



PLANNING, DEVELOPMENT AND ASSESSMENT

400 LA CROSSE STREET | LA CROSSE, WI 54601 | P: (608) 789-7512

Memorandum

March 17, 2023

To: Economic & Community Development Commission

From: Planning & Development Staff

RE: Approval of TIF Loan – The Driftless Apartments, LLC

Per Resolution 23-0205, which was reviewed and recommended for approval by the ECDC and thereafter adopted by the Common Council at the March 9th meeting, a loan for \$550,000 is to be issued to The Driftless Apartments using TID 18 funds. The Resolution also requires the terms of the loan to be approved by the ECDC prior to issuance.

In addition to input from the City's municipal consultant Ehlers, the City's existing Affordable Housing Revolving Loan Fund program and Loan Documentation Manual was used, and/or will continue to be used, to guide negotiations and processing for this loan.

Developer: MSP Real Estate, Inc.

Project Description: This project will create 120 units of affordable/workforce housing units for both seniors and individuals/families to serve a mix of age groups. This project would be the first development in River Point District (specifically located at Zone D), to which the City is targeting for redevelopment, helping to catalyze additional development in this area. The Driftless is made up of five separate buildings.

One building consists of four stories with 100 units of independent senior housing (age-restricted to 55+) above one story of structured parking. This independent senior building has a mix of one-bedroom and two-bedroom units. The remaining four two-story buildings consist of a total of 20 three-bedroom townhome style family units (non-age-restricted) with private entries and 12 structured parking spaces.

Source of Funds: TID 18 funds through revenue sharing from TID 13

ANDREA TRANE, DIRECTOR
TIM ACKLIN, AICP, PLANNING ADMINISTRATOR
JULIE EMSLIE, ECONOMIC DEVELOPMENT ADMINISTRATOR
LEWIS KUHLMAN, AICP, ENVIRONMENTAL PLANNER
JENNA DINKEL, ASSOCIATE PLANNER
LINZI WASHTOCK, PLANNING & DEVELOPMENT ASSISTANT

DIANE MCGINNIS CASEY, COMMUNITY DEVELOPMENT ADMINISTRATOR
JONAH DENSON, NEIGHBORHOOD HOUSING DEVELOPMENT ASSOCIATE
VACANT, DEVELOPMENT ANALYST
KEVIN CLEMENTS, HOUSING SPECIALIST
KEVIN CONROY, HOUSING REHABILITATION SPECIALIST
BRIAN SAMPSON, HOMELESS SERVICES COORDINATOR

Terms: The loan will include a simple interest rate of 2% with a maximum term of 20.5 years. Payments of both principal and interest on the loan will be deferred until the project repays its deferred developer fee, although interest will accrue from the date of closing. As currently projected, it will take approximately 10 years for the project to repay its deferred developer fee. Upon repayment of the deferred developer fee, payments on the loan will be made from available cash flow from the project until the loan is repaid. The project will have a 2.5-year construction loan, followed by a permanent loan with an anticipated 18-year term. Thereafter, the developer will need to refinance all existing debt. Any outstanding principal and interest for the City's loan to the developer will be due at the end of the 20.5 year term or upon refinance of project debt, whichever is sooner.

Prior to disbursement of funds, staff will collect the following documents:

- A. Evidence of all secured financing, including terms and conditions
- B. Evidence of available equity funds
- C. Copy of partnership agreement or operating agreement if the applicant is a partnership or limited liability corporation.
- D. Verifiable evidence of site control
- E. Copy of construction cost estimates, construction contract, preliminary bid; and comparable to numbers presented in TIF application
- F. 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 Recommendation: Approve the above terms and provisions for a loan in the amount of \$550,000.