



Memorandum

To: Community Development Committee
From: Diane McGinnis Casey
Date: January 10, 2023
Re: **Approval of Affordable Housing Revolving Loan Fund Application - MSP**

The Affordable Housing Revolving Loan Fund was developed to address the lack of quality and affordable housing stock available in La Crosse, especially for its lowest income citizens through incentivizing the creation of new affordable multi-family units. The fund also intends to revitalize distressed areas of the City and eliminate blight.

Developer/Applicant: MSP Real Estate, Inc.

Project Description: The proposed project will create 120 affordable units, financed with Low Income Housing Tax Credits (LIHTC). 24 of the units will be available to individuals at or below 30% of the County Median Income. The Developer will partner with the La Crosse County Veterans Service Office and intends to also reach out to Couleecap, Inc. to provide supportive services and make and receive referrals.

The Developer has reached out to the Lower Northside and Depot Neighborhood Association to set up a meeting to discuss this project. In addition, MSP has presented the project and received approval from the Redevelopment Authority.

AHRLF Application Evaluation Score: 71 out of 80 Points (see Staff Analysis. Underwriting document for more details)

Program Policies: The program will have \$2,031,000 available for funding (subject to the Council approval of the ARPA funds for this program on 1/12/23). The Applicant is requesting \$2,000,000. This gap was anticipated and disclosed on their RFP Response. Per the per unit subsidy in the AHRLF Program the project could be eligible up to \$5,400,000. The program proposed policy has a maximum amount per project of \$1,500,000; unless otherwise approved by the CDC.

Application Fee: A non-refundable application fee equal to 1% of the funding request (\$20,000) is due upon approval of the funding request.

Prior to disbursement of funds Staff will collect the following documents:

- A. Evidence of all secured financing, including terms and conditions

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- B. If equity is committed by the developer, evidence of available equity funds
- C. Copy of partnership agreement or operating agreement if the applicant is a partnership or limited liability corporation. This should indicate the cash contributions by the partners or members.
- D. Verifiable evidence of site control
- E. Copy of construction cost estimates, construction contract, preliminary bid; and comparable to numbers presented in application
- F. For LIHTC projects; documentation of the syndication costs (legal, accounting, tax opinion) from the organization/individuals who will syndicate and sell the offering to ensure that the project can support the fees necessary to syndicate/fund project
- G. Agreements governing the various reserves which are capitalized at closing (to verify that the reserves cannot be withdrawn later as fees or distributions)

Staff's Recommendation: Approve the in the amount of \$2,000,000, contingent upon the developer securing all other financial commitments and approval of the Resolution incorporating American Rescue Plan Act funding as a grant to the Affordable Housing Revolving Loan Policy before the Common Council on Thursday, January 12, 2023.