

Case Study
in 1602 Exchange and TCAP Funding:
The Groves
at Mile Branch Creek,
a Mixed-Income Community

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RENAISSANCE
NEIGHBORHOOD DEVELOPMENT CORPORATION

The History of Renaissance Neighborhood Development Corporation

- was created in 2006
- by Volunteers of America National Services and the local affiliate, Volunteers of America Greater New Orleans
- and is charged with the creation of 1,000 units of housing in Post-Katrina New Orleans.

RNDC is working to provide housing in many New Orleans Neighborhoods

★ The Groves At Mile Branch Creek (Covington, LA)



Chateau Carre
★
Gentilly



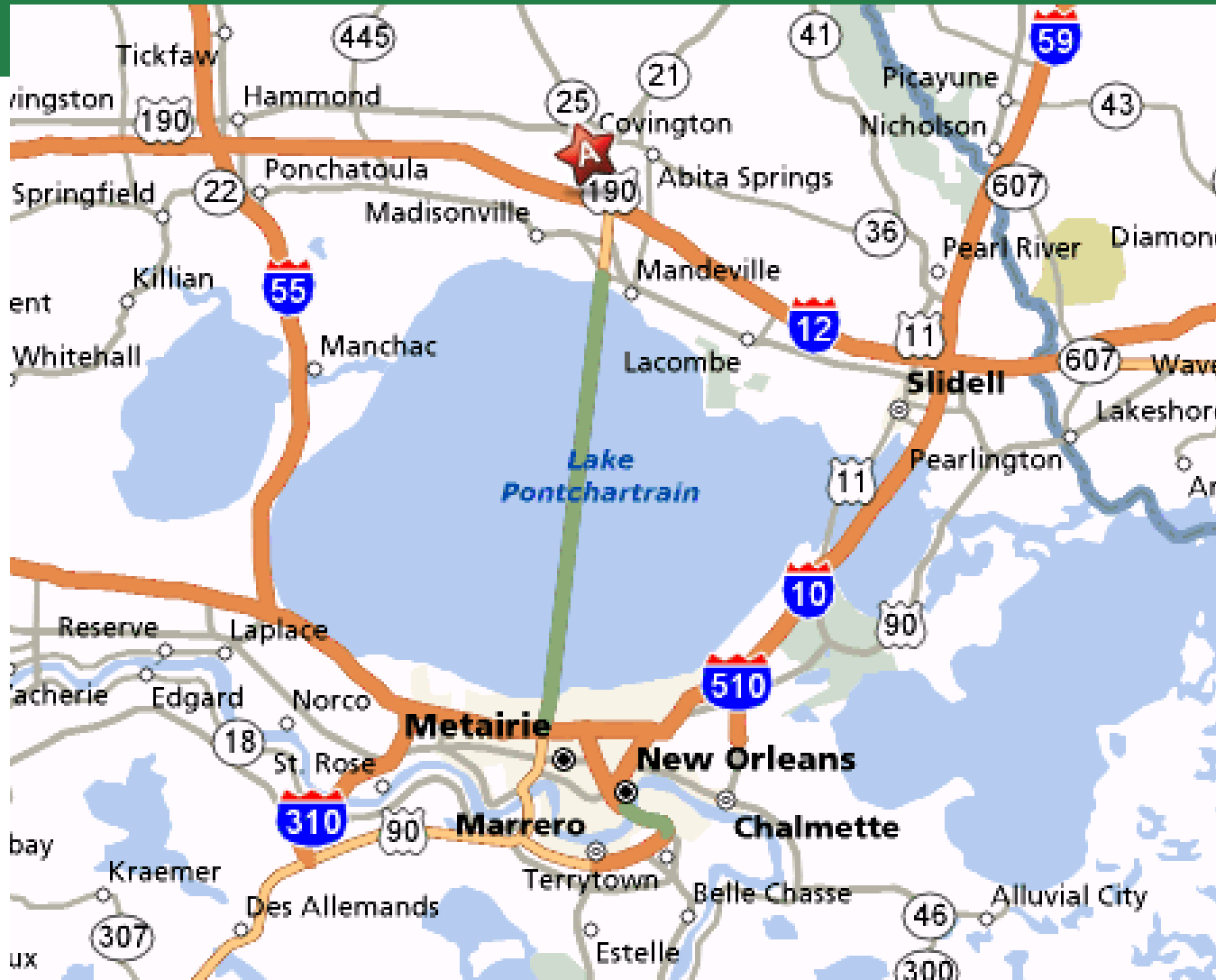
Terraces on Tulane
★
Mid-City



★ 1770 Tchoupitoulas



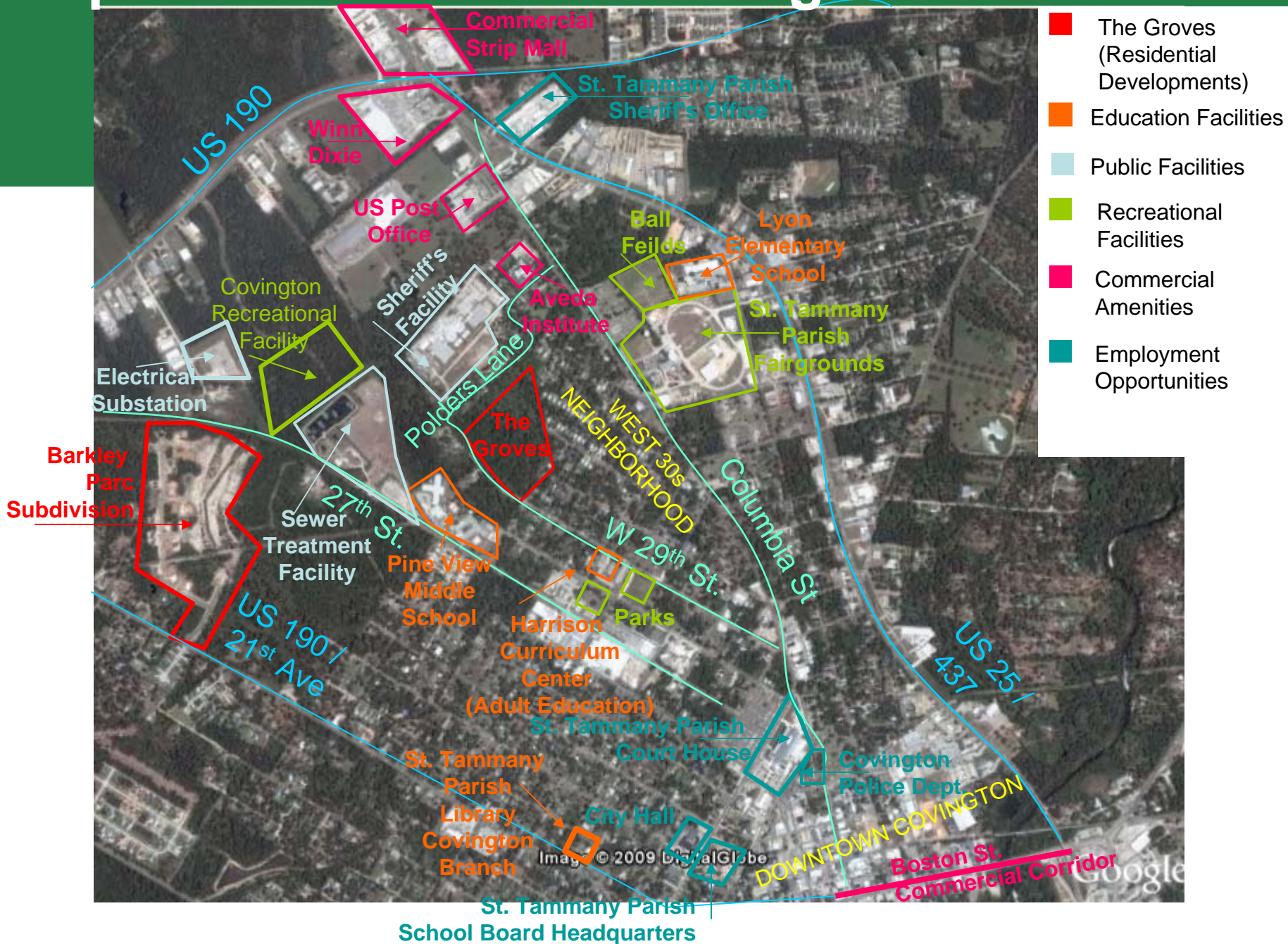
The Groves is in Covington, LA on “The North Shore” from New Orleans



The Market on “The North Shore” is one of the strongest in the area

- Population:
 - Influx of residents post-Katrina (evacuees who are now staying)
 - Lots of commuters to work in New Orleans
 - Nearly the highest average income in the MSA
- Recent Development:
 - Rapid suburbanization of a formerly agricultural area
 - Proliferation of retail and commercial services
- Housing:
 - Few rental housing options, even fewer “affordable” rental options
- Political Climate:
 - Political support for more affordable housing

Map of the Area surrounding The Groves





Housing Units	
Single Family For-Sale	35
Multi-Family Rental	94

Multi-Family Rental Housing					
Building Type	# of buildings	1 bedroom	2 bedroom	3 bedroom	
Duplex	8		16		
Townhomes	4			24	
4-plex	7		28		
8-plex	3	24			
Totals	22	24	46	24	

The Groves Income Mix & Rental Rates

	One Bed	Two Bed	Three Bed	% of all Units
Permanent Supportive Housing	\$130			5%
40% AMI	\$355	\$434	\$506	15%
60% AMI	\$523	\$623	\$739	48%
Market Rate	\$700	\$800	\$900	31%
				100%
# of Units	24	46	24	94

Tax Credit Challenges

We needed the investor
that was just right,
the one:

- Who was willing to invest in subdivision development
- For whom the investment was neither too big, nor too small, nor too close to something else they'd invested in



The Groves Financing

Infrastructure	
Uses	
Acquisition	\$900,000
Hard Costs	2,050,000
Soft Costs	900,000
Sources	
CDBG (Parish)	\$1,400,000
Multi-Family Lot Sales	1,350,000
Single Family Lot Sales	850,000
Foundation Support	250,000
Total	\$3,850,000

Rental Housing	
Uses	
Acquisition	\$ 1,375,000
Hard Costs	13,700,000
Soft Costs	5,200,000
Sources	
Tax Credit Equity	\$ 5,695,000
TCAP	1,000,000
1602 Exchange	3,330,000
CDBG (State)	8,730,000
Perm Debt	1,005,000
Deferred Fee	515,000
Total	\$20,275,000

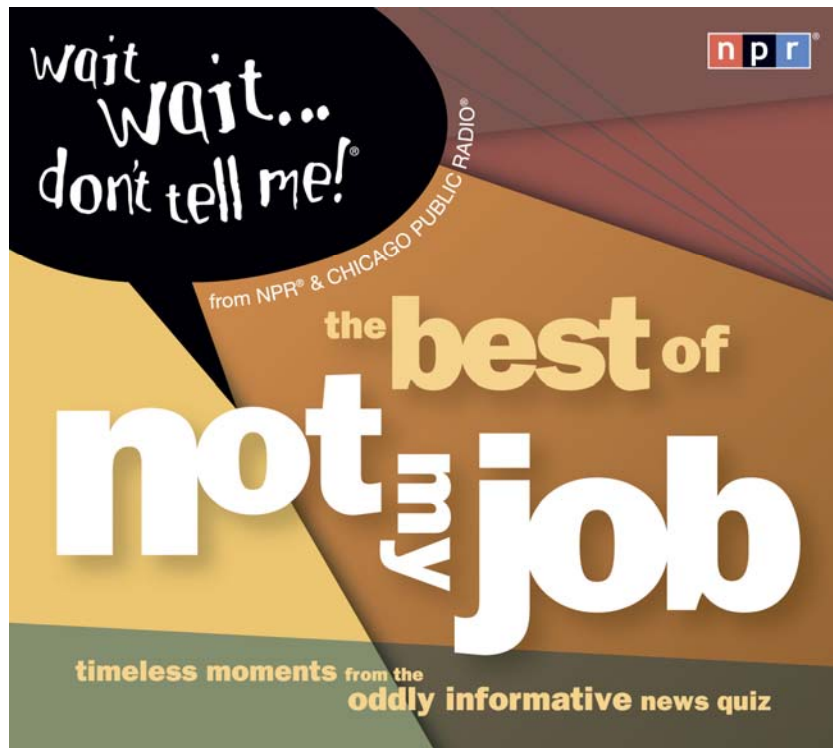
Challenges with TCAP & 1602



Determining Pay-In Schedule of TCAP & 1602 Funds, especially in relationship to the other sources of funding

- Should agency funds be used first?
- Should Pari Passu funding model be used?

Challenges with TCAP & 1602



Dealing with an “inexperienced” investor (the housing finance agency)

- Why are there contingencies in the budget at closing?
- What is the agency's risk?

Challenges with TCAP & 1602

Logistics when you have both an investor and a housing finance agency “investing” in the deal (with 1602 funds)

- Who holds the replacement reserve?
- What is the process for approving change orders?

