



# **Board of Directors**

## **Agenda Item #7**

**Resolution approving an increase in 4% LIHTC and  
changes to Choctaw Lodge**

**October 12, 2016**

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**LOUISIANA HOUSING CORPORATION**

The following resolution was offered by Director \_\_\_\_\_ and seconded by Director \_\_\_\_\_:

**RESOLUTION**

**A resolution authorizing and approving the issuance of an addition of thirty-nine thousand, eight hundred twenty-nine dollars (\$39,829.00) for a total reservation of three hundred sixteen thousand, five hundred and eleven dollars (\$316,511.00) in 4% Non-Competitive Low Income Housing Tax Credits to Choctaw Lodge, (4115, 4150 and 4202 Mohican-Prescott Crossover, Baton Rouge, East Baton Rouge Parish, Louisiana); 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 allocating and administering programs and/or resources made available pursuant to Section 42 of the Internal Revenue Code (the "Housing Tax Credit Program"); and

**WHEREAS**, the Corporation approved the form of certain applications, documents, agreements and proceedings related to the Housing Tax Credit Program; and

**WHEREAS**, Taxpayer/Owners of Choctaw Lodge, a tax-exempt bond financed project, submitted an original request for two hundred seventy-six thousand, six hundred eighty-two dollars (\$276,682.00) in 4% Low-Income Housing Tax Credits and was approved at the April 2014 Board of Directors' Meeting; and has subsequently submitted a request for an additional thirty-nine thousand, eight hundred twenty-nine dollars (\$39,829.00) in 4% credits; and

**WHEREAS**, staff has reviewed and recommends the request for an additional thirty-nine thousand, eight hundred twenty-nine dollars (\$39,829.00) in 4% credits for a total reservation of three hundred sixteen thousand, five hundred and eleven dollars (\$316,511.00).

**NOW THEREFORE BE IT RESOLVED** by the Board of Directors (the "Board") of the Louisiana Housing Corporation, acting as the governing authority of said Corporation:

**SECTION 1.** The reservation and/or allocation of additional 4% credits in the amount of thirty-nine thousand, eight hundred twenty-nine dollars (\$39,829.00) is hereby made to the project Choctaw Lodge in the amounts specified above.

**SECTION 2.** The Corporation's staff and counsel are authorized and directed to prepare the forms of such documents and agreements as may be necessary to implement the Board's actions.

**SECTION 3.** The Chairman, Vice Chairman, Executive Director and/or Secretary of the Corporation be 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 the Corporation's General Counsel and LIHTC Program Counsel, Foley & Judell, L.L.P.

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

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Chairperson

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Secretary

**STATE OF LOUISIANA**

**PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation, do hereby certify that the foregoing two (2) pages constitute a true and correct copy of the resolution adopted by said Board of Directors on August 13, 2014, entitled: “A resolution authorizing the addition of thirty-nine thousand, eight hundred twenty-nine dollars (\$39,829.00) in 4% Low Income Housing Tax Credits for a total reservation of three hundred sixteen thousand, five hundred and eleven dollars (\$316,511.00) in 4% Low Income Housing Tax Credits to Choctaw Lodge, (4115, 4150 and 4202 Mohican-Prescott Crossover, Baton Rouge, East Baton Rouge Parish, Louisiana); 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 12<sup>th</sup> day of October 2016.

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Secretary

(SEAL)

**Reason for Requested Reprocessing**

The developer is requesting approval of (1) additional reservation of \$39,829.00 4% LIHTC to total of \$316,511. These additional credits are required due to unforeseen construction cost increases including concrete and other related issues discovered during construction and asbestos removal/containment that substantially increased development costs.

**Project History and Previous Board Action**

- **August 2013** – Project submitted in the 2014 9% competitive funding round, but did not receive an award due to the project’s final score and ranking.
- **April 2014** – received approval of \$276,682.00 in 4% Non-competitive Low Income Housing Tax Credits and \$4,150,000 in Multi-family Revenue Bonds.

**Reprocessing Involves the Following Changes**

	Original Application	Reprocessing	Increase/(Decrease)
1.) No. of Buildings	7	7	0
2.) No. of Units	92	92	0
3.) Avg. Unit Size (sq.ft.)	800	800	0

**Project Specifics**

**Rehab Costs**

Total Hard Costs	\$ <u>7,164,571</u>
Total Soft Costs	\$ <u>1,561,388</u>
<b>Total Costs</b>	<b>\$ <u>8,725,959</u></b>

**Unit Mix**

0 Bedroom Units	31
1 Bedroom Units	36
2 Bedroom Units	13
3 Bedroom Units	12
<b>Total Units</b>	<b>92</b>

**Note:** Development Costs are exclusive of reserves.

Development Costs:	Original Application	Reprocessing	Net Increase/(Decrease)
<b>Total Development Cost</b>	<b>\$8,641,817.00</b>	<b>\$8,725,959.00</b>	<b>\$1,284,142.00</b>
Total Units	92	92	0
Total Buildings	7	7	0
Total Cost/Unit	\$93,932.79	\$94,847.38	\$914.59
Total Square Feet	64,500	64,500	0
<b>Total Cost/SF</b>	<b>\$133.98</b>	<b>\$135.28</b>	<b>\$1.30</b>

Funding Sources:	Original Application	Reprocessing	Net Increase/(Decrease)
Permanent First Mortgage	\$1,800,000.00	\$1,900,000.00	\$1,060,595.00
Permanent Second Mortgage	\$850,000.00	\$0.00	(\$850,000.00)
Gross Tax Credit Equity	\$2,268,567.00	\$2,595,131.00	\$326,564.00
DDR/Loan	\$0.00	\$295,841.00	\$295,841.00
CDBG	\$3,700,000.00	\$3,700,000.00	\$0
Deferred Developer Fees	\$295,875.00	\$114,868.00	(\$181,007.00)
COBR HOME Funds	\$0.00	\$400,000.00	\$400,000.00
Reserves/Escrow funds	(\$272,625)	(\$279,881.00)	(\$7,256.00)
<b>Total Sources</b>	<b>\$8,641,817.00</b>	<b>\$8,725,959.00</b>	<b>\$84,142.00</b>

### Estimated Economic Impact\*

*\*Estimated using the National Association of Home Builders (NAHB) economic model, Qualified Allocation Plan and State Bond Commission Fee Schedules*

	During Construction (One-Year Impact)	Post-Construction (Annual Impact)
Local Employment Income	\$7,268,000.00	\$2,208,000.00
Local Employment Taxes	\$760,840.00	\$405,720.00
Local Jobs	113	28
Zoning/Impact Fees/Permits	\$486,880.00	-
SBC/MRB/Tax Credit Application Fees	\$18,515.00	-
MRB Closing Fees	\$5,000.00	-
Annual Administrative Fee	\$11,015.00	-
LHC Compliance Monitoring Fee	\$5,280.00	\$5,280.00
LHC Reprocessing Fee	\$2,500.00	-
<b>Total Economic Impact</b>	<b>\$8,558,030.00</b>	<b>\$2,619,000.00</b>

### Area Demographic Profile

*Source: U.S. Census Bureau, American Fact Finder*

Lafayette Parish	
	2012-2013
Median Household Income	\$51,462.00
People living in poverty	11.8%
People living at or above poverty	88.2%
Households earning \$14,999 or less	20.7%
Households earning \$24,999 or less	34.7%

### Occupancy Profile

No. of Units	AMI	Annual Qualifying Income Limit
92	30%	\$15,439

*\*100% Project Based Contract - PBRA*

### Examples of Occupations in the 50-60% AMI Category

Construction	Hospitality	Drivers	Healthcare
Nursing Aides & Orderlies	Office Clerks	Maintenance	Firefighters
Food Service	Education	Bank Tellers	Security Guards
Retail Sales	Childcare Workers	Warehouse	Administrative Assistants

### Projected Major Area Employers

Retail	Local School System
Medical Facilities	
Private Industry	Local Government

**Choctaw Lodge GP, LLC**  
**Side by Side Cost Analysis**

Activities	Application	Completion	Difference
Acquisition Costs	1,600,000	1,644,934	44,934
Construction Hard Costs:			-
Concrete	130,000	412,647	282,647
Masonry	90,000	80,934	(9,066)
Rough Carpentry	130,000	309,971	179,971
Finish Carpentry	70,000	463,661	393,661
Rehabilitation Costs	2,450,380	320,399	(2,129,981)
Insulation	50,000	75,446	25,446
Roofing	30,000	139,235	109,235
Doors	22,000	83,264	61,264
Windows	25,000	61,772	36,772
Drywall	35,000	442,798	407,798
Resilient Flooring	15,000	107,393	92,393
Painting and Decorating	55,000	200,362	145,362
Specialties	-	69,022	69,022
Cabinets	56,400	289,021	232,621
Appliances	44,000	274,793	230,793
Blinds and Shades	7,000	-	(7,000)
Carpets	30,000	-	(30,000)
Plumbing and Hot Water	52,000	540,483	488,483
Heat and ventilation and AC	80,000	332,092	252,092
Electrical	90,000	505,489	415,489
Accessory Structures	-	-	-
Earth Work	40,000	29,672	(10,328)
Site Utilities	10,000	112,678	102,678
Roads and Walks	20,000	-	(20,000)
Lawns and Plantings	30,000	128,247	98,247
General Requirements	213,707	253,100	39,393
Overhead	74,797	56,156	(18,641)
Builder's Profit	224,392	231,002	6,610
Hard Cost Contingency	178,088	-	(178,088)
Construction Hard Costs Total:	4,252,764	5,519,637	1,266,873
Soft Costs:			
Architect's Fee - Design	127,583	127,583	-
Architect's Fee - Supervisory	42,528	43,518	990
Interest During Construction	180,295	198,769	18,474
Taxes During Construction	15,000	4,816	(10,184)
Insurance During Construction	15,000	128,848	113,848
Financing Fee (Construction)	124,500	64,558	(59,942)
Financing Fee (Permanent)	25,200	18,000	(7,200)
Title and Recording Costs	82,000	58,519	(23,481)
Taxpayer Closing Costs	45,000	34,725	(10,275)
Taxpayer Counsel	-	156,212	156,212
CDBG Closing Costs	27,000	27,500	500
Investor Counsel Fees	-	45,000	45,000
Lender Legal Fees	-	35,000	35,000
Accounting, Cost Cert & Carryover Fees	30,500	42,272	11,772
LHC Tax Credit Fees	16,884	23,872	6,988
Developer Fee	750,563	475,563	(275,000)
Physical Needs Inspections	6,500	16,640	10,140
Engineering/Inspections/Survey	50,000	21,000	(29,000)
Market Study	4,500	4,500	-
Appraisal	7,500	8,950	1,450
Environmental/Soils	11,000	15,690	4,690
Other Construction & Dev. Costs	-	9,853	9,853
Soft Costs Total	1,561,553	1,561,388	(165)
Initial Operating Reserve	272,625	279,881	7,256
<b>TOTAL</b>	<b>7,686,942</b>	<b>9,005,840</b>	<b>1,318,898</b>