

**HOUSING AUTHORITY OF NEW ORLEANS  
BOARD OF COMMISSIONERS  
REGULAR MEETING  
SEPTEMBER 26, 2017**

**RESOLUTION NO. 2017-20**

**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 WD Phase I Limited Partnership (Developer), a Developer Affiliate of IRC, seeks to redevelop Phase I of the Winn Dixie site (Project), which is located at 1501 St Louis Street, in collaboration with HANO to provide 76 mixed-income rental housing units, including 30 CNI replacement units; and

**WHEREAS**, a Predevelopment Loan Agreement in the amount of \$183,269.00 was signed in March 2017 under authority of Resolution #2016-31, which covers eligible third-party predevelopment costs such as partnership costs, Low Income Housing Tax Credits application fees, soft costs such as surveys, building permit fees, appraisals, market studies, and design fees incurred up to the award of Low Income Housing Tax Credits; and

**WHEREAS**, the Project received an allocation of Low Income Housing Tax Credits in September 2017; and

**WHEREAS**, HANO and the Developer have negotiated an Amendment to the Predevelopment Loan (Amendment), which covers eligible third-party predevelopment costs such as partnership costs, Low Income Housing Tax Credits financing fees, soft costs such as surveys, building permit fees, appraisals, market studies, and design fees incurred up to the financial closing; and

**WHEREAS**, the Amendment, which represents 75% of the United States Department of Housing and Urban Development (HUD)-eligible and HANO-approved costs to be expected to be incurred by the Developer through financial closing, shall not exceed \$990,926; 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 third-party predevelopment cost; 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 for no more than fifteen (15%) of the expected Developer Fee for the applicable Phase calculated for the purposes of the Developer Fee Advance at twelve (12%) of the total development cost less reserves and the Developer Fee itself for that phase; and

**WHEREAS**, the Predevelopment Loan Agreement signed in March 2017 under authority of Resolution #2016-31 included provisions for a Developer Fee Advance in an amount not to exceed \$91,300.00; and

**WHEREAS**, HANO and the Developer have negotiated an Amendment to the Developer Fee Advance provisions, which covers partial reimbursements of overhead cost that will be incurred in connection with the development of the Project through financial closing; and

**WHEREAS**, the additional amount of the Developer Fee Advance included in the Amendment shall not exceed \$213,800.00 and will be advanced per the Predevelopment Agreement; and

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

**WHEREAS**, the Finance Department has certified that the entire Amendment amount, not to exceed \$1,204,726.00, is budgeted and HUD Capital Funds and HANO Program Income funds are available; and

**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 Amendment to the Predevelopment Loan Agreement Winn Dixie Phase I Development in an amount not to exceed \$1,204,726.00.

**Executed this 26<sup>th</sup> day of September, 2017**

**APPROVAL:**



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**ALICE RIENER**  
**PRESIDENT, BOARD OF COMMISSIONERS**



**September 26, 2017**

**MEMORANDUM**

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

**Through Gregg Fortner  
Executive Director**

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

**Re: Winn Dixie Phase I  
Amendment to Predevelopment Loan**

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The Housing Authority of New Orleans (HANO) was awarded the Choice Neighborhoods Implementation (CNI) Grant in 2011 to redevelop Iberville, the last traditional standing housing development in the city. Through a Request for Qualifications (RFQ) process, the Iberville Revitalization Company, LLC (IRC), a partnership between Historic Restoration, Inc. (HRI) and McCormack Baron Salazar, Inc. (MBS), 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 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. 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. HANO and MBS parties determined that the Winn Dixie Phase I project was viable and executed a Predevelopment Loan as authorized under Resolution #2016-31 to provide resources for submission of the Low Income Housing Tax Credit (LIHTC) application in an amount not to exceed \$183,269.00.

Winn Dixie Phase I was awarded 9% LIHTCs in September 2017. HANO and MBS have negotiated an amendment to the Predevelopment Loan that will fund eligible third-party costs leading up to the financial closing anticipated in the summer of 2018. Phase I will now consist of 76 total units (up from 65 units), of which 46 will be market rate, and 30 will be public housing CNI replacement units. This phase is estimated to be fully leased by December of 2019. Additional anticipated permanent financing will include Low Income Housing Tax Credit equity, Louisiana Housing Corporation Housing Trust Funds, a private mortgage, and HANO capital funds.

This Amendment to the Predevelopment Loan covers 75% of the U.S. Department of Housing and Urban Development (HUD)-eligible and HANO-approved costs to be incurred for predevelopment costs such as Low Income Housing Tax Credits financing fees, environmental, geotechnical, surveys, building permit fees, appraisals, market studies, and design fees in an amount not to exceed \$990,926.00. 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 (12%) of the total development cost less reserves and the Developer Fee itself for that phase.

The Amendment to the Predevelopment Loan Agreement with WD Phase I LP (Developer), a Developer Affiliate of IRC, also includes additional funding of the Developer Fee Advance to cover partial reimbursement of overhead costs that will be incurred in connection with the development of Winn Dixie Phase I. The total amount of the Developer Fee Advance in the Amendment shall not exceed \$213,800.00. The Developer Fee Advance is non-interest bearing and is full recourse.

## **CERTIFICATIONS**

### Finance

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

The Board of Commissioners is hereby requested to authorize the Executive Director to execute the Amendment to the Predevelopment Loan Agreement Winn Dixie Phase I Development in an amount not to exceed \$1,204,726.00.