



CITY OF LA CROSSE

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LEGISLATION STAFF REPORT FOR COUNCIL

File ID	25-1252	Caption	Resolution approving subordination request for permanent financing by Haven on Main, LLC regarding TIF Development Agreement.
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Staff/Department Responsible for Legislation

Julie Emlsie, Planning & Development

Requestor of Legislation

Haven on Main, LLC

Location, if applicable

Corner of 10th and Main St

Summary/Purpose

The City received a subordination request for the permanent financing the Development Agreement with Haven on Main LLC.

This subordination agreement is applicable to the permanent financing that will occur once construction is complete and the financing is converted. The permanent financing lender, Freddie Mac, is requiring the loan documents be lien on the relevant property superior to the lien of the City's Development Agreement. Freddie Mac will not provide the needed loan unless the City and Haven on Main agree to subordinate their rights and obligations under the Development Agreement. This requirement is common practice with Lenders who are arguable carrying a more significant risk in lending a substantial amount of funds to the project.

Background

Haven on Main is receiving a construction loan with Old National Bank, to which the City Council approved a similar subordination agreement at the Sept 2025 Council meeting. The Legal department assisted in review/negotiations with both lender's attorneys. The only substantive difference between the 2 agreements is that Freddie Mac would not agree to include "or denied" in Section 7a. The Legal Dept felt the explanations for why this language wasn't included are not valid, and that the current language allows for arbitrary decisions against the City.

Fiscal Impact

The Development Agreement outlines \$797K in TIF pay-go assistance once the project has been constructed, and an additional estimated \$250k in public infrastructure improvements to be paid via TIDs 11 & 17.

Staff Recommendation

Planning staff recommend approval