

LAND EXCHANGE ACTION DELAYED

1-8 4/11/44
Council Decision Set for
April 24 Meeting

By JAMES H. GILLIS

The City Council Thursday postponed until its April 24 meeting action on a resolution to permit the city administration to enter negotiations to effect a property exchange which would facilitate a proposed \$250 million riverfront development involving air rights in the vicinity of the International Trade Mart.

The resolution was introduced by Council President Maurice E. Landrieu and Councilman Philip C. Ciaccio; but no attempt was made to suspend Council rules to consider it Thursday after Councilman Henry B. Curtis served notice that he may ultimately support it, but that if required to act on it Thursday without further study he would vote against it.

Other councilmen joined Curtis in urging delay of action on the resolution which its authors and Chief Administrative Officer Bernard B. Levy said would not mean approval of the proposal, but merely would permit necessary appraisals, surveys and further negotiations before the Council could be expected to act on final approval.

Under a proposal submitted by the New Orleans International Hotel Corp., of which Toddie Lee Wynne, Dallas, Tex., millionaire, is president, and the Louisville and Nashville Railroad, they would acquire 9.1 acres of riverfront property and contiguous riparian rights to comprise part of a 20-acre area on which the development, including an 800-room convention hotel, would be undertaken. In return the city would receive a 500-acre park site on the banks of Lake Villere, otherwise known as Blind Lagoon, in the New Orleans East section.

PROGRAM DEFENDED

On motion of Ciaccio, the Council also delayed until April 24 a decision on the proposal of the Housing Authority of New Orleans to acquire four dwelling units to be construct-

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ed in a lot and portions of five other lots bounded by Lesseps, N. Roman and Poland.

The decision to delay Council action came after a hearing during which Ronald A. Brignac, executive deputy director of the Housing Authority, defended HANO's scattered housing program against attacks by State Rep. Nat G. Kiefer, A. P. Gallinghouse, Orleans Parish registrar of voters, representing various citizens' groups; Mrs. Marie A. DiSalvo, 1822 Poland ave.; Mrs. Virginia A. Harris, 718 First st., and Mrs. Paul Schmit, 1620 France.

Ciaccio asked Safety and Permits Director Albert G. Wylter to report at the April 24 Council meeting on allegations of zoning law violations by the owner of the property made by opponents.

The Council Thursday elected Councilman-at-Large John J. Petre to succeed Councilman-at-Large Maurice E. Landrieu as its president and District D Councilman James A. Moreau to succeed District C Councilman Clarence O. Dupuy Jr. as vice-president for the six month period beginning May 1.

Another resolution on which the Council delayed action until April 24 was one by Landrieu requesting the mayor to take necessary steps to seek a contract whereby the city would transfer the operation of Delgado College to the State Board of Education. Levy told the Council that the administration favors the move, which was recommended by a study committee headed by Moise W. Denery.

The Council decided to delay voting on the resolution when Curtis, though observing that he was inclined to favor it, said action should be delayed in order to permit opponents of such a transfer to express themselves.

ORDINANCES OKAYED

In other unanimous actions, the Council passed ordinances:

By Moreau (by request), amending the city code to make it a misdemeanor to "attempt" to violate the code or any city ordinance. Assistant City Attorney Richard C. Seither explained that the ordinance tracked state law and that its passage would permit expeditious trial in Municipal Court of certain misdemeanor cases which now

must go to Criminal District Court.

By Moreau, discontinuing the use by the city finance department of tax stamps on beverages of high alcoholic content and substituting a reporting system for collection of such taxes, which according to Finance Director Robert E. Develle will save the city an estimated \$27,950.60 in annual costs.

By Ciaccio, by request, providing for an annual inspection of trailers for a fee of \$1 in place of the present \$2 semi-annual fee which is levied for inspection of motor vehicles.

By all councilmen, providing for preparation of plans and specifications and advertisement for bids on paving and installation of subsurface drainage on streets in the 15th phase of the city's paving lien program.

The Council also voted 6-1 to table a resolution by Councilman Eddie L. Sapir urging the mayor to appoint an "independent citizens committee" to investigate rates charged by the Sewerage & Water Board.

The motion to table was offered by Councilman Henry B. Curtis and seconded by Petre.

"The action amazes me," Sapir commented after the Council voted.

In the face of arguments of opponents, Brignac asserted that the scattered housing program had the approval of the Council and the City Planning Commission and that a home ownership program as suggested by Gallinghouse "is not going to reach a great majority of the low income people in New Orleans." He added, "We cannot build for people for home ownership that make less than \$3,000 a year."

Brignac in defending the four purchaser was Frederick J. Otis,

proposed scattered units under attack and a companion four-unit proposal in the same area, told the Council that HANO had an agreement to lease the eight three-bedroom units from Frederick Construction Co.

"We rely on banks," Brignac said in response to questions raised about the recently organized firm headed by Frederick J. Otis. "If the bank loans money, that's all the assurance HANO needs that everything is in order."

Kiefer urged that the Council order a complete investigation into HANO's scattered housing proposals.

"The citizens of the Eighth and Ninth Wards have made extensive study and devoted much time to this matter," Kiefer told the Council. "In many cases, they are charging complete and criminal violations of zoning laws and other city ordinances."

He contended that the Council should not approve future scattered housing proposals until a study has been made of procedures used by HANO to acquire property.

Later Frank Varela, attorney for Otis, asserted that the law firm of which Kiefer is a member closed out a collateral mortgage of \$140,000 under which the Bank of New Orleans loaned Otis \$132,000 for construction of scattered housing.

Kiefer replied that the closing of the mortgage was done for the law firm's client, the bank, and that this had nothing to do with a permit to construct scattered housing on the site.

PRICE ATTACKED

"Once again small property owners who have invested their life's savings in their homes are faced with a situation whereby a group of speculators and developers has arranged to purchase ground for a very reasonable cost and shortly thereafter turn it over for a substantial profit to another group of speculators. Then instead of wishing either to construct buildings that can become home owned by prospective purchasers or rented for a figure in keeping with normal rental prices, they have chosen to sell a package of two four-unit apartment buildings to the Housing Authority of New Orleans at an exorbitant price," Gallinghouse said.

"These two buildings, one of

which is proposed under 47-A under consideration here this morning, will have four three-bedroom apartments each," Gallinghouse continued. "Should the developer . . . keep these two apartment units himself, he could rent them for \$125 each.

"Why does he want to unload them to the Housing Authority? Naturally, so he can collect a substantial sum of the taxpayers' money in one lump settlement, not caring what happens to the values of the other self-owned property in the neighborhood.

"I ask you members of the City Council, do you think that this type of housing policy is helping the underprivileged and low-income groups to own their own homes? Do you think that the people who need to be helped in acquiring their own little homes are the beneficiaries of this type of proposal? Certainly not. All this does is perpetuate people in rental property, take away their self-respect and dignity by keeping them renting all their lives, depreciate surrounding residential property, forcing their owners to sell and move away, more likely to a surrounding parish . . ."

Gallinghouse said, "Just to show you gentlemen what is happening in the promotion of the sale of public housing to the Housing Authority of New Orleans, let's look at proposal 47-A. Ralph Long and John Dussouy, doing business as Dulo Construction Co., bought lots 4A, 5 and 6 of Square 855 at public auction in December, 1966, and lots 7, 8 and 9 on Aug. 12, 1968, for a total price of \$12,650.

"Long and Dussouy sold this same property for \$20,050, or a profit of \$7,400 in five months time. Not a bad investment. The

doing business as Frederick Construction Co."

Gallinghouse added: "Even though Fred Otis, doing business as Frederick Construction Co., paid \$20,000 for the ground and constructed two four-unit apartment buildings, I understand that the Housing Authority is ready to pay \$125,730 for this package. Incredible, but it is true!"

In his response to the allegations of opponents, Brignac asserted that "what we have is

an agreement to lease these eight three-bedroom units from Frederick Construction Co."

RESOLUTION CITED

The resolution by Ciaccio and Landrieu on which the Council deferred action until April 24, recited that: "In response to advertised specifications for air rights proposals, the New Orleans International Hotel Corp. submitted on Jan. 28, 1969, an offer to exchange 500 acres of land in the vicinity of Lake Villere (Blind Lagoon) required by the city for park purposes for the city's right, title and interest in certain properties in the vicinity of the International Trade Center plus the city's riparian rights to bature lands adjacent to city-owned property described in the proposal."

The resolution noted that "the city attorney has ruled the proposal submitted on Jan. 28, 1969, by New Orleans International Hotel Corp. to be non-responsive to the advertised specifications for proposals due to the inclusions of certain properties owned by the city in the offer of exchange which were not included in the advertised specifications," but that the "Council may negotiate for the exchange of properties involved" and that the bidder "has stated its interest in negotiating the exchange."

The resolution added: "It is necessary for the City Council to indicate its intention to proceed further with the negotiations" and "the proposal of New Orleans International Hotel Corp. be approved in principle subject to the following conditions:

"1. The value of land to be received by the city is at least the equivalent of value to be relinquished by the city for its right, title and interest in properties to be exchanged.

"2. The respective property values are to be determined through competent, independent appraisals of all properties involved in the exchange, which appraisals are hereby authorized to be made.

"3. Prior to formal authorization of an act of exchange for properties involved, an agreement setting forth the obligations of both parties to the transaction be submitted for Council approval. Such agreement shall include, but not be limited to the obligations of New Orleans International Hotel

Corp. to satisfy the rights of other parties in respect to existing servitudes and easements.

"4. A survey be made by the city of New Orleans of all properties set forth in the proposal set forth by the New Orleans International Hotel Corp. to specifically define the land to be traded by the city and land offered by the corporation."