

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
ANNUAL MEETING
DECEMBER 13, 2016**

RESOLUTION NO. 2016-31

WHEREAS, the Housing Authority of New Orleans (HANO) and the Iberville Revitalization Company, LLC (IRC), the Master Developer for the Choice Neighborhoods Initiative (CNI), have executed the Iberville/Tremé Choice Neighborhoods Initiative Implementation Agreement (Implementation Agreement), which will serve as the governing Master Development Agreement for all components of the CNI Transformation Plan. This document establishes the guiding principles, overarching business terms, and roles and responsibilities of IRC and HANO for the implementation of CNI; and

WHEREAS, the Implementation Agreement contemplated that when a rental housing phase is determined to be viable, HANO can provide the Developer with a Predevelopment Loan for no more than seventy-five percent (75%) of eligible third-party predevelopment costs for that phase; and

WHEREAS, the IRC seeks to redevelop Phase I of the Winn Dixie (Eastern Adjacent) site, which is located at 1501 St Louis Street, in collaboration with HANO, to provide approximately 65 mixed-income rental housing units, including 26 replacement units; and

WHEREAS, in that the parties have determined Phase I to be viable, subject to the allocation of Low Income Housing Tax Credits, a Predevelopment Loan Agreement has been negotiated with Winn Dixie Phase I LP (Developer), a Developer Affiliate of IRC, for Phase I which covers eligible third-party predevelopment costs through the application and award of LIHTC such as partnership costs, Low Income Housing Tax Credits application fees, environmental studies, geotechnical reports, appraisals, market studies, and design fees; and

WHEREAS, HANO's Predevelopment Loan for Winn Dixie Phase I, which represents 75% of the United States Department of Housing and Urban Development (HUD)-eligible and HANO-approved costs expected to be incurred by the Developer through LIHTC application and award, shall not exceed \$91,969.00; and

WHEREAS, the Predevelopment Loan is non-interest bearing and is non-recourse; and

WHEREAS, payments under the Predevelopment Loan will only be made to the Developer to reimburse for eligible and approved third-party predevelopment costs; and

WHEREAS, the Implementation Agreement contemplated that when a rental housing phase is determined to be viable, HANO can provide the Developer with a Developer Fee Advance Loan for no more than fifteen (15%) of the expected Developer Fee for the applicable Phase calculated for the purposes of the Developer Fee Advance loan at twelve percent (12%) of the total development costs less reserves and the Developer Fee itself for that phase; and

WHEREAS, HANO has negotiated a Predevelopment Loan Agreement with Winn Dixie Phase I LP (Developer) which includes provisions for a Developer Fee Advance Loan for Phase I which covers partial reimbursement of overhead costs that have been or will be incurred in connection with the development of Winn Dixie Phase I through LIHTC application and award; and

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WHEREAS, the total amount of the Developer Fee Advance Loan shall not exceed \$91,300.00 for Winn Dixie Phase I though LIHTC application and award, and upon approval by HUD will be advanced per the Predevelopment Agreement; and

WHEREAS, the Developer Fee Advance Loan is non-interest bearing and is full recourse; and

WHEREAS, the Finance Department has certified that the entire Predevelopment Loan Agreement amount, not to exceed \$183,269.00, is budgeted and HUD Capital Funds and HANO Program Income funds are available; and

WHEREAS, the entire principal amount of the Predevelopment Loan shall mature and be due and payable upon the maturity date of July 1, 2018 or at closing, whichever first occurs.

THEREFORE BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans authorizes the Executive Director to execute the Iberville/Tremé Choice Neighborhood Initiative Predevelopment Loan Agreement Winn Dixie Phase I Development in an amount not to exceed \$183,269.00.

Executed this 13th day of December, 2016

APPROVAL:



DWAYNE G. BERNAL *Alice Riener*
PRESIDENT, BOARD OF COMMISSIONERS



December 13, 2016

MEMORANDUM

**To: Board of Commissioners
President Dwayne G. Bernal, Vice President Alice Riener,
Commissioner Toni Hackett Antrum, Commissioner Donna Johnigan,
Commissioner Debra Joseph, Commissioner Andreanecia M. Morris,
Commissioner Vonda Rice and Commissioner Cantrese Wilson**

**Through Gregg Fortner
Executive Director**

**From: Jennifer Adams
Director, Development and Modernization**

Re: Winn Dixie Phase I - Predevelopment Loan Agreement

The Housing Authority of New Orleans (HANO) was awarded the Choice Neighborhoods Implementation (CNI) Grant in 2011 to redevelop the last traditional standing housing development in the city, Iberville. Through a Request for Qualifications (RFQ) process, the Iberville Revitalization Company, LLC (IRC), a partnership between Historic Restoration, Inc. and McCormack Baron Salazar, Inc., was selected as the developer to implement the CNI Transformation Plan. The IRC and HANO have executed the Iberville/Tremé Choice Neighborhoods Initiative Implementation Agreement (Implementation Agreement), which serves as the governing Master Development Agreement for all components of the CNI Transformation Plan. This document establishes the guiding principles, overarching business terms, and roles and responsibilities of IRC and HANO for the implementation of CNI. The Implementation Agreement was executed by all parties on June 29, 2012.

The Implementation Agreement contemplates that when a rental housing phase is determined to be viable, HANO will provide the Developer a Predevelopment Loan for eligible third-party predevelopment costs for that phase. The parties have determined Phase I to be viable, subject to the allocation of Low Income Housing Tax Credits, which will be applied for in July 2017. Thus, a Predevelopment Loan Agreement has been negotiated with Winn Dixie Phase I LP (Developer), a Developer Affiliate of IRC, for Phase I, which is located at 1501 St Louis Street known as Winn Dixie (Eastern Adjacent). Phase I will consist of 65 total units, of which 32 will be market rate, 7 will be LIHTC units, and 26 will be public housing CNI replacement units. This phase is estimated to be complete by December of 2019. Additional anticipated permanent financing will include Low Income Housing Tax Credit equity, a private mortgage, and HANO Capital Funds.

This Predevelopment Loan covers 75% of the United States Department of Housing and Urban Development (HUD)-eligible and HANO-approved costs to be incurred prior to the award of Low Income Housing Tax Credits such as, Low Income Housing Tax Credits application fees, environmental studies, geotechnical reports, surveys, appraisals, market studies, and design fees

in an amount not to exceed \$91,969.00. The Predevelopment Loan is non-interest bearing and is non-recourse.

Additionally, the Implementation Agreement contemplates that when a rental housing phase is determined to be viable, HANO can provide the Developer a Developer Fee Advance loan for no more than fifteen (15%) of the expected Developer Fee for the applicable Phase calculated for the purposes of the Developer Fee Advance loan at twelve percent (12%) of the total development costs less reserves and the Developer Fee itself for that phase.

The Predevelopment Loan Agreement with Winn Dixie Phase I LP (Developer), a Developer Affiliate of IRC, also includes provisions for a Developer Fee Advance Loan to cover partial reimbursement of overhead costs that have been or will be incurred in connection with the development of Winn Dixie Phase I through LIHTC application and award. The total amount of the Developer Fee Advance Loan shall not exceed \$91,300.00. The Developer Fee Advance Loan is non-interest bearing and is full recourse.

The entire principal amount of the Predevelopment Loan and Developer Fee Advance Loan shall mature and be due and payable upon the maturity date of July 1, 2018 or at closing, whichever is earlier.

CERTIFICATIONS

Finance

The Finance Department has certified that the HUD Capital Funds and HANO Program Income are budgeted and available for the proposed predevelopment budget.

The Board of Commissioners is hereby requested to authorize the Executive Director to execute the Iberville/Tremé Choice Neighborhood Initiative Predevelopment Loan Agreement – Winn Dixie Phase I Development in an amount not to exceed \$183,269.00.