

<u>TITLE</u> A RESOLUTION APPROVING A MODIFICATION TO AN ANNUAL PAYMENT IN LIEU OF TAX IN ACCORDANCE WITH A MEMORANDUM OF UNDERSTANDING BETWEEN THE SHREVEPORT HOME MORTGAGE AUTHORITY AND SPC DEVELOPMENT LLC.	<u>DATE</u> 09/22/2022	<u>ORIGINATING DEPARTMENT</u> Department of Community Development <u>CITY COUNCIL DISTRICT</u>	<u>SPONSOR</u>
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PURPOSE

To approve the modification and extension of the Payment in Lieu of Tax (“PILOT”) relative to the redevelopment of the Galilee Senior Housing Development (“the Project) for the purpose of meeting the financial requirements of the redevelopment of the Project and to allow for the possible refinancing of the re-development after the Low Income Housing Tax Credit (LIHTC) Compliance Period.

BACKGROUND INFORMATION

The City of Shreveport previously adopted Resolution No. 128 on October 26, 2021, approving an annual PILOT for a period of 15 years relative to the redevelopment of the Galilee Senior Housing Development (“the Project). The Developer for the Project has requested the PILOT be extended an additional five (5) years (the “Modified PILOT”) to meet the financial requirements of the redevelopment and to allow for the possible refinancing of the Redevelopment after the LIHTC Compliance Period.

The Shreveport Home Mortgage Authority (“SHMA”) has approved an amendment to the Memorandum of Understanding between the Shreveport Home Mortgage Authority and SPC Development, LLC providing for the requested extension of the PILOT lease. The SHMA now requests approval from the Shreveport City Council of the extension of the Pilot on behalf of the City of Shreveport as beneficiary of the SHMA.

<u>TIMETABLE</u> Introduction: September 27, 2022 Final Passage: October 11, 2022	<u>ATTACHMENT(S)</u> Exhibit “A” MOU Amendment
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SPECIAL PROCEDURAL REQUIREMENTS

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

(1) Adopt the Resolution as submitted, or (2) Amend the Resolution, or (3) Reject the Resolution.

RECOMMENDATION

It is recommended that the City Council adopt the Resolution.

FACT SHEET PREPARED BY: Thea R. Scott, Department of Community
Development and Mike Busada, General Counsel
for the SHMA

RESOLUTION NO. _____ OF 2022

A RESOLUTION APPROVING A MODIFICATION TO AN ANNUAL PAYMENT IN LIEU OF TAX IN ACCORDANCE WITH A MEMORANDUM OF UNDERSTANDING BETWEEN THE SHREVEPORT HOME MORTGAGE AUTHORITY AND SPC DEVELOPMENT LLC.

WHEREAS, the Shreveport Home Mortgage Authority (“**SHMA**”) 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 SHMA, 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, SHMA has arranged to acquire, substantially rehabilitate, and equip a multifamily apartment housing facility consisting of total of 126 units and related personal property and equipment, located in Shreveport, Louisiana (the “**Galilee Senior Housing Development**” or the “**Project**” or the “**Redevelopment**”) and, pursuant to a Memorandum of Understanding (the “**MOU**”) with SPC Development LLC (the “**Developer**”), has further arranged for the Developer (i) to be responsible for applying in a timely manner to the Louisiana Housing Corporation (“**LHC**”) for the issuance by the LHC of tax-exempt bonds (“**Bonds**”) to qualify the Galilee Senior Housing Project for low-income housing credits (“**LIHTCs**”) requiring a compliance period expected to end December 31, 2037 (“**LIHTC Compliance Period**”), (ii) to guarantee to the LIHTC investors the LIHTCs during the Compliance Period, and (iii) to guarantee all financing and operating expenses that may be required by the credit enhancer or purchaser of the Bonds and by the LIHTC investors; and

WHEREAS, SHMA intends to lease the Project to Galilee Senior Housing LP (the “**Lessee**”), a limited partnership 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 SHMA (the “**City**”), SHMA will require the Lessee to pay annually to parish or municipal taxing authorities, and to any other taxing body in the Parish of Caddo (the “**Parish**”), through the Sheriff of Caddo 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 Authority (a “**PILOT**”), in accordance with the MOU, in order to compensate such authorities for services rendered by them to the Project, which sums the Tax Collector shall enforce payment of, in accordance with the statutory provisions of La. R.S. 39:1002, as statutory impositions; 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**”) and benefiting the City of Shreveport, SHMA may only require the PILOT if, by resolution, the Shreveport City Council, as the governing authority of the City and beneficiary of SHMA, approves the PILOT in accordance with La. R.S. 9:2347(M);

and

WHEREAS, the City previously adopted Resolution No. 128 on October 26, 2021, approving an annual PILOT for a period of 15 years; and

WHEREAS, the Developer has requested the PILOT be extended an additional five (5) years (the “*Modified PILOT*”) in order to meet the financial requirements of the Redevelopment and to allow for the possible refinancing of the Redevelopment after the LIHTC Compliance Period; and

WHEREAS, the SHMA has approved an amendment to the MOU (the “*MOU Amendment*”), which MOU Amendment is attached hereto as Exhibit A, providing for the requested extension of the PILOT lease and is requesting approval of the extension of the PILOT from the City, as beneficiary of the SHMA.

NOW, THEREFORE, BE IT RESOLVED by the 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. This City does hereby approve the Modified PILOT to be paid by the Lessee for the Galilee Senior Housing Project in an amount not to exceed the amount of taxes that would otherwise be due if the Project were not owned by the Authority, in accordance with the Modified MOU as described in the foregoing whereas clauses.

Section 3. The Mayor and City Clerk 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