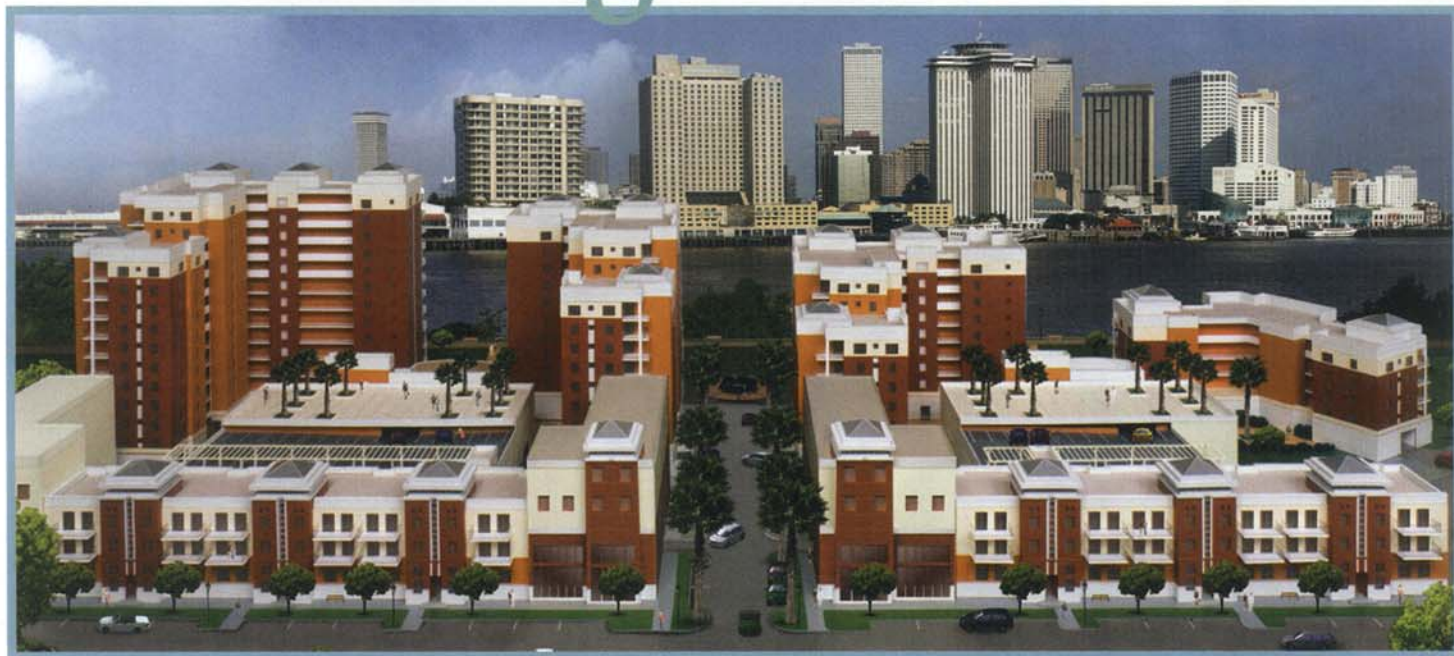


Rebuilding New Orleans



Two years after Hurricane Katrina, multifamily development is finally heating up

By Steve Viuker, Contributing Editor

It's called "The Big Easy," but after Hurricane Katrina, nothing has been "easy" in New Orleans. Although media reports paint a picture of disorganization, it appears not to be entirely true. Progress is being made and one developer is upbeat. "People are somewhat misled as to why the recovery is taking as long as it has," says Matthew Schwartz, a partner at The Domain Cos., headquartered in New York. "It is a direct result of the scope of what had to be done in terms of the master planning and putting the programs into place to finance projects such as ours."

Domain Cos. is not the only for-profit developer with projects in the works, but it claims to be involved in the largest. According to Schwartz, the Louisiana Housing Finance Agency wasn't financing multi-housing deals. The agency was financing single-family home subdivisions. "Post Katrina, they had to figure how to allocate credits and block grant funds for very complex mixed-income, mixed-use developments, totalling \$55-65 million per project," explains Schwartz. "Before Katrina, it was maybe \$3 million per project. In New York City, where we do the majority of our business, it took decades of trial and error to achieve the multitude of programs that presently exist and those programs are constantly evolving."

Domain is constructing The Preserve, a 183-unit, affordable housing complex, on the site of the former Baumer Foods building and the 228-unit Crescent Club on the old Crescent City Motors site, both in Mid-City New Orleans. A third Domain development, 72 additional units of affordable multifamily homes, is planned for the former International School site at 750 South Jefferson Davis.

Algiers Crossing (above) is the first master-planned community in New Orleans since Hurricane Katrina and the only one on the waterfront. The 228-unit Crescent Club (near right) will redevelop the old Crescent City Motors site while the 183-unit Preserve (far right) is being constructed on the site of the former Baumer Foods building, both in Mid-City New Orleans.

"We have also been working to assemble homes in the area around The Preserve for sale to first-time or middle-income home buyers," says Schwartz. "So far, we have acquired about 30 homes or lots in the immediate area which we will be renovating/building on or selling."

The new homes will be modular. The project is privately financed. Any subsidy would come in whatever form the buyers are able to secure. Work is already underway on the first homes."

Centerline Capital Group provided \$36.9 million in equity through the syndication of Low Income Housing Tax Credits (LIHTC) allocated through the Louisiana Housing Finance Agency and \$19.2 million in permanent mortgage financing through Freddie Mac toward the financing of The Preserve and Crescent Club, and is currently working with The Domain Cos. on the financing of the proposed third project. Humphreys and Partners Architects of Dallas is the architect on all three developments.

It should come as no surprise that entertainers and musicians have pitched in. On Aug. 21 in New Orleans, The Home Depot Foundation, Global Green USA and Brad Pitt unveiled the first "green" building in the Lower 9th Ward project in New Orleans. It resulted from a design contest sponsored by Global Green and Pitt. The Holy Cross neighborhood project, based on a winning design by Matthew Berman and Andrew Kotchen of Workshop/APD, is being built with green products and energy-efficient systems that

will ultimately be included in five single-family homes, an 18 multi-unit apartment complex and a community center/Sustainable Design and Climate Action Institute.

The Home Depot Foundation is also the lead funder of the Habitat for Humanity project where multi-family and single-family units, along with a community center, will be built. Musicians' Village is the inspiration of two New Orleans-born luminaries—singer-pianist-actor Harry Connick Jr. and saxophonist Branford Marsalis. The village is a cluster of about 80 brightly painted homes and musicians will make up more than 70 percent of the village. Residents need an income of at least \$18,620 a year and good credit or no credit history. Each home has a financial sponsor—a corporation or family—donating \$75,000 to build it. The centerpiece of the village will be the \$6 million Ellis Marsalis Music Center.

To mark the 30th anniversary of her father's death, Lisa Marie Presley's voice was added to the original version of Elvis Presley's hit 1969 song "In the Ghetto." Proceeds from the new song and music video will be used to help build temporary housing for the homeless in New Orleans. The project is to be similar to Presley Place, a 12-unit apartment building for the homeless built in Memphis, Tenn. by Elvis Presley Enterprises Inc. in 2001.

A consortium of mixed-income housing developers and local non-profit organizations has been selected to plan the redevelopment of New Orleans' damaged public housing communities at St. Bernard, C.J. Peete and B.W. Cooper. Planning the redevelopment of St. Bernard will be a partnership team that includes the Fore!Kids Foundation, Columbia Residential and the Baton Rouge Area Founda-

tions; and two national nonprofit community development support organizations—Enterprise Community Partners and Local Initiatives Support Corp. Reliance Housing Foundation is a non-profit affordable housing developer.

"We thought if given the opportunity, we would welcome the chance to contribute to rebuilding New Orleans by doing what we do best and that is build affordable housing," says Sandra Seals of Reliance Housing Foundation, Fort Lauderdale, Fla. "After several visits to New Orleans to explore rebuilding opportunities, we learned that 200 Carondelet was for sale. At the same time, Louisiana Housing Finance Agency and Louisiana Recovery Authority were finalizing their plans to utilize LIHTC and Community Development Block Grant funds to finance mixed-income housing in Orleans Parish."

And the much-maligned FEMA is now addressing the trailer health issues. FEMA has asked the Centers for Disease Control and Prevention (CDC) for its assistance and expertise in conducting a public health assessment of indoor air quality in its temporary housing units. The study will be conducted by the CDC's National Center for Environmental Health (NCEH) in consultation with CDC's National Institute for Occupational Safety and Health (NIOSH). The study will involve testing actual air quality conditions in travel trailers when they are used for prolonged periods of time under real-life conditions. CDC is being asked to provide an estimate for formaldehyde levels designed to avoid long-term health or irritant effects for most persons living in the units, and identify practical means of reducing indoor air levels of formaldehyde.

Meanwhile, charges of unnecessary teardowns by the



tion. Central City Partners will plan the redevelopment of C.J. Peete. The partners—McCormack Baron Salazar and KAI Design & Build—will form Peete Redevelopment LLC to partner with the New Orleans Neighborhood Development Collaborative. KBK will partner with B.W. Cooper Resident Management Corp. to plan the redevelopment of B.W. Cooper. HUD announced in June 2006 that it would redevelop C.J. Peete, B.W. Cooper, Lafitte and St. Bernard to make way for revitalized mixed-income communities that would include public housing and affordable market-rate housing as well as market-rate single-family homes.

In addition, a \$47 million loan fund assembled by the state, banks, foundations and community development organizations, at below-market rates, is available to non-profit and for-profit developers of quality, affordable and mixed-income housing primarily in Calcasieu, Cameron, Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany and Vermillion parishes. Over half of the apartments and homes must be affordable to households with incomes below 80 percent of the Area Median Income. Loans will be limited to work in Louisiana's GO Zone parishes.

The fund is a public/private partnership among the Louisiana Recovery Authority; the state's Division of Administration's Office of Community Development (OCD); Living Cities, a consortium of banks and foundations long active in neighborhood revitalization; other banks and founda-

city are being addressed. "The process is not perfect," says David Robinson-Morris of the Mayor's Office of Communications. "However, if a property owner knows that their house is on a demolition list, the onus is on the property owner, as stated on the city's Web site, to present proof in person to the Office of Code Enforcement, which will be followed up by an inspection to verify the claim. The city will halt demolitions for four days and give property owners who are on the list an opportunity to present proof to reverse their demolition condemnation."

The city has also designated various areas for renovation projects. Re-Build areas have experienced severe destruction of physical structures and social networks. These areas will require major rebuilding and significant public and private investment in order to recover. Those zones are approximately one-half mile in diameter, although the area can vary slightly. Re-New areas include specific projects that require relatively modest public intervention to supplement work already underway by the private and nonprofit sector. Re-Develop areas are places where some recovery components and resources are already present, and have a high potential to attract investment and act as a catalyst for further redevelopment of the affected community. **MHN**

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THE 'NEW' NEW ORLEANS

By Craig Studnick, International Sales Group

Thanks to private and public investment, the Gulf region is on the rebound following Hurricane Katrina. New Orleans alone will be the beneficiary of more than \$38 billion in federal funding. The infrastructure, including a state-of-the-art levee system, is being upgraded and 28 years of construction will be replicated over the next five years. With opportunities such as the Gulf Opportunity (GO) Zone Act attracting private investors, the Big Easy will, in five years, thrive economically in a way it has never flourished and will continue to be increasingly prominent on the national stage.

WHY NEW ORLEANS?

New Orleans is critical to the U.S. economy. The port, part of the largest system in the world in bulk tonnage, will increase in capacity and productivity as the Panama Canal expands. Plus, the largest reserves of oil and gas in the U.S. are off the coast of Louisiana. The oil and gas industry is robust in Louisiana, producing a quarter of the nation's crude oil and a third of its natural gas. From a real estate standpoint, housing is being rebuilt to replace the 70,000 homes needed and approximately 10 new luxury condominium projects are planned, bringing a new dimension to the area.

Federal City will be a major office complex on a sprawling 200-acre campus. It will house 10,000 public and private sector employees working for the U.S. Marines, Army, Navy and Department of Homeland Security, as well as non-federal tenants. The jobs created will also generate further demand for housing at every end of the price spectrum.

The opportunities from the GO Zone Act coupled with the demand for housing make for an alluring investment. In fact, New Orleans saw an 18 percent increase in population in 2007 alone, and is expected to double over the next decade.

In lieu of embarking on a public building campaign financed solely with public funds, the government is promoting investment by the private sector in Louisiana through The GO Zone Act.

Craig Studnick is co-founder and president at International Sales Group (ISG). Founded in 1994 to represent luxury residential condominium projects, ISG is based in Aventura, Fla. with branch offices in Las Vegas, New Orleans, Bogota, Colombia and Panama and also has alliances with leading international brokerage firms throughout Latin America. The multi-billion-dollar firm serves as the exclusive marketing and sales organization for many of the most prestigious developers in the industry, ranging from new construction to condominium conversions and re-sales.