



BOARD OF DIRECTORS

Agenda Item 8

Brenda Evans, Program Administrator

November 14, 2012

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LOUISIANA HOUSING CORPORATION

The following resolution was offered by Director _____ and approved by Director _____:

RESOLUTION

A resolution authorizing a material change to Iberville Onsite Phase I involving (1) an extension to the carryover deadline, (2) a delay in the project schedule, (3) modification to the project's sources, and (4) modification to the project site as stipulated in the 2011/2012 Qualified Allocation Plan (QAP) by the Louisiana Housing Corporation with respect to the project submitting a request for such material change; and providing for other matters in connection therewith.

WHEREAS, the Louisiana Housing Corporation (the "Corporation") has been ordered and directed to act on behalf of the State of Louisiana (the "State") in applying for, implementing, allocating, and administering programs, grants and/or resources made available pursuant to Section 42 of the Internal Revenue Code (the LIHTC Program); and

WHEREAS, the taxpayer for Iberville Onsite Phase I submitted a request (attached) to (1) extend the carryover deadline from November 15, 2012 to June 1, 2013, (2) approve a delay in the project schedule greater than 180 days and (3) modify the project's sources and (4) modification to the project site in addition to other non-material changes due to unforeseen site conditions encountered while completing mandatory Department of Housing and Urban Development/ National Environmental Policy Act (HUD/NEPA) required environmental processes; and

WHEREAS, the 2011/2012 Qualified Allocation Plan identifies a material change as delays in projects schedule or benchmark dates in excess of 180 days, a change in the projects sources greater than 10% and any change that a reasonable man would determine to be a material change in the project; and

WHEREAS, the staff of the Corporation has processed the request for Iberville Onsite Phase I in accordance with the Qualified Allocation Plan and is prepared, based upon the review and the feasibility analysis of Foley & Judell, L.L.P., to recommend approval of the request to (1) extend the carryover deadline, (2) delay the project schedule greater than 180 days, (3) modify the project's sources and (4) modification to the project site:

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Louisiana Housing Corporation, that:

SECTION 1. Iberville Onsite Phase I (the "Project") request to 1) extend the carryover deadline to June 1, 2013, (2) delay the project schedule greater than 180 days, (3) modify the project's sources, and (4) modification to the project site is hereby approved.

SECTION 2. The staff and counsel are authorized and directed to prepare the forms of such documents and agreements as may be necessary to implement the Board's action.

SECTION 3. The Chairman, Interim Executive Director of the Corporation, and/or Secretary of the Corporation 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 Corporation, the terms of which are to be consistent with the provisions of this resolution as approved by counsel and LIHTC Program Counsel, Foley & Judell, L.L.P.

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, 14th day of November 2012.

Chairman

Secretary

**STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the "Corporation"), do hereby certify that the foregoing two (2) pages constitute a true and correct copy of a resolution adopted by said Board of Directors on November 14, 2012, "A resolution authorizing a material change to Iberville Onsite Phase I involving (1) an extension to the carryover deadline, (2) a delay in the project schedule, (3) modification to the project's sources and (4) modification to the project site as stipulated in the 2011/2012 Qualified Allocation Plan (QAP) by the Louisiana Housing Corporation with respect to the project submitting a request for such material change; and providing for other matters in connection therewith".

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Corporation on this, the 14th day of November, 2012.

Secretary

(SEAL)

RESOLUTION SUMMARY:

Iberville Onsite Phase I

Project Number 1112-74

New Orleans, Orleans Parish, Louisiana

OVERVIEW

The developer, HRI Properties of Iberville Onsite Phase I has requested the following material changes: (1) to extend the carryover deadline from November 15, 2012 to June 1, 2013; (2) to approve a delay in the project's schedule; (3) to modify the project's sources and (4) to shift the site location to property located within the boundaries of the Iberville Onsite component in addition to other non-material changes discussed below. The requests are due to unforeseen site conditions encountered while completing mandatory Department of Housing and Urban Development/ National Environmental Policy Act (HUD/NEPA) required environmental processes for the development. Approving this request will allow the project to utilize the tax credits allocated to the project and to provide one-hundred fifty-two (152) mixed-income housing units in New Orleans, Louisiana.

STAFF RECOMMENDATION:

During the course of mandatory environmental procedures, it was discovered that the adjacent and National Register listed St. Louis Cemetery #1 extends onto the project's property. The discovery of burials; the scale of the investigations; and discussions with HUD, the State Historic Preservation Office (SHPO), and other parties have hindered the progress of the development and has lead to the aforementioned requests. In addition to the changes previously enumerated, the developer is further requesting approval of the following changes: (1) a reduction in the total number of units from 166 to 152; and (2) a return in the projects 2011 credits and a reallocation of 2012 credits in order to allow additional time to placed in service deadline.

The 2011/2012 Qualified Allocation Plan (QAP) identifies a material change as delays in a project's schedule or benchmark dates in excess of 180 days, a change in the project's sources greater than 10% and any change that a reasonable man would determine to be a material change in the project. The QAP further states that "any change caused by a force majeure or circumstances beyond the control of the owner will not be a material change". The developer contends that the requested changes were beyond the control of the owner due to the unforeseen nature of the site's conditions.

Staff recommends approving the requested changes based upon the matter being unforeseeable, staff's review of the reprocessing request (attached) and discussions with the developer. Final approval will be subject to the project receiving an acceptable feasibility/viability analysis.

Note: *Neither the requests to return the projects 2011 credits for a reallocation of 2012 credits

or the request to reduce the total number of units from 166 to 152 rise to the level of a material change. With regards to the unit change, a material change is triggered when changes in the residential unit design are greater than 10%. The reduction in units constitutes an 8% change in the project's total number of units.

PROJECT DEVELOPMENT SUMMARY:

Iberville Onsite Phase I is a transformational project located at 1410 Bienville Ave., New Orleans, LA, Orleans Parish, Louisiana. The project was awarded \$1,500,000 in 9% Low Income Housing Tax Credits in December 2011 by the LHFA Board of Directors.

The 2011/2012 QAP defines a transformational project as a project with a larger master planned and sustainable community developed in a public private partnership, which transforms the larger community economically, socially and environmentally. The project will consist of one hundred fifty-two (152) units. The unit mix will include ninety-eight (98) one-bedroom units, forty-one (41) two-bedroom units and thirteen (13) three-bedroom. Sixteen (16) units will be set aside for tenants with incomes at or below 20% or less Area Median Income (AMI), forty (40) units will be set aside for tenants with incomes at or below 30% or less Area Median Income (AMI) and forty-four (44) of the units will be set aside for tenants with incomes at or below 60% AMI.

DEVELOPMENT GROUP AND FINANCIAL PARTNERS

The taxpayer contact and representative at the Board of Directors meeting for the project is Chris Clement, HRI Properties. The developer's experience in affordable housing includes the following Louisiana developments: Eleven 37 Apartments; Bonne Terre Village II; River Garden CS II; Nine 27; Bywater I; River Garden Elderly Apartments; Flint Goodridge Elderly Apartments; and River Garden Historic Apartments.

FINANCIAL ANALYSIS

<u>Funding Sources:</u>	<u>Reprocessing</u>	<u>Original Application</u>
Permanent First Mortgage	\$3,885,000	\$5,115,000
Permanent Second Mortgage	\$9,680,000	\$20,180,709
Gross Tax Credit Equity	\$14,551,530	\$13,528,647
State Historic Tax Credits Equity	\$1,288,582.00	\$754,734
Federal Historic Tax Credits Equity	0	\$785,954
Louisiana OCD Subordinate Loan	\$12,500,000	0
Total	\$41,905,112	\$40,365,044

Project Costs:

<u>Development Costs</u>	<u>Reprocessing</u>	<u>Original Application</u>
Total Development Cost:	\$40,875,799	\$39,959,688
Total Units:	152	166
Total Buildings:	9	9
Total Cost/Unit:	\$196,758	\$177,861

Total Square Feet:	165,000	186,592
Total Cost/SF:	\$247.73	\$214.16
Total SF minus Common Buildings:	129,058	146,972
Total Cost/SF minus Commons:	N/A	N/A

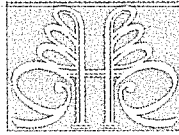
Construction Costs:

Rehabilitation Hard Costs:	\$28,886,292
Construction Hard Costs:	\$3,472,859
Land Costs:	0
Building Costs:	0

Property Value:

An appraisal was not required of the application submission due to the project 's acquisition costs not exceeding \$500,000.

H R I P R O P E R T I E S



October 31, 2012

Mrs. Brenda Evans
Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, LA 70808

Re: Iberville Onsite Phase I #1112-74
Reprocessing Application

Mrs. Evans,

Please accept this submittal as the formal reprocessing application for Iberville Onsite Phase I. Materials submitted are as follows:

- Electronic Reprocessing Application
- Current Financing Commitments
- Updated Site Control – Option to Lease

This reprocessing is requested to accommodate extraordinary and unforeseen site conditions encountered while completing the mandatory HUD/NEPA environmental processes for this development. In addressing the archaeological component of the required review under Section 106 of the National Historic Preservation Act, the discovery was made that the adjacent and National Register listed St. Louis Cemetery #1 had historical boundaries far beyond what is reflected with its current perimeter walls. Exploratory excavations have revealed a high concentration of intact human burials occupying a significant portion of the original site for Iberville Onsite Phase I. Attachment 1 demonstrates the excavations performed across the Iberville site. Whereas blue marks indicate a dig encountering no burial sites, the red marks indicate a dig exposing one or more burial sites. Attachment 2 reflects the original site plan as was submitted for LIHTC in the 2011-2012 LIHTC round. You will note the concentration of discovered burials across the north-easternmost portion of the original Iberville Phase I site. The overlap of the discovered cemetery area and the original Iberville Phase I site is depicted on Attachment 3.

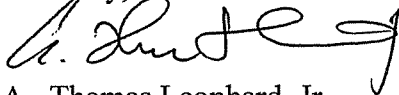
The discovery of human remains triggers both State and Federal requirements for the treatment of the burials and the land which they occupy. Since the discovery of the first burial site in mid-summer 2012, over 100 additional exploratory digs were conducted to determine the extent of the cemetery condition across the Iberville site, as is shown on Attachment 1. The discovery of the burials, the scale of the investigations, and discussions amongst HUD, the State Historic Preservation Office (SHPO), and other concerned parties have substantially hindered the progress of this development. As a result of these investigations and discussions, however, a path towards completing this development has been identified.

This reprocessing application aims to mitigate the detrimental effects of these unforeseen and uncontrollable discoveries on the project schedule and initial site plans. The requested changes to be included with this review are as follows:

- Modify site location within the Iberville boundaries, as identified on Attachments 2 and 4.
 - This site modification allows the development to avoid an area known to contain burials in favor of an area, shown through initial investigations and digs, to be away from and clear of the historic cemetery.
- Reduction in total unit count from 166 to 152.
 - A reduction in overall site area limits the number of units achievable in this development.
- Return of this development's 2011 credits and a reallocation of 2012 credits.
 - To accommodate the uncontrollable delays, this reallocation allows for an extension of the Placed in Service deadline for the overall project.
- Extension of the November 15, 2012 Carryover Deadline to June 1, 2013.
 - Given the issues affecting HUD environmental clearance, many activities typically generating eligible costs while moving the project forward have been restricted by HUD policy and uncertainty as to site location/planning. This development has been prohibited from progressing with in depth design work and thus has been unable to contract with a builder, begin any physical site work, or purchase materials. With a clear path forward however, these activities can proceed in the near future and the Carryover can be met in the next year.

Thank you for your consideration of this reprocessing application. We look forward to completing this process so that this development can move towards a closing and construction start in the coming months. Should you have any questions, or if you would like any additional information, please do not hesitate to contact Chris Clement at (504)566-3055.

Sincerely,



A. Thomas Leonhard, Jr.
President

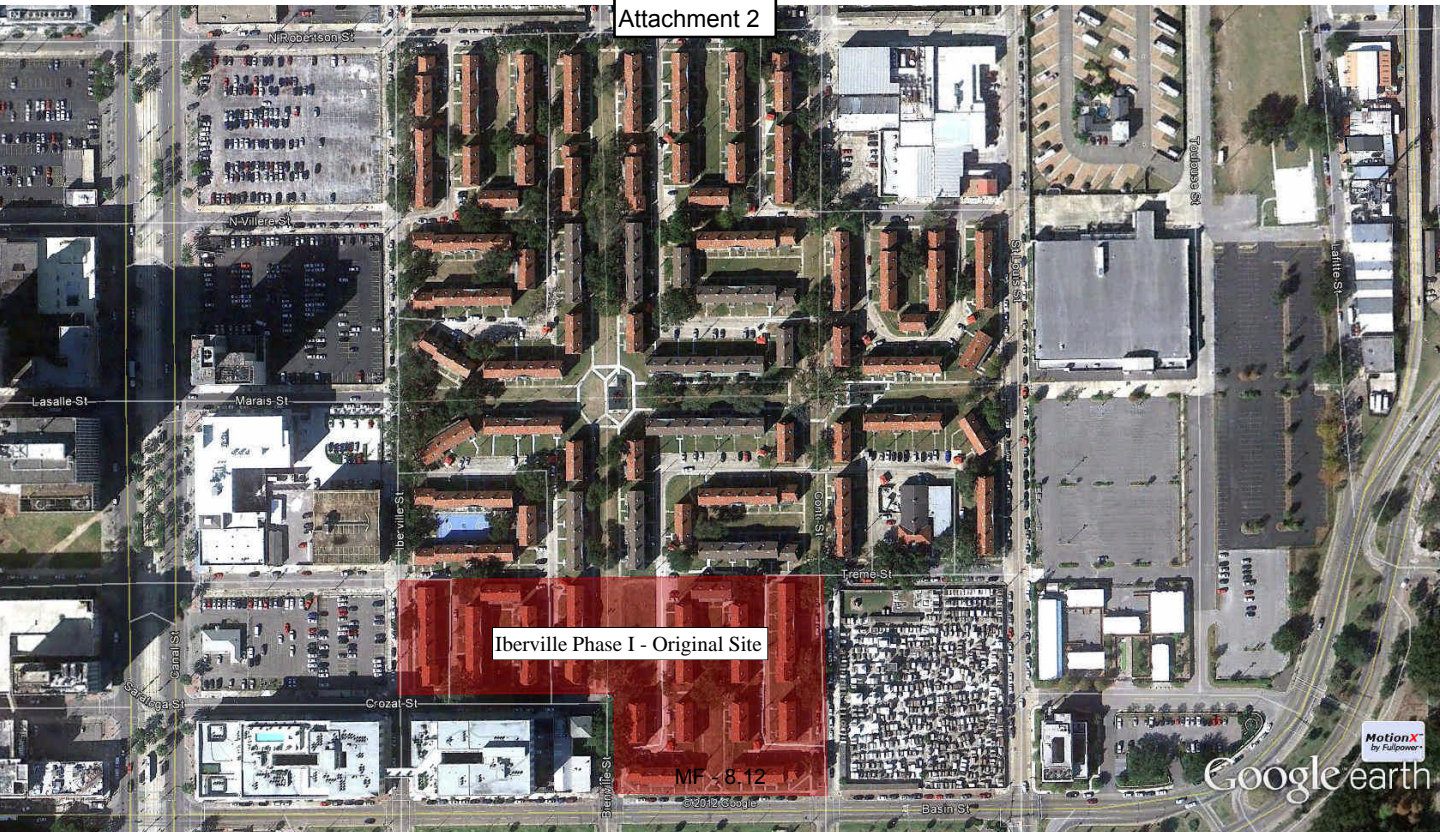


**Iberville Ph2 Trenches
Human Remains Delineation**

-  Negative
-  Positive



MF - 8.11



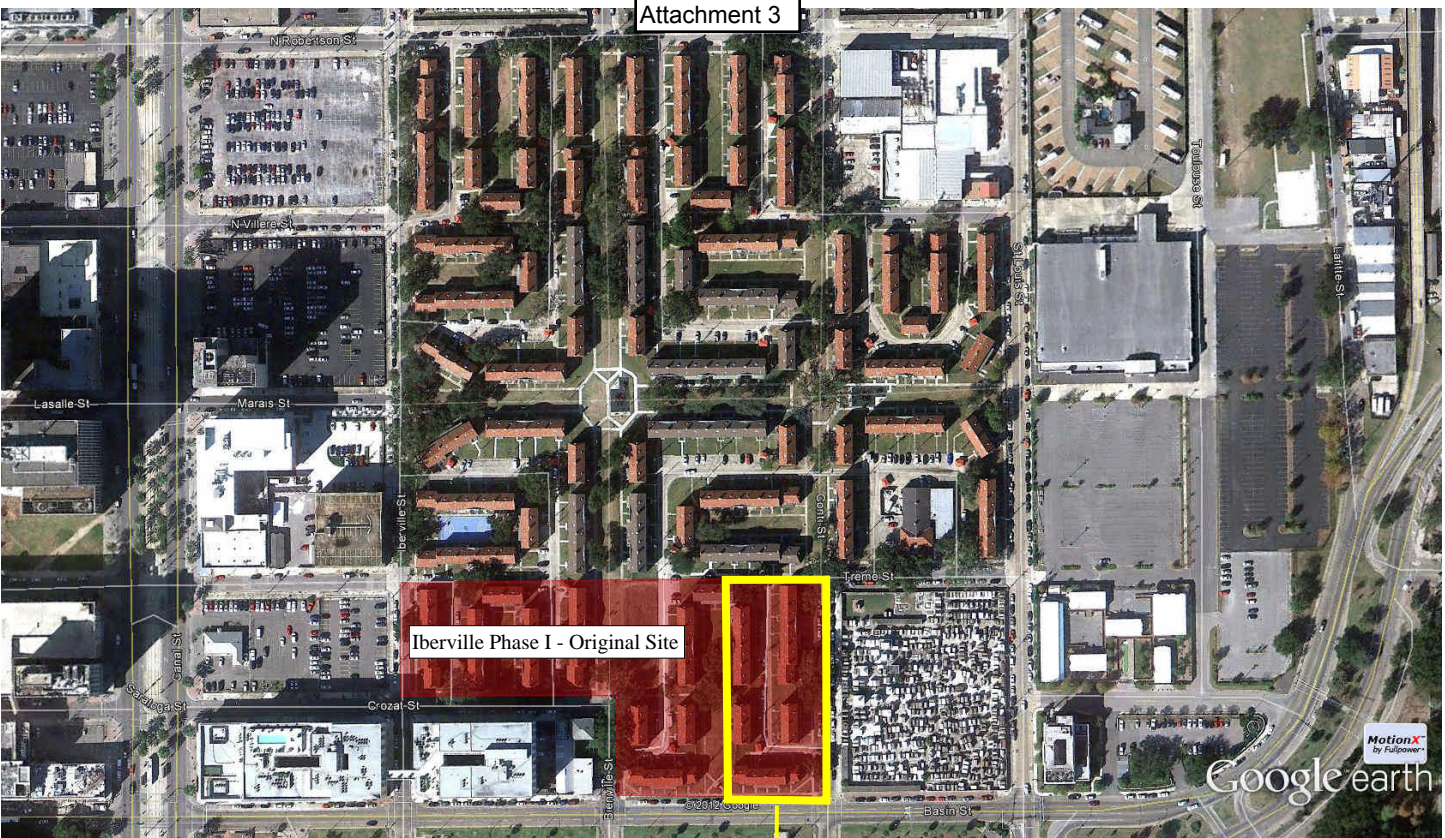
Iberville Phase I - Original Site

MF-8,12

MotionX
by Forstmann

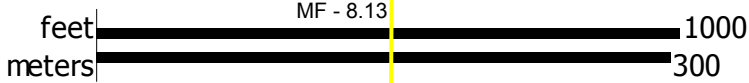
Google earth





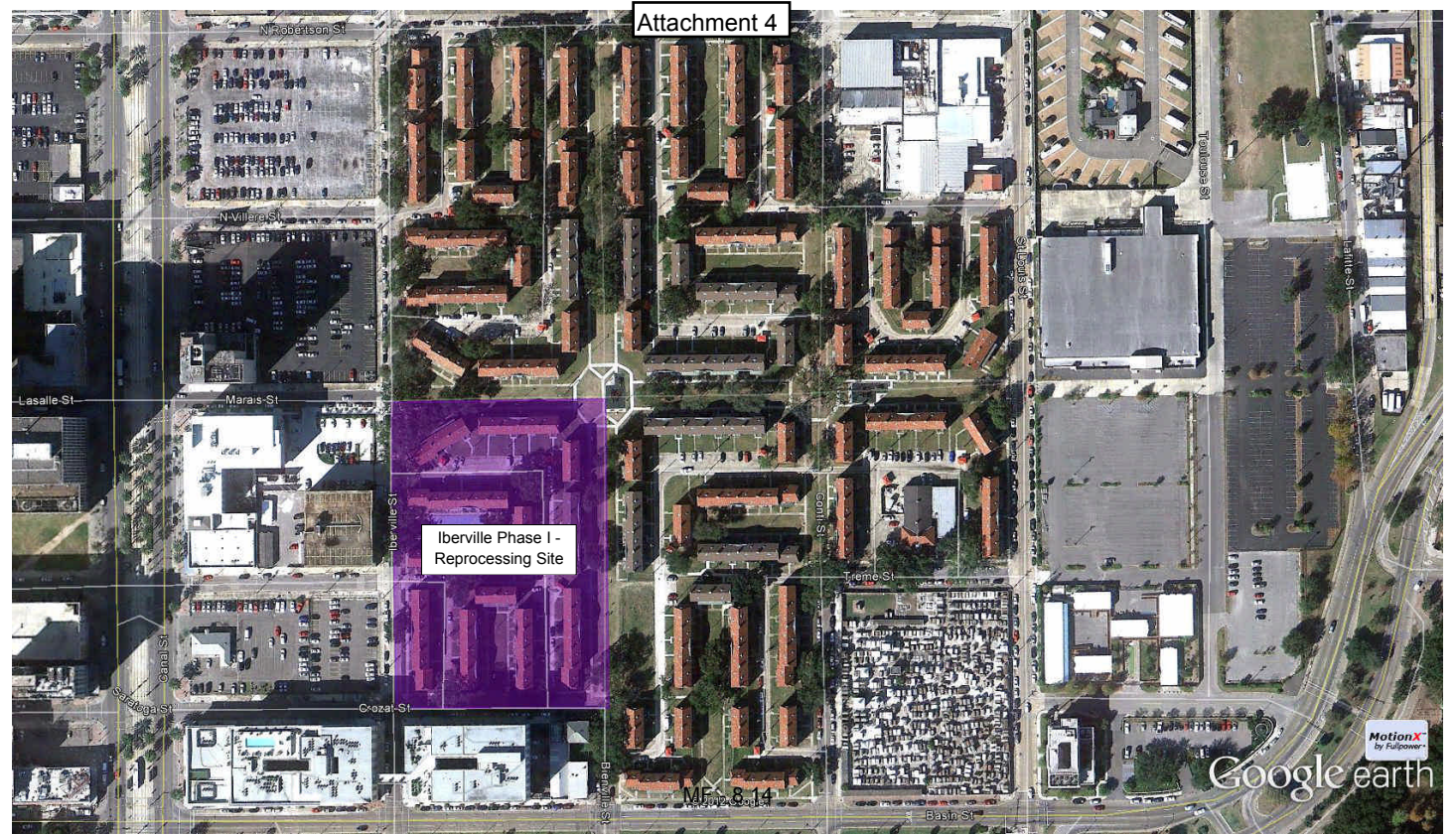
Iberville Phase 1 - Original Site

Discovered Extension of St. Louis Cemetery #1



Google earth





Iberville Phase I -
Reprocessing Site

