

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
SEPTEMBER 18, 2012**

RESOLUTION NO. 2012-36

WHEREAS, the Housing Authority of New Orleans (HANO) and the City of New Orleans have been awarded a \$30.5 million Choice Neighborhoods Initiative (CNI) Implementation Grant by the U.S. Department of Housing and Urban Development to redevelop the Iberville Public Housing Development; and

WHEREAS, 1501 Canal Street, also known as the Texaco building, is one of the off-site properties for replacement housing units included in the Iberville Transformation Plan previously approved by HUD as part of the CNI application process; and

WHEREAS, the Housing Authority of New Orleans acquired 1501 Canal Street on May14, 2012 for the purchase price of \$4,875,063.71; and

WHEREAS, 1501 Canal Street will be redeveloped by Historic Restoration, Incorporated (HRI) to provide 112 project-based Section 8 units for senior households that will serve as Iberville replacement units under CNI; and

WHEREAS, HRI (a member of Iberville Revitalization Company, LLC), has already received firm commitments from AEGON Realty Advisors (Low Income Housing Tax Credit and Historic Tax Credit investors), Stonehenge Capital Company (State Historic Tax Credit investor), J.P. Morgan Chase, N.A. (bond purchaser and construction/permanent lender), and the State Office of Community Development (Community Development Block Grant allocator) to finance the redevelopment of 1501 Canal Street, which will allow redevelopment to proceed quickly; and

WHEREAS, the development deal is structured such that the development entity will have full ownership of the property, and therefore HANO will sell 1501 Canal Street to the developer. HRI has formed a subsidiary, 1501 Canal Apartments, LLC to purchase the property from HANO; and

WHEREAS, HANO has negotiated a purchase and sale agreement with 1501 Canal Apartments, LLC which contemplates the sale price of the property to include 1) the purchase price of \$4,875,063.71 which HANO paid to acquire the property, 2) interest on the purchase price at the rate of seven percent (7%) per annum from the date that HANO purchased the property from 1501 Properties, LLC until the date that it is purchased by 1501 Canal Apartments, LLC, 3) an administrative fee of three percent (3%) of the purchase price HANO paid in acquiring the property, and 4) all documented out-of-pocket costs actually incurred by HANO in connection with the acquisition, ownership, and sale of the property including but not limited to property inspection or testing, attorney's fees, survey, title, property and liability insurance, taxes, interest payments made to any lender providing financing for the acquisition of the property, security, repairs, and maintenance and fencing. That final amount is anticipated to be not less than \$5,000,000;

BE IT THEREFORE RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans authorizes the Administrative Receiver to dispose of 1501 Canal Street to 1501 Canal Apartments, LLC in an amount not less than \$5,000,000, and to authorize the Administrative Receiver to execute any and all documents required to effectuate the sale of 1501 Canal Street to 1501 Canal Apartments, LLC.

Executed this 18th day of September, 2012

APPROVAL:



DAVID GILMORE,
ADMINISTRATIVE RECEIVER
CHAIRMAN, BOARD OF COMMISSIONERS



Housing Authority of New Orleans

September 18, 2012

MEMORANDUM

**TO: David Gilmore
Administrative Receiver
Chairman, Board of Commissioners**

**FROM: Desiree Andrepont
Director, Real Estate Planning and Development**

**Maggie Merrill
Senior Advisor to the Administrative Receiver**

**RE: Sale of 1501 Canal Street (Texaco Building) to 1501 Canal Apartments,
LLC**

HANO secured an option to purchase agreement for 1501 Canal Street as one of several off-site locations for Iberville replacement housing included in HANO's application for a Choice Neighborhoods Initiative (CNI) Implementation Grant. HANO was awarded a CNI Implementation Grant by HUD in August 2011. The 1501 Canal Street site was approved as part of the proposed Transformation Plan. The acquisition of the property was authorized by HANO Board Resolution No. 2012-15 on April 17, 2012, and the property was acquired from 1501 Properties, LLC for the purchase price of \$4,875,063.71 on May 14, 2012.

1501 Canal Senior Apartments, also known as the Texaco Building, will provide 112 one-bedroom project-based Section 8 units for senior households that will serve as Iberville replacement units under CNI. The project will be developed by Historic Restoration, Incorporated (HRI) through its subsidiary, 1501 Canal Apartments, LLC. HRI, a member of the Iberville Revitalization Company, LLC, has already assembled a viable financing structure that includes Community Development Block Grant funds and a bond allocation from the State of Louisiana, state and federal Historic Tax Credits, and federal Low Income Housing Tax Credits. The development deal is structured such that the development entity will have full ownership of the property, and therefore HANO must dispose of the property to 1501 Canal Apartments, LLC in order for redevelopment of the property to begin. Redevelopment of the property is scheduled to begin in the fall of 2012.

HANO has negotiated a purchase and sale agreement with 1501 Canal Apartments, LLC. This purchase and sale agreement contemplates the sale price of the property for 1501 Canal Apartments, LLC to include 1) the purchase price of \$4,875,063.71 which HANO paid to acquire the property, 2) interest on the purchase price at the rate of seven percent (7%) per annum from the date that HANO purchased the property from 1501 Properties, LLC until the date that it is purchased by 1501 Canal Apartments, LLC, 3) an administrative fee of three percent (3%) of the purchase price HANO paid in acquiring the property, and 4) all documented out-of-pocket costs actually incurred by HANO in connection with the

acquisition, ownership, and sale of the property including but not limited to property inspection or testing, attorney's fees, survey, title, property and liability insurance, taxes, interest payments made to any lender providing financing for the acquisition of the property, security, repairs, and maintenance and fencing. That final amount is anticipated to be not less than \$5,000,000.

The Board is hereby requested to authorize the Administrative Receiver to dispose of 1501 Canal Street to 1501 Canal Apartments, LLC in an amount not less than \$5,000,000, and to authorize the Administrative Receiver to execute any and all documents required to effectuate the sale of 1501 Canal Street to 1501 Canal Apartments, LLC.