

CITY OF NEW ORLEANS
OFFICE OF ECONOMIC DEVELOPMENT

RESTORATION TAX ABATEMENT PROGRAM

Frequently Asked Questions and Answers

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

Commercial structures and owner-occupied residences

▪ **What constitutes as a commercial project?**

Commercial properties include:

- Large-Scale Multifamily Housing
- Office Buildings
- Retail Space
- Storage Units

Large-scale apartment complexes are considered commercial property because space is leased out to others as part of a rental business. Commercial buildings are much more varied than residential properties. While residential properties are exclusively used for private living quarters, commercial refers to any property used for business activities.

▪ **What constitutes as an owner-occupied residential project?**

An owner-occupied residence qualifies as any structure occupied by the owner and used principally for residential use including condominium units, duplexes, and other multiple residence structures.

Residential properties include:

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

▪ **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.
- 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:

- Affidavit
- Description of Restoration
- Before & After Appraisals
- Pro Forma
- Additional Tax Breaks
- Project Owners
- 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)
- Photos

Renewal Application:

- Affidavit
- Description of Restoration (Renewal)
- Renewal Investment
- Project Owners
- Appraisal - Post Original Renovation
- Tax Returns
- Debt
- Eligibility Certification Form
- Mortgage Amortization
- Tax Status
- Jobs Created
- Building Permit Job Value
- For Residential Projects: Proof of Inclusionary Zoning Compliance
- Proof of DBE Participation (if applicable)
- Hire NOLA/Living Wage Requirement (if applicable)
- Photos

Transfer Application:

- Affidavit
- Property Owners
- Tax Status
- Eligibility Status: Hotel/Motel support documents OR good faith affidavit
- Description of continued restoration (if applicable)
- Building Permit Job Value (if applicable)

- **What steps must an applicant take to ensure that their property qualifies for local RTA consideration?**

Initial Application

- Acquire full understanding of ALL local requirements (requested exhibits) for OED review prior to filing, including
- File and Advance Notification and Application in [Fastlane](#) for LED review prior to project commencement
- Make a minimum investment of 25% of the pre-improved fair market building value
- Secure permitting
- 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 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 building value
 - For Residential projects: Must have 10 units or more and comply with inclusionary zoning policy Ordinance No. 28036 M.C.S
- File Application in [Fastlane](#) for LED review within six months of contract expiration

- **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 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?**
 Hotel projects where there is a change in ownership, but the property management (operator) remains unchanged are the only entity allowed RTA transfer consideration. Proof of purchase agreement must be provided to substantiate claim.

Bed & Breakfast's which have an owner-occupied residential component, but are zoned as a motel/hotel may qualify for transfer.

<https://www.nola.gov/onestop/business/bed-and-breakfast/bed-breakfast-license/>
<https://czo.nola.gov/article-20/#20-3-I-1>

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

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

- **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 pre-improved building value
- 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)?**

Applicants that have acquired local initial RTA approval and that 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 Renewal projects that comply with Inclusionary Zone policy are subject only to state rules.

In order to be eligible for renewal of an existing contract the Project Completion Report and Affidavit of Final Cost, contract addendum documents, must have been filed for the original contract; taxes cannot have been paid on the improvements pursuant to R.S. 47:4315.A.(4); and a renewal application form must be submitted. The same state approval process, as used for the original application and contract, will be followed for renewal contracts. Applications must first be filed with the Office of Commerce and Industry. They will then be sent to the local governing authority for approval.

IZ status shall be determined by one of the following options:

- 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. 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%.

- Voluntary Inclusionary Zoning is available to any project outside the MIZ areas where multi-family developments are allowed. The requirement is to meet the minimum 10-unit threshold, setting aside 5% of units at an AMI level of 60% or below, and maintaining affordability up to 99 years.
- The Affordable Housing Planned Development is the most onerous of the 3 options. It requires City Council approval and operates much like a conditional use in that the entitlement is granted to a piece of property in perpetuity for that specific use, which in this case is affordable housing. The process itself takes approximately 4-6 months and is approved by ordinance. The ordinance shall outline the basis of the conditional use and specify the land use entitlement. All AHPDs are required to set aside 10% of units at an AMI of 60% or below for 10 years.

- **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-20-10) 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?**

Request for local requirements submission within thirty (30) business days of the date of the provided OED letter

Failure to submit ALL local requirements within the allotted timeframe, shall result in written notification by OED closing out the application with no action 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, OED will then review ALL locally required information and LED will reactivate the project in FASTLANE.

- **What are the provisional committee approval guidelines?**

In the case of a provisional approval, the committee may grant compliance of local council guidelines with a contingency of increased participation or verification of work (departmental approved) prior to council ruling. The applicant must substantiate compliance within fifteen (15) business days. Failure to comply will result in a recommendation of automatic denial.

- **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.

- **What are so reasons for RTA applicant submission delays?**

- **Budget**

As a contractor, 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. Using estimating software simplifies bids, estimates, and financial project planning and makes the process somewhat foolproof.

- Overbooked Crew
Correctly allocating a work crew can make or break a construction timeline. Rushing from project to project is inefficient, and risks cutting corners. This is an easy fix. 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
Everyone at some point in their career has played the dreaded waiting game. Waiting for someone, somewhere to make a decision that is keeping the entire project from moving forward. As a leader on the job, you have to make decisions and keep things going. Coordinating actions and approving items quickly can keep jobs on time (maybe even ahead of 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
Viewpoint Construction Software may be fantastic, but 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.