

**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
Revised April 14th, 2011

OVERVIEW

The Downtown Development District is often asked to support development projects for a variety of reasons. In response, the DDD has developed clear policies that, when followed, will allow the DDD to make fair and informed decisions on any support request.

GENERAL POLICY PRINCIPLES

The following Policy Principles guide 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).
- 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. The President & CEO may bring the 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.

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, Conditional Use or Zoning Variance. 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.