



REQUEST FOR COUNCIL ACTION

MEETING DATE: March 21, 2022
PREPARED BY: Brett Angell, Economic Development Manager
AGENDA ITEM: Bottineau Ridge III local housing incentives account loan agreement

PREVIOUS ACTIONS:
None.

RECOMMENDED COUNCIL ACTION:

Motion to authorize the city administrator and economic development manager to execute a loan agreement with Bottineau Ridge III of Maple Grove, LP for the Metropolitan Council LHIA grant award.

COMMENTS:

In late 2019, the City of Maple Grove and Duffy Development were awarded a \$600,000 grant through the Metropolitan Council's Local Housing Incentives Account (LHIA) for the Bottineau Ridge III multi-family residential development. The LHIA program provides grants to local communities to support the production and preservation of affordable rental and ownership housing. The LHIA grant for Bottineau Ridge III was awarded to support property acquisition and construction costs and ensure affordability.

Due to the program requirements, cities are required to be the grantee and administer the grant. Private developers are allowed to apply for the funding if they receive an acknowledgement of receptivity from the city, which was given to Duffy from the city at the time of application. This form essentially is the city acknowledging and agreeing to administer the grant should it be awarded.

Due to Bottineau Ridge III being primarily funded through tax credits from the state, the funding awarded through the LHIA program must be structured as a loan as compared to a grant. The recommended council motion authorizes the city administrator and economic development manager to execute the attached loan agreement with Duffy Development on behalf of the city.

While the loan agreement is between the city and the developer, the funding for the loan would not come from the city. Upon full execution of the loan agreement, the city will be eligible to request the grant funds from the Metropolitan Council. Upon receipt of the funds from the Metropolitan Council, the city then provides the funds to the developer. The city does not carry liability or risk for the grant funds.

ATTACHMENTS:

Attachment A: Loan agreement between the City of Maple Grove and Bottineau Ridge III of Maple Grove, LP