

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 152-2024

A RESOLUTION DENYING A REQUEST FOR PRIVATE DEVELOPMENT FUNDING

BACKGROUND RECITALS

A. Under Minnesota Statutes, Section 469.41 Subdivision 13, a project must be approved by the Destination Medical Center Corporation (“**DMCC**”) before it is proposed to the City of Rochester (the “**City**”). The DMCC must review the proposed project for consistency with the Development Plan, adopted by the DMCC on April 23, 2015, as amended (the “**Development Plan**”).

B. The Development Plan established certain goals and objectives of economic development, which include creating approximately 35,000 – 45,000 new jobs, leveraging the public investment to attract private investment, attracting new business, and expanding existing business, as well as implementing strategies to attract, retain, and foster the development of a highly skilled workforce. The Development Plan also directed a comprehensive strategy to address all facets of building and sustaining the development district boundaries as adopted in the Development Plan (the “**Development District**”).

C. The Development Plan identified a desired housing mix that includes affordable and workforce units, as well as market-rate housing. The Five-Year Update to the Development Plan, adopted by the DMCC on November 19, 2020 in Resolution No. 109-2020, further emphasized the need for housing, particularly with a range of income accessibility, workforce housing, and housing near public transit. The DMCC has determined that affordable and workforce housing within the Development District forms a necessary component of workforce development to support the overall economic development goals and strategies.

D. The Development Plan further states that Destination Medical Center funding should provide gap financing to support extraordinary growth in the market.

E. The DMCC is charged with evaluating whether a proposed project (i) is consistent with the DMC vision, goals and objectives; (ii) is consistent with the Development Plan and any updates; (iii) is consistent with adopted strategies, phasing and capital improvement planning; (iv) is financially viable; and (v) complies with or support the economic-fiscal goals and objectives of the DMC initiatives (collectively, the “**Evaluation Criteria**”).

F. On July 17, 2024, R&R Properties of Mankato, LLP (the “**Applicant**”) submitted a joint funding application (the “**Request**”) for funding to facilitate the construction of a 94-unit multi-family rental development located at 503, 505 and 511 2nd Avenue Southwest (Discovery Walk) known as the R&R Properties Project (the “**Proposed Project**”).

G. Staff from the City and the Destination Medical Center Economic Development Agency (the “**EDA**”) have reviewed the Request and the Proposed Project in light of the Evaluation Criteria.

H. On September 12, 2024, the EDA voted to recommend denial of the Request. A detailed summary of the EDA review is attached hereto as **Exhibit A**. The recommendation of denial was based on an application of the evaluation factors contained in the Development Plan.

I. As set forth on Exhibit A, the Proposed Project does not sufficiently advance the goals of the Development Plan.

J. The DMCC has carefully considered the recommendation of the EDA and based on the materials submitted, has independently evaluated whether the Proposed Project is consistent with the Development Plan and the goals of the DMCC.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the DMCC Board of Directors, that the DMCC **DENIES** the Request based on the following findings of fact:

1. While the Proposed Project meets the definition of a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11, the Proposed Project is inconsistent with the goal and priorities set forth pursuant to the Development Plan.

2. The Proposed Project does not support a housing mix which is identified as a priority within the Development Plan.

3. The Proposed Project requests in excess of \$8,440,000 in DMC funding (Destination Medical Center general state infrastructure aid) to contribute towards the approximate \$34,000,000 total project costs.

4. The level of public funding requested is inconsistent with the economic goals contained in the Development Plan related to public and private investment.

5. While the Proposed Project may not proceed without the public funding, evolving market conditions experienced throughout the market (i.e., interest rates, labor and supply costs, construction costs, operating expenses, etc.) are a commonality experienced by all developers in the market. These conditions are not a substantive consideration nor in line with the intended use for Destination Medical Center funding as contemplated within the Development Plan, which is that funding should provide gap financing to support extraordinary growth in the market.

6. The Proposed Project will not serve as a catalyst or anchor development in a subdistrict.

7. The Proposed Project does not activate the area through the introduction of commercial space or visible residential building amenity uses on street level.

8. The Request fails to provide sufficient evidence of financial viability.

9. The Request does not support the economic strategies of the Development Plan by providing civic/cultural uses and/or public amenities that support strategic growth in the DMC

Development District and/or specific business development and economic development strategies that are adopted as part of the DMC Development Plan.

BE IT FURTHER RESOLVED, that the Chair or the Treasurer of the DMCC is authorized to transmit this Resolution to the City of Rochester, and to take such actions as are necessary and appropriate to effectuate the findings and approvals of this Resolution.

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The question was on the adoption of the Resolution and there were 7 YEAS and 0 NAYS, as follows:

BOARD OF DIRECTORS
Destination Medical Center Corporation

	<u>YEA</u>	<u>NAY</u>	<u>OTHER</u>
Douglas M. Baker, Jr.	<u> X </u>	<u> </u>	<u> </u>
James R. Campbell	<u> X </u>	<u> </u>	<u> </u>
Brooke Carlson	<u> X </u>	<u> </u>	<u> </u>
R.T. Rybak	<u> X </u>	<u> </u>	<u> </u>
Mark Thein	<u> X </u>	<u> </u>	<u> </u>
Pamela Wheelock	<u> X </u>	<u> </u>	<u> </u>
Paul D. Williams	<u> X </u>	<u> </u>	<u> </u>

RESOLUTION ADOPTED on September 26, 2024.

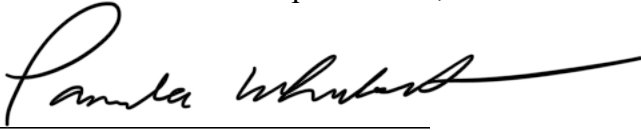
ATTEST: 
Pamela Wheelock, Chair
Destination Medical Center Corporation

EXHIBIT A



DESTINATION MEDICAL
CENTER ECONOMIC

Private Development Funding Request: R&R Properties of Mankato, LLP

To: DMCC Board of Directors
From: DMC EDA
Date: September 20, 2024

Request of the board of directors:

Consider attached resolution, "RESOLUTION"

Background:

The DMC EDA and City of Rochester evaluations and recommendation are included in this packet:

- Letter from DMC EDA Board of Directors President and Executive Director
- Board Resolution
- Summary DMC EDA staff memorandum
- DMC EDA Evaluation Report
- Project Conceptual Design Package

Next Steps:

To be determined based on board action.

To: DMC EDA Board of Directors
From: DMC EDA Staff
Date: August 30, 2024

RE: Review of the DMC Joint Funding Application submitted by R&R Properties of Mankato, LLP

We received a Joint Funding Application from R&R Properties of Mankato, LLP on July 17, 2024, for a multifamily rental apartment building at 503, 505 and 511 2nd Ave SW (Discovery Walk). The developer is looking for an understanding of what level of public support is possible for the project *as submitted*. Thus the level of project development is at the conceptual level, and project details (e.g. energy model, cladding materials, final unit count, land value, loan sizing, TIF valuation, etc.) are not yet fully developed, but the main characteristics of the project are clear:

- A. The proposed project is 94 units of rental market rate housing, in a district that has already had significant public and private investment;
- B. The request for public subsidy in excess of \$11,000,000 (TIF and DMC GSIA funds), far exceeding any prior housing support on a per/unit basis and as a percent of the total project cost;

Staff and DMC EDA board members have reviewed the project and **do not** find this to be a significantly transformative project that warrants the use of DMC resources, given current DMC priorities and competing demands for limited public infrastructure funds.

While it is likely the project could meet all necessary minimum requirements to be considered for DMC funding, in addition to establishing the minimum project evaluation criteria, the DMC Development Plan describes key DMC funding assumptions, including that: 1) DMC funds should be invested to “support goals, objectives and strategic priorities” and 2) “DMC funds should provide gap financing to support extraordinary growth in the market.” As further described in the more detailed report that follows this memo, the proposed project does not sufficiently align with DMC goals, objectives, and strategic priorities (specifically affordable housing) as affirmed by the DMCC board of directors, and does not result in extraordinary growth in the market.

Evolving market conditions are experienced by many development proposals and, therefore, are too common to be a substantive consideration in this evaluation (interest rates, labor and supply costs, operating expenses, etc.).

Finding: Without public financial support, the project would likely not proceed in its current configuration. However, the level of public funding requested far exceeds any precedent levels of support for a project of this type and does not maximize the use of private equity typically seen in such projects.

This project would add rental housing capacity to the market, advancing a community goal to add downtown housing units and support the employment, retail and recreational opportunities that are within walking distance. Given its proximity to Discovery Square and Mayo Clinic, where demand will likely grow, we expect a project at this location could be successful. However, we do not find this to be a significantly transformative project that warrants the use of DMC resources, given current DMC priorities and competing demands for limited public infrastructure funds.

R&R Properties of Mankato, LLP Housing Development

EVALUATION REPORT

September 20, 2024

EXECUTIVE SUMMARY / RECOMMENDATION

STATEMENT OF RECOMMENDATION:

Based upon information provided to the DMC EDA by R&R Properties of Mankato, LLP (the “Applicant”), the Proposed Project aligns with the Destination Medical Center (“DMC”) vision but is not fully consistent with the DMC priority goals, objectives and values. The following complete report evaluates the Proposed Project on all criteria as required by the DMC Development Plan. The proposed project is a 121,350 GSF new construction building that provides approximately 94 units of market rate rental housing using 5 stories of wood-frame construction, above 3 concrete floors of structured garage containing 89 parking spaces and bike storage. It is walkable to major employers and the People’s Food Co-op. The site currently contains several boarded up single-family homes and has been designated a blighted site in the Discovery Square subdistrict;

The DMC EDA concludes that this project is largely consistent with the current development pattern in the area, except for not including ground floor space that activates the streetfront along Discovery Walk.

The DMC EDA analysis has determined that the level of public support requested far exceeds any precedent levels of support for a project of this type and does not maximize the use of private equity typically seen in projects of this type. We do not find this to be a significantly transformative project that warrants the use of DMC resources, given current DMC priorities and competing demands for limited public infrastructure funds.

The following complete report evaluates the Proposed Project on all criteria as required by the Development Plan.

STATEMENT OF ELIGIBILITY:

Based upon information provided by the R&R Properties of Mankato, LLP, the Proposed R&R Properties of Mankato, LLP 2nd Street Development Project includes elements qualifying it for consideration to be designated a “public infrastructure project” under the DMC Act, and the Proposed Project falls within the DMC Development District boundaries (Discovery Square subdistrict).

PROJECT SUMMARY:

The R&R Properties of Mankato, LLP 2nd Street Development includes construction of an approximately 121,350 GSF new construction building, an infill project that provides 94 units of market rate rental housing using wood-frame construction, above 3 concrete floors of structured garage containing 89 parking spaces and bike storage, walkable to major employers and the People’s Food Co-op. The newly completed Discovery Walk is directly outside the 2nd Avenue frontage of the building.

Currently there are vacant and boarded up houses on the land that have been owned by developer/applicant since 2014. The properties were purchased for \$914,600 in 2014 and have remained vacant since. The applicant has applied for Redevelopment TIF to the City of Rochester and it is expected that the priorities would meet the blight test, as the applicant has left the properties in a boarded up condition for the past decade.

The Olmsted County property assessor has estimated that the proposed building will be worth approximately \$21,700,000 upon completion. The proposed development would redevelop and replace 3 existing parcels including 3 single family homes. The proposed unit mix in the residential tower is to have 5 studios, 50 alcove studios, 30 one-bedroom, and 9 two-bedroom apartment units. The amenity package for use by all residents will include a club room, parking for cars and bicycles and roof terrace overlooking Discovery Walk. The Proposed Project falls on a site that has been deemed Blighted by the City of Rochester which qualifies the site as a “Redevelopment District”.

RELEVANT PROJECT HIGHLIGHTS:

The following list outlines relevant project highlights for consideration:

- Located in Discovery Square DMC Subdistrict;
- Provides capital investment of \$34 million;
- Create 2 full-time and 2 part-time permanent jobs for property management;
- It will create short-term construction jobs;
- Local property taxes will increase from \$15,000 to \$220,000 per year;
- Project is aspiring to meet LEED certification standards;
- Project will provide high quality, higher density housing within a block of Rochester's employment hub, providing opportunities for many residents to access jobs with use of automobiles.

EVALUATION REPORT

SECTION 1.0 PROJECT OVERVIEW

The R&R Properties of Mankato, LLP 2nd Street Development includes construction of a 121,350 GSF new construction building that provides approximately 94 units of market rate rental housing using 5 stories of wood-frame construction, above 3 concrete floors of structured garage containing 89 parking spaces and bike storage. It is walkable to major employers and the People's Food Co-op. The site currently contains several boarded up single-family homes and has been designated a blighted site in the Discovery Square subdistrict. The proposed development would redevelop and replace 3 existing parcels including 3 single-family homes.

R&R Properties of Mankato, LLP has requested \$8,443,000 in DMC Infrastructure funds, as well as assuming \$3,472,000 in Redevelopment TIF, for a total of \$11,915,000 in public funds. That equates to \$126,755 in public subsidy per unit of market rate rental housing. The Olmsted County property assessor department, has estimated that the proposed building will be worth approximately \$21,700,000 upon completion. The TIF amount requested in this application was generated utilizing this assumed property value along with local tax rates and current associated financing fees.

SECTION 2.0 MINIMUM ELIGIBILITY REQUIREMENTS OF DMC ACT

Check the following that apply to the Project:

"Public Infrastructure Project"

- General Infrastructure Project or Transit/Transp. Project
 Within DMC Development District Boundaries

In order for a project to be eligible for DMC Funding, the project must be (1) a "public infrastructure project" and (2) within the DMC Development District Boundaries.

Per Minnesota Statutes, Section 469.40, Subdivision 11, a "Public Infrastructure Project" is described as a project financed in part or in whole with public money in order to support Mayo Clinic's development plans, as identified in the DMCC Development Plan. Based upon information provided by and representations made by the Applicant, the Proposed Project would qualify as a "Public Infrastructure Project" as required by the DMC Act.

SECTION 3.0 EVALUATION CRITERIA

The EDA's recommendation for the project outlined herein was formed in consideration of the following criteria:

- 3.1 DMC Vision, Goals and Objectives / Development Plan Strategies
- 3.2 Consistency with Development Plan and Other Planning Documents
- 3.3 Financial Viability
- 3.4 Consistency with Adopted Strategies, Phasing and Capital Improvement Planning
- 3.5 Targeted Business Enterprise Strategies
- 3.6 Compliance with Economic-Fiscal Goals and Objectives
- 3.7 Other Project Policy Considerations

SECTION 3.1 DMC VISION, GOALS AND OBJECTIVES / DEVELOPMENT PLAN STRATEGIES

Does the project include a plan for achieving the DMC vision, goals and objectives and is it critical to driving the strategies included in the Development Plan?

Is the project consistent with the stated DMC Goals & Objectives and specifically contributing to job creation?

- **Does the project meet one or more of the goals and objectives established for the Development Plan?**

The Proposed Project is somewhat consistent with the DMC Goals and Objectives. It is new development but does not maximize the potential to leverage public investment to attract private investment, due to the large percent of the project's capital stack being sourced from public funds. It creates a small amount of permanent new jobs, generates future tax revenues, and offers new choices to enhance resident options for housing.

Is the project consistent with the DMC Vision?

- **Is the project part of a bold and aspirational concept for the future?**

The DMC initiative was designed to position Rochester, MN, as the world's premier destination center for health and wellness; attracting people, investment and jobs to America's City for Health and to support the economic growth of Minnesota and its biosciences sector. In considering projects for DMC funding, a project's ability to support and advance this aspirational vision should carry significant weight. The Applicant has not provided evidence that the Proposed Project has the potential to significantly contribute to the Plan's aspirational concept for the future of Rochester and Minnesota as a whole.

- **Does the project fit with the principles of the vision?**

The DMC plan is inclusive of a series of "guiding principles", established to provide guidance in completion and execution of the Plan. The Proposed Project herein reasonably adheres to the overall principles of the DMC plan, and possess the potential to substantially advance the DMC vision, with the exception of the parking ratio and lack of ground floor activation along Discovery Walk. It will advance principles of sustainability, as a LEED certified building.

- **Does the project provide a framework for growth in this sub-district?**

As DMC progresses, it is imperative that all projects/developments offer an established framework that is both visionary and flexible to respond to changing market conditions. This project is consistent with the emerging vision for more housing throughout the DMC District, but the level of public subsidy needed to support 94 units could send a message to the market that market rate housing is not supportable solely by private capital. There is currently a market rate multifamily housing project within 4 blocks of this project that is being built without any public subsidy.

Does the project build infrastructure to support growth and drive investment?

- **Would the investment occur without the public infrastructure to be funded?**

In evaluating projects for DMC Funding, the approving bodies must consider the "but for" test: Determining whether the proposed development would reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The Applicant states the assistance is necessary to develop the proposed site. Due to the current construction cost and interest rate

environment, as well as lack of additional private equity capital interested in the proposed project, the improvements to the public infrastructure would not be financially viable without financial assistance under the DMC guidelines. Through discussions and correspondence, the Developer has sufficiently demonstrated that the proposed project is unlikely to occur “but---for” the use of DMC funding. However, there are number of project elements that are still in flux.

• Is the proposed public infrastructure solely for the benefit of the project or does it also support the broader vision of the DMC District?

As identified in the Infrastructure Master Plan, there are six (6) key areas of infrastructure requirements: (1) public utilities, (2) bridges, subways and skyways, (3) shared parking, (4) parcel development, (5) civic uses, cultural uses and public amenities, and (6) technology improvement. The proposed project includes parcel improvement.

- Will the public funding accelerate private investment in the Development District or applicable subdistrict?**

The Proposed Project may not proceed without the requested public funding.

Does the project provide a catalyst for/or anchor for an approved strategy?

- Can the project reasonably be expected to catalyze or anchor development in one of the six subdistricts?**

No, but it will replace blighted properties.

- Can the project reasonably be expected to catalyze necessary transportation/transit strategies?**

The details provided in the project proposal indicate a parking ratio of nearly 1:1, though it is anticipated that many of the residents would not need a car for work commuting or grocery shopping due to the location. The garage is for the sole use of residents to warehouse cars for use. Bike parking for residents will also be included.

SECTION 3.2 CONSISTENCY WITH DEVELOPMENT PLAN, OTHER PLANNING DOCUMENTS

Does the project include a plan for achieving consistency with the Development Plan (and any updates thereto) and other relevant planning documents?

Is the project consistent with the DMC Planning Documents?

- **Is the project consistent with the current DMC Master Plan, Transportation Master Plan, and/or Infrastructure Master Plan?**

The Proposed Project replaces blighted properties along the newly completed Discovery Walk. The streetscape situated along 2nd Avenue will provide a low-activation pedestrian experience for both residents and visitors of Rochester, as there is no addition of commercial space or visible residential building amenity uses at the street level. It will provide needed housing at a highly walkable location.

- **Is the project consistent and/or supportive of the Finance Plan, Business Development Plan and other Implementation strategies of the DMC?**

The Business Development Plan and strategic framework/implementation plans for DMC have been developed around a series of objectives designed to achieve the goals of the DMC initiative. The R&R Properties of Mankato, LLP project will contribute an additional housing option to the Rochester market.

Is the project consistent with the City/County Planning Documents?

- **Is the project consistent with the RDMP Plan or City Comprehensive Pan?**

The R&R Properties of Mankato, LLP project also meets supporting principles of the City Comprehensive Plan: expand housing choices; enhance the integrity of existing neighborhoods and encourage compact; mixed-use developments.

Does the project support sustainability principles as a core objective in the development and operations of the project?

The Proposed Project has a preliminary conceptual commitment to supporting sustainability principles through development and operations of the project. No project specifics are yet known beyond a commitment to LEED certification.

SECTION 3.3 FINANCIAL VIABILITY [Form may vary based on size/scope of project]

Does the project include a plan that is financially viable?

Does the project include:

- Project Summary (e.g. concepts, detailed program, project team, etc.)
- Total Project Budget
- Sources of funding, demonstrating a verifiable gap that justifies DMC Funding
- Project Operating Pro Forma including an overview of any operations and maintenance funding that may be required
- A Project Plan and/or Market Study supporting the demand/need for the project
- Demonstration of financial capacity to support the project

Is the project supported by current market conditions and comprehensive feasibility studies?

The Proposed Project is supported by the overall Olmsted County Housing Needs Assessment that indicated housing needs across the economic spectrum.

Does the project leverage additional private funds, maximizing the use of DMC Funds?

Of the - total project costs, private contributions will consist of contributed land value (the valuation of which is not yet agreed to by DMC EDA staff) and a deferred developer fee, debt financing, \$3,472,000 in TIF requested from the City (staff anticipates that actual TIF capacity will be lower) which leaves the requested \$8,443,000 DMC Funding. This is lower leverage of DMC funds than has been utilized to date in prior projects.

Is the preliminary project finance plan comprehensive and viable based upon Project Team and financial capacity?

Given the early stage of project development, the DMC EDA has not been provided with a finance plan that is sufficiently comprehensive to evaluate for project viability.

Is the project inclusive of an Operation and Maintenance pro forma?

Yes; however, given the early stage of project development, the DMC EDA cannot independently verify the pro forma operating and maintenance assumptions. Key details, such as building energy use under DMC sustainable building standards, are not known.

Is there a verifiable gap for funding based upon a reasonable return on private investment?

Given the early stage of project development, the DMC EDA has not been able to verify several key financial assumptions made by the project team, including land value and operating costs. Absent this information, the DMC EDA cannot verify the exact amount of any funding gap and/or its effect on the return on private investment.

Is the proposed operating structure sustainable?

The proposed cash flows demonstrate that the project will cover the operating costs and debt service and will provide an acceptable return on investment if supported by public funds as requested.

Does the Project impose any financial obligations on the DMC or City for ongoing operational or maintenance support?

No.

Has the project applicant agreed to execute the DMC Development Agreement?

Yes.

SECTION 3.4 CONSISTENCY WITH ADOPTED STRATEGIES, PHASING, AND CAPITAL IMPROVEMENT PLANNING

Is the project consistent with adopted strategies and/or one or more projects for the current implementation phase of the DMC initiative?

Is the project part of an approved strategy and current focus? Is the project outlined as an approved strategy for the project within the Development Plan?

The Proposed Project is located in the Discovery Square subdistrict. Its program, market rate housing, is consistent with the Development Plan strategy except for the lack of street front retail.

Is the project recommended as a focus for the particular phase of the project in the Development Plan?

No, the project is not recommended as a part of any particular phase of DMC plan implementation.

Is the project consistent with the DMC---CIP?

The primary goals of the DMC-CIP are – (1) create a catalyst to begin the process– public or private projects measured by whether they support making Rochester the global center for health; and (2) investing in strategic projects – that lay a foundation for future growth and investment in the DMC District. The City of Rochester will benefit from the significant improvements the R&R Properties of Mankato, LLP project will make in the expansion of housing options for the anticipated growth in Mayo Clinic employees serving as a catalyst for growth.

- ***If public, is the project specifically listed in the DMC---CIP? Or is the project necessary to facilitate a DMC related strategy?***

N/A

- ***If private, is the project otherwise compatible with the planned public improvements in the DMC---CIP?***

The housing above does add density at a very compatible location. The ground floor does not maximize the opportunity for activation along Discovery Walk.

SECTION 3.5 TARGETED BUSINESS ENTERPRISE STRATEGIES [Form may vary based on size/scope of project]

Does the project include a plan for achieving Local Business, S/M/WBE Project Requirements and other project requirements, as applicable?

The R&R Properties of Mankato, LLP 2nd Street Development project team has stated they will be designed and constructed in conformance with the requirements of the DMC Act regarding prevailing wage, American Made Steel, M/WBE construction targets and other minority and disadvantage business participation guidelines. There is no specific plan yet developed.

Has the applicant agreed to execute the DMC Development Agreement? (the terms of which are provided in form to all applicants)?

Yes – the Applicant has agreed to execute the DMC Development Agreement.

SECTION 3.6 COMPLIANCE WITH ECONOMIC-FISCAL GOALS AND OBJECTIVES

Does the project include a plan to comply with or support the economic-fiscal goals and objectives of the DMC initiative?

Does the project generate substantial economic-fiscal gain based upon job projections?

Based upon the applicants' job projections, the project has the potential to create approximately up to one hundred and fifty (150) new construction jobs for all trades of the construction and development process. Once operational, it is anticipated that two (2) new full-time positions and two part-time positions are created to efficiently run the ongoing management of the property.

Does the project generate substantial economic---fiscal gain based upon tax base projections?

The current property taxes for all 3 parcels that the R&R Properties of Mankato, LLP 2nd Street Development will encompass total of approximately \$15,000. The estimated annual property tax revenue after completion of the R&R Properties of Mankato, LLP project is anticipated to be in excess of \$220,000, which is a significant increase to the current property taxes stated above.

Does the project maximize the opportunity for investment by attracting other private capital?

Other market rate multifamily projects have been built in the surrounding blocks, including another project currently under construction that is receiving no public support. If it is constructed and succeeds, this project could serve as a precedent for higher levels of public subsidy requested by other potential investors.

Is the project required (e.g. public works) to continue to seed investment in the DMC District?

No.

Does the project support the economic strategies of the project by providing civic/cultural uses and/or public amenities that support strategic growth in the DMC Development District and/or specific business development and economic development strategies that are adopted as part of the DMC Development Plan?

The R&R Properties of Mankato, LLP 2nd Street Development does not include civic/cultural uses and/or public amenities which supports growth in the DMC Development District. The applicant has put a focus on developing housing in the immediate timeframe. The R&R Properties of Mankato, LLP development supports and will utilize local businesses and labor as well as will be constructed in conformance with the requirements of the DMC Act regarding prevailing wage, American Made Steel, M/WBE construction targets and other minority and disadvantage business participation guidelines.

SECTION 3.7 OTHER PROJECT POLICY CONSIDERATIONS

Is the project inside the DMC Development District?

Yes.

If the project is not inside the DMC Development District, are they asking for a boundary change?

N/A

Does the project include any distinctive social and/or community benefits that are not specifically required by the DMC Act?

N/A

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