

FACT SHEET

CITY OF SHREVEPORT, LOUISIANA

<p><u>TITLE</u> A RESOLUTION REPEALING RESOLUTION NO 178 OF 2024 APPROVING AN ANNUAL PAYMENT IN LIEU OF TAX IN ACCORDANCE WITH AN UPDATED TERM SHEET AGREEMENT BETWEEN THE NORTHWEST LOUISIANA FINANCE AUTHORITY AND NATCHITOCHE THOMAS APARTMENTS PRESERVATION LLC.</p>	<p><u>DATE</u> November 20, 2024</p>	<p><u>ORIGINATING DEPARTMENT</u> Finance <u>COUNCIL DISTRICT</u> All <u>SPONSOR</u></p>
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PURPOSE

This resolution provides for the approval of a resolution amending a prior approval for an annual payment in lieu of taxes (“PILOT”) by the Developer of an affordable housing development in the City of Natchitoches. According to the developer, the development is utilizing Freddie Mac financing and the Freddie Mac Guide requires that in order to use the abated tax amount in the NOI calculation and refinance test, the abatement must run *at least 20 years after the Conversion Date*. The Conversion Date is not set in stone. There will be an outside date (referred to as the Forward Commitment Maturity Date) of July 1, 2027 (which assumes a December 2024 closing and 30-month forward period), by which Conversion must occur, albeit it is subject to one 6-month as-of-right extension with any further extension(s) being at Freddie’s discretion.

For this reason, the Developer is suggesting a 25-year term in order to build in some cushion in the event they need to account for any extensions.

BACKGROUND INFORMATION

The Northwest Louisiana Finance Authority (“NWLFA”) has agreed to take title to the Natchitoches Thomas Apartments in Natchitoches, Louisiana for a period of time in order to provide tax savings necessary for the developer to substantially rehabilitate this 120-unit affordable housing development.

<p><u>TIMETABLE</u> Introduction: November 22, 2024 Final Passage: November 22, 2024</p>	<p><u>ATTACHMENT(S)</u></p>
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SPECIAL PROCEDURAL REQUIREMENTS

None

<p><u>FINANCES</u> N/A</p>	<p><u>SOURCE OF FUNDS</u></p>
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ALTERNATIVES

(1) Adopt the resolution as submitted, or (2) Amend the resolution, or (3) Deny the resolution.

RECOMMENDATION

FACT SHEET PREPARED BY:

RESOLUTION NO. 179 OF 2024

A RESOLUTION REPEALING RESOLUTION NO 178 OF 2024 APPROVING AN ANNUAL PAYMENT IN LIEU OF TAX IN ACCORDANCE WITH AN UPDATED TERM SHEET AGREEMENT BETWEEN THE NORTHWEST LOUISIANA FINANCE AUTHORITY AND NATCHITOCHESES THOMAS APARTMENTS PRESERVATION LLC.

BY:

WHEREAS, the Northwest Louisiana Finance Authority ("**NWLFA**") is authorized to acquire and hold property for one or more of its public purposes as set forth in R.S. 9:2341(B) and upon acquisition by NWLFA, such property is declared for purposes of R.S. 9:2347(M) to be public property used for essential and governmental purposes and such property is thereby exempt from all taxes of the municipality, the state, or any political subdivision thereof or any other taxing body; and

WHEREAS, NWLFA has arranged to substantially rehabilitate a 120-unit multifamily rental housing development located in Natchitoches, Louisiana known as Natchitoches Thomas Apartments (the "**Project**") and, pursuant to a Term Sheet (the "**Term Sheet**") with Natchitoches Thomas Apartments Preservation LLC, which is attached hereto as Exhibit A and incorporated herein; and

WHEREAS, the City Council of the City of Shreveport previously adopted Resolution No 178 of 2024 approving a prior term sheet related to this Project and now desires to repeal Resolution No. 178 of 2024 and adopt this resolution in its place which includes the updated Term Sheet; and

WHEREAS, NWLFA intends to lease the Project to Natchitoches Thomas Apartments Preservation LLC (the "**Lessee**"), a limited liability company qualified to do business in the State of Louisiana, and, pursuant to La. R.S. 9:2347(M) and subject to approval of the City of Shreveport as the beneficiary of NWLFA (the "**City**"), NWLFA will require the Lessee to pay annually to parish or municipal taxing authorities, and to any other taxing body in the Parish of Natchitoches (the "**Parish**"), through the Sheriff of Natchitoches Parish (the "**Tax Collector**"), a sum in lieu of ad valorem taxes in an amount not to exceed the amount of taxes that would otherwise be due if the Project were not owned by the NWLFA (a "**PILOT**") in accordance with the Term Sheet in order to compensate such authorities for services rendered by them to the Project, which sum the Tax Collector shall collect and enforce payment of in accordance with the statutory provisions of La. R.S. 39:1002 as statutory impositions; and

WHEREAS, the Term Sheet provides that the PILOT shall commence upon the conveyance of the Project to NWLFA and terminate twenty (20) years from the "**Conversion Date**" as such term is defined in the Tax Regulatory Agreement to be executed among the Developer, the Louisiana Housing Corporation and Hancock Whitney Bank, governing the requirements the Developer must comply with in order to utilize financing provided by the Louisiana Housing Corporation, but not to exceed twenty-five years (the "**PILOT Termination Date**") and that full ad valorem taxes will be paid to the Tax Collector following the PILOT Termination Date; and

WHEREAS, as an independently existing public trust authorized and empowered under Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 9:2341 through 9:2347, inclusive) (the “*Act*”), benefiting the City of Shreveport, the PILOT for the Project may be required by NWLFA only if by Resolution the Shreveport City Council, as the governing authority of the of the City as the beneficiary of NWLFA, approves the PILOT in accordance with La. R.S. 9:2347(M);

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Shreveport that:

Section 1. The foregoing whereas clauses are hereby adopted as set forth in the preamble to this Resolution.

Section 2. Resolution No. 178 of 2024 is hereby repealed.

Section 2. This City does hereby approve the PILOT to be paid by the Lessee for the Project in an amount not to exceed the amount of taxes that would otherwise be due if the Project were not owned by the NWLFA, in accordance with the Term Sheet as described in the foregoing whereas clauses.

Section 3. The Mayor and Clerk of Council are hereby authorized, empowered, and directed to take any and all such action as may be necessary to carry into effect the provisions of this Resolution.

Section 4. If any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, but this Resolution shall be construed and enforced as if such illegal or invalid provisions had not been contained herein. Any constitutional or statutory provision enacted after the date of this Resolution which validates or makes legal any provision of this Resolution which would not otherwise be valid or legal, shall be deemed to apply to this Resolution.

Section 5. This Resolution shall immediately take effect upon adoption.

APPROVED AS TO LEGAL FORM:

City Attorney’s Office