



June 25, 2019

MEMORANDUM

To: Board of Commissioners
 President Casius Pealer, Commissioner Toni Hackett Antrum,
 Commissioner Isabel Barrios, Commissioner Sharon Jasper,
 Commissioner Debra Joseph, Commissioner Kim Piper, Commissioner
 Alice Riener and Commissioner Lisha A. Wheeler

Through Gregg Fortner
 Executive Director

From: Jennifer Adams
 Director, Development and Modernization

Cc: April Kennedy
 Choice Neighborhoods Initiative Program Administrator

Re: Resolution #2019-11 – Choice Neighborhoods Initiative (CNI) – City Square
 162 (Winn Dixie) Phase I Financial Closing

The Housing Authority of New Orleans (“HANO”) procured the Iberville Revitalization Company LLC (“IRC”) to be the master developer for the Choice Neighborhoods Initiative (“CNI”) to redevelop the Iberville site. The overall Iberville redevelopment will include eight hundred twenty-one (821) public housing or project-based voucher replacement housing units on site and in the surrounding neighborhood. The IRC is a joint venture between Historic Restoration, Inc. (“HRI”) and McCormack Baron Salazar, Inc. (“MBS”) (collectively, the “Developer”). City Square 162, formerly known as Winn Dixie, sits on 1.5 acres just east of the former Iberville site and will consist of new residential construction and green space that will connect the Laffite Greenway to the City Square 162 site (the “Project”). The Project will be a mixed-finance development in accordance with 24 CFR § 905.604 and will include seventy-six (76) units, thirty (30) of which will be replacement units. The bedroom and affordability mix is as follows:

	<i>1 bedroom</i>	<i>2 bedroom</i>	<i>Totals</i>
Public Housing/LIHTC	3	12	15
Project-Based Voucher/LIHTC/HOME/NHTF	4	4	8
Project-Based Voucher/LIHTC/HOME	0	7	7
<i>Subtotal Replacement Units</i>	7	23	30
Market Rate	14	32	46
<i>Totals</i>	21	55	76

MBS formed WD Phase I, LP to own the Project. WD Phase I MBS GP, Inc., an MBS-controlled entity, will serve as the general partner of WD Phase I, LP. U.S. Bancorp Community Development Corporation will serve as the investor limited partner of WD Phase I, LP.

The total (Part A) permanent budget is \$23,843,522. The Developer has requested construction and permanent financing from HANO in the amount of \$8,372,640. Repayments on the HANO loan are also subject to cash flow availability in second lien position, positioned prior to repayment of the National Housing Trust Fund (“NHTF”) and HOME loans, with a 1% interest rate. The source of the HANO loan is Capital Funds. The Project was awarded an allocation of 9% Low Income Housing Tax Credits (“LIHTCs”) in 2017.

The total sources of permanent financing are:

Gershman Investment Corporation - First Mortgage	\$5,969,000
HANO Capital Funds - Second Mortgage	\$8,372,640
Louisiana Housing Corporation NHTF Funds - Third Mortgage	\$800,000
City of New Orleans HOME Funds - Fourth Mortgage	\$1,500,000
LIHTC Equity	\$7,176,782
General Partner Equity	\$100

To facilitate the eligibility of the Project for a payment in lieu of taxes structure, HANO will ground lease the land underlying the Project to WD Phase I, LP (“Ground Lease”) and WD Phase I, LP will then assign the Ground Lease to the Industrial Development Board (“IDB”), which will then enter into one or more subleases with WD Phase I, LP. WD Phase I, LP will pay HANO a secured a ground lease rental payment in the amount of \$10,000 per year, subject to available cash flow behind Gershman Investment Corporation, the senior lender.

The financial closing is scheduled to occur in July 2019.

CERTIFICATIONS

Finance

The Director of Finance has certified that Capital Funds are available to loan to WD Phase I, LP.

It is requested that the Board of Commissioners authorize the Executive Director to perform the following actions necessary to complete the financial closing for the Project:

1. Execute any and all documents on behalf of HANO necessary to complete the financial closing for the Project.
2. Execute any and all documents necessary to provide operating subsidy for up to fifteen (15) public housing units and to obtain any and all necessary the United States Department of Housing and Urban Development approvals related thereto.

3. Execute any and all documents to loan WD Phase I, LP Capital Funds in an amount not to exceed \$8,372,640 towards the cost of construction and development of the Project.
4. Execute any and all documents to ground lease the land underlying the Project to WD Phase I, LP, and approve any subsequent assignments or subleases of the land underlying the Project to IDB and WD Phase I, LP to achieve a payment in lieu of taxes structure for the Project.

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
JUNE 25, 2019**

RESOLUTION NO. 2019-xx

WHEREAS, the Housing Authority of New Orleans (“HANO”), is a public housing agency as defined in the United States Housing Act 1937, and is responsible for planning, financing, constructing, maintaining and managing public housing developments in New Orleans, Louisiana; and

WHEREAS, HANO and the Iberville Revitalization Company, LLC (“IRC”), a joint venture between Historic Restoration, Inc. (“HRI”) and McCormack Baron Salazar, Inc. (“MBS”), the master developer (“Developer”) for the Choice Neighborhoods Initiative (“CNI”), have executed the Iberville/Treme Choice Neighborhoods Initiative Implementation Agreement (“Implementation Agreement”), which serves as the Master Development Agreement for all components of the CNI Transformation Plan, and which establishes the guiding principles, overarching business terms, and roles and responsibilities of IRC and HANO for the implementation of CNI; and

WHEREAS, the Developer seeks to develop City Square 162, a 1.5 acre site adjacent to the former Iberville site and formerly known as the Winn Dixie site, with new construction residential units and green space that will connect the Laffite Greenway to the City Square 162 site (the “Project”). The Project will be a mixed-finance project in accordance with 24 CFR § 905.604 and will include seventy-six (76) units, thirty (30) of which will be replacement units. Of the thirty (30) replacement units, fifteen (15) units will be public housing and fifteen (15) units will be project-based voucher units. All replacement units will also be Low-Income Housing Tax Credit (“LIHTC”) units. The remaining forty-six (46) will be market rate units; and

WHEREAS, MBS formed WD Phase I, LP to own the Project. WD Phase I MBS GP, Inc., an MBS-controlled entity, will serve as the general partner of WD Phase I, LP. U.S. Bancorp Community Development Corporation will serve as the investor limited partner of WD Phase I, LP; and

WHEREAS, to facilitate the eligibility of the Project for a payment in lieu of taxes structure, HANO will ground lease the land underlying the Project to WD Phase I, LP (“Ground Lease”) and WD Phase I, LP will then assign the Ground Lease to the Industrial Development Board (“IDB”), which will then enter into one or more subleases with WD Phase I, LP;

WHEREAS, the Project received an allocation of 9% LIHTCs; and

WHEREAS, the Developer has requested that HANO provide a second mortgage construction and permanent loan to WD Phase I, LP in an amount not to exceed \$8,372,640; and

WHEREAS, additional permanent financing for the Project has been obtained through (i) LIHTC equity from U.S. Bancorp Community Development Corporation in the amount of

\$7,176.782; (ii) a first mortgage loan made by Gershman Investment Corporation in the amount of \$5,969.000; (iii) a third mortgage National Housing Trust Fund loan made by the Louisiana Housing Corporation in the amount of \$800,000; (iv) a fourth mortgage HOME funds loan made by the City of New Orleans in the amount of \$1,500,000; and (v) equity in the amount of \$100 from WD Phase I MBS GP, Inc.

WHEREAS, HANO and the United States Department of Housing and Urban Development (“HUD”) entered into Annual Contributions Contract No. FW-1190, dated December 2, 1996, as amended thereafter, pursuant to which HANO agreed to develop and operate certain low-rent housing, and HUD agreed to maintain the low-rent character of such housing; and

WHEREAS, HANO, with the approval of HUD, desires to provide operating subsidy for up to fifteen (15) public housing units at the Project.

THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans hereby authorizes the Executive Director as follows:

1. Execute any and all documents on behalf of HANO necessary to complete the financial closing for the Project.
2. Execute any and all documents necessary to provide operating subsidy for up to fifteen (15) public housing units and to obtain any and all necessary HUD related thereto.
3. Execute any and all documents to loan WD Phase 1, LP Capital Funds in an amount not to exceed \$8,372,640 towards the cost of construction and development of the Project.
4. Execute any and all documents to ground lease the land underlying the Project to WD Phase I, LP, and approve any subsequent assignments or subleases of the land underlying the Project to IDB and WD Phase I, LP to achieve a payment in lieu of taxes structure for the Project.

Executed this 25th day of June, 2019

APPROVAL:

CASIUS PEALER
PRESIDENT, BOARD OF COMMISSIONERS