

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
OCTOBER 27, 2020**

RESOLUTION NO. 2020-25

WHEREAS, the Housing Authority of New Orleans ("HANO") began to redevelop and renovate its large public housing developments in December, 2003; and

WHEREAS, one of the large public housing developments that HANO began to redevelop and renovate in December, 2003 was HANO's St. Thomas Development; and

WHEREAS, to fund the redevelopment and renovation of the St. Thomas Development, a public-private partnership named Lower Garden District Rental I, LLC ("LGD Rental I") was created; and

WHEREAS, LGD Rental I is reaching the end of its tax credit compliance period; and

WHEREAS, a re-syndication of LGD Rental I is necessary to ensure the long term future of this public-private partnership as a funding source for HANO's St. Thomas Development; and

WHEREAS, HANO's St. Thomas Development is also reaching the point of need for repairs and modernization that is beyond the day-to-day repair and upkeep of the property; and

WHEREAS, to assist LGD Rental I's funding of the needed repairs and modernization at HANO's St. Thomas Development and to ensure the long term future of affordable housing at HANO's St. Thomas Development, HANO may seek funding from the Rental Assistance Demonstration ("RAD") Program of the United States Department of Housing and Urban Development ("HUD") and

WHEREAS, to further assist LGD Rental I's funding of needed repairs and modernization at HANO's St. Thomas Development and to ensure the long term future of affordable housing at HANO's St. Thomas Development, Historic Restoration Inc., the original developer of record, will seek funding from the State of Louisiana's Low Income Housing Tax Credit Program ("LIHTC");

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THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans hereby authorizes the HANO Executive Director, Evette Hester, to execute any and all documents necessary to ensure the long term future of LGD Rental I as a public-private partnership and funding source for HANO's St. Thomas Development, and to execute any and all documents necessary to submit applications to both HUD's RAD Program and the State of Louisiana's LIHTC Program in an effort to further assist LGD Rental I's funding of needed repairs and modernization at HANO's St. Thomas Development.

Executed this 27th Day of October, 2020

APPROVAL:



DEBRA JOSEPH
PRESIDENT BOARD OF COMMISSIONERS



October 27, 2020

MEMORANDUM

**To: Board of Commissioners
President Debra Joseph, Vice President Isabel Barrios,
Commissioner Avery Foret, Commissioner Sharon Jasper,
Commissioner Carol Johnson, Commissioner Monika McKay,
Commissioner Hyma Moore, Commissioner Kim Piper and
Commissioner Bill Rouselle**

**Through Evette Hester
Executive Director**

**From: Gionne Jourdan
Director, Development and Modernization**

Re: River Garden CS I Apartments II

In the December 2003, the Housing Authority of New Orleans (“HANO”) began the redevelopment of the then St. Thomas public housing development, which today is known as River Garden CS 1 Apartments. The redevelopment marked the first public-private partnership and revitalization effort of a HOPE VI/Mixed-Finance community, using 9% Low Income Housing Tax Credits (LIHTC), tax incremental financing (TIF), and a HANO/HOPE VI loan. The project was developed in partnership with Historic Restoration Inc. (HRI) and the improvements are currently owned by LGD Rental I, LLC. At the start of the revitalization effort, it was renamed River Garden to match the changing face of its renewal. This year, the development will complete its LIHTC compliance period and being more than 15 years old, it is time to upgrade the site beyond improvements that are typically performed during day-to-day operations.

Fueled by the continued desire and priority to ensure sustainable, quality, and affordable housing for HANO clients, HRI has analyzed various recapitalization strategies to determine what would provide the greatest benefit to the property, its residents and the community. HRI has concluded that converting the operating subsidy of the River Garden’s existing 122 public housing units from Annual Contribution Contract (“ACC”) assistance to Section 8 project-based voucher (“PBV”) assistance under HUD’s Rental Assistance Demonstration (“RAD”) would allow HRI to finance substantial upgrades and likely generate a considerable payment to HANO at the financial closing. The RAD program allows public housing agencies to leverage public and private debt and equity to reinvest in its public housing stock. Public housing units move to a Section 8 platform under a long-term contract that, by law, must be renewed in perpetuity. A recorded Use Agreement enforces HANO’s and HUD’s long-term interest, thus ensuring that the units will remain permanently affordable to low-income households. In addition, residents

benefit from a right of return, continue to pay no more than 30% of their adjusted income towards rent, maintain the same basic rights they have in the public housing program, and gain a new option to request tenant-based assistance if they wish to subsequently move from the property.

In addition to the above, the Property's special member, Related Direct SLP, LLC, will remain the majority owner of the existing partnership but will require negotiations to exit the deal, which may impact how refinancing is structured, including identification of HANO's share of the proceeds at closing. As a result, HRI is currently communicating with the limited partner to facilitate a smooth exit, while HANO is in preliminary talks with developer about the financial benefits that may be generated for the Authority. With these facts in mind, HRI has requested HANO's support in submitting an application for a re-syndication of LIHTCs under the 2021 Qualified Allocation Plan with a possible RAD conversion. To date, HANO has completed its preliminary review of HRI's proposed development strategy, including reviewing the existing deal structure as well as the projected development budget and pro forma and deems the project feasible enough to move forward with pursuing 9% LIHTC from LHC.

HANO asks that the Board of Commissioners of the Housing Authority of New Orleans hereby authorize the HANO Executive Director, Evette Hester, to execute any and all documents necessary to ensure the long term future of LGD Rental I as a public-private partnership and funding source for HANO's St. Thomas Development, and to execute any and all documents necessary to submit applications to both HUD's RAD Program and the State of Louisiana's LIHTC Program in an effort to further assist LGD Rental I's funding of needed repairs and modernization at HANO's St. Thomas Development.