

New Orleans Redevelopment Authority

**PRIORITIES, POLICIES AND PROCEDURES FOR THE
ACQUISITION AND TRANSFER OF REAL PROPERTY**

As approved by the Board of Commissioners on April 23, 2007

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The acquisition, management, and transfer of properties that are owned by the New Orleans Redevelopment Authority (NORA) shall be governed by the following basic priorities and policies.

The acquisition, management, and transfer of such properties shall at all times be consistent with the authority granted by the laws of the state of Louisiana, the City of New Orleans, the articles of incorporation and by-laws of the New Orleans Redevelopment Authority, and the public purposes set forth therein.

1. Operating Policies

These Priorities, Policies, and Procedures on the Acquisition, Management, and Transfer of Real Property are adopted by the NORA Board of Directors for purposes of providing institutional guidance for the administration of NORA's real property assets and providing general information to the public on interactions with NORA concerning real property.

There are at the present time six different potential sources of real property for acquisition by NORA: 1) transfers of tax adjudicated properties from the City of New Orleans, 2) expropriations completed prior to 2006; 3) expropriations completed subsequent to 2006; 4) transfers of properties acquired by the Road Home Corporation; 5) transfers of property interests by the City of New Orleans resulting from code enforcement liens; and 6) direct market purchases by NORA.

1. As of the date of adoption of this Policy, NORA has received from the City of New Orleans its interests in approximately 1,500 tax adjudicated properties. Given the nature of the tax adjudication process, neither the City of New Orleans nor NORA has marketable and insurable title to any of these properties. Additional legal actions are required in order that these properties become eligible for title insurance.
2. & 3. As of the date of adoption of this Policy, NORA holds title to approximately 87 parcels acquired through expropriation prior to the constitutional amendments approved in the fall, 2007. NORA has a smaller number of properties in the expropriation process subsequent to the approval of these constitutional amendments. The critical feature of these recent constitutional amendments (particularly Amendments #5 and #6) is that they create a potential constitutional question of the ability of NORA to convey expropriated properties to third parties for development in the case of ordinary takings, but not necessarily for takings related to public health and safety.
4. As of the date of adoption of this Policy, it is anticipated that NORA will receive properties from the Road Home Corporation, either directly or through the City of New Orleans. As such time as receipt of such properties becomes likely, NORA will reevaluate these Policies.
5. It is anticipated that NORA will become the recipient of code enforcement liens, or property interests acquired by the City of New Orleans as a result of code

enforcement activities. As such time as the receipt of such property interests becomes likely, NORA will reevaluate these Policies.

6. As of the date of adoption of this Policy, NORA does not possess financial resources with which to engage in direct market acquisition of properties. It is not clear what level of resources will be available in the future. Such direct market acquisitions will occur to the extent funds are available in accordance with this Policy.

The Operational Priorities shall be (i) identification, clearance of title, and transfer of the highest value properties in NORA's inventory for development (ii) adoption of a city-wide plan that constitutes a CIP, which will include the City Council's previously identified thirteen Master Planning Districts, (iii) in collaboration with the City of New Orleans' Office of Recovery Management, identification of properties eligible for the Lot Next Door Program, (iv) classification of the existing real property inventories of NORA according to source of acquisition, condition of title, and geographic location, (v) creation of mechanisms for high volume legal actions necessary to obtain insurable and marketable title to adjudicated properties, (vi) assistance in strategic legal action(s) to resolve questions of constitutional constraints on expropriated properties, (vii) coordination with the City of New Orleans on potential code enforcement transfers, and (viii) identification of funding sources for market acquisitions.

2. Policies Governing the Acquisition of Properties

In determining which, if any, properties that become available for acquisition shall be acquired by NORA, NORA shall give consideration to the following property types:

1. Residential and commercial properties located within Community Improvement Projects (CIP), which would support existing redevelopment plans.
2. Residential and commercial properties that have been through the tax adjudication process and are located in the City of New Orleans' 17 target areas or are part of another redevelopment plan recognized by the City Council and NORA.
3. Residential and commercial properties that qualify for expropriation and are located in the City of New Orleans' 17 target areas or are part of another redevelopment plan recognized by the City Council and NORA.
4. Residential and commercial properties that create or are part of a redevelopment plan, and whose development would strengthen the real estate market where the market is currently weak.
5. Residential and commercial properties that are deemed to have market value and will generate operating resources for NORA.
6. Residential and commercial properties that were identified as potential Acquisitive Prescriptive Acquisitions, as designated pre-Katrina.

NORA may combine properties from one or more of the foregoing categories in structuring the terms and conditions of acquisition. In determining the nature and extent of the properties to be acquired, NORA shall also give consideration to underlying values of the subject properties, the quality of insurable and marketable title that can be acquired, the financial resources available for acquisitions, the operational capacity of NORA, and the projected length of time for transfer of such properties to the ultimate transferees.

3. Priorities Concerning the Transfer of Properties

The transfer of properties shall be based upon a combination of three different factors. The first factor involves the intended or planned use of the property. The second factor considers the nature and identity of the transferee of the property. The third factor addresses the impact of the property transfer on the short and long term neighborhood and community development plans. Within each factor is a ranking of priorities. The transfer of any given property will be based upon an assessment of the most efficient and effective way to maximize the aggregate policies and priorities. The Board and Staff of NORA shall at all times retain flexibility in evaluating the appropriate balancing of the priorities for the use of property, priorities as to the nature of the transferee of properties, and priorities concerning neighborhood and community development.

Priorities for Use of Property

1. Property that is included in an approved Community Improvement Project.
2. Property intended for a continuous and defined public use.
3. Property transferred through the Lot Next Door Program.
4. Property intended for the creation of homeownership and rental housing, in an area not included in a Community Improvement Project.
5. Property intended for commercial and retail development.
6. Property intended for industrial use.
7. Property that can provide financial resources to support NORA's operations.

Priorities as to the Nature of the Transferee

1. Governmental entities for a continuous and defined public use of the property (including public schools).
2. Individuals who own and occupy residential property, who are eligible transferees for the Lot Next Door Program.
3. Nonprofit entities and institutions such as community development corporations, academic institutions, and religious institutions.

4. Entities that are partnerships, limited liability corporations, or joint ventures comprised of a private nonprofit corporation and a private for-profit entity.

4. Factors in Determining Consideration Due Upon Transfers

The following factors shall constitute general guidelines for determination of the consideration to be received by NORA for the transfer of properties. In each and every transfer of real property, NORA shall require good and valuable consideration in an amount determined by NORA in its sole discretion.

The consideration to be provided by the transferee to the NORA may take the form of cash, equity, deferred financing, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof.

All property that is transferred shall be based upon consideration equal to the fair market value of the property. Fair market value shall be determined by a timely appraisal approved by NORA. Properties located in a CIP shall be transferred for consideration equal to the “fair value”, as defined in NORA’s enabling legislation. Consideration shall be paid in full at the time of the transfer.

Any exception to the policies governing consideration shall be made only with approval of the NORA Board of Directors and consistent with local, State, and federal law.

5. Development Agreements

In an effort to ensure that development on property transferred from NORA occurs in a manner consistent with the agreed upon development, and on a reasonable schedule, NORA requires that each property transfer except those transferred through the Lot Next Door Program, the terms of which are detailed in Section 6 below, be subject to a development agreement.

Each development agreement will consist of the following components:

1. Project description, with reference to CIP, if applicable
2. Development schedule
3. Financing structure
4. Enforcement mechanism

Each development agreement will be drafted by NORA and signed by both NORA and the transferee at the time of transfer.

6. Lot Next Door Program

Individual parcels of property may be acquired by NORA, and transferred to individuals in accordance with the following policies.

A. Lot Next Door Policies

1. Qualified Properties

Parcels of property eligible for inclusion in the Lot Next Door Program shall meet the following minimum criteria:

- a. The property shall be residentially zoned real property.
- b. The property shall be physically contiguous to adjacent owner-occupied residential property, with not less than a 75% common boundary line at the side.
- c. The property shall consist of no more than one lot capable of development.
- d. No more than one lot may be transferred per contiguous lot.

2. Transferees

- a. All transferees must own the contiguous property, and must personally occupy the contiguous property, for a minimum of a year prior to requesting the adjoining contiguous lot.
- b. The transferee must not own any real property (including both the contiguous lot and all other property in Orleans Parish) that is subject to any unremediated citation of violation of the state and local codes and ordinances.
- c. The transferee must not own any real property (including both the contiguous lot and all other property in Orleans Parish) that is tax delinquent.
- d. Owner occupiers of condominium units and town homes shall have rights to purchase adjoining units with a common wall whose primary entrance is on the same level as the occupied unit.

3. Pricing

- a. Parcels of property may be transferred for consideration equal to fair market value, as determined by a timely appraisal plus any reasonable expenses incurred by NORA

4. Additional Requirements

- a. In cases where two neighbors are registered for a middle lot that falls into public ownership, the neighbors may choose to subdivide the property

such that each neighbor receives half of the property and shall resubdivide their lots to incorporate the parcel into their property. In the event that splitting the property is not feasible or the neighbors do not wish to split the property, the property will be auctioned by NORA to the homeowner who is the highest bidder over the minimum purchase price.

- b. Upon sale through the Lot Next Door, the purchaser shall be required to bring properties into compliance with current housing, health, and safety codes within nine (9) months.
- c. Homeowners who have purchased property through this program to build on, or in some other way bring the lot back into commerce through the development or expansion of the existing home and accessory buildings will have six (6) months from closing to begin construction as evidenced by the issuance of a building permit.
- d. The adjacent owner and members of the owner's immediate family shall be restricted from transferring the property for sixty (60) months from the date of the Act of Sale through a covenant that will provide for the following penalties:
 1. In Months 0-24 after the Act of Sale: A penalty in a amount equal to twenty (20) percent of the original purchase price payable to NORA;
 2. Months 25-36 after the Act of Sale: A penalty in a amount equal to ten (10) percent of the original purchase price payable to NORA;
 3. Months 37-48 after the Act of Sale: A penalty in a amount equal to three (3) percent of the original purchase price payable to NORA; and,
 4. Months 49 to 60 after the Act of Sale: A penalty in an amount equal to one (1) percent of the original purchase price payable to NORA.

Notwithstanding the penalties above, if a transfer of the property occurs within sixty (60) months of the Act of Sale due to the death of the owner(s), transfer of homestead exemption to another property in Orleans Parish, as a result of the owner's change in employment outside of the New Orleans Metropolitan Area, or resulting from foreclosure of the property by an arm's length third party or the sale of the property by a taxing authority to settle a tax lien, then all penalties detailed above will be waived. Prior to any release from the restrictive covenant and associated penalties however, NORA will require appropriate proof that the sale occurred as a result of one or more of the four conditions that could trigger a waiver. The determination of what constitutes appropriate proof will be at the sole discretion of NORA.

B. Lot Next Door Procedures

1. Upon obtaining title to residential properties, NORA shall:
 - a. Determine the homestead exemption status of adjoining eligible parcels
 - b. Send a registered letter to the named owner(s) and address(es) in the tax rolls informing the owner(s): 1) that the adjoining property is available for purchase; 2) of the purchase price; 3) of the process through which the property can be acquired; and 4) that they have sixty (60) days from the date of the letter to provide a twenty (20%) percent non-refundable deposit and further proof of owner occupied status to allow them to acquire the property.

2. The prospective buyer(s) must submit the following information/documentation to NORA:
 - a. Twenty (20%) non-refundable deposit within sixty (60) days from the date of the letter apprising the adjacent owner(s) of the availability of the parcel and proof of owner occupied status
 - b. Use of Property description – property use must be consistent with current zoning requirements
 - c. Government issued picture identification with the contiguous property as the address
 - d. Proof of Social Security Number
 - e. Evidence of ownership of contiguous property

 - f. Evidence of financial capacity to ensure compliance with all NORA Lot Next Door policies

3. Upon acceptance of the deposit by NORA, the purchaser shall have between sixty (60) and ninety (90) days to submit all supporting documentation and to close on the sale, the exact time within this period to be determined by NORA.

4. If the adjacent owner fails to comply with B(2)(a) of this Section, lots will be packaged for sale through established policies and procedures . However, at no time shall NORA offer the lot to another purchaser at a below Fair Market Value purchase price without first returning to eligible contiguous property owners and offering adequate time to consider the purchase of the property at the reduced purchase price.

7. Residential Land Transfers

A. Residential Land Transfer Policies

These policies pertain to transfers whose future use is residential. At time of transfer, the property may be vacant, improved, or ready to occupy. Transferees are defined as individuals, partnerships, governments, or corporate entities that want to purchase a property from NORA.

1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The subject property must not have been used by the transferee or a family member of the transferee as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases). The Board of Directors may make an exception to this provision in the event of unusual circumstances.
4. The transferee must not have been the prior owner of any real property in Orleans Parish that was transferred to a local government as a result of tax foreclosure within the past five years.
5. The use of transferred property must give consideration to the Community Improvement Project (if one is in place).
6. Parcels of property shall be transferred for consideration in an amount not less than the fair market value.
7. All development projects should be started and completed within a time frame negotiated with NORA per the Development Agreement.
8. Options are generally available for 10% of the parcel price for up to a 12-month period. This fee will be credited to the parcel price at closing. If closing does not occur, the fee is forfeited. All option agreements are subject to all policies and procedures of NORA pertaining to property transfers.
9. Transactions shall be structured in a manner that permits NORA to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing held by NORA.
10. If the property has code or ordinance violations at the time of the transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations, with the period of time being established as appropriate to the nature of the violation and the anticipated redevelopment or reuse of the property.
11. The proposed property use must be consistent with current zoning requirements. If not, a waiver for non-conforming use is a condition precedent to the transfer.
12. The owner-occupant must complete renovations and move into the structure within a timeframe negotiated by NORA.

13. The property may not be used as rental property if the transferee has any judgments against him/her during the past 5 years related to a landlord/tenant issue. In enforcing this provision, NORA may consider the precise nature of the judgment.

B. Residential Land Transfer Procedures – Individual Transferees

1. The prospective individual transferee must submit the following documents to NORA:
 - a. Property address(es)
 - b. Rehabilitation / improvement specifications
 - c. Timeline for rehabilitation / improvement completion (if applicable)
 - d. Project financing (pre-qualification letter from lender)
 - e. Development budget (if applicable)
 - f. Most recent tax return
 - g. Picture identification
 - h. Proof of Social Security Number
2. Within a 30-day period of receiving a complete request packet, NORA staff will complete a basic analysis and present it to the Executive Director for approval.
3. Once the project has been approved, NORA will compile the closing documents for property transfer and complete the transaction with the transferee.
4. Additional information may be required from partnerships and Limited Liability Corporations, as appropriate.

C. Residential Land Transfer Procedures – Corporate Transferees

1. Required Application Documentation. The prospective corporate transferee must submit the following documents to NORA:
 - a. Property address(es)
 - b. Project description
 - c. Market information / plan
 - d. Project financing
 - e. Development budget
 - f. Operating budget for all rental transactions
 - g. Most recent audited financial statement
 - h. Evidence of compliance with all applicable NORA policies
2. Within a 30-day period of receiving a complete request packet, NORA staff will complete a basic analysis and present it to the Executive Director for approval.

3. Once the project has been approved, NORA will compile the closing documents for property transfer and complete the transaction with the transferee.

8. Commercial Land Transfers

A. Commercial Land Transfer Policies

These policies pertain to transfers of real property for which the intended future use is non-residential. At time of transfer, the property may be vacant, improved, or ready to occupy.

1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The subject property must not have been used by the transferee or a family member of the transferee as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases). The Board of Directors may make an exception to this provision in the event of unusual circumstances.
4. The transferee must not have been the prior owner of any real property in Orleans Parish that was transferred to a local government as a result of tax foreclosure proceedings in the past 5 years, unless NORA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
5. The use of transferred property must give consideration to the Community Improvement Project (if one is in place).
6. Potential tenants must give consideration to the community/neighborhood plan (if one is in place) and receive a letter of support from the appropriate planning groups.
7. Parcels of property shall be transferred for consideration in an amount not less than the fair market value.
8. All development projects should be started and completed within a timeframe negotiated with NORA per the Development Agreement.
9. Options are generally available for 10% of the parcel price for up to a 12-month period. This fee will be credited to the parcel price at closing. If closing does not occur, the fee is forfeited. All option agreements are subject to all policies and procedures of NORA pertaining to property transfers.
10. A precise narrative description of future use of the property is required.
11. Transactions shall be structured in a manner that permits NORA to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be

enforced, in certain cases, through reliance on subordinate financing held by the NORA.

12. The proposed use must be consistent with current zoning requirements, or a waiver for non-conforming use is a condition precedent to the transfer.

B. Commercial Land Transfer Procedures

1. Required Application Documentation. The prospective buyer must submit the following documents to the NORA.
 - a. Property address(es)
 - b. Project description
 - c. Market information / plan
 - d. Project financing
 - e. Development budget
 - f. Operating budget
 - g. Most recent audited financial statement
 - h. List of potential tenants and pre-lease agreements
 - i. Evidence of compliance with all applicable NORA policies
2. Within a 30-day period of receiving a complete request packet, NORA staff will complete a basic analysis and present it to the Board of Directors for approval.
3. Once the project has been approved, NORA will compile the closing documents for property transfer and complete the transaction with the transferee.

9. Approvals of Land Transfers

A. Transfers Requiring Board Approval

1. The Board of Directors must approve all transfers that require any exceptions to the priorities, policies, and procedures adopted by the Board of Directors.
2. The Board of Directors must approve all transfers in which the property in the hands of the transferee will be exempt from property taxes.
3. The Board of Directors must approve all transfers that involve more than one interested party.
4. The Board of Directors must approve all transfers to governmental entities.
5. The Board of Directors must approval any transfer not specifically delegated to the Executive Director.

B. Transfers Requiring Director Approval

1. The Director may approve all transfers in the Lot Next Door Program and may further delegate, by written policy, such approval authority.
2. The Director may approve all transfers to individuals for homeownership development.
3. All transfers authorized by the Director must be reported in writing to the Board of Directors at the Board meeting immediately following authorization.

10. Acceptance of Donated Property

A. Donated Property Policies

1. Properties with adverse environmental conditions will not be accepted without a satisfactorily funded plan for remediation approved by NORA.
2. Properties with immediate maintenance requirements will not be accepted without a funding sourced secured for such maintenance.
3. NORA will not determine donation value for the purpose of tax benefits, but will provide a letter describing the property donated.
4. NORA will only accept donated properties located within a Community Improvement Project area.

B. Donated Property Procedures

1. NORA will complete a comprehensive analysis of property to be donated, which will include the following:
 - a. Determine if property is located within a Community Improvement Project.
 - b. Determine the fair market value of the property.
 - c. Determine if there are any environmental concerns.
 - d. Determine if there are any outstanding liens.
 - e. Determine the initial maintenance cost (boarding, demolition, mowing).
 - f. Determine any ongoing maintenance costs.
 - g. Determine the condition of the surrounding neighborhood.
2. NORA staff will present a report of the property analysis and recommended action to the full Board of Directors for approval. Board of Directors approval must be obtained prior to accepting title to donated property.