

City of Huntington Park



Rugby Plaza Deal Summary

April 30, 2013

Rugby Plaza

- 1996 New Construction
- 184 Senior Housing Units
 - 130 public parking spaces
 - 70 project-specific spaces

Project Financing

- New owner / Property Manager:
USA Properties Fund
- Affordability for 55 years
 - Rents stable for current residents + CPI
 - New residents pay “tax credit” rent
- \$4.6 million rehabilitation costs
- New Social Services provider:
Lifesteps
- HOME Subsidy
 - Rent limited to 30% of income during renovation period

Improvements

\$4.6 million Rehabilitation Costs

1.	ADA enhancements	\$175,000
2.	Solar energy efficient	\$300,000
3.	New Roof, electrical, plumbing, windows , elevator, HVAC, Boilers	\$1.2 mil
4.	New Appliances	\$250,000
5.	Update common areas	\$750,000
6.	Security/fire system	\$100,000
7.	Paint, flooring/carpet	\$250,000
8.	Apartment Improvements	\$1.58mil

Participants

**City Housing-
Rugby
Associates
L.P**

Company	Role
•Bedford Group	General Partner (removed)
•Fannie Mae	Tax Credit Investor
•HP CHDO	CHDO (non profit)
•CHAPA	Non-profit
• <i>John Stewart Co.</i>	<i>Property Manager</i>
•ALMA	<i>Social Services</i>

**Huntington Park
607 L.P**

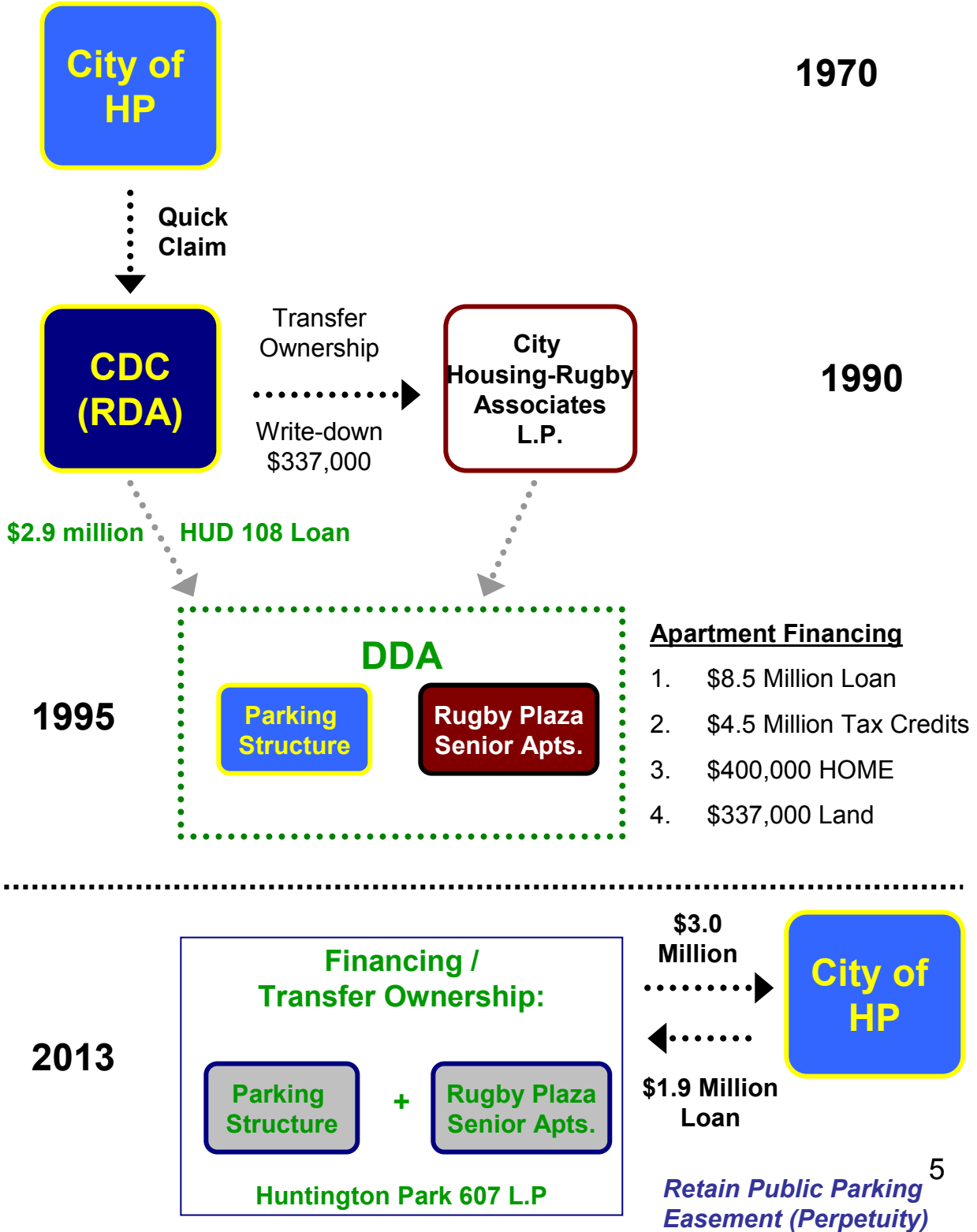
Company	Role
•USA Properties Fund	General Partner
•WNC	Tax Credit Investor
•Oldtimers	CHDO (non-profit)
•CHAPA	Non-profit
<i>USA Multifamily Mgt.</i>	<i>Property Manager</i>
<i>Lifesteps</i>	<i>Social Services</i>

Note:

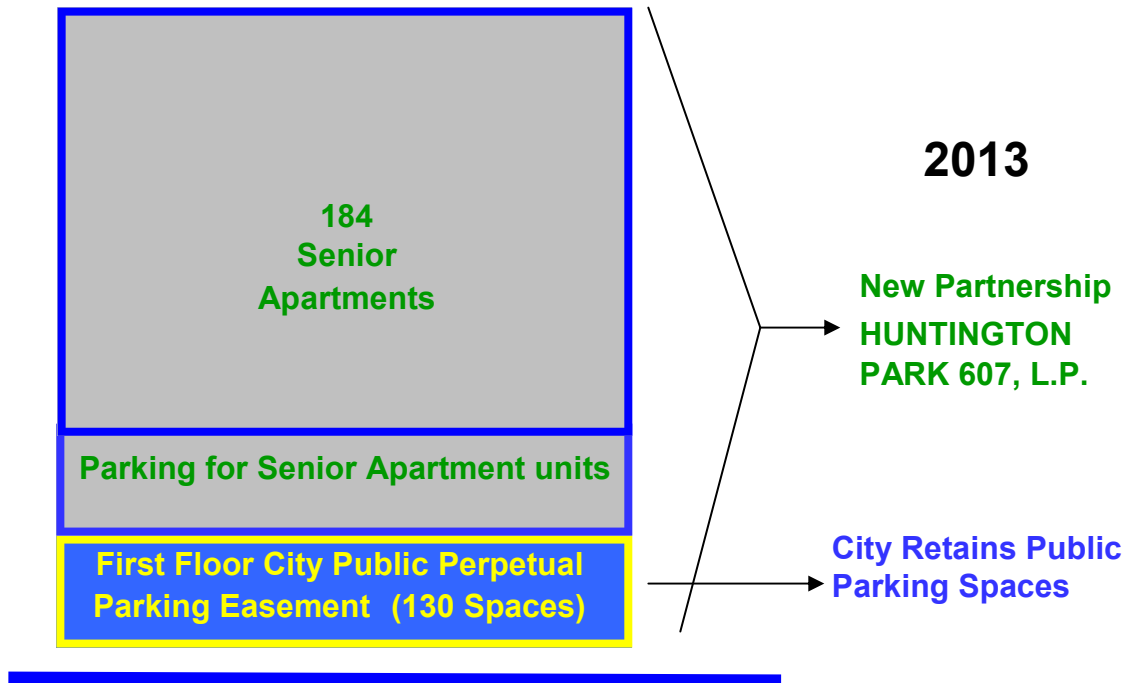
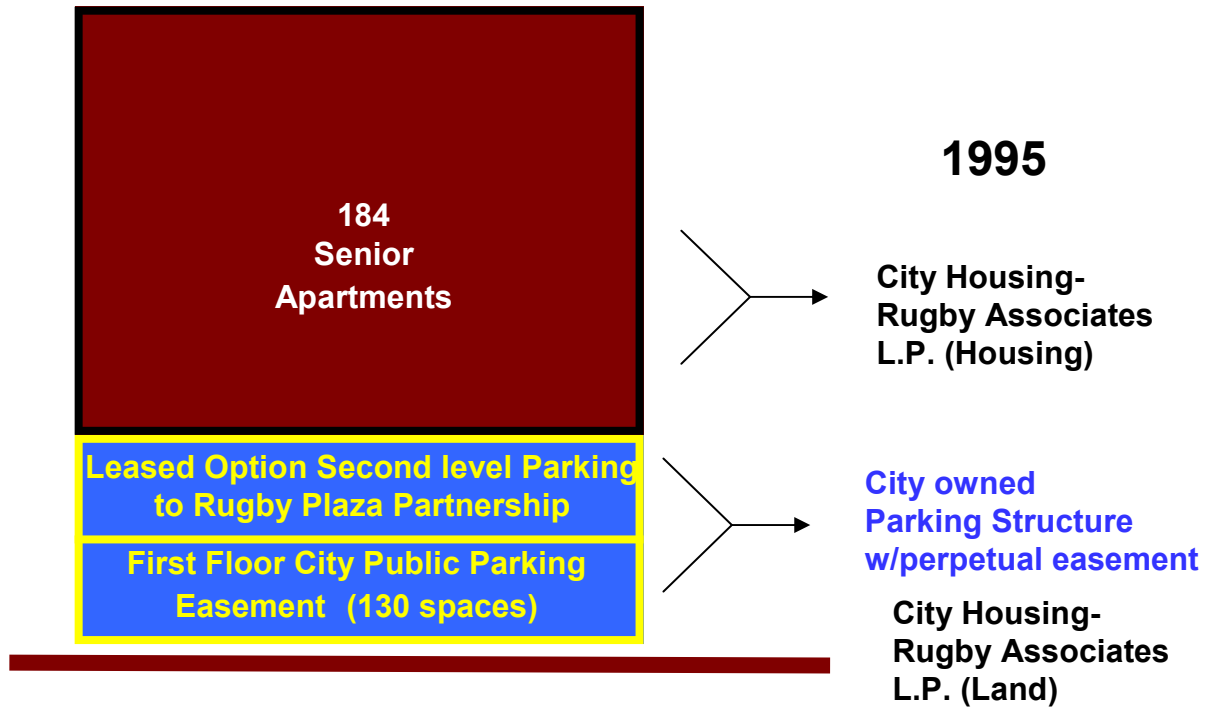
Community Housing Development Organization (CHDO) – required to obtain HOME funding

Non-profit required for property tax abatement

Deal Structure



Property Ownership



City Role in Financing

City Objectives

1. Provide Subsidy (maintain) Affordability
2. Facilitate Development/Renovations
3. Eliminate Risk and Liability
4. Maintain Public Parking

Key Facts

- City sold the land in 1990 for \$400,000
 - Below market value
- City owns the rights to the parking structure
- Original Agreement set purchase price
 - \$4.8 million @ year 16
- City does not own the apartment building

Financing requires the City's participation: City must sell the parking structure, provide subsidy, and define new affordability provisions

Key Provisions

- City sells parking structure (easement) \$4.8 million
 - Receives \$3.0 million in cash
 - Provides project \$1.9 million deferred loan @ 3.0%
- 55-year Affordability Covenant
 - Ensures covenant tied to land

Affordability – Rent Limits

Original Affordability Provision

- 55 years – 30 years remaining
- HOME contract expires – 3 years:
rents may increase to tax credit limits

New Affordability Provision

	Average Project rents	HOME Maximum Rents	Tax Credit Maximum Rents	Market Rate Rents
1 Bedroom Unit	50% \$650 60% \$750	50% \$791 60% \$1008	50% \$776 60% \$932	\$1,101
2 Bedroom Unit	50% \$750 60% \$850	50% \$948 60% \$1212	50% \$932 60% \$1119	\$1,421

- 55 years
- Covenant tied to land
- Rent limits remain in place
 - if project is sold or refinanced
- City has “right to approve” new partner (if sold)

Sources and Uses 1995

SOURCES AND USES - ORIGINAL PROJECT FINANCING 1995

SOURCES	Housing Units	Parking Structure	TOTAL
Permanent Loan US Bank	\$8,550,000		\$ 8,550,000
Low Income Housing Tax Credits (9%)	4,506,086		4,506,086
HUD CHDO HOME Funds	400,000		400,000
HUD 108 Loan for Parking Structure	-	2,970,000	2,970,000
TOTAL SOURCES	\$13,456,086	\$2,970,000	\$16,426,086

USES

Construction	\$ 7,931,682		\$ 7,931,682
Soft Cost	3,782,277		3,782,277
Interest Costs during Construction	1,405,127		1,405,127
Land	337,000		337,000
Parking Structure		2,970,000	2,970,000
TOTAL USES	\$13,456,086	\$2,970,000	\$16,426,086

Sources and Uses 2013

SOURCES AND USES - REFINANCING 2013			
SOURCES	Housing Units	Parking Structure	TOTAL
Permanent Loan CITI Bank	\$7,268,148	\$ 2,981,852	\$10,250,000
Low Income Housing Tax Credits	5,439,310		5,439,310
City Deferred Loan		1,900,000	1,900,000
Developer's Deferred Fee	913,932		913,932
Net Operating Income Construction	725,497		725,497
Altmed 24 months @ \$19,852	476,459		476,459
Seller Credit	40,000		40,000
TOTAL SOURCES	\$14,863,346	\$4,881,852	\$19,745,198
USES			
Property Acquisition	\$6,008,148		\$6,008,148
Rehabilitation Costs	4,613,478		4,613,478
Soft Cost	3,196,914		3,196,914
Financing	1,044,806		1,044,806
City Repayment (General Fund)		2,313,852	4,881,852
City Deferred Loan - Parking Structure		1,900,000	
HUD 108 Loan		668,000	
TOTAL USES	\$14,863,346	\$4,881,852	\$19,745,198