



taxadvantagegroup



Hampton Inn & Suites

QUICK FACTS

CDE
East Baton Rouge Community Development Entity (EBRCDE)

TOTAL DEVELOPMENT COST
\$18,020,000

EBRCDE ALLOCATION
\$17,000,000

LOCATION
462 Lafayette Street
Baton Rouge, LA

NMTC CONSULTANT
taxadvantagegroup, llc

QALICB
Red Stick Hospitality, LLC

DEVELOPER
Windsor/Aughtry Company

LEVERAGED LENDERS
Wells Fargo Bank, N.A.
RSH Funding, LLC

NMTC INVESTOR
Wells Fargo Community Investment Holdings, LLC

PERMANENT JOBS
50 Full-Time Direct
15 Part-Time Direct

CONSTRUCTION JOBS
110 Direct

TARGETED DISTRESS
Poverty Rate 29.7%
MFI 76%
Unemployment 7.1%
State Enterprise Zone
DRA
Distressed Area
Local TIF District

FINANCING COMPLETE
September 2011

Hampton Inn & Suites

BATON ROUGE, LA

Background

The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). Substantially all of the QEIs must in turn be used by the CDE to provide investments in Low-Income Communities (LICs).

The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period. The NMTC program provides financing availability for projects in underserved geographic areas and with extremely favorable terms for businesses and real estate developers or owners. The result of these investments fulfills financing gaps for projects to be completed, and it allows projects to be enhanced with community-oriented components, which generate measurable community impacts.

Project

In September 2011 financing for the Hampton Inn & Suites was complete. The project consists of a new seven-story, 83,528 square foot hotel building containing 137 rooms, 1,240 square feet of meeting space, a 650 square foot fitness room, as well as a lobby with continental breakfast room seating for 55 people. Parking for the project is located in the LaSalle Garage via a long-term agreement with the State of Louisiana. As part of the financing and in addition to the direct job creation, the developer entered into a Community Benefits Agreement with the EBRCDE focused on sourcing a majority of subcontractors and labor from the local area.

The site, converted from a former surface parking lot, is located within the Downtown Development District, a political subdivision and special assessment district created by the Louisiana Legislature in 1987. Since it is the civic, business and cultural center for the Baton Rouge region, as well as the seat of government for the State of Louisiana, the area is recognized by municipal government, East Baton Rouge Redevelopment Authority, Center for Planning Excellence, the Baton Rouge Area Convention and Visitors Bureau and Baton Rouge Area Chamber as strategic to the overall future improvement of the greater Baton Rouge community.

The project also supports Plan Baton Rouge Phase II (PBR), downtown’s strategic plan. PBR’s recommendations include attracting more investment to the burgeoning Arts & Entertainment District, sharing existing underutilized parking structures and constructing additional hotel rooms to support a recently expanded convention center. The project fulfills all three of the aforementioned recommendations and enhances a prominent block in the Arts & Entertainment District. The addition of the rooms to downtown makes the area even more attractive to conventions and large events, as downtown’s hotel capacity reaches over 800 total rooms within walking distance to the River Center. In addition the Project is located on both the municipal and Louisiana State University (LSU) bus routes and is in direct proximity to the lighted, levee-top bike and walking path linking downtown to LSU and beyond.

The Financing

The NMTC Program filled a gap in financing that allowed the project to begin construction on the new facility earlier than anticipated. With total project costs exceeding \$18 million, the NMTC subsidy contributed approximately \$3.2 million of capital to the project. The additional sources of capital used to complete the overall financing structure included senior debt provided by Wells Fargo Bank and developer equity. taxadvantagegroup helped secure the CDE Allocation and worked in partnership with EBRCDE and the project team to negotiate the investment and manage due diligence, resulting in a successful closing.

Davis Rhorer, executive director for the Downtown Development District, says the Hampton Inn will complement the other lodging options downtown. He is also pleased that the site will serve a better purpose. Per Rhorer, “This rebuilds the urban fabric.”

For more information contact:
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