

# The Times-Picayune

## Developer creates affordable housing

THURSDAY, APRIL 3, 2008



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Developer Stewart Juneau, first-time homeowners Carl Brown and Bertha Dordain, property supervisor Sheila Sims and former HUD Secretary Henry Cisneros sign documents making Brown and Dordain official homeowners during a press conference Wednesday to announce plans for The Gates on Manhattan.

*Condos will target people with less than perfect credit*

By Kate Moran  
Business writer

To alleviate the shortage of affordable housing across the region, developer Stewart Juneau has converted an apartment development in Harvey into condominiums designed for working class people who need a little help scrubbing their credit.

Juneau unveiled the condo conversion last June, but the credit crisis that began rippling across the financial markets last summer quickly toppled his business plan. As banks tightened their lending standards, many of his potential buyers — people with decent but not sterling credit — could no longer secure a mortgage.

He and several business partners, including former Housing Secretary Henry Cisneros, spent the ensuing months figuring out



**The Gates:** Developer plans to convert 320 rental apartments into condos

Bertha Dordain stands in front of her new condo Wednesday. The refurbished condos will sell for \$72,000 to \$108,000. Because buyers are expected to qualify for an attractive interest rate, many will become homeowners for less than what they pay in monthly rent.

# Renters will take course in owning

HOUSING, from C-8

a way to connect those buyers with lenders in a vastly constricted market. On Wednesday, they announced their solution in a upbeat news conference held in front of the condominiums, located at 1050 Manhattan Blvd. in Harvey.

Buyers with imperfect credit can live in the units as renters for up to 18 months while they participate in a homebuyers program that will help them set their finances in order. As soon

as they manage to hoist their credit, they will qualify for a 30-year, fixed-rate mortgage at one percent below the prime rate.

Some will become homeowners in three months, while others will take considerably longer. The rent they pay during the intervening time will help pay down the amount they owe on the condo. Some money will also be set aside for condo fees and for a reserve account, belonging to the homeowner, that will help pay for future repairs.

"What we tried to do is create this lease-purchase program to put that potential customer in a home immediately, because the demand and the need for affordable housing are immediate," Juneau said.

The development, called the Gates on Manhattan, includes 320 refurbished condos that will sell for \$72,400 to \$108,400. Be-

cause his buyers will qualify for an attractive interest rate, Juneau says many of them will become homeowners for less than what they pay in monthly rent.

That low interest rate comes courtesy of the Neighborhood Assistance Corporation of America, a nonprofit group that will conduct the homebuying course for Juneau's customers. The agency has relationships with banks, many of which believe customers who complete the course are at low risk of defaulting on a loan.

Juneau, perhaps best known as owner of the Ritz-Carlton hotel on Canal Street, managed to assemble a host of other partners who straddle the nonprofit and business worlds to make the project work. His investors include **CityView**, a California real estate firm founded by Cisneros; **Our Castle Homes**, a for-profit developer of affordable housing; and **American Sunrise Communities**,

a nonprofit also founded by Cisneros that helps counsel first-time homebuyers.

The former housing secretary said Wednesday that homeownership is "the way we build an American middle class." He said the opening of the Gates on Manhattan project was an important milestone because there are few other opportunities in this region for people to buy homes for less than \$100,000.

"This is a new era for families of New Orleans who want to come back home and work and restore themselves to homeownership, or move up to homeownership," he said.

Before the conversion to condominiums, the Gates on Manhattan was a complex of apartments, situated in two-story, detached brick buildings, that Juneau bought in the 1980s and developed using affordable housing tax credits. Accepting those credits meant he had to keep the

units as rentals for at least 10 years.

That compliance period ended shortly before Hurricane Katrina, and Juneau said his previous business partners wanted him to convert the apartments from affordable to market-rate rentals. He preferred to sell them in a price range that police officers, nurses and other moderate-income people could afford.

"Everybody questioned me about why I wasn't treating these as apartments. They'd say I could make so much more money selling it to developers and converting it to conventional apartments. I told them, that's true, but it's good business to do good deeds."

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For more information about the condos, call (504)352-9794 or visit [thegatesonmanhattan.com](http://thegatesonmanhattan.com). Kate Moran can be reached at [kmoran@timespicayune.com](mailto:kmoran@timespicayune.com) or (504) 825-3491.