



City of Apache Junction

Development Services Department



Loan Agreement – Apache Junction Villas, LLC

DATE: May 14, 2018

TO: Mayor and City Council

THROUGH: Bryant Powell, City Manager
Matt Busby, Assistant City Manager

FROM: Larry Kirch, Director of Development Services *LJK*

SUBJECT: Resolution 18-20, executing a loan agreement with Apache Junction Villas, LLC for one-half of one percent of project costs for Federal Low Income Housing Tax Credit (LIHTC) development with 52 Townhomes

BACKGROUND:

The city Council authorized the city's support in 2017 for a zero interest loan to Adams Construction for the Apache Junction Townhomes project located on the SE corner of San Marcos Drive and Tepee Road. In order to receive nine percent Federal LIHTC through the Arizona Department of Housing, projects like this are required to have local government participation. The loan is the most common form for cities such as Apache Junction to provide the local financial support. The loan amount is for \$34,000 and is one-half of one percent of the total project cost. The term of the loan is 20 years and is backed up by a Letter of Credit. The project will consist of 26 townhome buildings and 52 total units. All the engineering plans and the final plat have been approved by the city. A courtesy review of the building plans have been completed as well. Grading of the site may occur in late May and the project will likely start in early June.

Attached is the loan agreement and promissory note and letter of credit along with an organizational chart/structure for the development project and the long term management of the project.

RECOMMENDATION:

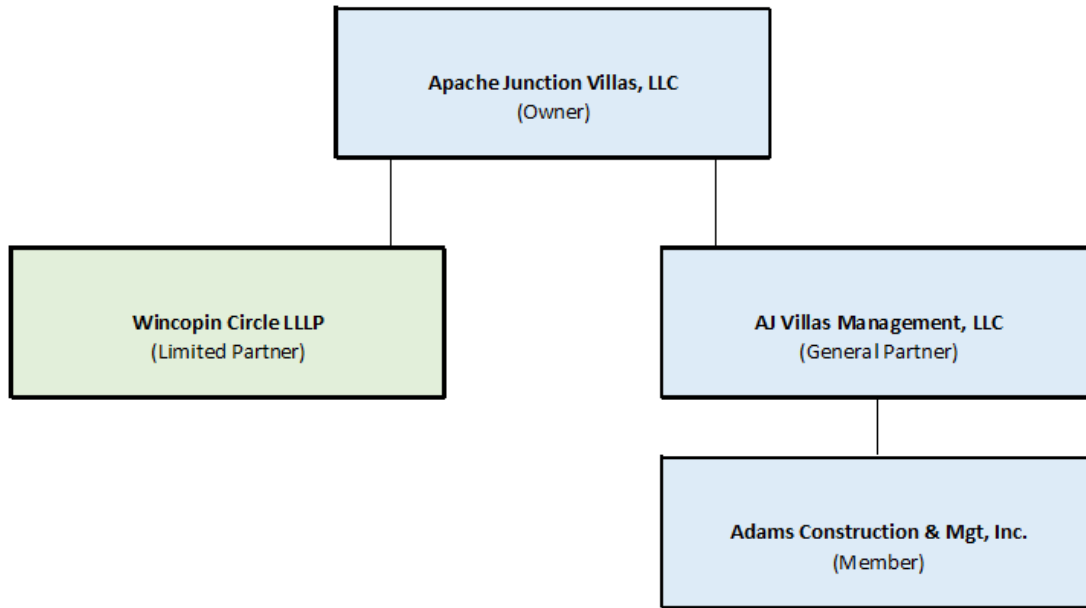
Staff respectfully asks for mayor and city council to approve Resolution 18-20.

RECOMMENDED MOTION:

I move that Resolution 18-20 be approved as presented.

Apache Junction Villas

Organizational Chart / Structure



Wincopin Circle LLLP (Federal Tax Credits)	6,860,469	The project was awarded federal tax credits which were sold to Enterprise Social Investment Corporation "ESIC". ESIC then sells the credits to a large bank. In this case JP Morgan. Our first phase was sold to American Express.
AJ City Loan	34,000	
Owner Equity	740,844	Adams Construction is providing funding to the project.
Construction Loan (US Bank)	1,992,184	US Bank will provide the construction financing. Then RMCRC will pay off the construction financing and provide the permanent financing. RMCRC also provided the permanent financing on our first phase.
Perm Loan (Rocky Mountain CRC)		
TOTAL PROJECT COST	9,627,497	

Planning & Zoning – Building & Safety – Revenue Development

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