

RESOLUTION

NO. R-20-10

CITY HALL: January 16, 2020

BY: COUNCILMEMBER BANKS  (BY REQUEST)

SECONDED BY: COUNCILMEMBER GISLESON PALMER

WHEREAS, the City of New Orleans supports and encourages the restoration, development, improvement or expansion of existing structures in downtown, historic, and economic development districts and the continued vital use of such structures; and

WHEREAS, Article 7, Section 21(H) of the Louisiana Constitution provides for the Restoration Tax Abatement Program (the Tax Abatement Program) to encourage commercial property owners and homeowners to restore, develop, improve, or expand existing structures in the downtown development district, historic districts, and economic development districts, and authorizes the State Board of Commerce and Industry with the prior approval of the Governor and the local governing authority, to enter into contracts granting certain property owners the right for an initial term of five years after completion of the work, to pay ad valorem taxes on the assessed valuation of the property for the year prior to the making of improvements, which contract may, in limited circumstances, be extended for an additional five years (an RTA); and

WHEREAS, R.S. 47:4311 et seq. provides the procedures and conditions for the implementation of Article VII, Section 21(H); and

WHEREAS, there are a number of districts in the City of New Orleans that come within the ambit of the Tax Abatement Program and that the governing body of the City of New Orleans desires to make eligible for the participation in the local Tax Abatement Program; and

WHEREAS, the Council of the City of New Orleans is the local governing authority charged with responsibility for the review and approval or disapproval of all applications submitted to it by the Louisiana Department of Economic Development pursuant to the procedures and conditions of the Tax Abatement

Program; and

WHEREAS, the Council adopts an amended policy, which revises the criteria for the consideration of RTA initial applications, renewals and transfers; and

WHEREAS, the Council desires that the Mayor's Restoration Tax Abatement Committee and the Economic Development Staff assist it in processing applications by recommending to the Council approval or disapproval of said RTA initial applications, renewals and transfers; and

WHEREAS, The Tax Abatement Review Committee shall be comprised of, but not limited to, a representative from the following city departments: Chief Administrative Office, City Attorney's Office, Office of Economic Development, Historic District Landmarks Commission, Office of Supplier Diversity, Department of Finance, and the Office of Workforce to advise on abatement qualifications and procedures;

NOW THEREFORE

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the Mayor's Restoration Tax Abatement Committee and the Economic Development Staff will, in the matter of each initial application, consider the following criteria prior to making their recommendation to the Council:

Initial Criteria:

1. Any applicant that has started construction toward the restoration, expansion, or improvement of their property without submitting an Advance Notification Form and application shall not qualify for this program.
2. All project improvements shall have a minimum renovation investment of 25% of the pre-improved building value of the existing structure as reported by the Assessor's Office.
3. The proposed project/improvements shall extend the useful life of the building for a period of no less than twenty years, significantly upgrade its usefulness or preserve it in a manner that significantly improves its condition, is architecturally appropriate and enhances its values. In addition, a prior abatement shall not have been used for the municipal address within twenty years from the initial RTA contract start date.

4. No RTA shall be approved for general maintenance, routine repairs, minor renovations, or insurable damages.
5. The expansion of an existing structure or structures shall not exceed 10% of the original ground area "footprint" as defined by the structure's pre-improvement exterior walls.
6. The applicant shall provide for review by the Mayor's Restoration Tax Abatement Committee and the Economic Development Staff the following local requirements for consideration of local endorsement:
 - a. an Eligibility Certification Form that identifies all principals in the project, permanent jobs created, other incentives pursued, etc.
 - b. a detailed description of the proposed restoration and intended use of the property.
 - c. the investment total eligible for tax abatement as defined by the state as materials, machinery, equipment, labor and engineering.
 - d. an affidavit as to whether the principals in the project would have proceeded with the rehabilitation without the RTA.
 - e. an as-is appraisal of the value of the land and improvements before rehabilitation as well as an appraisal of the proposed improvements by duly qualified real estate appraisers, or expert.
 - f. for income producing properties, a pro forma statement and five-year projection relating to the proposed rehabilitation work, and a cost/benefit analysis.
 - g. the subject property tax invoice that discloses the value of taxes paid and the building assessment value (structure only) for the year prior to project commencement.
 - h. as per 109.4 of Sec. 26-15 of the International Building Code, permit valuations shall be based on the fair market value of the work and include total value of work, including materials and labor, for which the permit is being issued, such as electrical gas, mechanical, plumbing equipment and permanent systems. Any RTA application for which the RTA applicant failed to provide a complete and accurate value of work to

be performed to the Department of Safety & Permits may be subject to denial.

- i. the goals for the local disadvantaged business enterprise (DBE) program established in City Ordinance §70.459 apply to RTA applications as set forth in this ordinance. The Office of Supplier Diversity shall make a determination of compliance based upon all hard construction costs (including labor, materials, and immovable equipment) associated with the project.
 - j. the goals for local and disadvantaged local workers participation established in Hire NOLA City Ordinance §70-499 apply to all RTA applications as set forth in such ordinance.
 - k. the goals for living wage and employee leave compensation established in Living Wage City Ordinance §70.806 and §70-807 apply to all RTA applications as set forth in such ordinance.
 - l. pre and post construction photographs.
7. RTAs shall be approved only for existing structures in the Downtown Development District, historic districts, and economic development districts, and which the governing body of the City of New Orleans desires to make eligible for the participation in the local Tax Abatement Program.
 8. No RTA shall be approved for any gaming establishment, including but not limited to the following: casinos, river boats, dockside terminals, bingo halls, racetracks and betting parlors.
 9. RTA contracts are transferable only with hotel or motel transfers where the property management company remains unchanged. Transferred contracts are not eligible for renewal.
 10. Based on all requirements contained in this Resolution, all projects shall be assessed individually as determined by a project assessment summary stewarded by the Mayor's Department of Economic Development for use in its recommendation to the Council.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS,

That the Mayor's Restoration Tax Abatement Committee and the Economic Development Staff will, in the

matter of each renewal application, consider the following criteria prior to making its recommendation to the Council:

Renewal Criteria:

1. Renewals of RTAs are generally discouraged.
2. Renewals are not available for residential projects except for projects that comply with the City's Inclusionary Zoning Policy established by Ordinance No. 28036 M.C.S.
 - a. Automatic Renewals shall be granted for compliant Inclusionary Zoning projects and are not subject to local renewal criteria.
3. Commercial projects shall submit the following items to determine the necessity of the renewal:
 - a. Copies of the last three years (of the original abatement) tax returns, with all attachments, of the owner proprietor, corporation, or partnership which holds title, or is responsible for payment of taxes for the property under consideration.
 - b. A notarized affidavit certifying that the information presented is the information accompanying the owners tax returns filed with the IRS.
 - c. A completed debt schedule on the property.
 - d. A mortgage amortization schedule of the property for the last three years of the original abatement.
 - e. A notarized affidavit of all owners attesting to the amount of cash equity contributed to the property and project to date.
 - f. Renewal scopes of work, Eligibility Certification form, tax invoice, permits, DBE compliance documentation, Hire NOLA and Living Wage documentation, affordable housing compliance documentation, and pre and post construction photos (renewal phase).
4. For renewals, there must be an additional twenty-five percent (25%) minimum renovation investment of the post-improvement fair market value of the existing structure, except for housing developments that comply with the City's Inclusionary Zoning policy per Ordinance No. 28036

M.C.S.

5. Based on all requirements contained in this Resolution, commercial projects shall be assessed individually as determined by a project assessment summary stewarded by the Mayor's Department of Economic Development.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS,
That any applicant that has submitted an application for a new project with all advance notification fees paid to the State to participate in the RTA Program prior to the effective date of this resolution shall be evaluated under the guidelines in effect prior to the adoption of this Resolution.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS,
That all previous Resolutions addressing the Tax Abatement Program that are in conflict with this Resolution are hereby repealed.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS,
That the Clerk of Council is instructed to forward copies of this resolution to the Mayor, the Chief Administrative Officer and the Louisiana Department of Economic Development.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS,
That the applicant is not eligible to apply for the exemption, if property taxes have been paid on the basis of an assessed valuation which reflects the improvements made by the project (R.S. 47:4315 (A) (4)). In order to be compliant with both the state and local rules, applicants are instructed to "pay under protest" the portion of taxes subject to abatement to avoid any penalties or interest from the City (R.S. 47:1998).

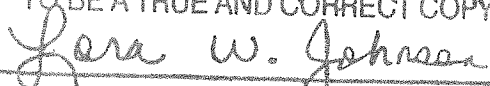
THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, AND RESULTED AS FOLLOWS:

YEAS: Banks, Brossett, Giarrusso, Gisleson Palmer, Moreno, Nguyen, Williams - 7

NAYS: 0

ABSENT:. 0

AND THE RESOLUTION WAS ADOPTED.

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY

CLERK OF COUNCIL