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DEAL OF THE WEEK | By Donna Kardos Yesalavich

The Iberville public-housing project is key to the redevelopment of one of New Orleans' poorest areas.

Hardest Job in the Big Easy

Mardi Gras revelers in New Orleans have another reason to celebrate: The conversion of a long-shuttered office building into apartments for low-income senior citizens is almost complete and soon will start accepting residents, marking a milestone in the city's efforts to transform one of its poorest neighborhoods.

The building, which once housed **Texaco Inc.**, now is the Marais apartment building, with 112 units designed for families with heads of households over 62 years of age. It offers city views and shared amenities often found in more upscale housing, including a gardening terrace, computer room and fitness center.

The Marais is the first phase of a $663 million development plan that combines public and private money to revitalize a large swath of central New Orleans.

Key to the plan is the conversion of the 23-acre Iberville public-housing project, adjacent to the Marais, into a mixed-income property. Iberville will include 880 units of housing that fall into three categories—government-subsidized public housing for the poor, unsubsidized affordable "workforce" housing for lower middle-income families, and market-rate housing for middle-class and affluent families. The project also will include schools, health-care facilities, retail space and a transportation plan that would bring back the streetcar line named Desire.

The former Texaco building, which had been vacant for 17 years, "was the most blighted of all the buildings, so it really is putting a building back in commerce that's just been a mess," said Josh Collen, vice president of development for **HRI Properties**, the developer of Marais and Iberville.

The plan is the latest example of a major city trying to reinvent public housing in a way that doesn't concentrate poverty. Much of the public housing built between the 1940s and 1960s deteriorated over the years into crime-ridden enclaves, which dragged down property values for surrounding neighborhoods and stunted economic growth. Cities now are working to deconcentrate such areas by replacing public-housing projects with mixed-income housing, often using federal tax-credit programs as a source of funds while working with private investors.

New Orleans is set to become the second major city after Atlanta to redevelop all of its traditional public-housing projects. The effort was kick-started by Hurricane Katrina, which exacerbated and raised awareness of the dire conditions of the city's housing projects. After the storm, the city's "Big Four" public-housing complexes—B.W. Cooper, C.J. Peete, Lafitte and St. Bernard—were redeveloped into mixed-income housing.

Iberville wasn't one of the city's largest public-housing projects, but it is considered key to revitalizing New Orleans because of its proximity to the tourist-focused French Quarter and business district.

"The French quarter is very vibrant from the middle to the center but as you get toward the project, it crimps growth," said Pres Kabacoff, chief executive of HRI Properties. "Our medical community was afraid to expand in that direction. This particular housing project not only was ghettoized, but it paralyzed the growth of the city."

The broad project for the neighborhood received a $30.5 million grant from the U.S. Department of Housing and Urban Development's Choice Neighborhoods program, in addition to other funding secured through the Housing Authority of New Orleans and from Louisiana and New Orleans.

Construction on the Iberville site has been aided by the closing in late December of a $20.7 million equity investment by **U.S. Bancorp**, whose community-development division provided a $22.2 million loan to bridge the financing during construction. The equity stake enables the bank to qualify for a federal low-income-housing tax credit.

On the site of Iberville, which had 821 public-housing units, the plan calls for 880 new mixed-income apartments, of which 304 will be public-housing replacement units, with the balance to be a combination of market-rate rentals and affordable workforce rentals. Workforce housing doesn't receive subsidies but uses income and rent restrictions related to tax-credit financing.