

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
MARCH 26, 2013**

RESOLUTION NO. 2013-10

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 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 Iberville Phase II On-site, which consists of Block C, in collaboration with HANO to provide approximately 75 mixed-income rental housing units and other related community amenities; and

WHEREAS, A Predevelopment Loan Agreement has been negotiated with On Iberville Phase II, LLC ("Developer"), a Developer Affiliate of IRC, for Iberville Phase II On-site, 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 and market studies, and construction costs including design fees and structural/civil engineering. This loan explicitly excludes overhead of the Developer; and

WHEREAS, HANO's portion of predevelopment costs for Iberville Phase II 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 \$500,298; 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 mature and be due and payable upon the maturity date of December 31, 2014 or at closing, whichever occurs earlier;

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THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans authorizes the Administrative Receiver to execute the Iberville/Tremé Choice Neighborhood Initiative Predevelopment Loan Agreement – Phase Two On-site Third-Party Costs with On Iberville Phase II, LLC in an amount not to exceed \$500,298.

Executed this 26th day of March, 2013

APPROVAL:



DAVID GILMORE
ADMINISTRATIVE RECEIVER
CHAIRMAN, BOARD OF COMMISSIONERS



March 26, 2013

MEMORANDUM

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

**From: Desiree Andrepont
Director, Real Estate Planning and Development**

**Maggie Merrill
Senior Advisor to the Administrative Receiver**

**Re: Iberville Phase II On-site Predevelopment Loan Agreement for Third-Party
Costs**

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. 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 no more than seventy-five percent (75%) of eligible third-party predevelopment costs for that phase. A Predevelopment Loan Agreement has been negotiated with On Iberville Phase II, LLC ("Developer"), a Developer Affiliate of IRC, for Iberville Phase II On-site, which consists of Block C and will provide approximately 75 mixed-income rental housing units.

This Predevelopment Loan 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 and market studies, and construction costs including design fees and structural/civil engineering. 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 \$500,298. 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 mature and be due and payable upon the maturity date of December 31, 2014 or at closing, whichever is earlier.

IRC received an allocation of Low Income Housing Tax Credits in 2012 for this second phase of Iberville, and must meet expenditure and placed-in-service deadlines in order to retain those

credits and the associated equity which are critical to the project. These predevelopment activities are necessary to move the Iberville on-site redevelopment forward, and are contemplated in the Implementation Agreement. It is critical that this Predevelopment Loan Agreement is executed as soon as possible to keep the project on schedule.

The Board of Commissioners is hereby requested to authorize the Administrative Receiver to execute the Iberville/Tremé Choice Neighborhood Initiative Predevelopment Loan Agreement – Phase One On-site Third- Party Costs with On Iberville Phase II, LLC in an amount not to exceed \$500,298.