

Business Item

Community Development Committee



Committee Meeting Date: November 4, 2024

For the Metropolitan Council: NA*

*Per Livable Communities Act Grant Amendment Process (Business Item [2012-296](#) and [2014-182](#)), the Community Development Committee is the final authority on this item.

Business Item: 2024-324

Amend grant term and project budget for the Main Street Rogers Downtown Redevelopment Grant (SG-12582)

District(s), Member(s): District 1, Judy Johnson
Policy/Legal Reference: Minn. Stat. § 473.253
Staff Prepared/Presented: Kelly Nezworski, Grants Administrator, 651-602-1757
Nicole Clapp, Grants Manager, 651-602-1723
Division/Department: Community Development / MTS Finance and Admin/Livable Communities

Proposed Action

That the Community Development Committee approve amending the Main Street Rogers Downtown Redevelopment (SG-12582) LCDA Development grant agreement to:

1. Adjust the grant budget, as shown in Attachment B.
2. Extend the grant term by one additional year to December 31, 2025.

Background

In 2019, the Council awarded a \$942,500 Livable Communities Demonstration Account (LCDA) Development Grant (Business Item [2019-334](#)) to the City of Rogers for the Main Street Rogers Downtown Redevelopment project. This initiative is a mixed-use, mixed-income development that will bring retail and affordable senior housing to Rogers. The city's existing senior center will also be relocated to the new senior housing building. In addition to the housing development and retail space, the project includes two public plaza gathering areas. The grant funds the project's site acquisition, site preparation, stormwater management, placemaking (public plaza and public art), and architecture/engineering fees.

The terms of the Livable Communities Act grant agreement are set for three years, with the option of a two-year administrative extension contingent upon demonstrated project progress. Following the initial three-year term, which ended on December 31, 2022, Council staff administratively extended the grant bringing it to the full five-year term, now set to expire on December 31, 2024.

At its October 16, 2023, meeting the Community Development Committee approved a scope change amendment that removed the workforce housing component of the project after the City of Rogers was unable to acquire a parcel of land that would have allowed them to construct the workforce housing building ([Business Item No. 2023-252](#)). This resulted in a reduction in affordable housing units, a smaller increase in net tax capacity, and less public and private funding for the

project. However, after staff review it was determined that the project still met the program criteria and would have still scored above competing applications.

On September 30, 2024, the City of Rogers requested a one-year extension beyond the maximum five-year term, along with a grant budget adjustment. The City and the Developer anticipate closing on financing in Fall 2024, with demolition and site work to commence by the end of the year. Delays in financing have been attributed to the effects of the pandemic, market conditions, rising interest rates, increased construction costs, and adjacent property encroachments that required re-engineering. These barriers have now been resolved.

Significant progress has been made on the project, including securing site control, obtaining land use approvals, completing engineering and site design details, creating a TIF district, and submitting building permit applications. The building permit will be issued upon the closing of financing. Additionally, the City of Rogers is requesting the reallocation of grant funds to early construction activities of stormwater management to mitigate potential challenges related to winter construction and to ensure the grant eligible expenses occur during the proposed amended expiration date of December 31, 2025. There are no anticipated changes to the project's final deliverables.

Rationale

The Council established the maximum five-year term as a reasonable timeframe for projects to secure full funding and commence, without unduly tying up grant funds that could otherwise support additional projects. The request to extend the term by one year exceeds the current five-year maximum, and the proposed reallocation of the placemaking grant budget to the stormwater management budget constitutes a budget change of more than 20%. Therefore, approval from the Community Development Committee (CDC) is required.

Although extensions beyond the five-year term are uncommon, the Council has previously approved several similar requests. Council staff consider this extension reasonable due to the relatively short duration requested (12 months) and the significant progress already made on the project. The proposed reallocation of \$225,000 from the placemaking budget to the stormwater management budget will ensure that eligible grant-funded expenses are completed within the amended grant expiration date. No changes to the final project deliverables are proposed.

Thrive Lens Analysis

Projects that demonstrate efficient and effective use of public financial resources further the Thrive Stewardship Outcome.

Projects that redevelop and increase density further the Thrive Prosperity outcome of “[e]ncouraging redevelopment and infill development across the region.”

Funding

Funds are available in the Livable Communities authorized 2019 budget and Livable Communities reserve accounts to award these grants. Reserves may need to be amended into a future annual budget to meet cashflow needs on Livable Communities multi-year grants.

Attachments

Attachment A. Grant Amendment Request

Attachment B. Updated Project Summary



Attachment A: Amendment Request Letter



September 30, 2024

Metropolitan Council
Attn: Nicole Clapp, Grants Manager
390 Robert Street N
St. Paul, MN 55101

Re: SG-12582 Rogers Main Street Senior Housing – Amendment/Extension Request

Dear Ms. Clapp,

On behalf of the City of Rogers (“City”) and Duffy Development (“Developer”), this letter is to serve as a formal amendment request to re-allocate the granting funding categories and seek a waiver from the 5-year maximum grant term for the Livable Communities Demonstration Account (“LCDA”) award with the Metropolitan Council grant number of SG-12582.

The requested waiver to the expiration date is to allow for one (1) additional year, with a new expiration of December 31, 2025. The proposed grant extension allows for additional time to complete the development and the eligible grant activities. The proposed re-allocation of grant funds seeks to move funding towards the earlier activities in the construction. Both of these requests ensure the development can overcome any challenges with winter construction timing. Overall design, development components, and amenities of the development will remain unchanged.

The City and Developer are currently anticipating a fall 2024 closing date with demolition and site work beginning still this year. While there have been numerous challenges since the initial award including, but not limited to, the COVID pandemic, market condition changes/rising interest rates, rising construction costs, and adjacent property encroachments/changes requiring re-engineering, the City and Developer have reached a point where it appears all outstanding items related to the engineering and finances have been addressed and are ready to move forward. To date, the following significant steps have been achieved: site control, land use approvals, engineering/site design details, TIF district creation, and building permit submission (building permit will not be issued until closing).

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September 30, 2024

If there are any questions related to this amendment request, please feel free to reach out to me directly at (763)428-0915 or bangell@rogersmn.gov. We are very appreciative of the Metropolitan Council's investment in this transformative development and these funds are critical in ensuring the success of this development.

Sincerely,

A handwritten signature in black ink, appearing to read "Brett Angell".

Brett Angell
Community Development Director

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Attachment B: Updated Project Summary

Livable Communities Project Summary

Grant # SG-12582
Type: LCDA Development
Applicant: City of Rogers
Project Name: Main Street Rogers Downtown Redevelopment
Project Location: Main Street and John Deere Lane
Council District: 1 – Judy Johnson

Project Detail	
Project Overview	This is a mixed-use, mixed-income development bringing retail and affordable senior housing to Rogers. The existing senior center in the city will relocate to be within the senior housing building. In addition to the housing development and retail space, the project includes two public plaza gathering spaces.
Jobs	11 total FTE; 5 living wage
Net tax capacity increase	\$35,804
Total housing units	40
Affordable units	10 @ <30% AMI; 30 @ 31-50% AMI;
Anticipated # bedrooms	3 Studio; 27 1BR; 10 2BR
Est. total development cost	\$15,601,156
Est. private funds leveraged	\$7,566,274
Est. other public funds	\$7,901,882
Comments/ Demonstration value	<ul style="list-style-type: none"> • The project has significant catalytic potential and is bringing increased density and housing units to downtown • The design creates a more active area of downtown and is oriented toward the community • There is demonstration value in bringing increased density and affordable housing in a mixed-use development to the downtown of a suburban community
Funding Request	
\$942,500	TOTAL
\$600,000	Site Acquisition After the Date of Award
\$50,000	Site Preparation: Demolition
\$45,000 \$270,000	Stormwater Management: Infiltration/Storage Swales or Tanks
\$225,000 \$0	Placemaking: Landscaping; Public Art
\$22,500	Architecture/Engineering Fees: Placemaking

