

TAX INCREMENT FINANCING MANUAL



**CITY OF NEW ORLEANS
JUNE, 2009**

FORWARD

Pursuant to Resolution R-06-405, a City Intergovernmental Task Force was established to develop recommendations for reviewing and selecting TIRZ as City economic development vehicles. The Task Force interviewed economic development finance experts and reviewed related laws, ordinances, best practices from other cities, and comments from local stakeholders.

Dedicating Tax Increment Financing for public-benefitting development is a major policymaking decision with significant impacts both to taxpayer generated revenues and economic and community development throughout the City of New Orleans.

Given this, the Mayor and City Council for the City of New Orleans jointly endorse this Tax Increment Financing Manual, which sets forth the official policies and procedures, relative to their respective authorities for establishing and administering City-Initiated Tax Increment Districts to responsibly harness Tax Increment financing for public-benefitting projects throughout the City.

TAX INCREMENT FINANCING (TIF) MANUAL

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I. GENERAL PRINCIPLES

Dedicating Tax Increment financing (TIF) for the development of public-benefitting projects is a major policymaking decision with significant impacts both to taxpayer generated revenues and economic and community development throughout the City of New Orleans. Given this, it is essential that the Mayor and City Council for the City of New Orleans jointly establish uniform and transparent governing principles and criteria by which the City would dedicate TIF in furtherance of public-benefitting aims.

This Tax Increment Financing Manual for the City of New Orleans (“the Manual”) sets forth the official policies, selection criteria, and overall administrative procedures to be adopted and executed by the Mayor and the City Council for the City of New Orleans, relative to their respective authorities for establishing, administering, and monitoring City-Initiated Tax Increment Districts (TIDs) that would utilize Tax Increment financing towards revitalization projects in residential or commercial areas within the City.

In short, the following general principles are established for the purpose of creating City-Initiated Tax Increment Districts within the City of New Orleans:

- Tax Increment financing shall only be used within Tax Increment Districts, with boundaries, development goals, and specific public-benefitting projects for each District, established by the Mayor and approved by the City Council.**
- Tax Increment Districts shall only be dedicated to revitalizing areas where specific public-benefitting projects would not occur within the foreseeable future but for the use of Tax Increment financing.**
- Development goals and specific public-benefitting projects within Tax Increment Districts shall be consistent with applicable plans adopted by New Orleans Parish Governmental Entities**
- Development goals established for Tax Increment Districts shall promote development of public-benefitting assets for the purpose of stimulating commercial and residential development; and with a special emphasis on adaptive reuse of existing assets; maximizing energy efficiency; reducing use of non-renewable natural resources.**
- Tax Increment financing shall be utilized so as to leverage and supplement other available financing, including contributing state tax increments, bonds, tax credits, and other available funding.**

II. GUIDELINES FOR CITY-INITIATED TAX INCREMENT DISTRICTS (“CITY- INITIATED TIDS”)

Summary

Chapter 27 of Title 33 of the Louisiana Revised Statutes (La R.S. 33:9038.32-41) authorizes the City of New Orleans to promote reinvestment in a contiguous geographic area that would not otherwise attract market interest by designating such an area as a TID for the purpose of harnessing an agreed-upon increment of sales, ad valorem (property), and/or other tax revenue to finance public improvements, enhance existing public infrastructure or other priority investment needs, and to maximize or leverage the benefits of other incentive tools.

First, City-Initiated TIDs maximize the benefits of public-private collaboration by focusing exclusively on areas of the City that but-for the use of Tax Increment financing in concert with private-sector investment would not realize specified recovery or redevelopment goals within the foreseeable future. Second, City-Initiated TIDs are intended to advance redevelopment or disaster recovery goals that are expressly provided for within existing City-adopted plans and programs. Third, City-Initiated TIDs are intended to facilitate the construction of specific priority reinvestment needs that can be shown to directly correlate to spurring reinvestment in the City-Initiated TID, while advancing applicable City planning aims.

To establish a City-Initiated TID, the City of New Orleans shall prepare and present for approval before the City Council of the City of New Orleans (“City Council”); a proposed “*City-Initiated Tax Increment District Framework*,” which includes at a minimum: proposed boundaries; demonstrated reinvestment need and consistency with applicable City-plans; general development goals and priority investment needs; proposed increment source and amount; and estimated TID duration.

Upon passage of the “City-Initiated TID Framework,” but prior to the use of approved Tax Increment financing, the City of New Orleans shall then prepare and present for approval before the City Council; a comprehensive *City-Initiated TID Development Objectives (“TID Plan”)* to coordinate development incentives; set development standards that comply with existing City-adopted Redevelopment/Recovery Plans and stimulate long-term, high-quality, and sustainable investment; and establish procedures and responsibilities for long-term administration and monitoring of the City-Initiated TID.

In furtherance of these aims, the City of New Orleans shall utilize a Request For Qualifications / Request for Proposals (RFQ / RFP) process to identify consultants and contractors with the most appropriate skills to meet the specific challenges posed by each City-Initiated TID.

A. MINIMUM CRITERIA FOR ESTABLISHING CITY-INITIATED TIDS

1. Eligible Geographic Areas

The City of New Orleans shall encourage economic growth throughout the City by using Tax Increment financing to support community revitalization and economic growth in areas where development or recovery aims as provided for in City-adopted plans would not occur solely through private investment; and that the lack of such development has the potential to cause instability or suppressed development in other areas of the City.

In furtherance of this aim, the City of New Orleans shall establish that any area to be proposed as a City-Initiated TID evidences conditions which demonstrate that but-for the use of Tax Increment financing, in concert with private-sector investment, development or recovery aims provided for in local governmental plans for that area will not occur in the reasonably foreseeable future.

To establish this, the City of New Orleans shall establish the area proposed as City-Initiated TID as one or more of the following area-types:

- a. Federal “Renewal Communities” Area;
- b. Blighted Area – An area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use;
- c. Conservation Area – An area in which fifty percent or more of the structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning. A conservation area shall meet at least three of the factors provided in this subdivision;

- d. Recovery Area – An area which, by reason of catastrophic damage caused by natural or man-made disaster, contains unsanitary or unsafe conditions, deterioration or dilapidation of infrastructure or site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination or such factors, and, as such, retards provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition; or
 - e. Special Economic Development or Reinvestment Area – An area which has been pre-designated by the City of New Orleans for prioritized or preferential economic, housing, or hazard mitigation development assistance based on factors specific to that area, including but not limited to promoting the adaptive reuse of abandoned or underutilized historic property; promoting the adaptive reuse of abandoned or underutilized commercial property; preserving art and cultural assets and activities; promoting affordable healthcare or biomedical industries; increasing incidences of homeownership and/or affordable housing; and/or improving neighborhood-scale flood or hazard protection
2. Consistency with Parish Governmental Plans & TID-Specific Redevelopment Goals
- a. The location and development objectives of a City-Initiated TID must be justified based on expressly provided for goals within at least one, but preferably several Plans that have been adopted by Parish governmental entities, including but not limited to:
 - i. New Orleans Citywide Recovery & Redevelopment Plan
 - ii. The New Orleans Master Plan & Comprehensive Zoning Ordinance
 - iii. City of New Orleans Capital Improvement Program
 - b. In achieving consistency with applicable plans adopted by Parish governmental entities, the location and development objectives of a City-Initiated TID shall also advance the following priority redevelopment goals:
 - i. The City-Initiated TID significantly contributes to the provision of affordable housing; neighborhood-scale retail; or facilitates development within one of the following economic sectors: Biomedical/Biotechnology; International Trade; Logistics and Distribution Energy; Advanced Manufacturing; Creative Media

and Design; Port and Shipping; Computer and Information Technology; Film and Theatre; or Arts and Culture;

- ii. The Projects supported by Tax Increment financing within the City-Initiated TID shall adhere to environmental or energy-efficiency standards, beyond compliance with applicable State and City Codes, that the City determines are reasonable, including but not limited to energy efficiency in design and construction; water conservation; and building systems and fixtures;
- iii. Should the City of New Orleans elect to dedicate any portion of TIF within a City-Initiated TID to the construction, maintenance or renovation of public utilities or infrastructure; such public assets should further initiatives for increasing or promoting commercial and residential development and/or implementing infrastructure for high-capacity transit or infrastructure to increase pedestrian and bicycling modes of transportation;
- iv. Should the City of New Orleans elect to dedicate any portion of TIF within a City-Initiated TID to the acquisition, construction, or renovation of physical structures, whether for eventual commercial or residential development; emphasis should be placed on adaptive reuse strategies of underutilized property;
- v. Should the City of New Orleans elect to dedicate any portion of TIF within a City-Initiated TID to the construction or renovation of property for the purpose of providing residential housing, at least 33% of the total housing units created shall be at “affordable” housing rates as defined as 80% or lower of Average Median Income for Orleans Parish.
- vi. Should the City of New Orleans elect to dedicate any portion of TIF within a City-Initiated TID to the construction or renovation of property for the purpose of providing commercial development, at least 25% of the permanent jobs established by that development shall be at or above benchmark wage as defined by the City.

3. Priority Asset-Types in Need of Reinvestment

In addition to establishing an area as in need of reinvestment assistance and presenting development goals consistent with City-adopted Plans, a City-Initiated TIDs shall be evaluated based on the degree of specific asset-types within the proposed area that the City can reinvest in through Tax Increment financing.¹ A proposed City-

¹ Louisiana law provides broad uses for the application of Tax Increment financing in the fulfillment of the public purposes. The purposes for which public money may be used include:

initiated TID must include at least three, but preferably more, of the following asset-types for which Tax Increment financing can be used:

- a. Unimproved public rights-of-way or streets platted but never built;
- b. New public or private assets that provide improved public accommodation or facilitate development in a manner consistent with a Plan adopted by Parish Governmental Entities;
- c. Vacant, abandoned, substandard or damaged infrastructure, buildings, utilities, or other assets owned by Parish Governmental Entities;
- d. Unfunded Capital Projects;
- e. Funded Bond public projects requiring additional financing;
- f. Underutilized land owned by a Parish Governmental Entity;
- g. Public or private property declared a ‘Brownfield’ pursuant to applicable state or federal law;
- h. Vacant, abandoned, substandard, or blight-declared commercial structures;
- i. Vacant, abandoned, substandard, or blight-declared residential structures, which are adjacent to or approximate to commercial development within a City-Initiated TID;
- j. Land or property identified in a City-Adopted Plan as an area or asset targeted for reinvestment.

B. PROCESS FOR ESTABLISHING AND MANAGING CITY INITIATED TIDS

1. Establish & Approve City-Initiated TID Framework (Resolution of Intent)

For purposes of establishing a City-Initiated TID, the first step shall be the development a *City-Initiated Tax Increment Framework* by the City of New Orleans, which shall then be submitted to the City Council for approval by Resolution of Intent.

A Resolution of Intent establishes the City-Initiated Tax Increment District for purposes of applicable law and, therein, authorizes the City

the acquisition, construction or improvement of industrial, manufacturing and commercial facilities; transportation systems and facilities; and of cultural, educational and recreational facilities and other public facilities; the planning, mapping, development and construction of such areas; the provision of adequate, safe and sanitary housing accommodations for persons and families of all income levels and such facilities as may be incidental or appurtenant thereto.

to notify participating taxing entities of the existence of the City-Initiated TID, and commence the subsequent development of “*Tax Increment District Development Objectives*” for the approved City-Initiated TID. At a minimum, the *City-Initiated Tax Increment Framework* shall include the following:

- a. **Statement of Assurance:** A statement that the proposed City-Initiated Tax Increment District is being established pursuant to applicable state law for the purposes vested to the City of New Orleans therein.
- b. **Proposed Tax increment District General Description & Boundaries:**
 - i. **Physical Description** - A written description shall be provided of the proposed Tax Increment District using start and end points, using street names and directions, and using the centerline of visible physical features whenever possible, that fully describes the designated geographic area.
 - ii. **Feature Data** - Estimates shall be provided of the following features in the proposed Tax Increment District using geographic systems, municipal data, Census data, surveys, and/or general knowledge:
 - geographic area (in acres or square miles)
 - estimated population
 - total number of buildings
 - number (or percent) of commercial buildings
 - number (or percent) of residential buildings
 - number (or percent) of occupied buildings
 - number (or percent) of vacant buildings
 - iii. **Maps** -
 - Precise map outlining the boundaries of the proposed Tax Increment District, showing major street names, a north arrow, and legible legends and labels
 - Aerial map showing view of buildings and physical features
 - Thematic map(s) with representations illustrating population density, occupancy, or other demographic features
 - Asset & land use maps showing the location of cultural, art, educational, and tourist facilities, existing land use, zoning designations within the district, transportation features, primary pedestrian corridors and additional information pertinent to the proposed Tax Increment District.
- c. **Area in Need of Reinvestment Assistance:** Pursuant to the minimum criteria set forth in Section II(A)(1) of the Manual, the City

of New Orleans must demonstrate that development as envisioned by applicable City-adopted plans for the area proposed as a Tax Increment District would not reasonably be anticipated without the adoption of tax increment financing.

To demonstrate this, the City of New Orleans shall demonstrate that the proposed area is: (1) within or otherwise designated as a Federal "Renewal Communities" Area; or (2) detail conditions within the proposed area to support a determination that the area is either a "Blighted Area;" Conservation Area;" "Recovery Area;" or "Special Economic Development or Reinvestment Area" as defined in Section II(A) and Appendix A of the Manual.

- d. Economic Feasibility Assessment: Pursuant to the minimum criteria set forth in Section II(A)(1) of the Manual , the City shall furnish an Economic Feasibility Assessment that describes existing and emerging markets for residential and commercial development in the area of the proposed Tax Increment District and vicinity.

The Assessment shall explain how use of Tax Increment financing within the area proposed as a Tax Increment District would advance such existing or emerging markets. Such explanation should include reasonable expectations for the maintenance or generation of permanent jobs, business development, and overall economic growth, either Citywide or within the proposed Tax Increment District

Finally, the Assessment should illustrate that the estimated direct and indirect benefits to the City by establishing the Tax Increment District; equal or exceed the State and City's dedicated financial obligation to the Tax Increment District.

- e. Consistency with Orleans Parish Development Goals: Pursuant to the minimum criteria set forth in Section II(A)(2) of the Manual, the City of New Orleans shall provide a generalized statement of the development goals for the proposed Tax Increment District.

In so doing, the City shall provide a general description of the proposed uses of land within the proposed Tax Increment District with a general allocation of relative amounts and proportions of the area to be devoted to residential, commercial, industrial, institutional and public use, indicating the anticipated residential density, the approximate proportionate amounts of low, moderate and higher income residential facilities, and the general extent of commercial and industrial uses.

Second, the City shall provide a general description of the relative amounts and proportions of proposed public, semi-public, private or community facilities or utilities including, but not limited to, major arterial street systems, parks, recreational facilities, shoreline development, water and drainage systems and health and educational facilities.

Third, the City shall describe the specific goals from applicable Parish governmental plans that are related to the stated goals for the proposed Tax Increment District. Further, the City shall demonstrate how the development goals for the proposed Tax Increment District are consistent with those other applicable priority redevelopment goals set forth in Section II(A)(2) of the Manual.

- f. Existence of Priority Reinvestment Asset-Types: Pursuant to the minimum criteria set forth in Section II(A)(3) of the Manual, the City shall demonstrate that the proposed Tax Increment District includes at least three, but preferably several, of the priority reinvestment asset-types for which Tax Increment financing can be utilized, as listed in that section.
 - g. Estimated Tax Increment Source, Amount, and TID Duration: The City-Initiated Tax Increment Framework shall identify the source of the tax increment, the increment required to support the project, and the number of years that the increment will be required.
2. Establish & Approve City-Initiated TID Development Objectives (“TID Plan”)
- a. Upon passage of a Resolution of Intent that approves the City-Initiated Tax Increment District Framework, the City shall prepare for approval the more detailed City-Initiated Tax Increment District Development Objectives (TID Plan), which, at a minimum, shall include the following:
 - i. *Detailed Project List & Conceptual Design*: The TID Plan shall include a form-based and/or land use plan that lists potential development sites, and includes for each development site: conceptual designs; code requirements; estimated phased construction schedules for the public and private improvements to be supported by tax increment financing; and the procedural and substantive requirements for TID implementation.

Pursuant to the minimum criteria set forth in Section II (A)(2) of the Manual, for each project to be developed utilizing tax increment financing, the TID Plan shall establish a selected environmental and/or energy-efficiency standard, including but

not limited to standards for energy efficiency in design and construction; water conservation; and energy efficient building systems and fixtures.

Further, pursuant to the minimum criteria set forth in Section II (A)(2) of the Manual, to the extent any project utilizing Tax Increment financing is for the provision of residential housing, the TID Plan shall set forth a strategy for ensuring that at least 33% of such units are available at “affordable” housing rates as defined as 80% or lower of Average Median Income for Orleans Parish.

- ii. *Financial Plan:* The TID Plan shall include a financial assessment that describes projected and actual budgets for each project to utilize Tax Increment financing based on proposed phased design and construction schedules; inclusive of the amount of increment and other funds to be used per project. At a minimum, the assessment must demonstrate that incremental revenues will be sufficient in amount to pay the costs of and/or debt secured on any indebtedness issued to pay the cost(s) of project(s) to be developed by establishment of the TID. In addition, the assessment should assess estimated incremental value which will accrue from redevelopment activities within the TID, including tax collections (sales and ad valorem), and reimbursements, if any, to participating taxing authorities.
 - iii. *Coordinated Incentives:* The TID Plan shall also provide descriptions of other coordinated incentives furnished by the State or City, including, but not limited to, City-initiated public improvements, incentive zoning, area-wide rezoning, coordination with currently funded Capital Improvement Projects, Brownfield remediation, use of City-owned land, tax credits or bonds, and/or other applicable incentives.
- b. The City shall then submit the TID Plan to the City Council for approval. Upon passage, the City, or any duly authorized TID Managing Body, shall be authorized to utilize approved Tax Increment financing in furtherance of the aims established within the TID Plan.

No retroactive TIF: Any costs incurred prior to the date of passage of the TID Plan are not eligible for reimbursement from approved Tax Increment funds.

- c. Upon passage of the TID Plan, the City, or any duly authorized TID Managing Body, shall also be authorized to issue Request for Qualifications (RFQ) and Request for Proposals (RFP) from any parties related to projects to be commenced utilizing Tax Increment financing within the TID. Each RFQ or RFP shall describe with specificity all relevant standards and criteria as established by the TID Framework and TID Plan.

C. MANAGING CITY-INITIATED TIDS:

1. Designating a TID Management Body
Concurrent with or subsequent to approval of a TID Plan, and where reasonable and appropriate, the Mayor shall nominate to the City Council for designation a Management Body for the purpose of overseeing implementation of the TID Framework and Plan for the established City-Initiated TID as well as facilitating any and all activities that are appropriate in promoting and furthering the general development goals for area within the City-Initiated TID. The Management Body shall have all authorities as vested pursuant to applicable local and state law.

- a. The TID Management Body can be an existing body, including the City of New Orleans; a public benefit corporation; or other quasi-public, public; or non-profit entity. In addition, a new entity or public benefit corporation may be established for the purpose of serving as the TID Management Body.
- b. In addition to other requirements as established by law or executive order, at a minimum, the TID Management Body must demonstrate the following qualifications and experience relative to managing and overseeing implementation of the TID Plan:
 - i. *Organizational Experience and Capacity:* The TID Managing Body must demonstrate relevant experience and resources, including staff, funds, and facilities to administer the TID Framework and Plan. This should include significant past experience in design and construction management as well as compliance assurance related to public or private projects that utilized public monies and/or tax credits, bonds, and other similar financing. Preference should be given to Entities that have experience working with commercial or residential property acquisitions and construction, and related public enhancements within low- and moderate-income communities or post-disaster recovery areas. Preferences shall also be given to Entities that demonstrate relevant programmatic experience in facilitating commercial property acquisitions; and public and private-asset construction that stimulate sustainable design, energy efficiency, “main street-revitalization” placemaking through façade improvements, streetscapes, and other similar design and planning strategies.
 - ii. *Project Plan:* The TID Managing Body provides a well-developed and viable plan to administer the TID Framework and Plan, including long-term marketing, financing, monitoring, and evaluation.
 - iii. *Niche-Specific Development Experience:* The TID Managing Body demonstrates relevant planning, management, or design/construction experience related to specific development goals or themes established pursuant to the TID Framework (i.e., Performing Arts, Biomedical, Retail, Housing, etc.).
 - iv. *Frameworks for Applicable Community Partnerships:* The TID Managing Body demonstrates relevant experience and a well-developed and viable plan for ensuring community outreach and participation incident to overseeing implementation of the TID Plan and marketing overall development aims and opportunities.

2. Accountability & Reporting Requirements

a. Quarterly Reporting on Incremental Revenue

Upon execution of the TID Development Objectives, the TID Managing Body shall provide the City of New Orleans quarterly reports of incremental revenues for those businesses located within the TID and from which a TIF was excised therein.

b. Bi-Annual Reporting on TID Development Objectives

Upon execution of the TID Development Objectives, the TID Managing Body shall provide for the duration of the TID, a bi-annual report to the City of New Orleans that provides an update as to ongoing compliance with construction plans, budgeting, and related schedules as was set forth in the TID Development Objectives.

c. Annual Update of TID Development Objectives

As set forth in Section II(D), on an annual basis or as otherwise deemed necessary by the TID Managing Body, the Body shall submit an annual report to the City of New Orleans setting forth recommendations for amendments to the TID Development Objectives, including alterations to listed TID projects, maximum TIF levels, and any other recommended revisions that significantly alter the TID Development Objectives.

D. TID AMENDMENTS

After a City-Initiated TID has been established, the TID, including either the TID boundaries or Development Objectives may be amended as herein provided.

The following TID Amendments shall require approval by Ordinance:

1. Revisions to the Boundaries of the TID;
2. Revisions to the Intended Use of Public Property
Plan amendments that result in changes to the intended use of public property or infrastructure that was to be constructed or rehabilitated through utilization of TIF;
3. Revisions that Increase the Redevelopment Project Costs
Other revisions or additions to the TID Development Objectives that increase the total estimated redevelopment project cost by more than 5% after adjustment for inflation from the date the Development Objectives were adopted;

4. Revisions that Result in the Taking of Additional Occupied Residential Properties

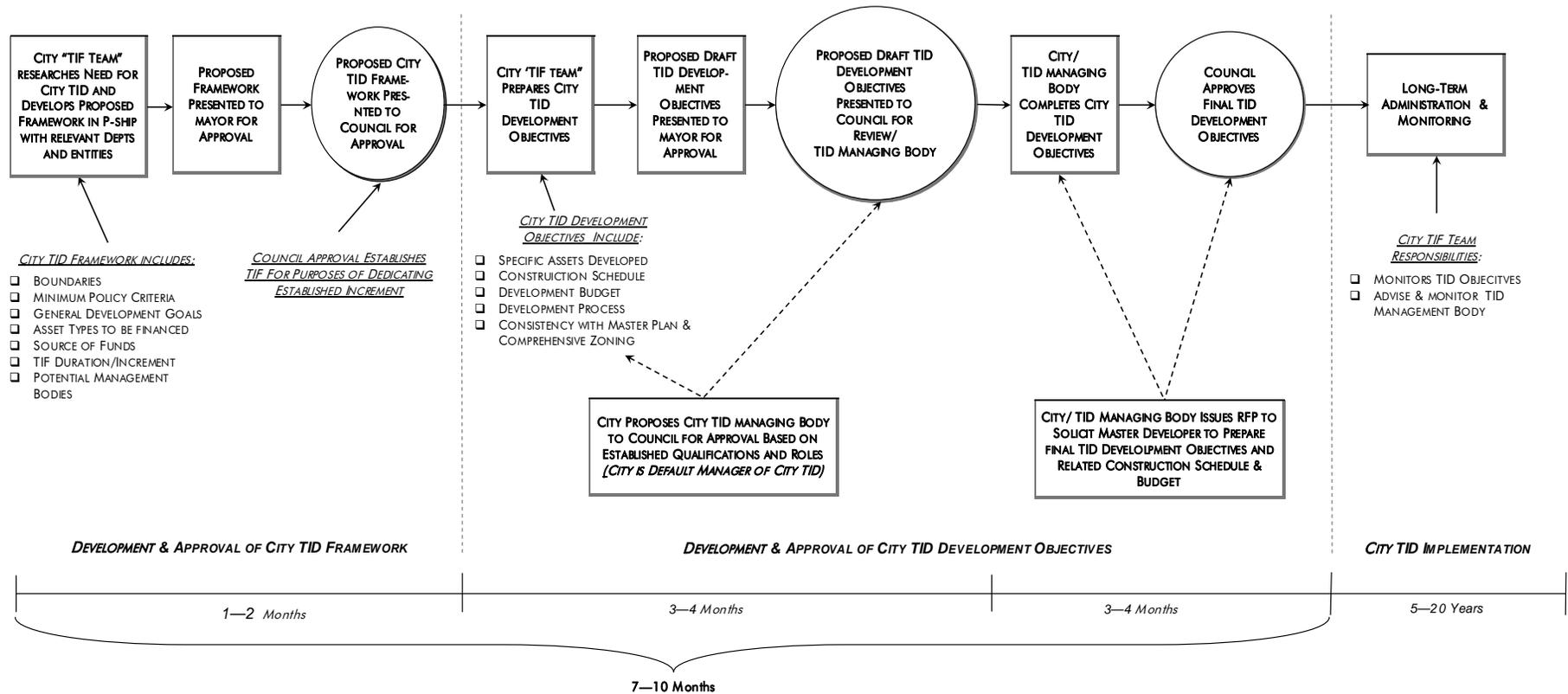
Other revisions or additions to the TID Development Objectives that result in the taking or expropriation of any occupied residential property not initially approved upon passage of the TID Development Objectives.

For all revisions or additions to the City-Initiated TID requiring approval by Ordinance, the City of New Orleans or any designated TID Managing Body shall provide public notice by mail to any entity within the TID from TIF is excised and by publication in a newspaper of general circulation within the affected taxing district(s) not later than 10 days following the adoption by ordinance of such changes. Revisions or additions not requiring approval by ordinance shall be described within the City or designated Managing Body's annual report.

E. TIF PROCEDURAL DIAGRAM AND SCHEDULE

The procedural diagram provided on the following page illustrates the various steps in the "Process for Establishing City-Initiated Tax Increment Districts" beginning with the TIF Team's research associated with the creation of a TID for a specific area within the City, moving through the approval and legislative processes and concluding with the long-term administration and monitoring of the TID objectives. As demonstrated by the schedule contained within the diagram, the City and perspective developers should understand that the entire process – TID designation to plan approval – will require between seven and ten months.

PROCESS FOR ESTABLISHING CITY-INITIATED TAX INCREMENT DISTRICTS



III. UTILIZING TAX INCREMENTS

A. Duration of Increments

Any TIF Plan must be structured so as to establish a minimum and maximum tax increment threshold and a set duration of time for the existence of the TIF Plan, with particular thresholds and timelines set on a project-by-project basis.

An approved City-Initiated TID shall remain in effect generally for no more than 30 years; however, any portion of TIF dedicated within a TID for the purpose of constructing or renovating commercial property shall last no more than fifteen (15) years.

Overall, the duration of the TID shall be reviewed by the City on an annual basis as part of a presentment by the City or designated Managing Body on the status of fulfilling TID Development Objectives.

For any project developed utilizing TIF with a City-Initiated TID, assistance may be reduced or fully abated if the specified minimum requirements are not met as provided in the TID Development Objectives. Such minimum requirements include:

1. Achievement of any minimum agreed-to levels of employment during project implementation;
2. Meeting deadlines for completion of construction of public infrastructure related to project; and,
3. Meeting deadlines for completion of the entire TIF project pursuant to the TID Development Objectives.

B. Permitted Uses of City-Approved Tax Increments

1. As a matter of first priority, dedicated TIF revenues within a City-Initiated TID shall finance enhancements or alterations to public infrastructure or property that provide improved public accommodation or facilitate development in a manner consistent with a Plan adopted by Parish Governmental Entities;
2. Dedicated TIF revenues within a City-Initiated TID shall finance governmental acquisition of vacant, abandoned, or blighted property for the purpose or resale or redevelopment as commercial property, and residential property, to the extent adjacent to commercial development within the City-Initiated TID;

3. If in the administration of a City-initiated TID, it is determined that there exists any portion of undedicated increment, notes or obligations based on the increment, then that portion may be applied towards any preparatory work related to land clearance and infrastructure development, including but not limited to property demolition, site preparation, property assembly and environmental clean-up, any of which cannot be financed by other less costly means.
4. If in the administration of a City-initiated TID, it is determined that there exists any portion of undedicated increment, notes or obligations based on the increment, then that portion may be applied towards renovation or construction of privately-held assets within the City-Initiated TID upon further determination by the City of New Orleans that the intended use of the asset is the highest and best use of the property upon which the property is situated, as determined based upon applicable plans adopted by Parish Governmental Entities and upon the entity or person authorized to effect such construction or renovation demonstrating the following:

- a. Need for Financial Assistance

The entity or person authorized to effect construction or renovation of a privately-held asset within a City-Initiated TID that would utilize TIF therein shall provide a pro-forma detailing the following necessary information, upon which applicants will be evaluated and scored:

- i. Demonstrate financial wherewithal to meet project costs and complete project (i.e. current three years of financial statements, complete sources and uses budget, and/or Letters of Credit).
- ii. Identify all sources of funds, including other public sources, private financing, and developer equity contribution into project.
- iii. Identify all project costs, including acquisition, professional legal and design fees, construction costs, soft costs, and, if applicable, long-term management costs.
- iv. Submit detailed pro-forma identifying pre-TIF rate of return and gap in project financing.
- v. Submit detailed pro-forma identifying project-plus-TIF rate of return and financial structure.
- vi. Submit personal financial statement and history.
- vii. Identify proposed security, collateralization, or credit enhancement.

- viii. Demonstrate previous experience developing similar scale and type of project.
- ix. Demonstrate that no construction for the proposed privately-held asset has been initiated or, if construction is ongoing, that costs of such construction will not be financed through TIF.
- x. Demonstrate that the risk capital in the project is the greater of 10% cash equity or an amount of equity, recourse debt, surrenderable tax credits, and other risk capital that lenders would typically require for a project of similar scope and location.

b. Risk to Developer

Any contributions made by an entity or person authorized to effect construction or renovation of a privately-held asset within a City-Initiated TID that would utilize TIF in anticipation of reimbursement from tax increments shall not be, nor construed to be, financial obligations of the City, other taxing entities, or any TID Managing Body. Said entity or person shall bear all risks associated with reimbursement, including, but not limited to: delays, incorrect estimates of tax increment, changes in tax rates or tax collections, changes in state law or interpretations thereof, changes in market or economic conditions affecting the project, changes in interest rates or capital markets, changes in development codes requirements, default by tenants, unanticipated effects covered under legal doctrine of force majeure, and/or other unanticipated factors.

D. Claw-back Provision

The City of New Orleans shall include a “claw-back” provision in Agreements it executes with any entity or person receiving TIF assistance. This allows the City to assess a project’s performance after completion to determine the entity or person’s return after TIF assistance. If, after the “claw-back” assessment is completed by the City, the City determines that the Entity has experienced higher profits than were originally projected in the Development Objectives and TID Application, then the City may “claw-back” a portion of the TIF revenues it had previously committed to the project. This “claw-back” provision protects the City from over-incentivizing TIF projects.

E. Maximum City Participation

The minimum guaranteed tax increment dedicated to a project shall be 80% of incremental tax revenues over and above the base-level ad valorem and sales taxes. The City may elect to increase the available increment above 80%, if the City-Initiated TID would achieve at least one of the below development aims:

1. Should the City of New Orleans elect to dedicate any portion of TIF within a City-Initiated TID to the construction or renovation of property for the purpose of providing residential housing, at least 40% of all units developed for that purpose are at “affordable” housing rates as defined as 80% or lower of Average Median Income for Orleans Parish;
2. Should the City of New Orleans elect to dedicate any portion of TIF within a City-Initiated TID to the acquisition of vacant, abandoned, or blighted property for the purpose or resale or redevelopment as commercial property; and residential property, to the extent adjacent to commercial development within the City-Initiated TID; the total amount of acquired property exceeds 25% of the total parcels within the TID boundaries;
3. Should the City of New Orleans elect to dedicate any portion of TIF within a City-Initiated TID to the construction or renovation of public or privately-held property or infrastructure for the express purpose of facilitating biomedical, arts, or film-related commercial development.
4. Should the City of New Orleans elect to dedicate any portion of TIF within a City-Initiated TID to the construction or renovation of privately-held assets and such asset shall result in 50% of the permanent full-time jobs created at or above benchmark wages established by the City.

F. Business Relocation

If the project causes the relocation of a business from another area of the City to the TID, limit the amount of the tax increments to those in excess of the amounts generated at the business’ current location.

IV. OTHER LEVERAGED ASSETS

A. Tax Credits & Bonds

Upon the establishment of a City-Initiated TID, the City is encouraged to develop policies and procedures for allocating or otherwise prioritizing the issuance or awarding of tax credits, bonds, and other financing, for which the City has such authority, so as to support development objectives within established TIDs.

B. Formula Allocated Government Funds

Upon the establishment of a City-Initiated TID, the City is encouraged to develop policies and procedures for allocating or otherwise prioritizing the allocation of formula allocated government funds that are in the direct control of the City, so as to support development objectives within established TIDs.

C. TIF Bonds

The City or, as applicable the designated TID Managing Body, may issue tax increment revenue bonds commensurate with the value of projects which generate, and are supported by, tax increment financing, which occur within a TID. In such instances, risk of default and length of term should be reduced to the greatest extent feasible. Safety factors are included to minimize risk exposure, including a reserve fund, special covenants, timing the issuance of TIF bonds contingent on the creation of a minimum threshold of assessed value, and/or special structuring of the debt repayment schedule. State Statutes limit the term of any TIF bond debt-service obligation to 30 years.

V. RECOMMENDED ADMINISTRATIVE STRUCTURE FOR MANAGING ADMINISTRATION OF CITY TIF POLICY AND TAX INCREMENT DISTRICTS AND PROJECTS

A. TIF TEAM

A City designated “TIF Team” shall be established for the purpose of providing overall TIF project administration, monitoring and accountability, including therein, facilitating the preparation of proposed City-Initiated Tax Increment Framework and Development Objectives. Further, the TIF Team shall be responsible for monitoring and ensuring all compliance with all agreements entered into between the City and the designated Managing Body.

The TIF Team shall consist of no more than seven full-time staff, with appropriate qualifications and experience in order to effectively administer the City TIF Policy.

B. SPECIFIC RESPONSIBILITIES OF THE TIF TEAM

To ensure effective implementation of the City TIF Policy, the City designated TIF Team should be situated and organized so as to directly administer and otherwise facilitate the following responsibilities in partnership with relevant entities:

1. Identify prospective reinvestment areas within the City that are suitable locations for implementing City-Initiated Tax Increment District.
2. Prepare City-Initiated Tax Increment District Frameworks and Development Objectives in conjunction with applicable entities and departments;
3. Facilitate contracting with financial and project development experts as necessary to assist in the preparation and/or evaluation of proposed TIDs;
4. Facilitate partnerships with other public and private entities, including any designated TID Managing Bodies, to prepare proposed City-Initiated Tax Increment Districts and ensure effective administration and marketing of City-approved Tax Increment Districts and Tax Increment Projects;
5. Present proposed City-Initiated Tax Increment Framework and subsequent Development Objectives to Mayor and City Council for approval;

6. Coordinate the implementation of development goals and objectives for each City-approved TID with related economic development initiatives, including market research, business retention and attraction, business development programs, and innovative financing programs;
7. Maintain all files, forms and materials related to administration and/or oversight of City-approved TIDs;
8. Assist in development and dissemination of public outreach materials, including but not limited to TID solicitations, applications, RFQ/RFPs, and related meeting notices;
9. Oversee established partnerships and/or contractual relationships with developers and other entities incident to implementing development objectives for City-approved TIDs to the extent not otherwise delegated to a TID Managing Body or other entity;
10. Oversee overall monitoring and compliance assurance relative to the implementation of City-approved TIDs.

APPENDIX

GLOSSARY OF TERMS USED IN THIS MANUAL

Blighted Area: An area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision or housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare.

Affordable Housing: In the case of a single-family owner-occupied unit, affordability is based on a sales price which does not exceed (an amount set by the City of New Orleans) and which is occupied by a family whose household income does not exceed eighty-percent (80%) of the City of New Orleans' Area Median Income, as adjusted for household size and as defined by the U.S. Department of Housing and Urban Development ("HUD"). In the case of a tenant-occupied unit, affordability is indexed to annually published HUD Section 8 rents. These published rents are pre-set annually and based on household size and income.

Benchmark Wages: Wages allowing the earner an annual income equal to or above eight percent (80%) Annual Medium Income (AMI).

Brownfield: Real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

"But For": The developer must demonstrate that the Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without, or *"But For"* the adoption of tax increment financing.

Comprehensive Plan: See Master Plan.

Comprehensive Zoning Ordinance: The Comprehensive Zoning Law of the City of New Orleans.

Economic Feasibility Study: The Economic Feasibility Study Economic Feasibility Study shall communicate a thorough understanding of the existing and emerging markets for residential and commercial development in the area of the TID and the ways in which the proposed development project fits in with such emerging markets.

The Economic Feasibility Study shall also demonstrate a reasonable expectation of either the furtherance of a public function of the state, the maintenance of existing jobs, or the creation of new economic growth. The Study should also

illustrate the relationship between the future value of the project (in terms of jobs maintained or generated, and potential tax revenues) and the value of the state's obligation as state statutes require such value to equal or exceed the value of the state's obligation.

Land Use Plan: A basic element of the City Master Plan containing proposals for the physical, economic, and social development of the community. The land use plan takes into account the other master plan elements and shows the existing and proposed location, extent, and intensity of development of land to be used for residential, commercial, industrial, open space, recreational, , and other public and private purposes.

Master Plan: The City of New Orleans' guide for future growth and growth management.

Neighborhood or Community Plan: Any plan of the City of New Orleans which pertains only to a particular neighborhood or City Council district.

Recovery Zone: An area of the City of New Orleans designated as a Recovery Area by the City's Office of Recovery & Development Administration.

RFP: A request, issued by an agency or department of the City of New Orleans, for a proposal(s) from qualified applicants for the implementation of a plan and/or project pursuant to an approved Tax Increment Financing Redevelopment Plan.

RFQ: A request, issued by an agency or department of the City of New Orleans for statements regarding qualifications of public or private entities which may be of assistance to the City and its departments or agencies in carrying out the goals of any Tax Increment Financing Redevelopment Plan either approved or under consideration by staff of the City or a related agency.

Tax Increment Plan: A generalized land use and land development plan for a new community development area which shall include but not be limited to the following:

1. The major planning assumptions and objectives, including the projected population and the planned development pace;
2. A generalized statement of the proposed uses of land throughout the area with a general allocation of relative amounts and proportions of the area to be devoted to residential, commercial, industrial, institutional and public use, indicating the anticipated residential density, the approximate proportionate amounts of low, moderate and higher income facilities and the general extent of commercial and industrial uses.
3. A generalized statement of the relative amounts and proportions of proposed public, semi-public, private or community facilities or utilities including, but not limited to, major arterial street systems, parks, recreational facilities, shoreline development, water and drainage systems and health and educational facilities.
4. A statement of the relationship between the TID and the City of New

Orleans Master Plan.

5. Such additional statements or documentation as may be appropriate, which may include:
 - a. Blighting Analysis: The City seeks to utilize TIF to overcome conditions that present extraordinary obstacles to recovery and redevelopment initiatives. Such conditions shall be documented as part of any TID and detailed in Blighting Analysis.
 - b. The Blighting Analysis details the condition of the area to support a determination whether the area qualifies as a “blighted area.”
 - c. Economic Feasibility Study: The Economic Feasibility Study Economic Feasibility Study shall communicate a thorough understanding of the existing and emerging markets for residential and commercial development in the area of the TID and the ways in which the proposed development project fits in with such emerging markets.

The study shall also demonstrate a reasonable expectation of either the furtherance of a public function of the state, the maintenance of existing jobs, or the creation of new economic growth. The Study should also illustrate the relationship between the future value of the project (in terms of jobs maintained or generated, and potential tax revenues) and the value of the state’s obligation as state statutes require such value to equal or exceed the value of the state’s obligation.