

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
FEBRUARY 24, 2015**

RESOLUTION NO. 2015-02

WHEREAS, The Housing Authority of New Orleans (HANO) and the Iberville Revitalization Company, LLC (IRC), the Master Developer for the Choice Neighborhoods Initiative (CNI), 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; and

WHEREAS, the Implementation Agreement contemplated that when a rental housing phase is determined to be viable, HANO will provide the Developer 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 IV On-site, which consists of Blocks A and B, as well as two historical buildings on Block D, in collaboration with HANO to provide approximately 164 mixed-income rental housing units, including 89 replacement units; and

WHEREAS, in that the parties have determined Phase IV to be viable, a Predevelopment Loan Agreement has been negotiated with On Iberville Phase IV, LLC ("Developer"), a Developer Affiliate of IRC, for Phase IV On-site, which covers eligible third-party predevelopment costs such as partnership costs, Low Income Housing Tax Credits financing fees, surveys, building permit fees, appraisals, market studies, and design fees, and explicitly excludes overhead of the Developer; and

WHEREAS, HANO's portion of predevelopment costs for Phase IV On-site, which represents seventy-five percent (75%) of the HUD-eligible and HANO-approved costs incurred by the Developer prior to closing, shall not exceed \$1,439,616.00; and

WHEREAS, the Finance Department has certified that this loan amount is budgeted and the source of funds will be Replacement Housing Factor funds; and

WHEREAS, Payments under this agreement will only be made to the Developer to reimburse for eligible and approved third-party predevelopment costs; and

WHEREAS, the entire principal amount of the Predevelopment Loan shall be due and payable upon the maturity date of December 31, 2016 or at closing, whichever occurs earlier.

Resolution No. 2015-02
February 24, 2015
Page 2

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 – Phase IV On-site Third-Party Costs with On Iberville Phase IV, LLC in an amount not to exceed \$1,439,616.00.

Executed this 24th day of February, 2015

APPROVAL:



DWAYNE G. BERNAL
PRESIDENT, BOARD OF COMMISSIONERS



February 24, 2015

MEMORANDUM

To: Board of Commissioners
President Dwayne G. Bernal, Vice President Alice Riener,
Commissioner Glen Pilié, Commissioner Toni Hackett Antrum, and
Commissioner Vonda Rice

Through: Gregg Fortner
Executive Director

From: Jennifer Adams
Director, Development and Modernization

Re: Iberville Phase IV On-site –
Predevelopment Loan Agreement for Third-Party Costs

The Housing Authority of New Orleans (HANO) was awarded the Choice Neighborhoods Implementation (CNI) Grant in 2011 to redevelop Iberville, the last traditional housing development in the City of New Orleans. 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 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 Housing Component of the Grant requires that 821 replacement units, defined as public housing or project based vouchers, be created on site and in the surrounding neighborhood. The Implementation Agreement contemplates 304 replacement units on site.

Three phases of construction are underway on site:

	Public Housing Replacement Units	LIHTC units	Market Rate Units	Total Units	Estimated Completion Date
Phase I	56	44	52	152	May 2015
Phase II	29	5	41	75	June 2015
Phase III	42	0	63	105	1 st quarter of 2016
TOTALS	127	49	156	332	

Funding sources for these phases include 9% Low-Income Housing Tax Credits (LIHTC), Louisiana Historical Tax Credits, and Community Development Block Grant (CDBG) funds, City of New Orleans HOME funds, and private lender permanent debt. HANO sources include CNI funds, Replacement Housing Factor funds, and program income.

The Implementation Agreement contemplates that when a rental housing phase is determined by the parties to be viable, HANO will provide the Developer a Predevelopment Loan for no more than seventy-five percent (75%) of eligible third-party predevelopment costs for that phase.

Phase IV will consist of Blocks A and B, as well as two historical buildings on Block D. Approximately 164 mixed-income rental housing units are included in Phase IV, including 89 replacement units. HANO and its partners have determined this phase is viable through the award of a competitive allocation of CDBG funds and 4% tax credits/tax exempt bonds in this month. Thus, a Predevelopment Loan Agreement has been negotiated with On Iberville Phase IV, LLC ("Developer"), a Developer Affiliate of IRC, for Phase IV On-site.

This Predevelopment Loan covers eligible third-party predevelopment costs such as partnership costs, Low Income Housing Tax Credits financing fees, surveys, building permit fees, appraisals, market studies, and design fees. HANO's portion of predevelopment costs, which represents seventy-five percent (75%) of the HUD-eligible and HANO-approved costs incurred by the Developer prior to closing, shall not exceed \$1,439,616.00. Payments under this agreement will only be made to the Developer to reimburse for eligible and approved third-party predevelopment costs. The entire principal amount of the Predevelopment Loan shall be due and payable upon the maturity date of December 31, 2016 or at closing, whichever is earlier.

CERTIFICATIONS

Finance

The Finance Department has certified that this loan agreement is budgeted and funds are available. The source of funds will be Replacement Housing Factor funds.

The Board of Commissioners is hereby requested to authorize the Executive Director to execute the Iberville/Tremé Choice Neighborhood Initiative Predevelopment Loan Agreement – Phase IV On-site Third- Party Costs with On Iberville Phase IV, LLC in an amount not to exceed \$1,439,616.00.