



BOARD OF DIRECTORS

Agenda Item 7

Barry Brooks, Secretary

October 10, 2012

Table of Contents

Resolution Summary – Elm Drive Senior Housing Project.....	7.2
Resolution – Elm Drive Senior Housing Project.....	7.4
Supplemental Information -- Elm Drive Senior Housing Project.....	7.7

RESOLUTION SUMMARY:

Elm Drive Senior Housing Project Number 1112-03BF Baton Rouge, Louisiana

OVERVIEW

The developer of Elm Drive Senior Housing is requesting approval of \$218,794.00 in 4% LIHTC. Approving this request will allow the rehabilitation of the project which has fallen into disrepair and at risk for abatement of a Project Based Rental Assistance. Disapproving the request will adversely affect the rehabilitation of 60 affordable housing units in Baton Rouge, Louisiana.

STAFF RECOMMENDATION:

Staff recommends approving \$218,794.00 in 4% LIHTC. This recommendation is based upon review of financial statements, site visits, meetings held with developer and feasibility/viability analysis.

PROJECT DEVELOPMENT SUMMARY:

Elm Drive Senior Housing located at 4250 Elm Drive (off Airline Highway), Baton Rouge, LA, East Baton Rouge Parish, Louisiana was preliminarily approved for Multifamily Housing Revenue Bonds in an amount not to exceed \$5,000,000 in July 2012 by the LHC Board of Directors

The rehabbed project will consist of the current 60 units. The unit mix will continue to consist of sixty (60) one bedroom units. All 60 units will have Project Based Rental Assistance (PBRA) with thirty-six (36) of the units set aside for 50% or less Area Median Income (AMI) and twenty-four (24) of the units set aside for 60% or less AMI.

The units have an average square footage of 640 square feet. There is a community space of 3,155 square feet which provides office space, community room, lounges, laundry facility and vending. Once renovated, the property will offer substantial improvement of quality and safe housing its residents including safety and security for the residents of the 30 year old property.

DEVELOPMENT GROUP AND FINANCIAL PARTNERS

The taxpayer contact and representative at the Board of Directors meeting for the project is Mr. Rhett Holmes. The development sponsors consists of Integrity Development Partners, LLC, Stratford Capital Group and The Banyan Foundation, Inc who have individually acquired and renovated over 50 PBRA properties in four states.

The project's construction will be financed through the issuance of Tax-Exempt bonds purchased by Merchant Capital. The bond proceeds will be retired after construction through the use of a new first mortgage and a portion of the tax credit equity proceeds. Stratford Capital Group, LLC will be purchasing the tax credits through one of its investment funds. The projected equity from the syndication of credits is \$1,851,682. The first mortgage will be a HUD insured loan through

Central National Bank.

FINANCIAL ANALYSIS

Funding Sources:

Bond Proceeds from Tax Credit Equity	\$1,851,682
HOME Funds (LHC)	\$1,000,000
CDBG Funds	\$500,000
Deferred Developer Fees	\$130,877
AHP FHLB Atlanta Grant (AHP)	\$500,000
HUD Insured Loan/Bonds	\$1,971,000

Project Costs:

Total Development Cost**:	\$5,953,659
Total Units:	60
Total Cost/Unit:	\$99,228
Total Square Feet:	60,606
Total Cost/SF:	\$98.24
Total SF minus Common Buildings:	49,503
Total Cost/SF minus Commons:	\$120.27

Construction Costs*:**

Rehabilitation Hard Costs:	\$2,402,202
Construction Hard Costs:	\$347,837
Land Costs:	\$175,000
Building Costs:	\$1,225,000

Property Value:

Appraisal Date:	8/24/11
Pre-Rehab Value:	\$1,440,000
Post-Rehab Value	\$4,990,000
Date Property Last Sold:	Never Sold since built
Amount of Last Sale:	N/A
Current Occupancy Rate:	98%
Positive Cash Flow (last 12 months):	Yes, net income 2011, \$174,301.00

**The Total Development Costs (TDC) includes reserves of \$138,000; furniture, fixtures and equipment (FF&E) of \$100,000.00; and relocation expenses of \$120,000 amounting to approximately \$6,000 per unit.

***Construction Costs are not inclusive of financing costs, legal, title, reserves, acquisition costs, developer fees, architectural and engineering fees, hard costs and other soft costs.

LOUISIANA HOUSING CORPORATION

The following resolution was offered by Director _____ and approved by Director _____:

RESOLUTION

A resolution establishing the maximum qualified basis and low-income housing credits to Elm Drive Senior Housing; authorizing the staff and counsel to prepare the forms of such documents and agreements as may be necessary to allocate 4% Low Income Housing Tax Credits to such facilities; and providing for other matters in connection therewith.

WHEREAS, the Louisiana Housing Corporation (the "Corporation") has been ordered and directed to act on behalf of the State of Louisiana (the "State") in applying for, implementing, allocating, and administering programs, grants and/or resources made available pursuant to Section 42 of the Internal Revenue Code (the LIHTC Program); and

WHEREAS, the Corporation approved certain application and other forms, documents and proceedings related to the Low Income Housing Tax Credits ("LIHTC Program"), including credits available to projects financed with tax-exempt bonds under Section 142(d) of the Internal Revenue Code; and

WHEREAS, the staff of the Corporation has processed the application for Elm Drive Senior Housing in accordance with the Qualified Allocation Plan and is prepared, based upon the preliminary feasibility analysis of Foley & Judell, L.L.P., to recommend Tax Credits for Elm Drive Senior Housing;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Louisiana Housing Corporation, that:

SECTION 1. Elm Drive Senior Housing (the "Project") is hereby preliminarily approved for Tax Credits in the amount of two hundred eighteen thousand, seven hundred ninety-four dollars (\$218,794.00) subject to the conditions of the preliminary feasibility analysis of Foley & Judell, L.L.P. and the information contained in the Project application.

SECTION 2. The staff, and Foley & Judell, L.L.P., as LIHTC Program Counsel, shall establish such procedures as may be necessary to structure, cancel or reduce such Tax Credits to

maintain the feasibility and viability of the Project; provided, however, that no increase in Tax Credits to any project may be made without approval of the Board.

SECTION 3. The staff and counsel are authorized and directed to prepare the forms of such documents and agreements as may be necessary to evidence the allocation of Tax Credits.

SECTION 4. The Chairman, Interim Executive Director of the Corporation, and/or Secretary of the Corporation be and they are hereby authorized, empowered and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Corporation, the terms of which are to be consistent with the provisions of this resolution as approved by counsel and LIHTC Program Counsel, Foley & Judell, L.L.P.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, 10th day of October 2012.

Chairman

Secretary

**STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the "Corporation"), do hereby certify that the foregoing two (2) pages constitute a true and correct copy of a resolution adopted by said Board of Directors on October 10, 2012, "A resolution establishing the maximum qualified basis and low-income housing credits to Elm Drive Senior Housing; authorizing staff and counsel to prepare the forms of such documents and agreements as may be necessary to allocate 4% Low Income Housing Tax Credits to such facilities; and providing for other matters in connection therewith".

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Corporation on this, the 10th day of October, 2012.

Secretary

(SEAL)



Louisiana Housing Corporation

2415 Quail Drive, Baton Rouge, Louisiana 70808

Phone: (225) 763-8700 Fax: (225) 763-8738

FIELD REPORT

From: Todd Folse
To: Ms. Loretta Wallace
Date of Visit: 7/12/12
Length of Visit: 1 Hour
Project Name: Elm Drive Senior Housing
Project Location: 4250 Elm Dr, Baton Rouge LA
LHFA Personnel: Todd Folse
Purpose of Visit: Initial inspection of site conditions

- Development in dire need of rehabilitation regarding most major aspects of construction.
- Inefficient and outdated mechanical, electrical and plumbing fixtures throughout.
- Building envelope is in disrepair.
- Development appeared in fair condition structurally given the age of this building.
- This development can be rehabilitated to bring up to current codes and standards.

Upon arrival, I met with Ms. Wanda Pursley, community manager. She welcomed this inspection and was very cooperative.

Due to the age of this building, the development is in desperate need of rehabilitation. Most components within this building have reached the maximum life of the products used; therefore, repair/replacement of most construction elements is necessary in order to meet and maintain a suitable, habitable living environment. Also, by renovating this development, it can be retrofitted to meet all current codes and standards regarding construction, efficiency and accessibility.

It appears that the main structure of the building is still in good condition. There were no extensive signs of structural failure. In my opinion, this building is a good candidate for rehabilitation since the structure appears sound; nonetheless, most interior and exterior cladding elements need to be repaired/replaced.



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1 Overview



2 Overview



IMAGES



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3 Siding has reached its maximum lifespan and needs to be replaced.



4 Roof needs to be replaced along with the inefficient HVACs.



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5 Flooring needs to be replaced.



6 Cabinets need to be replaced.



7 Does not meet current accessibility requirements.



8 Handrails do not meet current codes.





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IMAGES