



Viet Village
Roadmap to Redevelopment

Prepared for:
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& Gulf Coast Housing Partnership

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About the Roadmap to Redevelopment

The *Roadmap to Redevelopment* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfields communities on redevelopment finance. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFA Brownfields Project Response Teams comprised of CDFA staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFA will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *Roadmap to Redevelopment* was developed through a two-day process that included interviews with numerous stakeholders from the government, business, and non-profit sectors. The plan provides a framework for the financing of the cleanup and redevelopment of the Viet Village property.

The *Roadmap to Redevelopment's* recommendations combine the input of development finance experts, CDFA staff, and the interests of stakeholder groups gathered during the Project Response Team site visit.

Background & History

Mary Queen of Vietnam CDC (MQVN) was established in 2006 to help Vietnamese-Americans in New Orleans East rebuild their lives and community after Hurricane Katrina. MQVN initially played a lead role in providing emergency relief assistance and organizing Vietnamese-American residents to take an active role in rebuilding the New Orleans East area. MQVN has worked to foster quality community development, and New Orleans East is now home to a growing, resilient, multi-cultural community. MQVN works with a range of partners on a wide array of issues including health care, environmental and agricultural concerns, education, housing, social services, economic development, culture and arts.

The Viet Village project is a redevelopment opportunity on a 6.5 acre site adjacent to the New Orleans East Louisiana Community Health Center (NOELA), which is operated by MQVN. Plans for the site include expansion of an urban farm, multi-use commercial space, and affordable senior housing. Prior to Hurricane Katrina, the land housed a small resort-style hotel, and before that, a gas station. Existing sources of contamination include asbestos tile, which remain on the foundation slab. Previous contamination sources included several underground storage tanks, which have been removed. The soil on the site has been remediated.

MQVN has partnered with Gulf Coast Housing Partnership (GCHP) for the Viet Village project. GCHP was established in early 2006 after Hurricanes Katrina and Rita devastated communities throughout the region. Those catastrophes brought together local and national leaders with a shared vision to create a well-capitalized, professional nonprofit community development organization capable of responding to immense immediate need, while building to address long term regional needs.

MQVN and GCHP have divided the project into three development phases. They are currently pursuing New Markets Tax Credits and Low-Income Housing Tax Credits as potential financing sources, but financing gaps remain in all phases of the project.

Phase I: VEGGI Urban Farm Expansion

The Vietnamese-American community in New Orleans East has maintained an extensive network of community gardens since their migration to the area from Vietnam in the 1970s. These gardens produced food that was not readily available in the area and was used by the growers to feed their families. Surpluses were sold informally. Post Hurricane Katrina the Village de l’Est Green Growers Initiative (VEGGI) Urban Farmer’s Cooperative was created to supplement the income for what has traditionally been a fishing community. VEGGI is currently farming on two acres. The produce grown supports a workforce development program and assists residents to grow and sell to local restaurants. The farms use a land based aquaponics system that serves as an aquaculture training center and business model with widespread community-level benefits. Local restaurants and grocers, including Whole Foods Market,



The VEGGI 2-acre farm supplies lettuce and other produce to New Orleans restaurants.

have requested to sell VEGGI's tofu product, made by one of the growers. However, the farm is currently limited in terms of meeting potential market demand for produce and value added products. Plans to expand VEGGI include adding an additional 2.2 acres of land for growing, as well as providing growers access to a commercial kitchen for the manufacturing of value added products.

Phase II: Health Focused Commercial

Since the New Orleans East Louisiana Community Health Center (NOELA) opened in 2014, it has been a vital resource to Viet Village due to the organization's ability to provide services to the Vietnamese, Spanish, and English-speaking populations. NOELA will address health care in the New Orleans East community, covering about 60 percent of the Greater New Orleans area and a quarter of the city's total population, which still lacks basic health care needs. Absence of such care impedes the return and recovery of the community. The elderly and families with young children cannot return without the promise of adequate health services. Because of the lack of health care, the community is susceptible to potential health hazards. Phase II of Viet Village is a 13,000-square foot multi-use facility. This phase will provide a centralized location for these services. The proposed facility will house a wellness center, pharmacy and a dentist office. In addition, there will be space for a legal office, laundromat, bank and commercial kitchen space. The commercial kitchen will allow VEGGI to store produce and provide a space for tofu production.



New Orleans East Louisiana Community Health Center opened in 2014.

Phase III: Senior Affordable Housing

The final project phase of Viet Village is to build an 85-unit affordable housing complex that will allow residents to age in place. This will be the first housing project located near a tri-lingual health facility in the Gulf South. The residents will benefit from the adjacent NOELA Clinic, VEGGI farms and the new health based resources implemented during phase II. Currently there is a lack of culturally competent care in New Orleans East, which directly

contributes to poor patient outcomes, reduced patient compliance, and increased health disparities, regardless of the quality of services and systems available. The Senior Housing aspect of Viet Village will offer an affordable way that older community members can have their needs met, while still being involved in the community.

Recommendations

Part I: Framing the Project

Because MQVN has planned a variety of distinct uses for Viet Village, CDFA recommends that MQVN creates a cohesive vision for the project, particularly the commercial phase. There are several concepts for commercial uses at the site, including a pharmacy, dentistry, law office, and commercial kitchen. By honing in on how the commercial space can be used to fill a community need, the project can be better aligned with potential funding sources and philanthropic partners. Below are some examples of strong themes that potentially lend themselves to the project.

i. Resiliency

New Orleans as a community is resilient, and Viet Village is no exception. When presenting the project to future investors and/or financiers, expand on the aspects of the project that demonstrate this theme.

ii. Food Desert

The location of this project meets the definition of a food desert. MQVN can frame this project as addressing this need for the community.

iii. Job Creation and Workforce Development

MQVN and VEGGI are already successful with their workforce development programs; expanding on these successes may assist in qualifying for future financing opportunities.

Part II: Conduct Market Analysis Related to Commercial Focus

In order to create a cohesive vision for the health focused commercial aspect of Viet Village, CDFA recommends that MQVN completes a business plan with a market analysis for the VEGGI Urban Farmer's Cooperative expansion and commercial kitchen uses (e.g. tofu production). This plan should clarify how the expansion fills a community need and measures market demand for food product. The market analysis section of the business plan should demonstrate industry and market knowledge as well as any research findings and conclusions. Having a business plan that includes this information relative to viability and sustainability will be crucial to tell the story of this project to potential financiers.

Part III: New Markets Tax Credits (NMTC)

The NMTC Program incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities. MQVN is intending to pursue NMTCs as a financing source. Outlined below are several recommendations that CDFA has for MQVN in regards to acquiring NMTCs.

i. Court Community Development Entities

According to the timeline provided by MQVN, Viet Village will need the financing in place for the health focused commercial (Phase II) in the last quarter of 2018. CDFA recommends that MQVN prepare a summary of the deal (description, number of square feet, jobs created, financing needed) to ensure that they are adequately prepared to receive NMTC when the time is right.

ii. Properly Structure Project to Preserve Eligibility

One drawback of the NMTC Program is that the tax credits prohibit farming as a lease on the property.¹ MQVN will have to ensure that the project is structured properly so they can qualify for NMTCs without being in violation of requirements.

iii. Understand the Project Scale

Although the project is located in a census tract that is eligible to receive NMTCs, and the project itself has many qualifying attributes, the total development cost of the current plan is small for a typical NMTC project. Due to the high cost necessary to administer NMTC, it is recommended that the Viet Village project leverage a transaction of about \$5 to \$10 million to justify the higher transaction costs.²

iv. Work with Counsel

NMTCs are a complex financing tool. MQVN and GCHP should seek proper legal counsel to assist with securing NMTCs, deal structuring, issuing tax options and coordinating closings. Hundreds of highly qualified attorneys are available to serve MQVN.

¹ 26 CFR 1.45D-1 - New markets tax credit. (n.d.). Retrieved April, 2017, from <https://www.law.cornell.edu/cfr/text/26/1.45D-1>

² New Markets Tax Credits: Unlocking Investment Potential. (n.d.). Retrieved 2017, from <https://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open=open&id=occ-nmtc-insights-0813.html>

Part IV: Financing Acquisition and Predevelopment

Although MQVN has applied to receive a loan for acquisition and predevelopment funding from Enterprise Community Partners and Crescent City Community Land Trust, they are interested in investigating additional resources. The CDFA team identified the following resources and encourages MQVN to further investigate opportunities for including them in their acquisition and predevelopment funding.

i. ASI Federal Credit Union³

ASI Federal Credit Union is a Certified Community Development Financial Institution (CDFI) that offers a loan program that focuses on projects that address healthy foods.

ii. Partners for the Common Good (PCG)⁴

PCG is a national intermediary that works with local lending partners in providing pre-development financing

iii. EB-5⁵

The EB-5 Visa Program is a federal foreign direct investment, immigration, and regional economic development program that provides access to capital to U.S. businesses. EB-5 capital may be used for hard costs, certain soft costs, pre-development expenditures, working capital and, under the right circumstances, to repay temporary or bridge financing.

Part V: Financing Commercial and Residential Development

MVQN has already identified New Markets Tax Credits, and Low-Income Housing Tax Credits as a source of financing for the health focused commercial and senior affordable housing elements of Viet Village. Even with these tools, gaps in financing still exist. CDFA recommends the following sources as potential financing tools that may bridge remaining development gaps in the commercial and residential phases of Viet Village:

i. Federal Financing Sources

U.S. Department of Health & Human Services – Office of Community Service

The Office of Community Service offers grants to community development corporations for commercial development projects. Special emphasis is placed on projects that support food security in food deserts as well as job creation and business development. The grants are competitive and the funding round is typically in the spring of each calendar year. If the grant application is properly flushed out (i.e. see business plan recommendation on page 7), CDFA believes that MQVN will be highly competitive in the process.

³ Healthy Food Financing Initiative. (n.d.). Retrieved April, 2017, from <https://asifcu.org/hffi>

⁴ Partners for the Common Good. (n.d.). Retrieved April, 2017, from <http://www.pcgloanfund.org/>

⁵ EB-5 Resources. (n.d.). Retrieved April, 2017, from <http://cdfabrownfields.org/cdfa/cdfaweb.nsf/pages/brownfields-resources-eb5.html>

U.S. Department of Agriculture (USDA)

The USDA supports public and private investments in the form of loans, grants, promotion, and other programs designed to create healthy food options in food deserts across the country. Within the USDA, there are technical and financial assistance for healthy food retailers that increase the availability and accessibility of regionally produced foods in underserved areas. Listed below are some potential opportunities for MQVN to pursue.

The Farmer's Market Promotion Program (FMPP)⁶

The FMPP supports farmers markets, mobile markets, roadside stands, community-supported agriculture programs, agro-tourism activities, and other direct producer-to-consumer market opportunities.

The Local Food Promotion Program (LFPP)⁷

The LFPP offers grant funds with a 25% match to support the development and expansion of local and regional food business enterprises to increase domestic consumption of, and access to, locally and regionally produced agricultural products, and to develop new market opportunities for farm and ranch operations serving local markets.

Whole-Farm Revenue Protection (WFRP)⁸

The WFRP provides a risk management safety net for all commodities on the farm under one insurance policy and is available in all counties nationwide.

Urban and Community Forestry Program (UCF)⁹

The UCF provides financial, technical, and educational assistance to cities, suburbs, and towns to support urban tree planting and management, including urban orchard and urban agroforestry projects.

Community Development Financial Institutions Fund (CDFI Fund)

The CDFI Fund provides flexible financial assistance to CDFIs that invest in businesses that provide healthy food options. A scan of CDFIs that have received Healthy Food CDFI funding and that include New Orleans in their target market will be helpful in identifying flexible and low-cost financing options.

ii. City of New Orleans Financing

Community Development Block Grant (CDBG)

CDBG allows states and local governments to award grants to organizations that develop and preserve decent affordable housing, provide services to the most vulnerable communities and to create and retain jobs. Each of the Viet Village project phases meets the

⁶ Grants & Opportunities. (n.d.). Retrieved April, 2017, from <https://www.ams.usda.gov/services/grants/>

⁷ Grants & Opportunities. (n.d.). Retrieved April, 2017, from <https://www.ams.usda.gov/services/grants/>

⁸ Whole-Farm Revenue Protection Pilot Program (WFRP). (n.d.). Retrieved April, 2017, from <https://www.rma.usda.gov/policies/wfrp.html>

⁹ Urban and Community Forestry Program. (n.d.). Retrieved April, 2017, from <https://www.fs.fed.us/managing-land/urban-forests/ucf>

principle requirements of the CDBG program. In New Orleans, it may be difficult to access the CDBG funds; however, if MQVN has the opportunity to pursue them, the funds can be used for property acquisition, cleanup and redevelopment.

HUD Section 108

The Section 108 Loan Guarantee Program (Section 108) can also be used to fund physical redevelopment, including improvements to increase resilience against natural disasters. The program requires the borrower to secure the loan by pledging current or future CDBG allocations. The New Orleans East community has rebounded after facing multiple disasters, most notably Hurricane Katrina and the BP Oil Spill. Tools such as HUD 108 are intended to assist such rebuilding efforts and encourage community redevelopment. Section 108 Funds must have CDGB backing.

City Program Income

The City of New Orleans has had many programs over the years ranging from disaster relief to community building that may have funds or program income left over. Cities often have funds that have not been allocated. MQVN may be eligible to receive funding from the remnants of these programs. Sources with program income or un-used funds may include: Hurricane Isaac Disaster Recovery funds, Urban Development Action Grants, Neighborhood Stabilization Program Funds, or other community development funding.

New Orleans Redevelopment Authority (NORA) Commercial Loan Program

The NORA Commercial Loan Program can provide up to \$1 million gap financing for large scale commercial projects once 85% of funding is in place. At the present time, Viet Village is not located in a targeted area; however CDFA recommends that MQVN still pursues this source as a potential gap filler.¹⁰

iii. Financial Institutions and Private Financing

CDFA recommends that MQVN searches for private sources that measure their performance based on positive social impact instead of just the typical fiscal performance. MQVN should consider:

Hospitals

One of the requirements of the Affordable Care Act states that 501(c)(3) hospitals must assess community needs relative to health and community development. This IRS requirement relates to the wellness component of the project and thus MQVN should explore if an area hospital can lend assistance to the project.

Local Employers

New Orleans East is home to several large employers, many of which have a charitable arm that could invest in the project. In addition, if a local business is getting ready to expand/upgrade facilities, MQVN could combine forces to leverage additional financing.

¹⁰ Commercial Development Gap Financing Program. (n.d.). Retrieved April, 2017, from <http://www.noraworks.org/applications/110-commercial-development-gap-financing-program>

Bank Investment

MQVN should actively engage the Community Reinvestment Act (CRA) officers at local and regional banks. The possibility of bank investment/charitable giving can support various phases of the Viet Village project. Additional avenues in bank investment include:

CRA Audit

Some banks have great need to raise their CRA activity due to poor CRA ratings. Banks that are looking to raise their CRA rating may be willing to provide grants or low interest loans that MQVN can utilize.

Special Funding Initiatives

MQVN may be able to receive RFP support or gain the collaborative support of multiple smaller CDFIs with programs such as Chase: Pro Neighborhoods Initiative. Capital One, Regions, Wells Fargo, Bank of America, and Citi have similar programs.

Federal Home Loan Bank of Dallas

Grant funding is available through the Affordable Housing Program within the Federal Home Loan Bank of Dallas.

iv. Foundations and Charitable Giving

Earlier in the report, CDFAs mentioned that properly framing the project will be beneficial for MQVN. When presenting the Viet Village project to various foundations, the recommendations outlined above will improve the odds of gaining an additional source of funding/financing. Outlined below are several opportunities to pitch the project to charitable foundations.

Funders' Network

The Funders' Network exists to inspire, strengthen and expand funding and philanthropic leadership that yield environmentally sustainable, socially equitable and economically prosperous regions and communities.¹¹

National Foundations

MQVN can greatly benefit from seeking mission-specific investments (i.e. Program-Related Investments (PRIs)) from foundations that can be used to leverage existing capital, and enhance the viability this development project. The combination of public, private and foundation support can help fill gaps in the financing of this Viet Village project. Several national foundations have mission statements and values that align with one or more aspects of the Viet Village project. See the Additional Resources section for links to several national foundation websites.

¹¹ Funders' Network. (n.d.). Retrieved, 2017, from <http://www.fundersnetwork.org/about>

Foundation for Louisiana

The Foundation for Louisiana is also involved in the Funders' Network. MQVN/s work is aligned with the program goals of the foundation, and there may be grant opportunities available.¹²

¹² Community & Economic Development. (n.d.). Retrieved April, 2017, from <http://www.foundationforlouisiana.org/areas/4/community-economic-development>

Additional Resources

CDFA Brownfields Financing Toolkit |

[http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/\\$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf)

CDFA Online Resource Database |

<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

CDFA Federal Financing Clearinghouse |

<https://www.cdfa.net/cdfa/cdfaweb.nsf/ffcsearch.html>

Types of Brownfields Grant Funding (Environmental Protection Agency) |

<http://www.epa.gov/brownfields/types-brownfields-grant-funding#tab-1>

Tax Credit Reference Guide |

<https://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=taxcreditfinrefguide.html>

Ford Foundation |

<http://www.fordfoundation.org/work/our-grants/>

Surdna Foundation |

<http://www.surdna.org/about-the-foundation/mission-and-history.html>

Kellogg Foundation |

<https://www.wkkf.org/what-we-do/overview>

Rockefeller Foundation |

<https://www.rockefellerfoundation.org/>

Blue Cross/ Blue Shield – Louisiana |

<http://bcbslafoundation.org/>

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The Council of Development Finance Agencies is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and non-profit entities alike. For more information about CDFA, visit www.cdfa.net or e-mail info@cdfa.net.

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