

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
October 25, 2022**

RESOLUTION NO. 2022-26

WHEREAS, In 2019, REO Development, LLC (REO) was awarded the development rights to HANO's property at 2256 Baronne through RFQ #16-911-42; and

WHEREAS, HANO and 2256 Baronne, LLC entered into a Predelopment Agreement on the property at 2256 Baronne; and

WHEREAS, the project will include a total of 22 senior units to be constructed to Enterprise Green Communities standards; and

WHEREAS, on April 2019, the HANO Board of Commissioners' authorized a Predevelopment Loan Agreement in the amount of \$99,210; and

WHEREAS, the First Amendment to the Predevelopment Loan Agreement was executed in July 2020 which allowed for an extention of time through April 2021; and

WHEREAS, the Second Amendment to the Predevelopment Loan Agreement was executed in April 2021 which allowed for an extention of time through September 2022; and

WHEREAS, REO received an allocation of 4% tax credits from the Louisiana Housing Corporation (LHC) with additional funding commitments from New Orleans Redevelopment Authority (NORA) and the City of New Orleans; and

WHEREAS, REO has requested a gap funding loan in the amount of \$536,000 as construction funding for the project from HANO ; and

WHEREAS, REO is requesting additional time to complete his Predevelopment activities for financial closing for one additional year; and

WHEREAS, HANO has certified that funding is available in the amount not to exceed \$536,000;

THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans authorize the Executive Director to execute a loan in the amount not to exceed \$536,000 to REO Development, LLC for the development of the 2256 Baronne Lofts Project, to execute any and all documents necessary to effectuate a financial closing of 2256

Baronne Lofts, to extend the Predevelopment Loan Agreement for an additional one year and to submit an update about the development and disposition application to HUD.

Executed this 25th day of October, 2022

APPROVAL:



CAROL GEORGE JOHNSON
PRESIDENT, BOARD OF COMMISSIONERS



DECISION MEMORANDUM

October 25, 2022

To: Board of Commissioners:
President Carol Johnson, Vice President Avery Foret, Commissioner Isabel Barrios, Commissioner Sharon Jasper, Commissioner Percy Manson, Commissioner Monika McKay, Commissioner Kim Piper, Commissioner Paul Richard and Commissioner Jeffrey Vappie

Through: Evette Hester
Executive Director

From: Gionne Jourdan
Director, Development and Modernization

Re: Consideration of a Permanent Loan Not-to-Exceed \$536,000 for 2256 Baronne Lofts

In 2019, REO Development, LLC (REO) was awarded the development rights to HANO's property at 2256 Baronne through RFQ #16-911-42. The original proposed redevelopment consisted of 34 affordable senior housing units. It was to be funded with Low Income Housing Tax Credits (LIHTC), private financing and a pre-development and construction loans from HANO. Following several meetings with residents, community stakeholders and the State Historic Preservation Office (SHPO), the project was scaled down to include a total of 22 units to meet historic preservation requirements. REO will construct one and two-bedroom units to be housed in four-story structure built to Enterprise Green Communities standards. It will consist of approximately 17,500 square feet of net residential space and 2,500 square feet of community space and common areas.

On April 1 2019, HANO executed a Predevelopment Loan in the amount of \$99,210 with REO for eligible HUD pred-development activities and REO's overhead. To date, a total of \$95,960 has been expended.

In 2022, REO received an allocation of 4% tax credits from the Louisiana Housing Corporation (LHC), which is expected to generate approximately \$3.1 million in tax credit equity, as well as \$4.4 million in City Funds from the City of New Orleans. Home Bank has provided multiple loan commitments for interim and permanent financing in the amount of \$6,800,000. In October 2022, REO successfully applied for and received approval of \$700,000 from the New Orleans Redevelopment Authority (NORA). The total development cost is projected to be approximately \$9.56 million due to increased construction costs, interest rates and insurance.

In addition, in April 2022, 2256 Baronne received approval from SHPO and secured its Authority to Use Grant Funds from US Department of Housing and Urban Development (HUD) in August 2022.

Currently, REO is in the process of securing its Payment in Lieu of Taxes (PILOT) from Finance New Orleans (FNO) as well as preliminary bond approval from LHC. REO is expected to go before those boards in October and will go before the Louisiana State Bond Commission for final bond approval in November.

Accordingly, REO hereby requests an additional permanent loan from HANO in a not to exceed amount of \$536,000 for 2256 Baronne's financial feasibility.

Therefore, it is requested that the Board of Commissioners of the Housing Authority of New Orleans authorize the Executive Director to execute a loan in an amount not to exceed \$536,000 to REO Development, LLC for the development of 2256 Baronne Lofts, to execute any and all documents necessary to effectuate a financial closing of the project, to extend the Predevelopment Loan Agreement for an additional one year and to submit an update about the development and disposition application to HUD.