



# **BOARD OF DIRECTORS**

Agenda Item 9

**Barry Brooks, Secretary**

**October 10, 2012**

## Table of Contents

Resolution Summary – Tangi Village Project.....	9.2
Resolution – Tangi Village Project.....	9.4
Supplemental Information -- Tangi Village Project.....	9.7

## **RESOLUTION SUMMARY:**

**Tangi Village**

**Project Number 1112-04BF**

**Hammond, Louisiana**

### **OVERVIEW**

The developer of Tangi Village is requesting approval of \$362,544.00 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 96 affordable housing units in Hammond, Louisiana.

### **STAFF RECOMMENDATION:**

Staff recommends approving \$362,544.00 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:**

Tangi Village located at 13080 Quick Boulevard, Hammond, LA, Tangipahoa Parish, Louisiana was preliminarily approved for Multifamily Housing Revenue Bonds in an amount not to exceed \$6,000,000 in July 2012 by the LHC Board of Directors

The rehabbed project will consist of twenty-four (24) buildings and one (1) community building. There are 96 residential units. The unit mix consist of forty-eight (48) one bedroom units; thirty-six (36) two-bedroom units and twelve (12) three-bedroom units. One unit will be 60% Area Median Income (AMI) rent restricted and the remaining ninety-five (95) units will have Project Based Rental Assistance (PBRA) with fifty-six (56) of the units set aside for 60% or less Area Median Income (AMI) and twenty-four (24) of the units set aside for 50% or less AMI.

Tangi Village is one of very few affordable housing properties in the Hammond area. Once renovated, the property will offer substantial improvement of quality and safe housing for the Section 8 residents in the area.

### **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, LP, 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 \$3,239,508. The first mortgage will be a HUD insured loan through Central National Bank.

## **FINANCIAL ANALYSIS**

### Funding Sources:

Bond Proceeds from Tax Credit Equity	\$3,239,508
HOME Funds (LHC)	\$1,500,000
Mark to Market HUD Second Mortgage	\$2,553,593
AHP FHLB Dallas Grant	\$500,000
Deferred Developer Fees	\$2,700
Reserve Replacement	\$300,000
HUD Insured Loan/Bonds	\$2,237,900

### Project Costs:

Total Development Cost**:	\$10,333,701
Total Units:	96
Total Cost/Unit:	\$107,642
Total Square Feet:	75,529
Total Cost/SF:	\$136.82.
Total SF minus Common Buildings:	3,500
Total Cost/SF minus Commons:	N/A

### Construction Costs\*\*\*:

Rehabilitation Hard Costs:	\$4,206,359
Construction Hard Costs:	\$609,001
Land Costs:	\$240,000
Building Costs:	\$2,605,504

### Property Value:

Appraisal Date:	8/19/11
Pre-Rehab Value:	\$2,938,000
Post-Rehab Value	\$9,890,000
Date Property Last Sold:	Never since built
Amount of Last Sale:	N/A
Current Occupancy Rate:	45%
Positive Cash Flow (last 12 months):	No, net income 2011, \$(131,270.00)

\*\*The Total Development Costs (TDC) includes reserves of \$240,000; furniture, fixtures and equipment (FF&E) of \$75,000.00; and relocation expenses of \$57,600 amounting to approximately \$3,881 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 Tangi Village; 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 Tangi Village 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 Tangi Village:

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

**SECTION 1.** Tangi Village (the "Project") is hereby preliminarily approved for Tax Credits in the amount of three hundred sixty-two thousand, five hundred forty-four dollars (\$362,544.00) 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, 10<sup>th</sup> 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 Tangi Village; 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 10<sup>th</sup> 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 Folsom  
**To:** Ms. Loretta Wallace  
**Date of Visit:** 7/12/12  
**Length of Visit:** 1 Hour  
**Project Name:** Tangi Village  
**Project Location:** 13080 Quick Blvd Hammond LA  
**LHFA Personnel:** Todd Folsom  
**Purpose of Visit:** Initial inspection of site conditions

---

- Development in desperate need of rehabilitation regarding most major aspects of construction.
- Inefficient and outdated mechanical, electrical and plumbing fixtures throughout.
- All of the buildings within this development need significant repairs both of the exteriors and the interiors.
- Many of the buildings/units have been boarded up.
- This development can be rehabilitated to bring up to current codes and standards but such repairs would be quite extensive.

Due to the age of these buildings and deferred maintenance, this development is in desperate need of rehabilitation. Most components within these buildings 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. Many of the units are no longer habitable. 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 most buildings is still in fair condition. There were no extensive signs of structural failure. In my opinion, these buildings are a fair candidate for rehabilitation since the structure appears to be fairly sound; nonetheless, most interior and exterior cladding elements need to be repaired/replaced along with some structural elements.



## Louisiana Housing Corporation

2415 Quail Drive, Baton Rouge, Louisiana 70808

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

1 Overview



2 Overview



3 Many units have been boarded up



4 Broken windows



IMAGES

9.8

2



## Louisiana Housing Corporation

2415 Quail Drive, Baton Rouge, Louisiana 70808

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

5 Roofs need to be replaced



6 Accessible route has failed



7 Siding has reached its maximum lifespan



8 Inefficient outdated HVAC



IMAGES

9.9

3