

## **HRI Properties**

New Orleans, Louisiana

Presentation to National Council of Affordable Housing Market Analysts New Orleans Affordable Housing Update



### **Presentation Agenda**

- 1. HRI Properties Corporate Overview
- 2. Affordable Housing Development in New Orleans HRI
- 3. Current New Orleans Apartment Market Conditions
- 4. Unique Development Challenges in New Orleans
- Questions and Feedback



"Revitalizing cities by creating diverse, vibrant and sustainable communities"



#### HRI PROFILE

- ➤ Premier national real estate company specializing in the development of high quality, large-scale, urban mixed-use projects since 1982
- ➤ Unique expertise in the adaptive re-use of historic properties
- ➤ Successfully completed over 50 large-scale projects including 4,496 apartment units and condominiums, 3,487 hotel rooms and over 500,000 square feet of office and retail space representing in excess of \$1.4 billion of development costs
- Institutional partners include Prudential Financial, Kimberly-Clark Corporation, Credit Suisse, Capital One and Chevron USA
- ➤ Fully integrated real estate firm with specialized expertise in mixed-use projects, city revitalization, urban planning, design, construction, project finance and apartment/hotel management
- ➤ HRI employs over 700 people managing over 34 properties in five states including six hotels
- > HRI focused on rebuilding of the GO Zone including affordable housing



#### **PORTFOLIO ASSETS**

#### Apartments/Multifamily Housing



Cotton Mill Apartments & Condominiums New Orleans, Louisiana



Woodward Wight Apartments New Orleans, Louisiana



Gravier Place Apartments New Orleans, Louisiana



D.H. Holmes Apartments New Orleans, Louisiana



United Jeweler & Lee Hardware Apartments Shreveport, Louisiana



American Can Apartments New Orleans, Louisiana



River Garden New Orleans, Louisiana



Merchandise Mart Apartments St. Louis, Missouri



### **PORTFOLIO ASSETS**

#### Hotels



Chateau Sonesta Hotel New Orleans, Louisiana



Hilton Garden Inn New Orleans, Louisiana



Renaissance Grand St. Louis, Missouri



Renaissance Suites (Lennox) St. Louis, Missouri

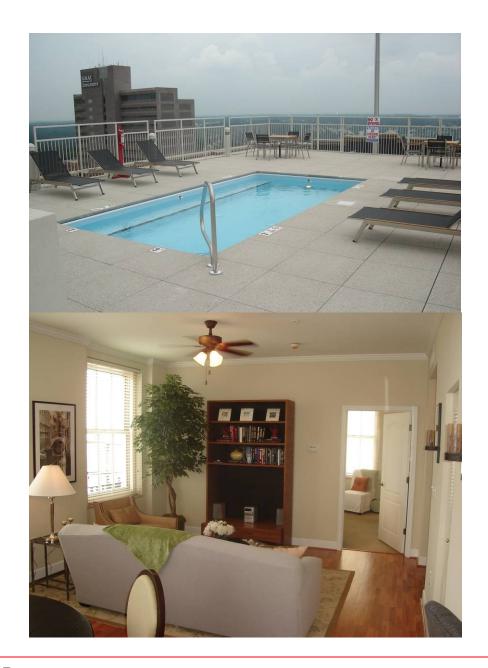


Hilton Garden Inn New Orleans, Louisiana

King Edward Hotel Jackson, MS



## Nissen Apartments – Winston-Salem, NC







# Cupples Apartments- St. Louis, MO





# ByWater Art Lofts - New Orleans, LA





## Flint-Goodridge Elderly Apartments – New Orleans, LA





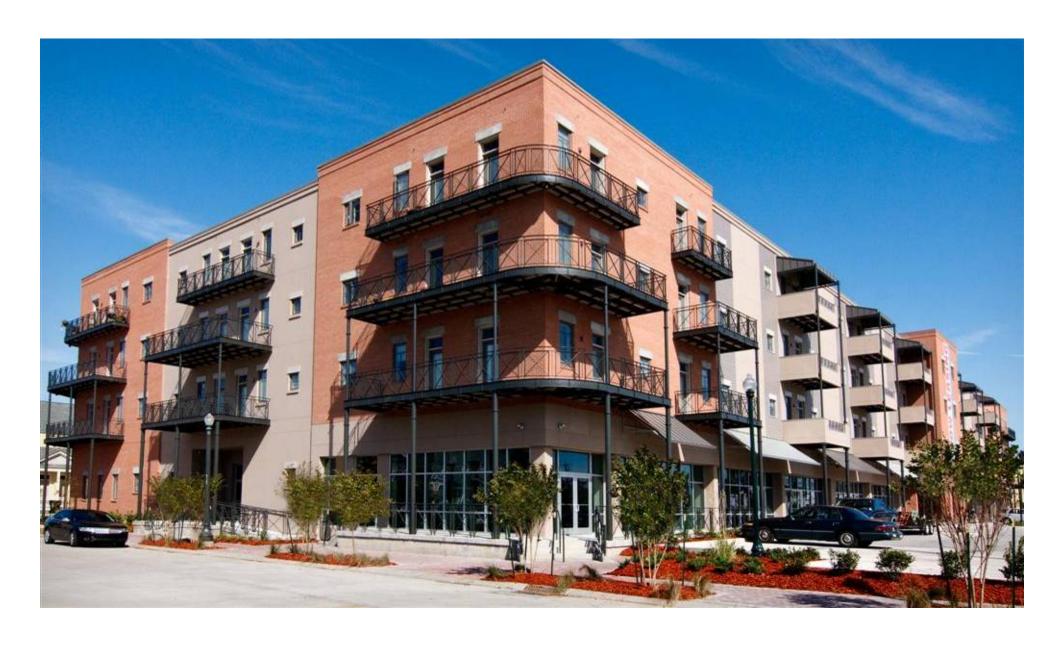


## NINE27 Apartments – New Orleans, LA





# River Garden – CS2 – New Orleans, LA





## HRI Construction Projects and Development Pipeline

- ➤ Currently HRI has four projects totaling \$191 million under construction in New Orleans, Houma and Jackson including 189 residential units and 411,000 square feet of office space
- ➤ HRI has seven projects under site control representing over \$192 million of development projects located in Louisiana and Mississippi including 430 residential units, 53,700 square feet of office space and 251 hotel rooms
- ➤ HRI's affiliate awarded \$130 million of New Market Tax Credit investment authority including \$75 million of GO Zone allocation
- ➤ Since Hurricane Katrina, HRI has completed seven affordable/mixed-income housing projects in New Orleans and has two mixed-income projects under construction for a total cost of \$181 million



## **HRI Projects Under Construction**

- ➤ ELEVEN37 Apartments New Orleans, LA
- Bonne Terre Apartments Houma, LA
- Standard Life Apartments Jackson, MS
- Federal City Project New Orleans, LA
- Total Development Costs \$191 million



# ELEVEN37 Apartments – New Orleans, LA





# Standard Life Apartments – Jackson, MS





## **New Orleans Apartment Market**

- ➤ HRI manages 2,859 apartments in New Orleans including 1,138 affordable units
- ➤ Including 3<sup>rd</sup> Party management, this portfolio will increase by 327 units with 49 affordable units in 2009
- Continued strong demand for affordable housing with all new affordable units effectively at 100% occupancy, long waiting lists and no advertising required
- Many New Orleanians that require affordable housing continue to live in substandard conditions and pay 40% plus of their income towards housing costs
- ➤ Upscale market rate apartments in urban core experiencing 90%+ occupancies with rents down slightly over past two years but still significantly higher than pre-Katrina
- ➤ Less desirable locations (outside of City core) and outdated product experiencing some occupancy, rental rate challenges and concessions



### Unique Development Challenges in New Orleans

- Katrina events continue to create a cloud of uncertainty for investment
- Construction costs have doubled since 2004 for multifamily
- ➤ Insurance costs have quadrupled since 2004 with higher deductibles and no excess flood coverage available on stand-alone, project policies
- Permit/Zoning process very arduous and requires neighborhood support
- Gap financing is required for new construction/substantial rehabilitation
- Mixed-income housing model generally embraced by community
- ➤ High land costs in non-devastated areas
- Development uncertainty in devastated areas
- Infrastructure improvements required throughout the City
- ➤ General sense among locals is that the recovery momentum has swung in a positive direction driven by positive national press from Superbowl, new political leadership and significant construction projects underway



## NCAHMA- New Orleans Affordable Housing Update

**Questions and Feedback** 

