April 2, 2018

City of La Crosse
Economic Development Committee
400 La Crosse St.
La Crosse, WI 54601

Re: TIF Funding Request for Garden Terrace

Dear Ms. Schnick:

Thank you for the opportunity to apply for TIF funding for our Garden Terrace affordable housing and neighborhood center project. Please accept this letter in support of that request, which seeks to clarify the terms we are proposing for the Committee's consideration.

Specifically, Impact Seven proposes:

- Subject properties to include the 700 block of Kane St. and the southern 1/3rd of the 800 block of Kane Street, pending an approved land swap with the City for that 800 block parcel (please see the attached drawing for a depiction of the subject area);
- TIF grant funds of $136,000, or 10% of the highest, most current assessed value of the subject properties. The $136,000 is based on 10% of a $1,600,000 increment, less a one-time 15% administrative fee.
- TIF grant funds to be paid into the project either in one lump sum or in no more than two installments during the construction period, anticipated to span August 2018 – December 2019;
- TIF to be structured as a grant, not as a loan or other debt. We have modeled the TIF as a loan with debt service and consulted with our first mortgage lender and the tax credit investor. Unfortunately, with their underwriting parameters, the project cannot support additional debt service without cash flow going negative before the end of the 20-year term on the first mortgage, which causes concern with the lender.

We hope this request reflects accurately our understanding of how the City can support the development with TIF. Thank you for your time over these last weeks and months, helping us to understand La Crosse's TIF program, and how we might use it to contribute to a successful project. Please contact me at kristine.giornalista@impactseven.org or at 608-514-2108 with any questions or concerns.

Sincerely,

Kristine Giornalista
Vice President, Real Estate Development