

CITY OF NEW ORLEANS
C. RAY NAGIN, MAYOR



March 7, 2008

The Honorable David Vitter
Senator
Hart Senate Office Building, Suite SH-516
Washington, DC 20510

Dear Senator Vitter:

Thank you for your letter of March 6, 2008, detailing your concerns about the progress of the Lafitte redevelopment project. Senator, since long before the City Council's historic unanimous decision to approve the demolition of the B.W. Cooper, C.J. Peete, St Bernard and Lafitte housing projects, my staff and I have been working daily to ensure the successful redevelopment of these four significant sites. We welcome your interest and support on this critical recovery issue. Of course you are always welcome to reach out to me personally whenever an issue of this magnitude causes you concern. Today, I am glad of the opportunity to bring you up to date in writing on the discussions with HUD, and to correct several misunderstandings which are suggested by your letter.

The goal of the City's leadership all along has been to ensure that U.S. Department of Housing and Urban Development (HUD)'s plans will restore adequate numbers of housing units in the City of New Orleans to support the return of our citizens and to meet the urgent need for public and affordable mixed income housing. Specifically, the City wishes to see demonstrated before the issuance of demolition permits that HUD's redevelopment financing, planning and contingencies are sufficiently well developed to give confidence as to the projects' timely completion. It will be no contribution to the recovery of New Orleans for cleared sites or half completed developments to stretch vacant for many blocks throughout the heart of our city.

To this end, in the City Council Motion NO. M-07-628 of December 20, 2007, and in letters to Secretary Alphonso Jackson December 21, 2007, and January 31, 2008, on which you were copied, the New Orleans City Council and I laid out conditions for the issuance of demolition permits for the B.W. Cooper, C.J. Peete, St Bernard and Lafitte housing projects.

In my letter of December 21, 2007, I requested that HUD document these plans and contingencies no later than February 28, 2008, a sixty day window. Specifically, I requested to see (1) financing plans for each development; (2) executed Master Development Agreements for each development; (3) executed Memoranda of Understanding with resident councils for each development; (4) redevelopment and repopulation timelines; (5) evidence that phased redevelopment is planned at Lafitte and St Bernard; (6) evidence that 4,534 actual affordable units or home-ownership vouchers will be made available in a timely fashion; (7) verification that the Tenant Protection Program was fully funded for displaced residents; and (8) the expansion of the Housing Authority of New Orleans (HANO)'s Board from one member to three members, to include myself or my designee and a public housing resident. In good faith, assured that HUD and HANO would provide this information, I issued the demolition permits for the B.W. Cooper and the C.J. Peete developments immediately.

HUD requested a meeting January 31, 2008, and did provide some of the information requested, and City Council President Arnie Fielkow, Council Budget Chair Cynthia Hedge Morrell and I were assured that progress towards the satisfaction of our requests was underway. However, not one of the conditions above was fully met at that time. Continuing to engage in good faith, however, I issued a demolition permit for the St Bernard site, with the exception of 75 units designated for phased rehabilitation. As noted in our January 31, 2008, correspondence, and as discussed at the meeting with HUD and HANO representatives, I did not feel comfortable releasing the last of the four permits until documentation addressing the concerns above had been provided.

By February 28, 2008, 60 days after my requests, the progress of our discussions remained disappointing: only five of the eight requests had been satisfied. We had not received executed Master Development Agreements for *any* development; we awaited an executed resident council Memorandum of Understanding for the C.J. Peete; and we had been informed that—although on the morning of the City Council vote, December 21, 2007, Secretary Jackson and Don Babers, Chairman of the HANO Board of Directors, verbally pledged to me to expand HANO's Board—legal complications had been found that would make that impossible.

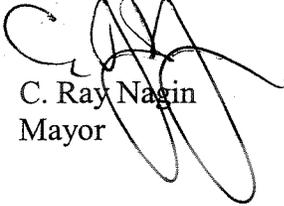
Just today I have received executed Master Development Agreements for the Lafitte and B.W. Cooper projects; but the C.J. Peete and St Bernard Master Development Agreements are still being finalized, two and a half months after the City Council's approval was given. As for the Board issue, our research suggests that what is being characterized as a legal limitation is actually a policy decision. However, in the interest of finding compromise, we drafted a Cooperative Endeavor Agreement that would provide for a three-person Advisory and Oversight Committee with meaningful participatory and transparency provisions. I await HUD's response.

You express your concern that tax credit financing of the redevelopments expires at the end of 2010, presenting HUD with a tight completion schedule. I am committed to the success of these redevelopments, as you are, and I certainly recognize the importance of maintaining sound financing. I am confident that HUD can satisfy my remaining requests with minimal further delay, thereby ensuring that the redevelopment can stay on schedule.

Once I have received the material I have been requesting since December 21, 2007, and have met again with my City Council colleagues to review and discuss it, I will issue a demolition permit for the Lafitte development.

I look forward to continuing to work with you to bring about the successful redevelopment of these sites which are critical to our city's recovery. It is so important that we work cooperatively to ensure the swift and timely restoration of public and affordable housing to the City of New Orleans. Please do not hesitate to call me directly anytime if you have any further questions or concerns.

Sincerely,



C. Ray Nagin
Mayor

cc: Secretary Alphonso Jackson, U.S. Department of Housing and Urban
Development
Louisiana Governor Bobby Jindal
Louisiana Congressional Delegation
New Orleans City Council