



DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS
POLICY ON SUPPORT OF REQUESTS FOR PUBLICLY ASSISTED FINANCING,
ZONING CHANGES, VARIANCES AND OTHER WAIVERS

Board Adopted - November 8, 2006

OVERVIEW

The Downtown Development District of New Orleans (DDD) is often asked to support before public bodies project proposals that involve zoning changing and waivers, including height and floor area ratio (FAR) variances and similar regulations imposed on both historic structures and new construction. Increasingly, the DDD is also being asked to support requests for publicly assisted financing such as Tax Increment Financing (TIF) districts, Restoration Tax Abatement extensions and to provide support letters for inclusion in applications to State and local agencies for allocations of low income housing and other tax credit programs. In some cases, a general letter of support is requested for projects that are not controversial and do not require a specific waiver or the use of public resources. However, requests more often involve support for housing types or other uses where there is not a consensus on the benefit to downtown. In many cases, there is opposition from neighborhood groups and residents to grant waivers that the developer claims are necessary to achieve project feasibility.

Historically, the DDD has not issued any type of public support of projects, regardless of whether the project has clear benefits for downtown or would otherwise be detrimental. In that the DDD is now more actively involved in economic development and in promoting comprehensive planning for downtown, it appears that the DDD should reconsider its practice regarding project support; and that clear criteria should be developed for when it will or will not support a project. The process and the related timelines that project developers will need to follow when it desires support of a project by the DDD should also be established in advance. Hence, the following policy, support criteria and application procedures have been drafted for review and consideration by the Board of Commissioners in order to provide guidance to the DDD staff as it considers both routine, non controversial requests and for the consideration of more complex proposals involving zoning waivers and publicly assisted financing.

Issues for Consideration

The DDD has not publicly supported projects for a variety of reasons. Issues related to zoning, variances and historic preservation requirements are under the purview of other agencies such as the City Planning Commission, Department of Safety and Permits and the Historic Districts Landmarks Commission. Historically, the DDD has left consideration of these items to their respective regulatory bodies. Furthermore, city policy makers and the public have not embraced publicly assisted financing such as TIF districts, precluding the demand for the DDD to weigh in on this type of proposal. In addition, the ultimate approval of these requests is vested in the New Orleans City Council. However, with the lack of a district or citywide Master Plan governing building height and density or a comprehensive policy on when public resources should be used to help finance a project, the decision making has been on a project by project basis, often without the benefit of complete information about a project's scope and impact on the city and downtown.

In order to accomplish its economic development mission and implement a cohesive district wide plan, it is now deemed important for the DDD to lend its voice to the public review of zoning and land use changes and to the use of public resources for development projects. Clear policy and criteria, circulated well in advance to all interested parties, should minimize criticism of the DDD and allow it to advocate for projects with obvious benefit, in accordance with a plan; and to oppose projects which are considered

detrimental. One expected benefit is that providing (or withholding) support may allow an opportunity to make changes to a project that will make it more beneficial to the District or that will be more consistent with previously adopted plans. This ability to influence a development decision before the fact and gain concessions is deemed important to accomplishing the DDD mission.

GENERAL POLICY PRINCIPLES

The following Policy Principles are proposed as a guide to the project support criteria:

- 1) The DDD is in favor of a district and citywide Master Plan with the force of law governing items such as use height, use, density and other key parameters (via appropriate zoning code). Such a Master plan should prevent ad hoc planning or spot zoning. However, during an interim transitional period while the Master Plan is being developed, the DDD will consider requests for waivers or variances from current law according to the items detailed under “SUPPORT CRITERIA”. The interim transitional period will initially be established as one year from the date of adoption of the Project Support Policy and Criteria and will be reviewed annually thereafter to determine if the DDD will continue to support specific projects in the absence of a district and citywide Master Plan.
- 2) The DDD is in favor of mixed use, mixed income development addressing a range of housing and commercial needs, both for rent and for sale, including projects targeted to upper income residents, work force housing, and housing for market segments with incomes in ranges targeted by state and federal housing agencies; provided that the regulations and the specific proposals do not contribute to or result in concentration of poverty or other undesirable uses or conditions; and provided that the specific proposal is consistent with the highest and best use from a public perspective, and is also consistent with any land use plan for the project area as adopted by the DDD.
- 3) The DDD will consider supporting publicly assisted TIF and similar financing proposals only for projects which are catalytic in nature, which bear sufficient risk and investment by the developer according to industry guidelines, and are documented as “but for” financing. The catalytic nature of projects will consider the extent to which the project is likely to lead to further development in the immediate vicinity, provides significant improvement to the public infrastructure, or otherwise contributes to the attainment of planning and development goals of the DDD. The DDD will consider management capacity, along with the overall development and financial capacity of the proposer along with the ongoing investment and risk of the project principals.

SUPPORT CRITERIA

Specific criteria will vary depending on the type of request for example, zoning changes and variances, publicly assisted financing, etc. In all cases, the DDD will support (or decline to support) projects based solely on its own discretion. Support requests are expected to fall into the following categories:

- 1) *Request for a general support letter for a project which does not need a specific waiver, no public financing is requested, and the project is not otherwise controversial. Specific criteria include:*
 - Evidence of community input and support of neighborhood groups or associations, if applicable
 - Consistency with DDD adopted plans for the area, if applicable
 - Meets all zoning requirements
 - Meets all historic district requirements, if applicable

2) *Request for support letter for non local public financing such as LIHTC's or other state and federal financing where the financial feasibility and award criteria are clearly stated in application documents of the financing source. Specific criteria include:*

- Project type and size are consistent with zoning and land use for the area in plans already adopted or being considered by DDD.
- Income mix should be consistent with sound planning principles and should not be outside of established norms for good property management. Low to moderate income units are encouraged but should not exceed 20% of total units.
- Initial and ongoing investment by the developer and ownership team should be sufficient to ensure long term commitment to project quality
- The management plan for the project should ensure long term commitment to project quality
- The track record of the development team in implementing projects of similar, size, cost and scope must be acceptable to DDD
- The project should achieve to the highest degree possible the highest and best use for the area and downtown as a whole as determined by the DDD at its sole discretion

In cases where specific language is suggested or required by the tax credit granting agency, a draft of the letter with specific language must be submitted for review. DDD reserves the right to modify the language as it sees fit given the circumstances of the particular project. In cases where several projects are requesting support at the same site or in the boundaries of the District, from the same financing or tax incentive source, the DDD at its option may choose to support only those projects which best contribute to the overall goals and plans of the DDD, to support all projects, or none at all, based solely on its own discretion.

3) *Requests Restoration Tax Abatement extension and similar programs. Specific criteria include:*

- Documented need for the extension in order to ensure ongoing project viability
- Evidence that increased investment will not take place “but for” the extension of the tax break
- Complete compliance with all code requirements and the remediation of any code violations
- Current status on all city tax and related obligations of the property and the applicant
- Participation in DDD and City economic development and other improvement programs affecting the subject property

4) *Request for Height, Density or Other Zoning Waiver. Specific criteria include:*

- The degree to which the additional square footage or other bonus made possible by the waiver is necessary to produce a reasonable return on investment given project risks and based on industry norms and debt underwriting standards
- The initial and ongoing investment by the developer and ownership team, in order to ensure long term commitment to project quality
- The quality of the management plan and management team, in order to ensure long term project quality
- The track record of the development team in implementing projects of similar, size, cost and scope
- The degree to which the project meets the highest and best use for the area and the District as a whole as determined by DDD in its sole discretion

5) *Request for support of TIF and other publicly assisted financing where local resources are given up in exchange for long term development. **Requests for project support in this category bear the highest level of scrutiny and documentation because public resources are given up.** In addition, the application submission requirements and processing time requirements are more stringent. Specific criteria include:*

- The degree to which the project is catalytic in nature, is likely to cause other development at the project site or in its vicinity by the same development team or other teams
- Equity investment in the project by the development team during and after development, according to industry norms and debt underwriting standards. The public financing should be in addition to and not a substitution for owners' equity.
- Clear documentation that the public finance mechanism or funds are “but for” financing, as detailed in project pro-formas, financial analysis, and statements from lending sources in official form such as term sheets or letters of commitment
- Sales tax TIF's must document that a true “increment” exists and that sales tax is not simply being moved from one geographic location of the city or region to another

The complete submission requirements and processing guidelines are included in the attached application.



Downtown Development District
Project Support Request
Processing Steps
October 30, 2006

- 1) DDD Staff is briefed on the project by the Developer, including the nature of the support to be requested from the DDD, and the regulatory timelines anticipated by the Developer.
- 2) The DDD Staff provides the application and reviews it with the Developers Representative, answering any questions, and confirming the necessary information needed to process the request.
- 3) The Developer provides the completed application to the DDD Staff
 - a) For applications requiring the submission of the detailed financial information which the Developer may deem proprietary, the option of submitting the information to a DDD selected Financial Consultant for review and analysis at the Applicant's office is available. In these cases, an additional processing time of at least one week is required.
- 4) DDD and/or Financial Consultant reviews application for completeness, and begins the analysis
- 5) Within three days of application receipt, the DDD requests in writing any additional or missing information, and any clarifications necessary
- 6) The Developer submits in writing any additional information requested. Verbal responses will not be accepted, and the response should be submitted at least one week in advance of any support letter or public statement requested by DDD
- 7) Staff and/or DDD Financial Consultant processes the request and makes recommendation to Executive Director to decline, support or conditionally support. Executive Director may bring request to Board for consideration if deemed necessary given the circumstances of the particular project. All requests and decisions will be reported to the Board on a regular basis.
- 8) Within one week of receipt of all initial and additional information requested, the DDD takes one of the following actions:
 - a) Declines to support the project or issue any requested support Letter
 - b) Provides modified or conditional support, based on the

Developer agreeing to changes in the project as requested by the DDD

- c) Issues the support letter as requested by the Developer or agrees to make public statement or appearance in support of project

- 9) Any support letters, statements of conditional support, or other support documents requested are provided to the Developer on DDD letterhead, signed by its Executive Director, with a copy forwarded directly to the regulatory body to which the support is requested. Other correspondence, analyses, or request for information generated or received by DDD may also be submitted to other public bodies involved in project approval.

Any decision to support, decline support, or conditionally support a project rests solely with the DDD based on its own discretion. All decisions as rendered in accordance with the adopted policies and procedures are final.



Downtown Development District
Project Support Request
Application Form

1. **Applicant Information**

Applicant Name: _____

Business Name: _____

Address: _____

Telephone #: _____ Fax #: _____

Email contact: _____

Type of Support Requested:

___ Zoning changes or waivers (height, density, etc) ___ Local public financing or tax incentive (TIF, RTA extension, etc)

___ Non local public financing or other support letter such as LIHTC (specify) ___ Other (specify) _____

Partnership ___ Corporation ___ LLC ___ Other ___
Type _____ Type _____ Type _____ (specify) _____

If partnership, state names of partners. If corporation, state name and address of agent in the State of Louisiana; specify state of incorporation; location of principal place of business; and list of names and addresses of major stockholders or principals.

Primary nature of company's business:
(If development company, provide a brief summary of the experience with other like projects)

Name of Legal Counsel: _____

Address: _____

Telephone #: _____ Fax #: _____

Email contact: _____

2. **Description of Project:**

- A. Project Name: _____
Location: _____
Legal Description: _____

- B. Description of Proposed Project to include land area, square footage of building(s) and proposed uses in building(s).

- C. Description of potential occupant of building(s) proposed. If leased space, provide target rent per square foot proposed.

- D. Estimated Market Value of Proposed Project: _____
- E. Estimated Net New Taxes: _____
- F. Estimated Net New Jobs: _____ Average Annual Wages: _____
(Contact DDD Representative regarding the level of job and wage detail needed for particular project)
- G. Anticipation construction period for this project:
Start: _____ Finish: _____

3. **Request for General Support Letter with no waiver or public support requested**

- A. Submit letters or other evidence of community input and support for the project
- B. Submit a narrative statement on how project generally supports and is consistent with DDD adopted plans for the area

4. **Support Letter Request (Non local public financing or other)**

- A. Submit a project pro-forma and cash flow showing all elements of income, expense, debt service and net operating income for the first two years of the project or until lease up, and annually thereafter for three years. Provide the analysis both with and without the additional requested density or subsidy
- B. Details of the rent projection showing unit mix for same periods as in A. above

- C. Sample language requested or draft of letter as requested or suggested by tax credit or incentive source
- D. Submit narrative statement of background of the Developer and examples of previous projects developed and managed, along with management plan for the project
- E. Submit narrative statement of how the project meets the highest and best use of the property from a public perspective
- D. All other analysis and project details as detailed under #7 below

5. **Request for Extension of participation in RTA or other incentive programs**

- A. Submit copy of application and any supporting analysis and attachments as required by City of New Orleans for extension of time in program.
- B. Submit copy of any financial analysis showing need for extension of time in Program
- C. Copy of paid property tax receipt for last period due
- D. Submit statement and evidence showing that “but for” the time extension, the project will not be able to continue, or additional investment in project will not be undertaken
- E. Submit certification that property and project is not the subject of any code violation, or that code violations will be remedied as a result of the additional time extension in the program
- F. Is the project owner willing to support DDD plans for the area as specifically requested as part of this application? The DDD will provide language of complimentary support requested

6. **Height, Density or FAR Request**

- A. Submit project pro-forma and cash flows showing all elements of income, expense, debt service and net operating income monthly for the first two years of the project or until lease up, and annually thereafter for three years. In the case of for sale projects, provide monthly pro-forma and cash flow until project is sold. Provide the analysis both with and without the additional requested density
- B. Submit details of the rent projection showing unit mix for same periods as in A, both with and without the added density above (or related analysis on for sale projects)
- C. Submit narrative statement of background of the Developer and examples of previous projects developed and managed, along with management plan for the project
- D. Submit narrative statement of how the project meets the highest and best use of the property from a public perspective
- E. All other analysis and project details as detailed under #7 below

7. **Tax Increment Request:**

A. Provide a brief statement of the public purpose and need for tax increment financing for the project and benefits to the City of New Orleans citizens and community due to the proposed development.

Tax increment requested: ___ Sales Tax ___ Property Tax ___ Other
(specify) _____

A) Annual tax increment \$ _____ B) Financing supported \$ _____

B. Cost Breakdown: (a complete cash flow analysis and pro forma will be required to make the proper financial analysis on the need for tax increment financing for the project. The pro forma should identify the owner's equity in the project and how the project will be financed.)

Uses:

- Land Acquisition _____
- Demolition _____
- Site development _____
- Contamination Clean-up _____
- Construction hard costs _____
- Equipment acquisition & installation _____
- Other Furn, Fixtures & Equipment _____
- Architectural and engineering fees _____
- Legal Fees _____
- Interest during construction _____
- Initial bond reserve _____
- Bond discount or underwriter _____
- Bond and other consultant fees _____
- Other (specify on separate sheet) _____
- Contingencies _____

Total Uses _____

Sources:

- Developer / Principal Equity _____
- Senior Debt _____
- Other Debt _____
- TIF or other Public Sources _____

Total Sources _____

C. Other required documents

- Projected cash inflows and outflows by month in sufficient detail to measure and support minimum necessary financial return (ROI, IRR, or other). State the return desired or required on the project
- Construction cost estimates from Contractor, Project Architect or Engineer
- Background of the Developer and examples of previous projects developed and managed
- Evidence of property control
- Evidence of preliminary or contingent financing commitments

References & Financial Condition:

A. Financial Institution References:

1.	_____	2.	_____
	Name		Name
	_____		_____
	Name of Officer		Name of Officer
	_____		_____
	Title		Title
	_____		_____
	Address		Address
	_____		_____
	Telephone		Telephone
	_____		_____
	Fax		Fax
	_____		_____
	E mail		E mail

B. Has the applicant, if an individual, officers, LLC members or majority stockholders (ownership of 20% or more) if a corporation, or an existing or prospective general partner in the project ever been convicted of a felony? If so, please describe.

C. Has the corporation or applicant been in bankruptcy? If so, please describe.

D. Has the corporation or applicant defaulted on any bond or mortgage commitment? If so, please describe.

E. Do any of the partners, major stockholders or LLC members (20% or more), or principals have or had a business or contractual relationship in the last three years with any member of the DDD Board of Commissioners, City Council, or member of the Mayor's Executive staff? If yes, provide details below or on a separate sheet of paper.

F. Describe any previous projects that the applicant has developed in the past six years with this financing:

G. Provide certified audits of company for the past three years

H. Provide a letter of financial feasibility from the lending institution stating that the project cannot be built without the public financing requested.

I. Provide supporting financial analysis showing target return, and the gap to be financed with public sources

5. **Other Conditions**

The DDD will not support the project without the applicant documenting, to the satisfaction of the DDD that:

- A. The development is consistent with the DDD'S General Policy Principles
- B. The development is consistent with any plans adopted for the area or project site by DDD

6. Signature of Understanding:

The undersigned hereby certify that all of the foregoing information is true and accurate to the best of (its) their knowledge and information, and do hereby agree to all terms and conditions specified herein.

Signature(s) of Applicant(s)

Signed this ____ day of _____, 200__ at _____,
Orleans Parish in the State of Louisiana.