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EXCERPT FROM

THE 4% LIHTC/BOND ISSUE

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Allocating Agencies are Feeling the Pressure of Increasing Competition for PABs



LIHTCs, HTCs will Transform Historic Miller Roy Building into Affordable Housing in Monroe, Louisiana

TERESA GARCIA, SENIOR MARKETING MANAGER, NOVOGRADAC

The Miller Roy Building in Monroe, Louisiana, is more than a building. It's a cultural icon. Built in 1929 by two African American doctors, the Miller Roy Building served as an economic hub for Black-owned businesses during an era of racial segregation.

The Miller Roy Building housed a variety of businesses, including a dentist office, pharmacy, barber shop and the city's first African American newspaper. Miller Roy was also a legendary entertainment venue, with its third-floor Savoy Ballroom hosting performances by Louis Armstrong, Duke Ellington, Billy Holiday, Fats Domino, Percy Sledge and Otis Redding.

"This was the center of African American business, health care and opportunity," said Louisiana State Rep. Michael Echols, a developer and co-founder

with his wife, Christie Echols, architect of Echo Development, who is redeveloping the Miller Roy Building into 18 affordable apartments and ground-floor space for community services using federal low-income housing tax credits (LIHTCs) and federal and state historic tax credits (HTCs).

Echols is constructing an additional 48 affordable apartments from the ground up at the Bayou Savoy Building next door to the Miller Roy Building. Apartments at both buildings will be affordable to households earning 20% to 80% of the area median income under the average income set-aside option of the LIHTC incentive. Of the 66 total apartments,

Image: Courtesy of Miller Roy Development LLC
The historic Miller Roy Building in Monroe, Louisiana, is being rehabilitated into affordable housing and community services space.

24 will have project-based rental assistance and four will offer permanent supportive housing for people experiencing homelessness.

Preserving an Icon

Echols has significant experience with historic preservation using HTCs. Echols has restored more than two dozen historic homes and commercial buildings in the region in the past 15 years. “Over that time, [the Miller Roy Building] has always been a shining star sitting in an area that was blighted and underdeveloped,” said Echols.

Echols first inquired about the Miller Roy Building 13 years ago, but the property was owned at that time by an estate and there were complications with the title. Echols continued redeveloping historic buildings in the surrounding area, but revisited the idea of purchasing Miller Roy four years ago after partnering with a title attorney, Ben Marshall. Marshall worked on the title for a year and was able to clean it up so that he and Echols could purchase the building and land.

“After we got the building, it was a matter of figuring out what to do with it,” said Echols. “Something that was important to the community and important to me was that we had to incorporate community benefit in whatever the end product would become. The end product is affordable housing and on the bottom floor, a community resource center.”

Echols is working with the United Way, the Ouachita Parish Police Jury, Edward Via School of Osteopathic Medicine, as well as other local partners to offer job training and workforce development services, community services and an on-site health clinic.

“The entire project has an immense impact between the affordable housing component, re-embracing its significance in culture and history, and providing services to an area that has been blighted for years,” said Echols.

Because the Miller Roy Building sat vacant for more than two decades before Echols and his partner

acquired it, the structure was in severe disrepair due to water damage. The general contractor, Echo Build LLC, and prime subcontractor, Cook Construction LP, will preserve the shell of the building and some transom windows, but nearly everything inside will be gutted and rebuilt.



Image: Courtesy of Miller Roy Development LLC

The Miller Roy Building was built in 1929 and was an economic hub for Black-owned businesses.

The new construction, 40,000-square-foot Bayou Savoy Building next door will be designed to resemble its historic neighbor. Bayou Savoy will also meet the FORTIFIED Gold building standard and will be ADA accessible.

Apartments in both buildings will include refrigerators, range/ovens, dishwashers, garbage disposals, in-unit washers and dryer, blinds, central air conditioning and ceiling fans. Shared amenities will include a business center and computer lab, a community room, a courtyard, and on-site management from Latter and Blum Property Management Inc. Outdoor gardens and walking paths will connect the two buildings.

Echols expects to place the Miller Roy and Bayou Savoy into service in spring 2022.

Financing

Strong public-private partnerships are making the Miller Roy and Bayou Savoy developments possible. The Louisiana Housing Corporation (LHC) provided \$7.1 million in Community Development Block Grant (CDBG) funding, \$1 million in National Housing Trust Fund dollars and an allocation of 4% LIHTCs. Echols

said Little and Associates and managing member Todd Little were instrumental in deal structuring and managing the finance process through closing.



Image: Courtesy of Miller Roy Development LLC

The Miller Roy and Bayou Savoy development was financed with federal low-income housing tax credits and federal and state historic tax credits.

“There’s been a huge increase in use of the 4% LIHTC primarily because Louisiana offers other funds, such as CDBG funds as well,” said Gordon King, LHC’s municipal adviser and multifamily underwriter. “Our usage and our volume cap has gone up immensely for this program in Louisiana.”

Enactment of a credit minimum for the 4% LIHTC was also critical to getting the development financed. “At the beginning of the year, material pricing on the construction side was massively escalating—thankfully, the 4% credit rate lock provided the necessary equity to make the deal to pencil,” said James Crowder, senior director of project management at Hunt Capital Partners, which syndicated \$6.4 million in federal LIHTC equity and \$1.2 million

in federal HTC equity. Hunt Capital Partners also managed the fund through which Enhanced Capital invested \$1.3 million in state HTC equity.

“To see the Miller Roy building get rehabbed and not bulldozed is critical to preserving a part of Monroe’s culture,” said Crowder. “We are pleased to participate in this great development with strong partners.”

Bradley Sweazy, executive director of LHC, agreed. “Restoring, historic significant buildings in our communities is more than simply rehabbing a building to provide needed housing,” said Sweazy. “It is a testament that the historic fabric of our community is valued and will always stand the test of time to provide a good quality of life for our residents.”

MILLER ROY BUILDING AND BAYOU SAVOY BUILDING

FINANCING

- ◆ \$7.1 million in Community Development Block Grant funding from Louisiana Housing Corporation (LHC)
- ◆ \$6.4 million in federal low-income housing tax credit equity from Hunt Capital Partners
- ◆ \$1.6 million primary mortgage from Cedar Rapids Bank & Trust
- ◆ \$1.3 million in state historic tax credit (HTC) equity from Enhanced Capital
- ◆ \$1.2 million in federal HTC equity from Hunt Capital Partners
- ◆ \$1 million in National Housing Trust Fund dollars from LHC

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