

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
February 23, 2023**

RESOLUTION NO. 2023-06

WHEREAS, in 2013, the Housing Authority of New Orleans (HANO) Board of Commissioners approved Resolution 2013-26 which authorized the development and construction of fifty-two (52) homeownership units for the Lafitte Block 6 Homeownership Project (Block 6 Project), as a phase of the overall Lafitte redevelopment plan; and

WHEREAS, Resolution 2013-26 the HANO Board of Commissioners further approved the rehabilitation of the third Lafitte Historic Building, known as C-47, (Historic Project) as another phase of the overall Lafitte Redevelopment Plan which was contemplated as a permanent leasing office on the first floor and six (6) rental units on the upper floors.; and

WHEREAS, since 2013 both the Lafitte Block 6 Homeownership and the Historic Project phases have been deemed to be financially infeasible due in large part to rising construction costs, high insurance costs and high interest rates; and

WHEREAS, HANO desires to complete the overall redevelopment plan of the Lafitte former public housing site in accordance with its mission to provide affordable housing within the City of New Orleans; and

WHEREAS, HANO's Developer remains committed to these projects and proposes to combine the Block 6 Project and the Historic Building sites into a single final rental phase for the Redevelopment Plan at Laffite; and

WHEREAS, HANO will not be required to bring any additional loan commitments to the new Project but will only be required to redirect its prior loan commitments from the former – now financially infeasible – phases; and

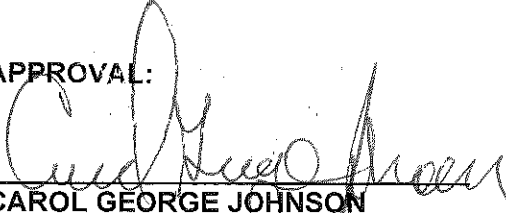
WHEREAS, HANO and the Developer mutually agree at this time it will be beneficial to all parties to amend the overall Lafitte Redevelopment Plan and combine the Block 6 Project and the Historic Project (together, the Project) as a single rental phase; and

WHEREAS, HANO and the Developer mutually agree the Master Developer Agreement (MDA) and/or Developer Services Agreement (DSA) between HANO and the Developer will require further amendments to reflect the new Project and overall Lafitte redevelopment plan.

THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans hereby authorizes the HANO Executive Director to execute any and all documents necessary to amend the Lafitte redevelopment plan for the Project which combines the Block 6 Project and the Historic Project into a single final rental phase for affordable housing, consisting of approximately fifty-one (51) total units; execute any and all documents necessary with the Developer to amend the MDA and/or DSA, and redirect previously committed HANO funding resources as part of the revised HANO loan commitments for the Project to effectuate a financially feasible transaction and closing for the same.

Executed this 23rd Day of February 2023

APPROVAL:



CAROL GEORGE JOHNSON
PRESIDENT, BOARD OF COMMISSONERS

DECISION MEMORANDUM

February 23, 2023

To: Board of Commissioners
President Carol George Johnson, Vice President Paul Richard,
Commissioner Avery Foret, Commissioner Monika McKay, Commissioner
Kim Piper, Commissioner Percy Manson, Commissioner and Jeffrey Vappie

Through: Evette Hester
Executive Director

From: Gionne Jourdan *GJ*
Director, Development and Modernization

Re: Resolution #2023-06
Lafitte Block 6 and Historic Building
Authorization to Amend Redevelopment Plan; Authorization to Amend
Master Developer Agreement(s); and Redirect HANO Loan Commitments to
New Project

In 2013, the HANO Board of Commissioners approved Resolution 2013-26 which authorized the development and construction of 52 homeownership units for the Lafitte Block 6 Homeownership Project (Block 6 Project), as one phase of the overall Lafitte redevelopment plan.

In 2014, the Third Amendment to the Master Development Agreement (MDA) for Lafitte was executed between HANO and its developer partner, Lafitte Block 6 Homeownership, LLC (Developer). The Third Amendment to the MDA allowed HANO and the Developer to reduce the number of homeownership units due to fluctuating market conditions.

By way of Resolution 2013-26 the HANO Board of Commissioners further approved the rehabilitation of the third Lafitte Historic Building, known as C-47, (Historic Project) as another phase of the overall Lafitte redevelopment plan. The Historic Project was a part of a larger 23-unit scattered site rental development, which included 18 developer-owned lots and HANO's historic building. The Historic Project was to become a permanent leasing office on the first floor and six rental units on the upper floors.

In 2020, the COVID pandemic hit and put aforesaid projects for the redevelopment at the Lafitte site on hold.

In 2022, the State's Office of Community Development (OCD) rescinded its \$1.5 million homebuyer subsidy grant to the Homeownership Project resulting in a major financing gap. Simultaneously, the homebuyer subsidy from State OCD was made ineffective because the project would not place units in service/sell in time to meet the Katrina/Rita national objectives by the program's expenditure deadlines.

Additionally, since 2020, construction costs as well as insurance costs skyrocketed, interest and rates more than doubled, all of which contributed to additional financing gaps on both the Homeownership and Historic Building phases at Lafitte.

Accordingly, all parties have mutually agreed that the Lafitte redevelopment plan as previously approved is no longer financially feasible and must be amended.

HANO tasked the Developer to revisit the redevelopment plans for the Block 6 Project and the Historic Project and combine both phases into a revised, single final phase of affordable rental units for the Lafitte site, which may include administrative office space as well.

The Developer hereby proposes to amend the Lafitte redevelopment plan, to unwind both previously contemplated rental and homeownership phases at Lafitte. The Developer proposes to develop a final rental phase consisting of forty-five (45), new construction rental units in 40 buildings at the Block 6 Project site and six (6) rental units and administrative office space at the Historic Project for a total of fifty-one (51) units (together, the Project).

The fifty-one (51)-unit Project will be comprised of a combination of one (1)-, two (2)-, three (3)- and four (4)-bedroom units with six (6) units reserved for families earning 30% or less of the Area Median Income (AMI), thirty-four (34) units available for families earning 50% or less of AMI, and eleven (11) market rate units.

Primary financing sources for the Project are contemplated to include 9% Low-Income Housing Tax Credits from Louisiana Housing Corporation (LHC), State historic tax credits, HOME funds from the City of New Orleans and HANO funds.

The Developer hereby requests the HANO funds previously approved by the HANO Board of Commissioners to be redirected to the newly proposed Project with no new additional HANO funding required. HANO funds are contemplated to be loaned into the Project and position HANO as the primary lender to be repaid from cash flow throughout the fifteen (15)-year compliance period.

Therefore, it is hereby requested that the Board of Commissioners of the Housing Authority of New Orleans authorize the Executive Director to: a) Amend the overall redevelopment plan for Lafitte and combine the Lafitte Block 6 and Historic Project into a final single phase consisting of fifty-one (51) rental units located on both sites; b) Amend the Master Developer Agreement and/or Developer Services Agreement with the Developer as may be necessary and; c) Redirect all HANO funds previously committed into the new Project.