

## **RESTORATION TAX ABATEMENT PROGRAM**

### **Frequently Asked Questions and Answers**

- **What key changes were made in the latest update to the City of New Orleans Restoration Tax Abatement (RTA) program rules (RTA Resolution No. R-25-274) on May 22, 2025?**

The revisions aim to improve transparency, streamline processes, and balance public benefits, include:

- Improved clarity in structure guidelines for eligibility, renewals, transfers, and compliance.
- Prohibition of short-term rentals during the abatement period.
- Enhanced definitions for residential and commercial projects.
- New eligibility determination and appeals processes.
- Adjustments to the Tax Abatement Review Committee membership.
- Criteria for initial application approval, renewals, and transfers, emphasizing economic and social benefits, compliance with zoning requirements, and affordable housing provisions.
- Enforcement measures for misrepresentation and annual reporting requirements.

- **How does RTA Resolution No. R-25-274 improve transparency, streamline processes, and balance public benefits with development incentives?**

The new RTA rules

- improve transparency through:
  - clarifying language regarding both eligibility requirements and approval criteria,
  - the expanded definitions of qualifying “residential” and “commercial” projects,
  - tracking applicant’s history of compliance or non-compliance with the requirements of previous restoration tax abatements,
  - regularly scheduled compliance checks that add a layer of ownership accountability to encourage sustainable upkeep of the property’s improvements, and
  - the requirement of project compliance with the Comprehensive Zoning Ordinance and the procurement of all required permits to undertake the work contemplated.
- streamline processes through:
  - the alignment with the Louisiana Office of Economic Development policy as it relates to advance notification and application filing criteria,
  - the creation of an appeals process to address ineligibility, and
  - the implementation of annual compliance tracking and enforcement measures for violations found.
- promote development while balancing public benefit through:
  - the request of the applicant’s public benefit information that provides us with valuable insights beyond capital investment (such as access to public transport systems, energy efficient materials utilized during construction, quality job creation, support of local services by providing a larger customer basis for commercial activities, and improvement of social equity through better access to services and facilities and flexible housing terms and affordability)

- the expansion of the Inclusionary Zoning policy to include not only 10+ unit residential developments, but to also incentivize small multifamily projects meeting set-aside requirements for affordable housing

- **What projects qualify for an RTA?**

Commercial structures and owner-occupied residences

- **What constitutes as an eligible commercial project?**

Properties designed or intended primarily for commercial use are defined by the City’s Comprehensive Zoning Ordinance ([CZO](#)) use tables. Residential properties, including 4+ dwelling units on a lot, shall also be constituted as commercial for the purposes of RTA Resolution No. R-25-274.

Eligible Commercial properties include:

- Multi-Family Properties with 4+ Units
- Mixed-Use (Residential/Commercial) Properties
- Office Buildings
- Retail Space
- Hotels
- Warehouses
- Storage Units

NOTE: Under CNO’s Resolution No. R-20-20 guidelines, 4+ unit residential developments aren’t deemed commercial.

- **What constitutes an eligible owner-occupied residential project?**

An owner-occupied residence qualifies as any structure occupied by the owner and used principally for residential use. Pursuant to the guidelines set forth in RTA Resolution No. R-25-274, all residences consisting of three dwelling units or less shall qualify.

Eligible Residential properties include:

- Single Family, Detached Homes
- Duplex and Triplex
- Townhomes
- Condominiums

Ownership verified by:

- a valid homestead exemption or other residency document,
- proof of legal agreement or contract granting *usufruct of the property*, or
- at least 20% in juridical ownership

- **What defines a qualifying “historic” district?**

Defer to RS 47:4312. §4312. 4 (a)(b)(c) which defines a “historic district” as such:

- A district listed in or pending being listed in the National Register of Historic Places,
- A district created by a local governing authority in accordance with the provisions of Chapter 16 of Title 25 of the Louisiana Revised Statutes of 1950 or in accordance with R.S. 33:4571 et seq.; the New Orleans City Council designates local historic districts which are administered/regulated by local historic district commissions (Historic District Landmark Commission, Central Business District Historic District Landmarks Commission and/or Vieux Carre Commission). Currently, there are seventeen National Register districts and fourteen local districts. Boundaries of the National Register Districts and of the local districts often overlap, or

- A historic structure or structures listed individually in or pending being listed in the National Register of Historic Place.

▪ **What local requirements are considered in determining the approval of an RTA?**

***Initial Application:***

- Initial Affidavit
- Initial Project Description
- Initial Investment
- Before & After Appraisals
- Pro Forma
- Additional Tax Breaks
- Property Owner(s)
- Cost/Benefit Analysis
- Eligibility Certification Form
- Jobs Created
- Tax Status
- Sales Tax Revenue
- Building Permit Job Value
- Proof of DBE Participation (if applicable)
- Hire NOLA/Living Wage Requirement (if applicable)
- Inclusionary Zoning Permit(s) (if applicable)
- Construction Photos

***Renewal Application:***

- Renewal Affidavit
- Renewal Project Description
- Renewal Investment
- Property Owner(s)
- Tax Returns
- Debt Schedule
- Eligibility Certification Form
- Mortgage Amortization
- Tax Status
- Jobs Created
- Building Permit Job Value
- Proof of Inclusionary Zoning Compliance (if applicable)
- Proof of DBE Participation (if applicable)
- Hire NOLA/Living Wage Requirement (if applicable)
- Construction Photos

***Transfer Application:***

- Transfer Affidavit
- Property Owners
- Tax Status
- Property Ownership Documents: Hotel/Motel support documents ONLY (such as a Purchase Agreement or Hotel Management Agreement) [R-20-10 Rules]
- Property Ownership Documents: Purchase Agreement or Recorded Act of Saler (No Condo Projects) [R-25-274 Rules]

▪ **Describe the current filing criterion.**

Prior to [RTA Resolution No. R-25-274](#), the City required applicants to file an application before construction commencement which was only encouraged by the state (not mandated). To align with LED’s practices, the City now also requires that the applicant *shall* submit an advance notification, and an application *should be* (indicating a desired action) filed prior to the beginning of construction (§903(A)(B)). Failure to file an application prior to construction may result in the application being denied. However, applications submitted after construction are allowed by LED if an advance is filed before the project begins and no taxes have been paid on the improvements.

▪ **What “eligibility criteria” are required of applicants to be considered for an RTA?**

- a. Project must be located in a Downtown Development District, a historic district, an opportunity zone, or an economic development district
- b. The structure must be either:
  - i. Designed or intended primarily for **commercial** use, as defined in the Comprehensive Zoning Ordinance. Notwithstanding the foregoing, a residential use including 4+ units on a lot shall constitute a commercial use for purposes of this Resolution.
  - ii. A **residential** structure consisting of three dwelling units or less that shall, upon completion of the project, be occupied during the period of tax abatement by the

owner as the owner's primary residence. The term "owner" includes usufruct ownership, property beneficiary via a trust, and at least 20% juridical ownership

- c. No short-term rentals (alternatively encouraging long-term housing development projects)
- d. No gaming usage
- e. All outstanding property taxes shall have been paid at the time of the application
- f. Protest payments must be made on improvements subject to tax abatement requests
- g. The proposed project and improvements will extend the useful life of the building for at least 20 years.
- h. Minimum renovation investment of 25% of the pre-improved assessment value of the existing structure for the tax year immediately preceding project commencement
- i. Construction has not commenced unless the applicant has timely filed an "advance notice" form and submitted an initial application for a restoration tax abatement to OED and complied with all applicable pre-construction requirements sets forth in Title 13, pt. I, Sec. 903 of the Louisiana Administrative Code (see (§903(A-B) and §905(F)))
- j. No general maintenance, routine repairs, minor renovations, or insured damages
- k. The expansion of an existing structure shall not exceed 10% of the original building footprint at ground level
- l. Must be CZO compliant and secure permitting for all work

▪ **What local steps must be taken to pursue an RTA?**

**Initial Application**

- Acquire full understanding of ALL state and local requirements (eligibility terms and requested exhibits) for OED review prior to filing, including
  - File an Advance Notification and Application in Fastlane for LED review prior to project commencement as prescribed in La Admin Code Title 13 Section I-903(A)(B) and §905(F)
  - Make a minimum investment of 25% of the pre-improved fair market building value
  - Secure all permitting
  - Disclose Inclusionary Zoning information (if any)
  - Prior to construction, discuss DBE utilization plan with OSD and local hiring practices with OWD to determine applicability and ensure future compliance

**Renewal Application**

- Acquire full understanding of ALL state and local renewal requirements (requested exhibits) for OED review prior to filing, including
  - For Commercial projects: Make an additional minimum investment of 25% of the post-improved fair market value of the existing structure
  - For Residential projects:
    - Must have 10 units or more and comply with inclusionary zoning policy Ordinance No. 28036 M.C.S
    - Must comply with the terms set for a Small Multifamily Affordable Housing Development
- File Renewal Application in Fastlane for LED review within six months of contract expiration; the same state approval process shall apply as used for the original application and contract
- File Project Completion Report, Affidavit of Final Cost, and contract addendum documents for the original contract

- **What are the criteria guidelines that focus on economic and social benefits (under R-25-274)?**  
 Applicants must:

  - explain the extent to which project improvements will upgrade the usefulness of the property or preserve it in a manner that significantly improves its condition for a period of no less than 20 years.
  - explain the extent to which project improvements are architecturally and historically appropriate and will not negatively effect the historic character of surrounding neighborhood.
  - explain the extent to which project improvements will result in other economic or social benefits to the city that outweigh the foregone tax revenue over the useful life of the improvements and thereafter.
  
- **How do I know if my property is in a local qualifying district?**  
 Properties located within a qualifying district (historic, economic development and/or downtown development district) may be determined by searching for the property address on the City of New Orleans internet GIS viewer (<https://nola.gov/economic-development/business-services/tax-incentive-programs/restoration-tax-abatement/restoration-tax-abatement-wallmap/>).
  
- **How does an applicant maintain compliance with both the state and local governing authorities as it relates to their tax bill?**  
 Applicants are instructed to “pay under protest” the portion of taxes subject to abatement to avoid any penalties or interest (R.S. 47:1998) from the City and to remain compliant with state rules (R.S. 47:4315 (A) (4)). To accomplish this, a letter shall be addressed to the Bureau of the Treasury (Attn: Special Collections Protest Payment) stating the reason for the protest payment along with two checks both payable to the City of New Orleans. One check for the abated taxes with protest payment written in the memo section of the check and the second for the non-abated taxes.
  
- **How does an applicant address a tax bill on a tax-exempt property the year prior to construction?**  
 For a property owned by a tax-exempt agency, or a tax-exempt property has no “taxable assessment” regardless of actual value or assessment. There wouldn’t be a “protest” payment, unless the property changes ownership. If a new assessment and bill is calculated prior to the approval of the RTA, those bills would be paid under protest, using the improvement building assessment of the year prior to construction as the base.
  
- **Once a contract has been finalized by LED, what are the next steps to apply the tax abatement to the tax rolls?**  
 The property’s assessment will be adjusted by the Assessor’s Office. Change orders will be submitted for applicable years. Once those change orders have been approved by the Louisiana Tax Commission, notice of the adjustment will be sent to The City of New Orleans. Adjusted bills will then be generated, and affidavits, where applicable will be available to apply for any refund due. If the current bill has not been paid when the change is received, the amount due will be calculated based on the adjusted assessment.
  
- **Permit job value is comprised of what investment costs?**  
 Permit valuations shall be based on the fair market value of the work and include all hard costs, including materials and labor, for which the permit is being issued, such as electrical gas, mechanical, plumbing equipment and permanent systems. More specifically, Safety & Permits requests the price of the contract for the prime builder. See: <https://www.nola.gov/onestop/building/#2718>

▪ **What RTA projects qualify for transfer?**

Property owners falling under the new rules (R-25-27), may transfer the tax abatement upon sale. This change allows for most existing RTA recipients to transfer their RTA (except for condominiums).

▪ **What expenses are eligible for RTA?**

- Building and Materials
- Machinery and Equipment (only that which becomes an integral part of the structure)
- Labor and Engineering

Eligible expenses include, but are not limited to:

- |  |   |   |
|--|---|---|
| ▪ machinery and equipment  | ▪ gutters   | ▪ interior partitions, ceilings, floors (if permit required for installation) |
| ▪ labor, architectural and engineering expenses                                | ▪ cabinetry   | ▪ signage   |
| ▪ repair, restoration or replacement of historic façade and landscape features | ▪ windows   | ▪ solar panels and other “sustainable” improvements                           |
| ▪ exterior masonry and siding repair   | ▪ exterior doors  | ▪ Exterior paint and interior finishes  |
| ▪ roofing  | ▪ HVAC systems (permanent)                              |   |
| ▪ foundation   | ▪ electrical, plumbing and gas systems (permanent)      |   |
| ▪ structural repairs   | ▪ escalators/elevators                                  |   |
| ▪ permanent fixtures   | ▪ fire escapes  |   |
|  | ▪ sprinkler/fire suppression systems                    |   |
|  | ▪ security system (if permit required for installation) |   |

▪ **What expenses are ineligible for RTA?**

- Acquisition Cost of the Structure or Land
- Movable and Personal Property

Ineligible costs include, but are not limited to:

- |   |   |   |
|---|---|---|
| ▪ Acquisition costs   | ▪ non-historic landscape features (e.g. retaining walls, fencing, paving, planters, vegetation, paths, sidewalks) | ▪ legal/accounting fees                                       |
| ▪ appliances  | ▪ building permit or zoning fees  | ▪ purchase of, or repair to, construction tools and equipment |
| ▪ furniture   | ▪ feasibility studies   | ▪ taxes, except sales tax for eligible expenses               |
| ▪ window treatments   | ▪ financing fees  |   |
| ▪ demolition costs related to removal of contributing buildings or structures | ▪ leasing expenses  |   |
| ▪ construction of new buildings   | ▪ storm sewer costs   |   |

▪ **Is my project exempt from DBE participation?**

Only owner-occupied residential projects with 6 or less units are exempted (§70-432.1 (3)).

▪ **What value is factored into OSD’s calculation for DBE participation?**

All hard construction costs associated with the RTA project.

▪ **What steps must an applicant take to ensure that their property qualifies for local RTA “renewal” consideration?**

Commercial and mixed-use projects:

The same local approval process, as used for the original application, will be followed for renewal approval consideration

- File a Renewal Application within six months of contract expiration
- Make an additional minimum investment of 25% of the post-improved fair market value of the existing structure
- Secure permitting
- Prior to renewal phase, discuss DBE utilization plan with OSD and local hiring practices with OWD to ensure future compliance
- Submit ALL local renewal requirements (requested exhibits) for OED review

Residential projects:

- Renewals are not available for residential projects except for projects that comply with the City’s Inclusionary Zoning Policy (further details may be found below)

▪ **How will my tax exemption be impacted if affordable housing criteria is met within an Inclusionary Zone (IZ)?**

The project shall satisfy the Inclusionary Zoning requirements set forth in Chapter 26, Article XII of the City Code and the corresponding provisions of the Comprehensive Zoning Ordinance. Applicants that seek initial RTA approval and substantiate proof of 10% of affordable housing units in new or rehabilitated housing construction with 10 or more units in the city’s downtown core (and proof of 5% affordable housing in areas adjacent to downtown) will be eligible for an automatic 5-year renewal under the [INCLUSIONARY ZONING Policy](#).

RTA Projects compliant with Inclusionary Zone policy are subject only to state rules (no local renewal practices apply).

Mandatory Inclusionary Zoning compliance may be determined by simply verifying that a project is located within one of the MIZ sub-districts. Determining this can be done through the Property Viewer at [property.nola.gov](http://property.nola.gov). A developer will not be able to obtain a building permit nor a Certificate of Occupancy until meeting the MIZ requirements when located in one of the subdistricts, so this verification will satisfy that determination.

MIZ is comprised of two subdistricts, the "Core" and the "Strong." The core is comprised of the CBD and VCC and requires a 10% set aside, while the strong is comprised of some properties in the Marigny, Bywater, Lower Garden District, Treme, and Mid-City. The set aside in the Strong Sub-Districts is only 5%.

The Inclusionary Zoning Administrator will verify that the property is meeting the 10% set aside and that the units are being provided in accordance with the following:

1. The affordable units are available to tenants with incomes at 60% AMI or below; and,
2. the rent is priced at 50% AMI (ensuring the tenant is capable of covering rent, utilities, etc.); and,
3. the affordability term is 99 years from the date the project was placed in service.

To receive the automatic renewal, the Inclusionary Zoning Administrator will need to get the property compliant within the LAMA database for MIZ and issue a permit, which will need to be renewed annually. This will exempt the property from the permit fee, which applies to

projects receiving LIHTC or OCD subsidy. Income verification documents must also be submitted for the 10% affordable units every year.

NOTE: Projects involving residential use with 4+ residential units will be considered commercial pursuant to Section A(1)(b)(i) of the RTA Resolution No. R-25-274 and may also pursue IZ compliance renewal benefits.

▪ **What are eligible hard construction costs?**

Hard costs consist of any tangible costs (labor and materials) associated with the physical construction of the building and any equipment that is immovable. (for example: utilities, drywall, site excavation, electrical, framing)

NOTE: Soft costs are any costs that are not considered direct construction costs. (for example: permits, taxes, insurance, architectural fees, movable furniture and equipment)

▪ **What is an Advance Notification?**

A document notifying LED of an intended project before any construction or capital expenditure has been made. The earliest date construction can begin is the date an Advance Notification is submitted online successfully. If construction begins before an Advance Notification is submitted expenditures made prior to this date may not be included as part of the investment.

▪ **What RTA investment costs should be factored into your reported permit value?**

All Hard Construction Costs (The price of the contract for the prime builder) including: Labor, Building Materials, and permanent Machinery/Equipment  
(The contract shall also include overhead costs which don't require permitting).

▪ **Permit fees information:**

<https://www.nola.gov/nola/media/One-Stop-Shop/Safety%20and%20Permits/SP-Building-Permit-Fee-Schedule.pdf>

▪ **What does the Local RTA processing TIMELINE consist of?**

Upon receipt of LED compliance review, the application is then sent to the local governing authority where a 60-day period (pursuant to RS 47:4314) is granted to provide council resolution of approval or disapproval.

60 Day approximated local processing timeline (based on best case scenario practices)

▪ **OED Review**

Applicant must submit ALL locally requested exhibits (as detailed in the New Orleans City Council Guidelines Resolution No. R-25-274) to OED within 3 business days of filing application with LED; Upon receipt of all intake forms, the applicant is tentatively placed on the next available committee meeting agenda pending review completion

▪ **RTA Committee Review and Recommendation**

In order to ensure placement on the upcoming RTA Review Committee agenda, OED must be in receipt of all intake forms 3 weeks prior to the scheduled committee meeting (see CNO's RTA Meeting Schedule online); RTA Review Committee meets on the last Tuesday of the month

▪ **Inter-office Departmental Review**

Routed within 1 week after committee meeting

▪ **Council Review**

Routed to council within 1 week after interoffice review for council's final ruling

- RTA Application placed on Consent Agenda  
Public hearing date is set; Agenda item must lie over for a minimum of 10 business days and may be heard at the next regular council meeting
- RTA Application placed on Regular Agenda  
Resolution number assigned; Approval/Disapproval of resolution is determined by Council based on RTA Committee recommendation and local criteria
- RTA Resolution Request  
Available within 1 week after public hearing ruling

After LED staff receives a resolution from the LGA, the application is scheduled for presentation to and approval from the Board of Commerce and Industry. If approved by the Board of Commerce and Industry, a contract is drafted for signature by the applicant and the Governor. Copies of this executed contract are then forwarded to the contractee, local assessor, and LGA. The PCR is completed by the contractee within 3 months of project completion; the AFC is completed within 6 months of project completion.

- **What's the criteria regarding deadlines for local submission?**

Applicants must submit ALL locally requested exhibits (as detailed in the New Orleans City Council Guidelines Resolution No. R-25-274) to OED within 3 business days of filing application with LED. If additional time is needed to complete your local submission, make sure to provide a written request to the OED before the deadline. This request must include the reason for the extension and the amount of extra time needed.

Failure to submit ALL local requirements within the allotted timeframe may result in the termination of the OED's application review, thereby allowing no action to be taken by the City Council (LED shall be copied on this notice). LED will then change status from "project in review" to "project withdrawn."

Should the applicant wish to reopen their request for tax abatement, a written notice must be submitted to OED detailing the reasons for your delay along with a "true" submission date. Upon thorough review, our office will communicate its determination to approve or deny your request to reopen. If approved, LED will reactivate the project in FASTLANE and OED will then review ALL locally required information.

- **What are the RTA Review Committee's voting options?**

Strongly Approve, Approve, or Disapprove

- **What is the Project Assessment Summary (found in OED reporting)?**

Each project shall be evaluated based upon the outlined local criteria to assess overall compliance.

The New Orleans City Council reserves the right to make a determination of whether or not an Applicant's Project is viable candidate for tax abatement, regardless of the Project's Assessment Summary and committee recommendation. Certain selection criteria are subject to compliance monitoring and will be binding for the length of the initial term or any renewal thereof.

- **At what rate are properties assessed for tax purposes?**

In New Orleans, residential properties and vacant land are assessed at 10% of their fair market value, while commercial and industrial properties are assessed at 15% of their fair market value.

- **What are some reasons for RTA applicant submission delays and how they can be best managed?**
  - **Budget**  
Contractors, misquoting a job estimate can be massively detrimental; some jobs are shut down for weeks, months, or even dropped altogether. Accurate estimating ensures there is always enough money for materials, wages, and more.
  - **Overbooked Crew**  
Correctly allocating a work crew can make or break a construction timeline. Don't take on too much within the same timeline and use a scheduling system that gives all parties an overview of worker status.
  - **Approvals**  
Waiting for someone, somewhere to make a decision that is keeping the entire project from moving forward is a common encounter. Coordinating actions and approving items quickly can keep jobs on time) and in some cases, under budget.
  - **Subcontractor Schedules**  
To keep tabs on outside vendors and subs, integrate every work order into the timeline and clearly communicate expectations ahead of time. If a subcontractor is spread too thin, or unaware of a larger project's timeline, it can cause a delay in every subsequent job on the build. Open communication is essential in keeping projects running without a hitch.
  - **Weather**  
Weather is one of those things we have zero control over. Understanding that extreme conditions are out of anyone's hands allows you to be prepared, which can make a difference. If weather is hot and humid, or cold and snowy, account for a slower pace in the timeline, and follow safe practices for crews. When wet weather hits, providing a work team with waterproof gear and appropriate jobs can keep things moving.
  
- **What does the appeals process entail (under R-25-274 rules)?**  
 An applicant deemed ineligible for an RTA may appeal the determination of ineligibility to the Council by filing a written appeal to the Clerk of Council (addressing District Office and copying the OED Incentives Program Manager) within seven (7) days from the date of the written notification by OED. The Council's final decision will be made within forty-five (45) business days of receipt of the appeal.
  
- **What are the enforcement measures for violations found (under R-25-274 rules)?**
  - Annual Compliance Tracking: Applicants will be required to submit Annual reporting by November 1<sup>st</sup> following the completion of each contract year.
  - In the event of the violation(s) holding merit and not remedied (within 30 days of notification), the OED will issue a written complaint to the BCI (copying the RTA signatory, the Council sponsor, and the assessor) requesting the cancelation and disgorgement of any tax savings.
  - Violations include:
    - misreported project timeline (in which it was discovered that a project started prior to state filings) (as determined by PCR)
    - grossly underreported investment costs (as determined by AFC)
    - liens (unpaid debts on a property)
    - city department fines (i.e.: zoning, code enforcement, solid waste, sign enforcement, etc.)