

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

RESOLUTION NO. 2012-34

WHEREAS, the Housing Authority of New Orleans (“**HANO**”) and Providence Enterprise Orleans, LLC (“**Developer**”) entered into that certain Master Development Agreement, dated as of March 6, 2008, which was amended by that certain First Amendment to Master Development Agreement, dated as of April 12, 2011 and that certain Second Amendment to Master Development Agreement, dated as of October 18, 2011 (as amended, the “**MDA**”), which MDA sets forth the general terms and conditions for the redevelopment, in phases, of the former Lafitte public housing site into a mixed-use, mixed-income development; and

WHEREAS, as part of the master plan for the redevelopment contained in the MDA, HANO and the Developer intend to develop approximately 517 units onsite; and

WHEREAS, construction of 276 of the 517 units is complete; and

WHEREAS, the completed developments are known as Lafitte Onsite I (134 units) and Lafitte Onsite II (142 units) respectively; and

WHEREAS, HANO has also secured financing for Lafitte Onsite III (100 senior residences); and

WHEREAS, HANO and the Developer are now working with the Louisiana Office of Community Development (“**OCD**”) to finalize a development plan and financing for Lafitte Onsite IV (141 units); and

WHEREAS, Lafitte Onsite IV was initially planned as 141 affordable homeownership units; and

WHEREAS, HANO has experienced difficulty selling homes it has already constructed, HANO has been reluctant to move forward with construction of an additional 141 homeownership units; and

WHEREAS, HANO sought approval from the Department of Housing and Urban Development (“**HUD**”) to revise the master plan for Lafitte to convert 89 of the 141 for-sale units to market rate rental; and

WHEREAS, the revision also contemplated substituting funds HANO received through Section 901 of Public Law Number 109-148 resulting from Hurricanes Katrina and Rita (“**901 Funds**”) for Community Development Block Grant “Piggyback” Loans (“**CDBG Piggyback Loans**”) initially supplied by OCD for Lafitte Onsite I and II; and

WHEREAS, HUD approved the revised master plan and financing on June 5, 2012; and

WHEREAS, OCD agreed to use Program Income generated from the repaid CDBG Piggyback Loans to construct 89 market rate rental units of the 141 units; and

BE IT THEREFORE RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans authorizes the following actions:

1. The Administrative Receiver of HANO (the "**Administrative Receiver**"), is hereby authorized to negotiate and execute any and all documents as necessary to substitute 901 Funds for the funds initially supplied by OCD via the CDBG Piggyback Loans for Lafitte Onsite I and II;

2. The Administrative Receiver is hereby authorized to substitute up to \$13,555,646 for the payoff comprised of \$6,659,251 for Lafitte Onsite I and \$6,896,395 for Lafitte Onsite II plus interest for both CDBG Piggyback Loans (calculated at 1% per year) through closing;

3. The Administrative Receiver is hereby authorized to use a combination of Section 901 funds and Program Income to pay off the CDBG Piggyback Loans; and

4. The Administrative Receiver is hereby authorized to negotiate and execute any and all other documents in his judgment necessary or desirable to implement the foregoing Resolution. The execution and delivery of such documents by the Administrative Receiver shall be conclusive evidence of approval by HANO.

Executed this 18th day of September, 2012.

APPROVAL:



DAVID GILMORE,
ADMINISTRATIVE RECEIVER
CHAIRMAN, BOARD OF COMMISSIONERS



September 18, 2012

MEMORANDUM

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

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

RE: Financial Restructuring for Lafitte Onsite I and II and Lafitte Onsite IV

On March 6, 2008, the Housing Authority of New Orleans ("HANO") entered into a Master Development Agreement ("MDA") with Providence Enterprise Orleans, LLC ("Developer") for redevelopment of the Lafitte site. As part of the MDA, the Developer agreed to develop 517 units onsite of which 141 of the units were originally planned as affordable homeownership.

Development of the 517 units was subdivided into four (4) onsite phases. Construction of 276 of the 517 units is complete. These phases are known as Lafitte Onsite I (134 units) and Lafitte Onsite II (142 units). Lafitte Onsite III is also known as Lafitte Senior Housing. It is in the predevelopment stage and will consist of 100 senior residences. HANO secured financing for Lafitte Senior Housing in June 2012. HANO and the Developer are now working with the Louisiana Office of Community Development ("OCD") to finalize a development plan and financing for the final remaining 141 units known as Lafitte Onsite IV.

Lafitte Onsite IV was initially planned as 141 affordable homeownership units. As HANO has experienced difficulty selling affordable homes it has already constructed, HANO has been reluctant to move forward with construction of an additional 141 homeownership units. Accordingly, HANO sought approval from the Department of Housing and Urban Development ("HUD") to develop 89 of the 141 units as market rate rental. HUD approved the plan on June 5, 2012. This allowed HANO to move forward with plans to substitute Section 901 funds for the loans initially supplied by OCD for Lafitte Onsite I and II. Program Income earned from the repaid OCD loans will then be used to fund construction of 89 of the 141 units planned at Lafitte Onsite IV. HANO will continue to pursue development and financing for the remaining 52 units as affordable homeownership.

Board of Commissioner's approval is requested authorizing HANO to pay off the existing OCD loans for Lafitte Onsite I and II. The payoff, subject to final review, is estimated to be \$13,555,646 comprised of \$6,659,251 and \$6,896,395 respectively plus interest (calculated at 1% per year) through closing. OCD will then provide financing through the use of Program Income generated from the repaid loans to construct 89 of the 141 units at Lafitte Onsite IV.

Board of Commissioners approval is also requested to allow the Administrative Receiver to execute any and all documents necessary to complete these transactions related to the financial restructuring for Lafitte Onsite I, II, and IV.