJ 435, LLC