



# Louisiana Housing Corporation

## Board of Directors Agenda Item #8

Resolution authorizing an additional not-to-exceed Six Hundred Thousand Dollars (\$600,000) principal amount of the Multifamily Housing Governmental Note for **Lee Hardware & United Jewelers Apartments Project (109 Units, Shreveport, Caddo Parish)** located at 719 Edwards Street and 301 Crocket Street, Shreveport, Caddo Parish, Louisiana 71101, above the previously approved not-to-exceed \$8,800,000 principal amount of the Governmental Note; accepting the proposal of U.S. Bank National Association for the purchase of such additional principal amount of the Governmental Note; fixing the parameter terms of said additional principal amount of the Governmental Note; and providing for other matters in connection therewith.

**June 09, 2021**



# Lee Hardware & United Jewelers Apts. Shreveport, Louisiana Caddo Parish

## Narrative

Lee Hardware & United Jewelers Apartments is proposed redevelopment of a 109 unit mixed income apartment complex located at 719 Edwards Street and 301 Crocket Street in Shreveport, Louisiana. The project will consist of 73 one-bedroom units and 36 two-bedroom units of which 55 units will be affordable and the remaining 54 units will be market rate units.

## LEE HARDWARE & UNITED JEWELERS APARTMENTS SHREVEPORT, LOUISIANA

### Reason for Requested Approval

Requesting Approval of a Supplemental Sale Resolution to increase the principal amount of bonds and tax credits in the amount of:

- \$600,000 in Multifamily Housing Revenue Bonds for a total of \$9,400,000 in Multifamily Housing Revenue Bonds
- \$280,779 in Low Income Housing Tax Credits for a total of \$543,919

### Project History and Previous Board Action

Final Sale of Mortgage Revenue Bonds approved at the May 2021 Board Meeting  
Mortgage Revenue Bonds and LIHTCs approved at the August 2020 Board Meeting  
Historic Rehab of a Multifamily Development located in Shreveport, LA

#### Development Team

Developer - HRI Development, LLC  
Syndicator - US Bancorp Community Development  
Accountant - LeBlanc & Associates, LLC  
Architect - HCI Architecture, Inc.  
Management Company - HRI Management  
Builder/Contractor - Palmisano Contractors

### Reprocessing Involves the Following Changes:

Construction Costs	Amount
Building Acquisition	\$5,157,000.00
Land Acquisition	\$447,000.00
Total Hard Costs	\$8,253,826.00
Construction Contingency	\$767,970.00
Total Developer's Fee	\$1,741,300.00
Total Soft Costs	\$2,768,906.00
Total Development Cost	\$19,614,886.00
Maximum TDC Limit	\$180,695.00
*Adjusted TDC	\$18,394,886.00

Development Costs	Approved	Reprocessing	Increase/Decrease
Building Acquisition	\$5,157,000.00	\$4,744,980.00	(\$412,020.00)
Land Acquisition	\$447,000.00	\$862,020.00	\$415,020.00
Total Hard Costs	\$8,253,826.00	\$8,414,755.00	\$160,929.00
Construction Contingency	\$767,970.00	\$765,655.00	(\$2,315.00)
Total Developer's Fee	\$1,741,300.00	\$1,762,000.00	\$20,700.00
Total Soft Costs	\$2,768,906.00	\$3,065,476.00	\$296,570.00
Exclusions from TDC	\$1,026,023.00	\$1,220,000.00	\$193,977.00

\*Excluded from TDC Limit Calculation - Reserves

Develop. Specs	Approved	Reprocess	Incr/Decr
Total Units	109	109	0
Total Buildings	2	5	3
Total Square Feet	116870	118976	2106
Total Cost/Unit	158560	168760	10200
Total Cost/Sqft	148	155	7

Funding Sources	Approved	Reprocessing	Increase/Decrease
CDBG	\$6,125,000.00	\$6,125,000.00	\$0.00
LHC HOME Loan	\$4,000,000.00	\$0.00	(\$4,000,000.00)
City of Shreveport HOME (Existing)	\$2,657,000.00	\$2,624,000.00	(\$33,000.00)
Low Income Housing Tax Credit Equ	\$2,446,957.00	\$4,568,463.00	\$2,121,506.00
Federal/State Historic Tax Credit Eq	\$3,238,065.00	\$3,542,323.00	\$304,258.00
TE Interest Earnings	\$203,000.00	\$0.00	(\$203,000.00)
Other	\$41,168.00	\$55,100.00	\$13,932.00
Berkadia FMAC Loan	\$0.00	\$2,700,000.00	\$2,700,000.00
<b>Total</b>	<b>\$18,711,190.00</b>	<b>\$19,614,886.00</b>	<b>\$903,696.00</b>

2018 Application / CDBG NOFA - Reprocessing Application 6/3/2021

Lee Hardware 4% LIHTC This Developer Fee was approved in original submission

*Did not increase per the 2019 QAP*

Total Development Cost	\$ 19,614,886.00
Less:      Acquisition - Bldg.	(4,744,980.00)
Land	(862,020.00)
Developer Fee	(1,762,000.00)
Reserves:	(1,220,000.00)
Builder Profit/OH IOI	<u>0.00</u>
Developer Fee Base	11,025,886.00
Developer Fee Rehab	15% \$ 1,653,882.90
Developer Fee Acquisition	5% <u>\$ 237,249.00</u>
Total Allowable Developer Fee	\$ 1,891,131.90
Total Developer Fee	\$ 1,762,000.00

## LOUISIANA HOUSING CORPORATION

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

### RESOLUTION

**A resolution authorizing an additional not-to-exceed Six Hundred Thousand Dollars (\$600,000) principal amount of the Multifamily Housing Governmental Note (Lee Hardware & United Jewelers Apartments Project, [insert address with parish]) above the previously approved not-to-exceed \$8,800,000 principal amount of the Governmental Note; accepting the proposal of U.S. Bank National Association for the purchase of such additional principal amount of the Governmental Note; fixing the parameter terms of said additional principal amount of the Governmental Note; and providing for other matters in connection with the foregoing.**

**WHEREAS**, the Board of Directors (the “**Board**”) of the Louisiana Housing Corporation (the “**LHC** or the “**Corporation**”) on August 12, 2020, adopted a resolution authorizing and approving the issuance and sale of not exceeding Eight Million, Eight Hundred Thousand Dollars (\$8,800,000) of Louisiana Housing Corporation Multifamily Housing Revenue Bonds (Lee Hardware & United Jewelers Apartments Project) in one or more series to U.S. Bank National Association or such other purchaser (the “**Purchaser**”) to finance a 109-unit multifamily housing facility located in Shreveport, Caddo Parish (the “**Project**”); and

**WHEREAS**, the Louisiana State Bond Commission approved the issuance of not-to-exceed Eight Million, Eight Hundred Thousand Dollars principal amount of a governmental note (the “**Original Governmental Note Principal**”) on September 17, 2020; and

**WHEREAS**, New Shreveport Renewal, LLC, a Louisiana limited liability company (the “**Taxpayer**”) has submitted a supplemental and amended application to LHC requesting an additional Six Hundred Thousand Dollars (\$600,000) (the “**Supplemental Governmental Note Principal**”, together with the Original Governmental Note Principal, the “**Governmental Note**”) to cover additional costs of the Project so that the aggregate combined principal amount of the Governmental Note will not exceed Nine Million Four Hundred Thousand Dollars (\$9,400,000); and

**WHEREAS**, as a consequence of the additional costs and reprocessing of the Low-Income Housing Tax Credit Application, the Project qualifies for additional low-income housing tax credits (“**LIHTCs**”) so that the aggregate amount of LIHTCs to be allowed the Project is now **Five Hundred Forty-Three Thousand, Nine Hundred Nineteen Dollars (\$543,919)**; and

**WHEREAS**, a Supplemental Notice of Sale was published on May 31, 2021 in “*The Advocate*” and in the “*The Daily Journal of Commerce*” for the sale of the Supplemental

Governmental Note in an aggregate principal amount of not to exceed Six Hundred Thousand Dollars (\$600,000); and

**WHEREAS**, the LHC did meet on June 9, 2021, at 10:00 a.m., Louisiana time, for the purpose of receiving and considering the proposal of the Purchaser, and taking action with respect to the supplemental parameter sale of not exceeding Six Hundred Thousand Dollars (\$600,000) of the Supplemental Governmental Note pursuant thereto; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the LHC, acting as the governing authority of said LHC, that:

**SECTION 1.** Subject to the approval by the Louisiana State Bond Commission for the additional Six Hundred Thousand Dollars (\$600,000) of bonds, the parameter written terms submitted by U.S. Bank National Association for the purchase of the Supplemental Governmental Note Principal at an interest rate not exceeding 12% per annum, and for a maturity not exceeding 40 years, authorized under and pursuant to the provisions of a Funding Loan Agreement (the “**Funding Loan Agreement**”), by and between the LHC, the Purchaser, and U.S. Bank National Association, a fiscal agent (the “**Fiscal Agent**”); provided, however, that the delivery of the Supplemental Governmental Note is conditioned upon approval by the State Bond Commission and compliance with any and all approvals and/or certifications required by the Louisiana Attorney General. The sale of the Supplemental Governmental Note in accordance with said Funding Loan Agreement is hereby authorized and approved. The Chairperson, Vice-Chairperson, Executive Director, Chief Operating Officer of LHC, and/or Secretary of the Corporation are hereby authorized and directed for, on behalf of and in the name of the LHC, to execute, deliver and approve such instruments, documents and certificates as may be required or necessary, convenient or appropriate to the financing described herein, including, but not limited to, the following described documents for the Supplemental Governmental Note on file with the LHC:

- (i) Funding Loan Agreement,
- (ii) Project Loan Agreement, and
- (iii) Tax Regulatory Agreement

The aforesaid officers are additionally authorized to approve any changes in the aforementioned documents provided such changes are in accordance with Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, as amended, and with the approval of Counsel to the LHC or Bond Counsel. The costs of financing the Project will be paid out of the proceeds from the sale of the Governmental Note, which shall be special, limited obligations of the LHC, payable solely out of the revenues derived by the LHC with respect to the Project for which financing is made available. The Governmental Note and the interest thereon shall never constitute the debt or indebtedness of the LHC, the State of Louisiana (the “**State**”), or any political subdivision thereof within the meaning of any provision or limitation of the Constitution or statutes of the State, nor shall the same give rise to a pecuniary liability of the LHC or the State or any political subdivision thereof or a charge against their general credit or taxing power, and such limitation shall be plainly stated on the face of the Governmental Note.

**SECTION 2.** In order to accomplish the sale of the Governmental Note in accordance with the terms of this resolution, either the Chairperson, Vice-Chairperson, Executive Director, Chief Operating Officer of LHC, and/or Secretary of the Corporation, acting on his behalf, be and they are hereby authorized and directed to execute and deliver, for and on behalf of the LHC, the Funding Loan Agreement in substantially the form thereof which is now before this LHC and filed with the Secretary of this Board of Directors with such revisions or changes as may be approved by Bond Counsel.

**SECTION 3.** The Governmental Note will be dated, be subject to redemption, and will have all the terms set forth in the Funding Loan Agreement. The Governmental Note is a limited

obligation of the Corporation and will be payable solely out of the income, revenues and receipts derived from the Project and funds and accounts held under and pursuant to the Funding Loan Agreement and pledged therefor.

**SECTION 4.** The Project is now hereby preliminarily approved for LIHTCs in the amount of **Five Hundred Forty-Three Thousand, Nine Hundred Nineteen Dollars (\$543,919)** in accordance with the revised preliminary feasibility analysis report (the “**F&V Report**”) of the Corporation's tax credit underwriter (the “**Tax Credit Underwriter**”) as referenced in the Underwriting Review submitted to the Board, provided, however, that staff is hereby further authorized and directed to adjust such LIHTCs based upon (a) any reprocessing submitted by the taxpayer/owner and the LIHTCs recommended and approved in a supplemental F&V Report of the Underwriter and/or (b) the final audited cost certification review of the Project by the Tax Credit Underwriter following the placement in service of the Project as required by Section 42(m) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

**SECTION 5.** The Chairperson, Vice-Chairperson, Executive Director, Chief Operating Officer of LHC, and/or Secretary of the Corporation are hereby approved, authorized and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the LHC and delivered to effect delivery of the Governmental Note to the Purchaser or deemed by any of them necessary or advisable to implement this resolution or the Funding Loan Agreement, or to facilitate the sale of the Governmental Note.

The Chairperson, Vice-Chairperson, Executive Director, Chief Operating Officer of LHC, and/or Secretary of the Corporation shall cause to be executed for and on behalf of the LHC the aforementioned Governmental Note in accordance with the Funding Loan Agreement and shall cause the delivery thereof to the Purchaser in accordance with the Funding Loan

Agreement. The Chairperson, Vice-Chairperson, Executive Director, Chief Operating Officer of LHC, and/or Secretary of the Corporation of the LHC shall receive from the Purchaser for the account of the LHC the purchase price of the Governmental Note and shall deposit the same with the Fiscal Agent under the Funding Loan Agreement in accordance with the provisions thereof.

By virtue of LHC's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval(s) resolved and set forth herein, it resolves that it understands and agrees that such approval(s) are expressly conditioned upon, and it further resolves that it understands, agrees and binds itself, its successors and assigns to, full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products Hedges, Etc.", adopted by the Commission on July 20, 2006, as to the borrowing(s) and other matter(s) subject to the approval(s), including subsequent application and approval under said Policy of the implementation or use of any swap(s) or other product(s) or enhancement(s) covered thereby.

**SECTION 6.** This resolution shall take effect immediately.

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

**YEAS:**

**ABSTAIN:**

**NAYS:**

**ABSENT:**

And the resolution was declared adopted on this, the 9<sup>th</sup> day of June 2021.

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Vice-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 (the “LHC”), do hereby certify that the foregoing pages constitute a true and correct copy of a resolution adopted by said Board of Directors on June 9, 2021, entitled: “A resolution authorizing an additional not-to-exceed Six Hundred Thousand Dollars (\$600,000) principal amount of the Multifamily Housing Governmental Note (Lee Hardware & United Jewelers Apartments Project) above the previously approved not-to-exceed \$8,800,000 principal amount of the Governmental Note; accepting the proposal of U.S. Bank National Association for the purchase of such additional principal amount of the Governmental Note; fixing the parameter terms of said additional principal amount of the Governmental Note; and providing for other matters in connection with the foregoing.”

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of the LHC on this, the 9<sup>th</sup> day of June 2021.

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Secretary

(SEAL)