

**LOUISIANA  
HOUSING  
CORPORATION**

**BOARD OF DIRECTORS**

**MULTIFAMILY RENTAL  
HOUSING PROGRAM**

**BRENDA EVANS, PROGRAM ADMINISTRATOR  
LORETTA WALLACE, PROGRAM ADMINISTRATOR**

**FULL BOARD MEETING MATERIALS**

**FEBRUARY 8, 2012**

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## **DECISION BRIEF:**

### **The issuance of \$30,000,000 in Multifamily Housing Revenue Bonds for Guste Homes Phase III located in New Orleans, Louisiana in Orleans Parish**

#### **Issue**

Guste Homes Phase III, LLC, 4100 Touro Street, New Orleans, Louisiana 70122 is requesting the Louisiana Housing Finance Agency to issue Multifamily Housing Revenue Bonds in an amount not to exceed \$30,000,000 for the construction of a 155 unit multi-family development. The development will be located at 1301 Simon Bolivar Avenue, New Orleans, LA, Orleans Parish, Louisiana. One Hundred Forty-five (145) of the units will be set aside for 60% or less AMI and ten (10) of the units will be set aside for public housing units up to 80% AMI.

In addition to the Bond Proceeds, other sources of funding to be utilized in the construction of this development will be \$14,595,931 from Tax Credit Financing and \$28,550,000 from HANO Loan.

The one hundred fifty-five (155) units being proposed consist of ninety-nine (99) public housing/LIHTC units; forty-six (46) project-based voucher/LIHTC units and ten (10) public housing-only units in a mix of one to four bedroom apartments.

Crescent Affordable Housing Corporation, (CAHC) (contact person Shelley Smith, President) a subsidiary of the HANO, will be the managing member of the entity (Guste Phase III, LLC) that will own the project. HANO will act as developer with Desiree Andrepont, Director of Development, as contact person.

#### **Pros:**

- LHFA will continue its mission of providing safe, decent and affordable housing for low to moderate-income families by utilizing its resources.
- The recommended action will enhance the housing stock for the citizens of Louisiana.

#### **Cons: None**

#### **Recommendation:**

Staff recommends approval of this request to issue Multifamily Housing Revenue Bonds to further the mission of providing housing to the citizens of this state.

## LOUISIANA HOUSING CORPORATION

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

### RESOLUTION

A resolution of intention to issue and to authorize Multifamily Housing Revenue Bonds to finance the acquisition, construction and equipping of a multifamily housing project; authorizing not exceeding \$30,000,000 of Multifamily Housing Revenue Bonds (Guste Homes Phase III Project) in one or more series; and providing for other matters in connection therewith.

**WHEREAS**, the Louisiana Housing Finance Agency (the "**LHFA**") is authorized by Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "**LHFA Act**"), and other constitutional and statutory authority supplemental thereto, to issue revenue bonds to provide financing for multifamily rental housing in the State of Louisiana (the "**State**"); and

**WHEREAS**, the developer listed in Schedule I hereto (the "**Developer**") has met with officials of the LHFA and has advised the LHFA of the Developer's interest in the acquisition, construction and equipping of multifamily housing facility, more particularly described in Schedule 1 hereto (the "**Project**"), within Orleans Parish, subject to the willingness of the LHFA to finance the Project by the issuance of revenue bonds pursuant to the Act; and

**WHEREAS**, the LHFA deems it necessary and advisable that it take such action as may be required under applicable statutory provisions to authorize and issue not exceeding \$30,000,000 of revenue bonds in one or more series to finance a portion of the cost of the Project set forth in Schedule 1 hereto, together with costs incident to the authorization, issuance and sale of the bonds; and

**WHEREAS**, the Developer has stated its willingness to arrange for the acquisition, construction and equipping of the Project and to enter into contracts therefor; and

**WHEREAS**, the income tax regulations prescribed by the Internal Revenue Service (the "**IRS**") require that the issuer of tax exempt bonds adopt a resolution with respect to such bonds or take the other similar "official action" towards the issuance of the bonds prior to the commencement of the construction of an exempt facility bond project; and

**WHEREAS**, one purpose of this resolution is to satisfy the IRS requirements with respect to the Project set forth in Schedule 1 hereto; and

**WHEREAS**, the Louisiana Housing Corporation (the "**LHC**") was created by and pursuant to the Louisiana Housing Corporation Act contained in Chapter 3-G of the Louisiana Revised Statutes of 1950, as amended (R.S. 40:600.86 through R.S. 40:600.111) (the "**LHC Act**"), and, pursuant to Section 1 of Act No.408 of the 2011 Regular Session of the Louisiana Legislature (the "**Housing Reorganization Act**"), the Board of Directors (the "**LHC Board**") of the LHC assumed the powers,

duties, functions and responsibilities of the Board of Commissioners (the “**LHFA Board**”) of the LHFA pursuant to an amendment of Section 600.4 of Chapter 3-A of the LHFA Act by the Housing Reorganization Act, providing that the LHFA Board was abolished and, as of midnight on December 31, 2011, the activities, authority, power duties functions, programs, obligations, operations and responsibilities and any pending or unfinished business of the LHFA have been assumed and must be completed by the LHC with the same power and authority as the LHFA pursuant to Section 4 of the Housing Reorganization Act;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Louisiana Housing Corporation, in its capacity as the governing authority of the Louisiana Housing Finance Agency, that:

SECTION 1. Pursuant to the authority of the LHFA Act, and other constitutional and statutory authority supplemental thereto, the Project is hereby approved and the financing of the acquisition, construction and equipping thereof through the issuance of revenue bonds of the LHFA pursuant to the LHFA Act is hereby authorized in one or more series and in a sufficient principal amount presently estimated as set forth in Schedule 1 hereto. It is the intent of this resolution to induce the financing of the Project. This resolution is the affirmative official action of the LHFA acting by and through the LHC Board towards the issuance of its special, limited obligation revenue bonds in accordance with the Constitution and statutes of the State and the United States Treasury Department Regulations, Section 1.150-2. It is recognized and agreed that the Developer may exercise its rights and perform its obligations with respect to the financing of the Project either through (i) the Developer itself; (ii) any "related person" as defined in Section 147(a)(2) of the Internal Revenue Code of 1986, as amended (the "**Code**"); or (iii) any legal successor thereto, respectively, subject to approval of the LHFA's Bond Counsel, hereinafter employed.

SECTION 2. The costs of financing the Project will be paid out of the proceeds from the sale of the bonds, in one or more series, which shall be special, limited obligations of the LHFA, payable solely out of the revenues derived by the LHFA with respect to the Project for which financing is made available, and the bonds and the interest thereon shall never constitute the debt or indebtedness of the LHFA, 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 LHFA 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 bonds.

SECTION 3. The issuance of not exceeding Thirty Million Dollars (\$30,000,000) aggregate principal amount of Multifamily Housing Revenue Bonds (Guste Homes Phase III Project) in one or more Series (the "**Bonds**") of the LHFA, pursuant to the LHFA Act, and other constitutional and statutory authority supplemental thereto, be and the same is hereby authorized and approved. In authorizing the issuance of the Bonds, the LHFA will make no warranty, either express or implied, that the proceeds of the Bonds will be sufficient to pay the cost of the Project or that the Project will be suitable for the Developer's purposes or needs. The Bonds shall be sold by the LHFA on such date as may be determined by the Chairman of the Board of Directors of the LHC acting as the governing authority of the LHFA, in accordance with the requirements of the LHFA Act and the LHC Act, and pursuant to the provisions of the Notice of Intention to Sell at Private Sale attached hereto as Exhibit I.

SECTION 4. The operation of the Project, as well as the financing of the Project, will comply with all Federal, State and local laws and regulations and the Developer will obtain all necessary approvals and permits required thereunder.

SECTION 5. The Chairman of the Board of Directors of the LHC and/or the Acting President of the LHFA are authorized and directed to call for a public hearing with respect to the Project and the proposed revenue bonds to finance same in accordance with the requirements of Section 147(f) of the Code, and cause to be published appropriate notice of each public hearing in accordance with the Code.

SECTION 6. The officers of the LHC Board and the Acting President of the LHFA are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the LHFA or the LHC, with any governmental board of entity having jurisdiction over the

Project, such applications or requests for approval thereof as may be required by law, including an application to the State Bond Commission for approval of the financing.

By virtue of the LHFA's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval resolved and set forth herein, the LHFA resolves that it understands and agrees that such approvals are expressly conditioned upon, and the LHFA 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 Swaps, or other forms or Derivative Products Hedges, Etc.", adopted by the Commission on July 20, 2006, as to borrowings and other matters subject to approvals, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 7. The Chairman of the LHC Board and/or the Acting President of the LHFA is authorized to execute a preliminary agreement to establish a framework within which the Bonds may be issued.

SECTION 8. All commitments by the LHFA herein with respect to the Project are subject to the condition that on or before 36 months from the date of adoption hereof, the LHFA and the Developer shall have agreed to mutually acceptable terms for the financing documents and the sale and delivery of the Bonds or other obligations.

SECTION 9. That it is recognized that a real necessity exists for the employment of bond counsel in connection with the issuance of the Bonds and accordingly Foley & Judell, L.L.P., Bond Counsel, New Orleans, Louisiana, be and is hereby employed as bond counsel to the LHFA and the LHC to do and to perform comprehensive, legal and coordinate professional work with respect thereto. The fee to be paid Bond Counsel shall be an amount based on the Attorney General's then current Bond Counsel Fee Schedule and other guidelines for comprehensive, legal and coordinate professional work in the issuance of revenue bonds applied to the actual aggregate principal amount issued, sold, delivered and paid for at the time the Bonds are delivered, together with reimbursement of out-of-pocket expenses

incurred and advanced in connection with the issuance of the Bonds, subject to the Attorney General's written approval of said employment and fee.

SECTION 10. The Developer will comply with all rules, regulations and reviews of the LHFA and/or the LHC in effect or undertaken from time to time.

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

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the \_\_th of February, 2012.

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Chairman

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Secretary

**SCHEDULE I**

DEVELOPER: Housing Authority of New Orleans  
INITIAL OWNER/OPERATOR: Guste Homes Phase III, LLC  
BOND AMOUNT: Not exceeding \$30,000,000

<b>PROJECT NAME</b>	<b>LOCATION</b>	<b>ESTIMATED NUMBER OF UNITS</b>	<b>ESTIMATED TOTAL COST</b>
Guste Homes Phase III	New Orleans, Orleans Parish, Louisiana	155	\$41,185,931

I, as authorized representative of the Developer, have reviewed the information above and hereby certify this Schedule I to be accurate and complete as of this date.

GUSTE HOMES PHASE III, LLC

By: Crescent Affordable Housing Corp.  
Sponsor and Managing Member

By: \_\_\_\_\_  
Shelly Smith  
President

Date: \_\_\_\_\_

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the “**LHC Board**”), acting as the governing authority of the Louisiana Housing Finance Agency (the “**LHFA**”), do hereby certify that the foregoing pages constitute a true and correct copy of the resolution adopted by said LHC Board on February \_\_, 2012, entitled: “A resolution of intention to issue and to authorize Multifamily Housing Revenue Bonds to finance the acquisition, construction and equipping of a multifamily housing project, authorizing not exceeding \$30,000,000 of Multifamily Housing Revenue Bonds (Guste Homes Phase III Project) in one or more series; and providing for other matters in connection therewith.”

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the LHC Board on this, the \_\_th day of February, 2012.

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Secretary

(SEAL)

## EXHIBIT I

### NOTICE OF INTENTION TO SELL AT PRIVATE SALE

#### LOUISIANA HOUSING CORPORATION (“LHC”)

#### THE GOVERNING AUTHORITY OF THE LOUISIANA HOUSING FINANCE AGENCY (“LHFA”) MULTIFAMILY HOUSING REVENUE BONDS (GUSTE HOMES PHASE III PROJECT) SERIES 2012

NOTICE IS HEREBY GIVEN in compliance with the provisions of Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "**LHFA Act**"), that the Louisiana Housing Corporation (the "**LHC**"), acting as the governing authority of the Louisiana Housing Finance Agency (the "**LHFA**"), proposes to sell Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (Guste Homes Phase III Project), Series 2012 (the "**Bonds**"), in aggregate principal amount of Thirty Million Dollars (\$30,000,000) in one or more series at a rate or rates not exceeding twelve percentum (12%) per annum. The Bonds are to be sold to such purchaser as may be designated by the LHFA or by the Housing Authority of New Orleans ("**HANO**") to finance the acquisition, construction and equipping of the Guste Homes Phase III Project (the "**Project**") at a meeting of the Board of Directors of the LHC (the "**LHC Board**") acting as the governing authority of the LHFA, scheduled for February 18, 2012, at ten (10:00) o'clock a.m., Louisiana time, at the offices of the Louisiana Housing Finance Agency, 2415 Quail Drive, Baton Rouge, Louisiana 70808. The LHC reserves the right to postpone the date, hour and place set forth above for the sale of the Bonds (without any further publication of notice of the change in the sale date, time and/or location). In the event the sale is postponed as provided above, anyone desiring written notice of the subsequent date and time which said sale is to be accomplished must request such notice from the Acting President of the LHFA. The Bonds will be sold pursuant to the terms of a resolution to be adopted by the LHC and a Trust Indenture (the "**Indenture**") to be executed by and between the LHFA and a trustee bank.

The Bonds are being issued pursuant to the LHFA Act and the Indenture for the purpose of financing the acquisition, construction and equipping of a multifamily housing project and paying the costs of issuance associated with the Bonds. The Bonds are limited obligations of the LHFA and will be payable solely out of the income, revenues and receipts derived from the funds and accounts held under and pursuant to the Indenture and pledged therefor. As provided in the Act and the Indenture, the Bonds do not constitute an obligation, either general or special, of the State of Louisiana, any municipality or any other political subdivision thereof.

The principal of and interest on the Bonds will be payable at the principal office of the paying agent or agents in accordance with the provisions of the Indenture.

The Bonds will be dated as provided in the Indenture, will bear interest at such rate or rates (not exceeding 12%) established at the time of sale of the Bonds, payable on such dates as set forth in the Indenture, and will mature no later than forty-two (42) years from date of issuance.

The Bonds will be issued in fully registered form in the denominations as provided in the Indenture. Bonds will be transferable as provided in the Indenture.

This Notice of Sale of Bonds is being published in accordance with the requirements of the Constitution of the State of Louisiana and the LHFA Act. For a period of thirty (30) days from the date of publication hereof, any person or persons in interest shall have the right to contest the legality of this notice, the resolution any provision of the Bonds to be issued pursuant to it, the provisions securing the Bonds, and the validity of all other provisions and proceedings relating to the authorization and issuance of the Bonds. If no action or proceeding is instituted within the thirty (30) days, no person may contest the validity of the Bonds, the provisions of the resolution pursuant to which the Bonds were issued, the security of the Bonds, or the validity of any other provisions or proceedings relating to their authorization and issuance, and the Bonds shall be presumed conclusively to be legal. Thereafter no court shall have authority to inquire into such matters.

For further information relative to the Bonds not contained in this Notice, address Foley & Judell, L.L.P., Bond Counsel, One Canal Place, Suite 2600, 365 Canal Street, New Orleans, LA 70130-1138.

BY ORDER OF THE BOARD OF DIRECTORS OF THE LOUISIANA HOUSING CORPORATION, acting as the governing authority of the LOUISIANA HOUSING FINANCE AGENCY.

LOUISIANA HOUSING CORPORATION

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Chairman

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Secretary

**LOUISIANA HOUSING FINANCE AGENCY  
MULTI-FAMILY PROJECT SUMMARY**

Date: \_\_\_\_\_

- (1) **PROJECT NAME:** Guste Homes Phase III
- (2) **AMOUNT OF BOND  
ISSUE REQUESTED  
(NOT TO EXCEED):** \$ 30,000,000.00
- (3) **PROJECT DESCRIPTION:**
- 1) Number of Units 155
  - 2) Total Land Area 7.83
  - 3) Density: 19.80 # of Units per Acre  
Low Rise 19.80 High Rise 0.00
  - 4) New Construction: X  
Rehabilitation: \_\_\_\_\_
  - 5) Land Control: Current Legal Owner of Land: HANO  
Contract to Acquire Land by \_\_\_\_\_  
(date)  
or  
Option to Acquire Land by February 29, 2012  
(date)
  - 6) Number of Parking Spaces Per Unit 1.22
  - 7) Census tract where Project located 0068.00
  - 8) State Representative District 98  
Name of Representative Neil Abramson
  - 9) State Senatorial District 5  
Name of Senator Karen Carter Peterson
- (4) **LOCATION:  
(STREET ADDRESS OR  
LEGAL DESCRIPTION OF  
LAND AND PARISH):** 1301 Simon Bolivar Avenue  
New Orleans, LA 70113
- (5) **CONTACT PERSON  
FOR PROJECT:** Desiree Andrepont, Director of Development  
Housing Authority of New Orleans  
Phone: (504) 670-3300
- (6) **DEVELOPMENT TEAM:**
- Developer: Housing Authority of New Orleans  
Contact: Desiree Andrepont  
Phone: (504) 670-3300
- Architect: Perez APC  
Contact: Angela O'Bryne, President  
Phone: (504) 584-5100

General Contractor: To Be Decided  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

Attorney: Coats Rose  
Contact: Barry Palmer  
Phone: (713) 653-7395

Lending Institution  
to Originate Mortgage  
Loan (if known): Housing Authority of New Orleans (HANO)  
Contact: Desiree Andrepont  
Phone: (504) 6370-3300

Provider of Credit  
Enhancement on Mortgage  
Loan (if known): Not Applicable - Fully Cash Collateralized  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

Investment Banker for  
Bonds Publicly Offered  
(if known): Raymond James and Associates Inc.  
Contact: Donald Peterson  
Phone: (800) 248-8863

Purchaser of Bonds  
for Bonds Privately  
Placed (if known): Not Applicable  
Contact: \_\_\_\_\_  
Phone: \_\_\_\_\_

(7) ZONING: Zoning is RM-3: Multifamily Residential District. The  
proposed project conforms to the existing zoning  
requirements.

(8) UTILITIES: All public utilities are available on the site. These will be  
capped at the property line for demolition of existing bldgs.  
and reconnected for the new development.

(9) FAIR MARKET VALUE \$ 500,000 (Land Only)  
OF PROJECT PROPERTY: Specify date of most recent appraisal: 8/10/2010

(10) FINANCIAL INFORMATION: Amount

A. SOURCES OF FUNDS:

Bond Proceeds	\$ <u>30,000,000</u>	<u>40.9</u> % Dev. Cost
Other Sources (list)		
<u>LIHTC Equity</u>	\$ <u>14,595,931</u>	<u>19.9</u> % Dev. Cost
<u>HANO Loan</u>	\$ <u>28,824,950</u>	<u>39.2</u> % Dev. Cost
_____	\$ _____	_____ % Dev. Cost
TOTAL SOURCES OF FUNDS	\$ <u>73,420,881</u>	

B. \*USES OF FUNDS:

- (1) LAND COSTS \$ 0 \$ \_\_\_\_\_ per sq. ft.
- (2) BUILDING ACQUISITION COSTS  
(less Land costs) \$ 0 \$ \_\_\_\_\_ per D/U
- (3) CONSTRUCTION \$ 21,706,214 \$ 205,138 per D/U  
(or Rehabilitation Costs)

(4) PROFESSIONAL FEES:

	<u>Amount</u>	<u>% of Total Funds</u>
Architectural	\$ 1,610,166	10,388 %
Engineering	\$ 310,000	2,000 %
Legal:		
Counsel to Issuer	\$ 25,000	_____ %
Bond Counsel	\$ 57,100	_____ %
Special Tax Counsel (specify firm name)	\$ _____	_____ %
Other Legal (specify firm & purpose)		
Developer Legal	\$ 150,000	
_____	\$ _____	
_____	\$ _____	
_____	\$ _____	
_____	\$ _____	_____ %
_____	\$ _____	_____ %
Total Professional Fees	\$ 2,152,266	_____ %

(5) UNDERWRITING:

Management Fee	\$ _____
Sales Commission	\$ _____
Underwriter's Counsel	\$ 20,000
Net to Underwriters	\$ 300,000
Expenses (list)	
_____	
_____	
_____	
_____	\$ _____
Total Underwriting Fee:	\$ 300,000

(6) COSTS OF ISSUANCE:

Printing	\$ _____
Publishing/Advertising/Recording	\$ 6,500
Rating Expense	\$ 3,500
Letter of Credit Fees and other credit expenses	\$ _____
Consultants	\$ _____
Insurance	\$ _____
Issuer's Financing Fees	\$ 29,500
Trustee Bank's initial fee and expenses	\$ 35,000
Other:	
Bond Commission Fees	\$ 17,250
Accountant Verification	\$ _____

(7) OTHER:

Pay down construction loan	\$ 30,000,000
Other Soft Costs	\$ 7,105,527
Reserves	\$ 1,960,000

TOTAL USES OF FUNDS \$ 73,420,881 \$ \_\_\_\_\_ per D/U

Amount of Permanent Mortgage Requested \$ \_\_\_\_\_ % \_\_\_\_\_ of Total Costs

\*Applicant requests waiver project tax credit limit (see cover letter)

(11) UNIT TYPES:

All (100%) Units

Low Income Units

Unit Type	No.	Total Sq. Ft.	No. of Unit Types Set Aside for 50% or less Area Median Income	Total Sq. Ft.	No. of Unit Types Set Aside for 60% or less Area Median Income	Total Sq. Ft.
1 BR	6	6300	_____	_____	4	4200
2 BR	70	8050	_____	_____	65	74750
3 BR	79	8800	_____	_____	66	82500
Other	10	1150	_____	_____	10	14500
Total	155	18200	_____	_____	145	17500

Estimate Market Rents For

Non-Low Income Units: (10 Public Housing Units at up to 80% AMI)

<u>Unit Type</u>	<u>Total Units</u>	<u>Total Monthly Rent Per Non-LIU</u>	<u>Total Annual Rent of Non-LIU's</u>
Eff.			
1 BR	2	212	5088
2 BR	5	237	14220
3 BR	3	290	10440
Other			
Total	10	248	29748

(12) **CURRENT RENTAL COSTS AND RELOCATION PLAN:**

(For Acquisition and/or Rehabilitation Projects Only)

**NOT APPLICABLE. PROJECT IS NEW CONSTRUCTION**

<u>Unit Type</u>	<u>Monthly</u>	<u>Present Rent Annual</u>	<u>Sq. Ft./Month</u>
Eff.			
1 BR			
2 BR			
3 BR			
Other			
TOTAL			

Have interior and exterior photographs of Project been attached?

Yes  No

Will any of the present tenants be displaced because of higher rents due to rehabilitation?

Yes  No

If yes, approximately how many? \_\_\_\_\_

Is there a relocation plan? Yes  No

Please briefly describe relocation plan (Submit detailed relocation plan when completed)

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(13) **VACANCY RATE:** The present vacancy rate in the general market area is 10 %.

(14) **AREA MEDIAN INCOME:** Median income in area according to HUD is \$61,100.

(15) **ELECTION OF THE MINIMUM SET-ASIDE REQUIREMENT:**

The owner irrevocably elects one of the Minimum Set-Aside Requirements (Check one only):

- At least 20% of the rental residential units in this development are rent restricted and to be occupied by individuals whose income is 50% or less of area median gross income.
- At least 40% of the rental residential units in this development are rent restricted and to be occupied by individuals whose income is 60% or less of the area median gross income.

(16) **OPTIONAL ELECTION:**

The owner elects to occupy 15% or more of all low-income units by tenants with income of 40% or less of area median income and the average rent charged to tenants in residential market rent units is at least 300% of the average rent charged to low-income tenants:

Yes  No

(17) **EQUAL OPPORTUNITY:**

Do you agree to provide equal opportunity to members of minority groups and to employ such groups in the Project's development in the roles of, including but not limited to, contractor, subcontractor, employee, laborer, agent, appraiser, or supplier?

Yes  No

(18) **STATE BOND COMMISSION TENANT BENEFIT PROGRAM REQUIREMENTS:**

State Bond Commission Rule No. HS2-1993 "Rule Relative to State Bond Commission Multifamily Housing Applicants" provides as follows with respect to applications submitted to the State Bond Commission for new construction, acquisition and/or rehabilitation, or refunding of multifamily housing projects:

Multifamily housing applications must include defined tenant benefit programs for those units set aside for very low, low and/or moderate income families. Those applications that do not include such programs will not be docketed for consideration.

The staff of the State Bond Commission shall use the following criteria when evaluating defined tenant benefit programs.

A. **Nonspecial Needs Multifamily Housing.**

A developer shall select at a minimum two of the seven options listed below for the set-aside units.

1. **Material Rent Differentials.**  
In order to be deemed material, a rent differential must satisfy the federal tax credit guidelines which specify that rent for set-aside unit should not exceed 30 percent of the imputed income limit for the set-aside unit.
2. **Deposit Waivers and/or Application Fee Waivers.**  
Deposit or application fee waivers may be applied to either an application fee, a security deposit, or both.

3. Rent Cap.  
Rent caps may be applied which limit the dollar and/or percentage of increase in rent upon renewal of a lease. Such rent caps must be equal to or less than one-half the scheduled rent increase for such lease renewal.
4. Rent Deferral.  
Rent deferral programs would apply to those tenants which become unemployed during the term of their lease. Rent deferral programs can reschedule rent payments at reduced amounts or have a 100 percent deferral either until six months after the resident is no longer receiving unemployment compensation. This program may be funded with a reserve set aside for this specific purpose and clearly delineated in the bond documents.
5. Educational Programs or Other Socialization Programs.  
These programs may include literacy or tutorial programs, re-education assistance for the unemployed or other such assistance which would increase opportunities for the targeted income class.
6. Day-care Related Programs.  
These programs may either be located on site or subsidized off site day care centers. Programs may include after school care and/or supervision for the children of working parents.
7. Other such benefit programs as may be proposed by the developer, such as:
  - a. tenant security programs;
  - b. energy conservation programs.

B. Special Needs Multifamily Housing.

The commission recognizes the development of special needs housing for the elderly, disabled, homeless, etc., is essential to the welfare of the citizens of the State. Therefore, the criteria for the defined tenant benefit program shall be based on the total package to be offered to the special needs group, including, but not limited to the following:

1. Meals Programs.  
Depending upon the special needs group targeted, this benefit can include one or more meals provided in a central dining area or some other meal program included as part of the total benefit package.
2. Transportation Assistance.
3. On-site Health Services.
4. Housekeeping.
5. Social Activities.

6. Trained and Certified Staff.

7. Rent Differentials.

C. Multifamily Housing in Qualified Redevelopment Areas.

The commission recognizes the importance of encouraging the redevelopment and/or revitalization of urban and inner city areas. Therefore, additional consideration will be given to the following:

1. A Qualified Redevelopment Area.

A qualified redevelopment area shall be defined by the governing authority of the local jurisdiction and as approved by the State Bond Commission.

2. Project Plan.

The project plan must include whether it is new construction or a redevelopment of an existing property. The plan must also include a defined tenant benefit package if the project targets a special income class. If the project requires the relocation of current residents, the plan must show how the relocation will be addressed.

Please include as Exhibit I a description of the Applicant's defined tenant benefit program. For your consideration, State Bond Commission Rule No. HS1-1993 provides the following definitions of income classes:

*Very Low Income*--households whose incomes do not exceed 50 percent of the median income for the area, as determined and adjusted from time to time by HUD.

*Low Income*--households whose incomes do not exceed 80 percent of the median income for the area, as determined and adjusted from time to time by HUD.

*Moderate Income*--households whose incomes are between 81 percent and 95 percent of the median income for the area, as determined and adjusted from time to time by HUD.

*Middle Income*--households whose income are between 96 percent and 120 percent of the median income for the area, as determined and adjusted from time to time by HUD.

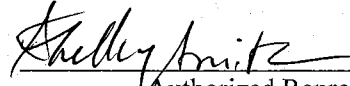
The schedule of income levels as published periodically by HUD will be used for purposes of this rule to determine income levels for particular areas of the state.

I certify that the information contained in this Project Summary and Application Package is true and accurate to the best of my knowledge.

Guste Homes Phase III, LLC

PROJECT OWNER

By:



Authorized Representative

Shelley Smith  
President  
Crescent Affordable Housing Corp.  
Sponsor and Managing Member

Dated: 11/30/2011

**Guste Ph. III**  
**15-Yr Proforma**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	Int. Rate / Per Unit	Stabilized Year	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Public Housing Tenant Rental Income	2.50%	206,088	211,240	216,521	221,934	227,483	233,170	238,999	244,974	251,088	257,376
PBRA Rental Income	2.50%	84,780	86,900	89,072	91,299	93,581	95,921	98,319	100,777	103,296	105,879
ACC Subsidy	2.50%	356,502	365,414	374,550	383,914	393,511	403,349	413,433	423,769	434,363	445,222
PBRA Subsidy	2.50%	427,020	437,696	448,638	459,854	471,350	483,134	495,212	507,593	520,282	533,289
<b>Assisted Gross Potential Rent</b>		<b>1,074,390</b>	<b>1,101,250</b>	<b>1,128,781</b>	<b>1,157,000</b>	<b>1,185,925</b>	<b>1,215,574</b>	<b>1,245,963</b>	<b>1,277,112</b>	<b>1,309,040</b>	<b>1,341,766</b>
Unassisted Gross Potential Rent		0	0	0	0	0	0	0	0	0	0
Commercial Income		0	0	0	0	0	0	0	0	0	0
Other Income	2.50%	18,600	19,065	19,542	20,030	20,531	21,044	21,570	22,110	22,662	23,229
Less: Apartment Vacancy Allowance	5.0%	(53,719)	(55,062)	(56,439)	(57,850)	(59,296)	(60,779)	(62,298)	(63,856)	(65,452)	(67,088)
Less: Commercial Vacancy Allowance	10.0%	0	0	0	0	0	0	0	0	0	0
Less: Other Income Vacancy Allowance	5.0%	(930)	(953)	(977)	(1,002)	(1,027)	(1,052)	(1,079)	(1,105)	(1,133)	(1,161)
Less: Apartment Bad Debt (tenant rental Incc)	2.0%	(5,817)	(5,963)	(6,112)	(6,265)	(6,421)	(6,582)	(6,746)	(6,915)	(7,088)	(7,265)
Less: Commercial Bad Debt	2.0%	0	0	0	0	0	0	0	0	0	0
<b>Total Effective Gross Income</b>		<b>\$1,032,523</b>	<b>\$1,058,336</b>	<b>\$1,084,795</b>	<b>\$1,111,914</b>	<b>\$1,139,712</b>	<b>\$1,168,205</b>	<b>\$1,197,410</b>	<b>\$1,227,345</b>	<b>\$1,258,029</b>	<b>\$1,289,480</b>
Taxes	2.5%	(70,000)	(71,750)	(73,544)	(75,382)	(77,267)	(79,199)	(81,179)	(83,208)	(85,288)	(87,420)
Insurance	2.5%	(186,000)	(190,650)	(195,416)	(200,302)	(205,309)	(210,442)	(215,703)	(221,096)	(226,623)	(232,289)
Utilities and Garbage Removal	2.5%	(1,129)	(1,179,375)	(1,83,859)	(188,456)	(193,167)	(197,996)	(202,946)	(208,020)	(213,221)	(218,551)
Management Fee	2.5%	(55,800)	(57,195)	(58,625)	(60,090)	(61,593)	(63,133)	(64,711)	(66,329)	(67,987)	(69,687)
Salaries & Benefits	2.5%	(140,625)	(140,625)	(140,625)	(140,625)	(140,625)	(140,625)	(140,625)	(140,625)	(140,625)	(140,625)
Other Administrative	2.5%	(40,530)	(41,543)	(42,582)	(43,646)	(44,738)	(45,856)	(46,999)	(48,177)	(49,382)	(50,616)
Operations/Repairs & Maintenance	2.5%	(211,475)	(216,762)	(222,181)	(227,735)	(233,429)	(239,265)	(245,246)	(251,377)	(257,662)	(264,103)
Security	2.5%	(35,000)	(35,875)	(36,772)	(37,691)	(38,633)	(39,599)	(40,589)	(41,604)	(42,644)	(43,710)
<b>Less: Total Operating Expenses</b>		<b>(5,900)</b>	<b>(914,430)</b>	<b>(933,775)</b>	<b>(953,604)</b>	<b>(973,928)</b>	<b>(1,016,114)</b>	<b>(1,038,002)</b>	<b>(1,060,436)</b>	<b>(1,083,431)</b>	<b>(1,107,001)</b>
<b>Net Operating Income</b>		<b>118,093</b>	<b>124,561</b>	<b>131,191</b>	<b>137,986</b>	<b>144,951</b>	<b>152,091</b>	<b>159,409</b>	<b>166,909</b>	<b>174,598</b>	<b>182,478</b>
Replacement Reserves	2.5%	(46,500)	(47,663)	(48,854)	(50,075)	(51,327)	(52,610)	(53,926)	(55,274)	(56,656)	(58,072)
<b>Adjusted Net Operating Income</b>		<b>71,593</b>	<b>76,899</b>	<b>82,337</b>	<b>87,911</b>	<b>93,624</b>	<b>99,480</b>	<b>105,483</b>	<b>111,636</b>	<b>117,942</b>	<b>124,406</b>
<b>Cash Flow Distributions</b>											
1st Mortgage Payment -- HANO Permanent Loan (50% of net cash flow)		(35,797)	(38,449)	(41,168)	(43,955)	(46,812)	(49,740)	(52,741)	(55,818)	(58,971)	(62,203)
Owner's Distribution		35,797	38,449	41,168	43,955	46,812	49,740	52,741	55,818	58,971	62,203
<b>Debt Service Coverage Ratios</b>											
1st Mortgage DSCR		2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00



**DEFINED TENANT BENEFIT PACKAGE**

At a minimum, Defined Tenant Benefit Program offered by the development will include:

1. Material Rent Differentials

Rent for the LIHTC-eligible units (100% of units in the development) will not exceed 3 percent of the imputed income limit. Rents will be determined according to federal regulations applicable to Public Housing and Project-Based Voucher units, which require that gross tenant rents shall be no more than 30% of a family's adjusted rental income or 10% of the family's monthly income.

2. Social Services

Social Services programs will be made available to all residents of the development. Available supportive services include job training, educational services and literacy services (including GED) and homeownership preparation. Project cost includes a \$500,000 reserve to help fund social services for residents.

## LOUISIANA HOUSING CORPORATION

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

### RESOLUTION

**A resolution authorizing and approving an increase in the eligible basis of buildings located in the GO Zone pursuant to Section 42(d)(5) of the Internal Revenue Code in order to sustain their financial feasibility; and providing for other matters in connection therewith.**

**WHEREAS**, the Louisiana Housing Finance Agency (the "**LHFA**") 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; and

**WHEREAS**, Section 101 of The Gulf Opportunity Zone Act of 2005 (the "**GO Zone Act**") added a new Part II – Tax Benefits for Gulf Opportunity Zone (the "**GO Zone**") and enacted a new Section 1400N of the Internal Revenue Code (the "**Code**") that provided additional housing credit dollar amounts for the GO Zone pursuant to Section 1400N(c); and

**WHEREAS**, Section 1400N(c)(3)(A)(1) provides that, for purposes of Section 42, the GO Zone, the Rita Zone and the Wilma Zone "*shall be treated as difficult development areas designated under subclause (I) of section 42(d)(5)(C)(iii)*" without taking into account the limits on such areas under subclause (II) of such section; and

**WHEREAS**, Section 1400N(c)(3)(B) provided that only allocations of housing credit dollar amounts during the period beginning on January 1, 2006 and ending on **December 31, 2008** to buildings placed in service during such period qualified for treatment of the GO Zone as a difficult development area ("**DDA**"); and

**WHEREAS**, Section 8222(a) of the Small Business and Work Opportunity Tax Act of 2007 (the "**2007 SBWOT Act**") added a new paragraph (5) to Subsection (c) of Section 1400N extending the time within which a building located in the GO Zone that received an allocation of GO Zone Credits may be placed in service to **December 31, 2010** and Section 8222(b) of the 2007 SBWOT Act amended Section 1400N(c)(3)(B) permitting the GO Zone, Rita Zone or Wilma Zone to continue to be treated as a DDA during a period "*ending on December 31, 2010*"; and

**WHEREAS**, Section 763 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the "**2010 Tax Act**") amended Section 1400N(c)(5) by striking "January 1, 2011" and inserting "January 1, 2012" thereby extending the PIS Deadline for

buildings allocated GO Zone Credits to December 31, 2011 but the 2010 Tax Act did **not** amend Section 1400N(c)(3)(B) to extend the treatment of the GO Zone as a DDA beyond December 31, 2010; and

**WHEREAS**, Section 3003 of Division C of the Housing and Economic recovery Act of 2008 (“**HERA**”) added a new clause (V) in Section 42(d)(5) to permit State housing credit agencies to designate buildings *as requiring an increase in credit under this subparagraph in order for such building to be financially feasible as part of a qualified low-income housing project...as located in a difficult development area*; and

**WHEREAS**, buildings located in the GO Zone which were initially underwritten with a 30% basis boost as a result of Section 1400N(c)(3)(A)(1) are at risk of losing credits necessary to sustain their financial feasibility solely because of a failure of the 2010 Tax Act to extend the DDA treatment of the GO Zone to a date corresponding to the date that such buildings must be placed in service; and

**WHEREAS**, the LHFA’s Board of Commissioners (the “**LHFA Board**”) adopted a resolution on April 13, 2011 (the “**GO Zone Basis Boost Resolution**”) to provide taxpayers constructing and/or rehabilitating buildings located in the GO Zone that received allocations of low-income housing credits (“**Credits**”) that treated such buildings as located in a difficult development area under clause (V) in Section 42(d)(5) in order to sustain their financial feasibility through the later of December 31, 2011 or a later date corresponding to the date that Congress extends the placed in service deadline for buildings allocated GO Zone Credits; and

**WHEREAS**, Congress failed to extend the placed in service deadline for buildings receiving GO Zone Credits beyond December 31, 2011; and

**WHEREAS**, the LHFA has been advised that a number of buildings located in the GO Zone were allocated Ike, Wilma, Rita and/or other Credits and were underwritten and approved using the 30% basis boost in reliance of the treatment of such buildings as located in a DDA under GO Zone Act, as amended, but that the Basis Boost Resolution did not anticipate that the placed in service deadline for buildings receiving Ike, Wilma, Rita and/or other Credits would extend beyond December 31, 2011; and

**WHEREAS**, the LHFA previously determined that the 30% basis boost was necessary to make projects, such as the Kinglsey Court Project located in Calcasieu Parish (the “**Project**”), feasible; and

**WHEREAS**, the LHFA now intends to designate all buildings located in the GO Zone that were underwritten and approved using the 30% basis boost in reliance of the treatment of such buildings as located in a DDA as continuing to be located in a DDA pursuant to the authority under Section 42(d)(5) of the Code in order to sustain the financial feasibility of all projects in which such buildings are a part, including the Project, beyond December 31, 2011 and through December 31, 2012; and

**WHEREAS**, the Louisiana Housing Corporation (the “**LHC**”) was created by and pursuant to the Louisiana Housing Corporation Act contained in Chapter 3-G of the Louisiana Revised

Statutes of 1950, as amended (R.S. 40:600.86 through R.S. 40:600.111) (the “**LHC Act**”), and, pursuant to Section 1 of Act No.408 of the 2011 Regular Session of the Louisiana Legislature (the “**Housing Reorganization Act**”), the Board of Directors (the “**LHC Board**”) of the LHC assumed the powers, duties, functions and responsibilities of the LHFA Board pursuant to an amendment of Section 600.4 of Chapter 3-A of the LHFA Act by the Housing Reorganization Act, providing that the LHFA Board was abolished and, as of midnight on December 31, 2011, the activities, authority, power duties functions, programs, obligations, operations and responsibilities and any pending or unfinished business of the LHFA have been assumed and must be completed by the LHC with the same power and authority as the LHFA pursuant to Section 4 of the Housing Reorganization Act;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Louisiana Housing Corporation, in its capacity as the governing authority of the Louisiana Housing Finance Agency, that:

**SECTION 1.** Treatment of Buildings Allocated Credits as located in the GO Zone: Any building located in the GO Zone that received a basis boost and an allocation of Credits based upon the treatment of the GO Zone as a difficult development area shall continue to be treated under Section 42(d)(5)(V) of the Code as located in a difficult development area pursuant to the provisions of Section 42(d)(5) through December 31, 2012. The actions taken by any staff or officer of the Agency to provide assurance to Taxpayers that buildings being constructed and/or rehabilitated in the GO Zone with equity attributable to credits based upon the additional basis from such buildings being located in a difficult development area are hereby ratified and confirmed.

**SECTION 2.** The Agency staff, Counsel, and Foley & Judell, L.L.P., as Tax Credit Counsel to the Agency shall advise and confirm to Taxpayers that the Board’s determination to treat buildings located in the GO Zone as located in a difficult development area notwithstanding the failure of the 2010 Tax Act to continue to treat the GO Zone as a difficult development area

and the actions of the Board pursuant to this resolution have been taken to assure the financial feasibility of buildings located in the GO Zone.

**SECTION 3.** The Chairman or Vice-Chairman of the LHC Board or the Acting President of the LHFA and/or Secretary of the LHC Board be and they are 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 LHFA, the terms of which are to be consistent with the provisions of this resolution as approved by the LHFA's Counsel and Tax Credit Counsel.

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

**YEAS:**

**NAYS:**

**ABSENT:**

And the motion was declared adopted on this, the 8<sup>th</sup> day of February 2012.

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Chairman

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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") acting as the governing authority of the Louisiana Housing Finance Agency (the "LHFA"), do hereby certify that the foregoing four (4) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on February 8, 2012, authorizing and approving an increase in the eligible basis of buildings located in the GO Zone pursuant to Section 42(d)(5) of the Internal Revenue Code in order to sustain their financial feasibility; and providing for other matters in connection therewith.

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of the Agency on this, the 8th day of February 2012.

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**Secretary**

(SEAL)

## Hurricane Ike Disaster Credits Timeline

January 20, 2005	The Gulf Opportunity Act of 2005 allowed areas in the GO Zone to be treated as difficult development areas (DDA) through PIS of December 2010
July 30, 2008	Housing and Recovery Act (HERA) enacted permitting HFA's to designate buildings to receive DDA treatment in order for projects to be financially feasible
September 13, 2008	President declared portions of Texas and Louisiana to be major disaster areas due to damages from Hurricane Ike. <b>Agency received an allocation of Ike credits for 2008, 2009 and 2010 in annual amounts of approximately \$3M.</b>  <b>The Agency has a total of nine (9) projects with Ike credits located in Iberia, Orleans and Calcasieu parishes (parishes which were also included in the GO Zone). All of the projects had two years to place in service from allocation – meaning that projects awarded in 2010 have until the end of 2012 to place in service.</b>
December 16, 2010	2010 Tax Act amended Section 1400(N) extending the PIS deadline for projects located in the GO Zone to December 31, 2011 but not extending treatment of DDA beyond December 31, 2010.
April 13, 2011	Board approval of projects located in the GO Zone to receive DDA treatment through December 31, 2011 with GO Zone credits. This action did not result with any project receiving additional credits only the preservation of underwriting.
February 8, 2012	Board approval is requested to extend the DDA treatment through December 31, 2012 to projects located in the GO Zone with Ike credits that were previously underwritten with the 30% basis boost.