

Application for gap financing



In Iowa City, projects considered for financial assistance with public funding are evaluated for financial viability to ensure

- ❖ an acceptable return on developer equity investment,
- ❖ maximizing the project's debt capacity, and
- ❖ that there is a benefit to the public.

A gap is determined by the difference between all the financing sources for a project and the project costs or uses, with a sharp focus on the developer's return on investment and the project debt. This allows us to size the City financing so that a gap is filled and yet does not provide for undue enrichment. Our gap analysis requires a firm project development budget and operating pro forma supported by an independent market study. We must obtain this before we can negotiate an amount of City financing to present for Council consideration. In the final analysis, our recommendation to Council will hinge on the reasonability of the developer's return and availability of public financing.

Your application for GAP financing is complete when all of the following items have been submitted to city staff or to our financial analysis consultants with the National Development Council (NDC).

Narrative

1. Description of project and development schedule
2. Project location, description of area, photos & maps
3. Description of community impact and support – public policy goals met i.e. job creation, provision of workforce housing, implementation of adopted plans, etc.
4. Statement of qualifications & references for development team (include experience with public financing sources)
5. A formal letter of request, including the agreed-upon amount and type of assistance

Numbers

6. Detailed project development budget
 - a. include the basis for construction estimate i.e. construction bids or architect estimate on cost per square foot etc. (*Must be provided in Excel.*)
 - b. include estimated tax credit basis, if applicable
7. 20 Year pro forma (*Must be provided in Excel.*)
8. Sources & uses of funds and flow of funds through lease-up (*Must be provided in Excel.*)
 - a. Include rate sheet or letter with terms from financial institution/s
 - b. Include contact information for a person we may speak to about your project at each financial institution involved
9. Construction contract (or at minimum, construction cost estimate from architect or contractor)
10. Appraisal by independent, certified appraiser – land acquisition and finished project
11. Market analysis addressing the feasibility (viability) of the proposed uses of the development (absorption, vacancy, expenses, capture rates, etc.)
12. Financial Statement of owner/developer (last three years)

Regulations

13. Status of applicable regulatory approvals i.e. Zoning, FAA, State, etc.
14. Environmental - Phase I (Phase II if applicable)
15. Signed due diligence cover page (see following page)

If you have any questions, please feel free to contact:

Wendy Ford

Economic Development Coordinator

wendy-ford@iowa-city.org | 319-356-5248

DUE DILIGENCE PACKAGE COVER PAGE - must be included with submission

Project Name: _____

I certify that all information submitted for the Financial Gap analysis for is accurate and I understand City may contact bank representatives during the due diligence process.

Developer's Signature: _____

Please print name: _____

Date: _____