

August 21, 2023

Mr. Gilbert Montaña,  
Chief Administrative Officer  
City of New Orleans  
1300 Perdido St, Suite 9th Floor  
New Orleans, LA 70112

Re: The Plaza Tower and Enforcement of the Minimum Property Maintenance Code

Dear Mr. Montaña,

The Office of Inspector General (OIG) is authorized to comment on rules, regulations, policies, procedures, and transactions for the purpose of preventing fraud, waste, and abuse, or promoting efficient and effective government.<sup>1</sup> This letter is in regard to the City of New Orleans' (City) response to the hazardous conditions of the property located at 1001 Howard Avenue, commonly known as the Plaza Tower building, and the danger the property poses to its citizens and visitors. The OIG did not conduct a review of the City's response to blight in general. As discussed below, the OIG found the City has not effectively performed its duty with respect to the mitigation of the threats presented by the Plaza Tower.

Control of blight in the city of New Orleans is the responsibility of the Division of Code Enforcement.<sup>2</sup> The City's Code of Ordinances outlines the regulations for all commercial and residential structures in the city, including the Minimum Property Maintenance Code (Code).<sup>3</sup> The Code provides the minimum standards that commercial and residential properties, as well as vacant lands, must meet to protect the "health, safety and welfare of the public."<sup>4</sup> According to the Code, any commercial or residential building or vacant land may be declared blighted if it is uninhabitable or hazardous because its physical characteristics pose a threat to public health and safety.<sup>5</sup> A property is not automatically considered blighted when it reaches a certain condition. Rather, it must be declared blighted at an administrative hearing which is conducted by the Division of Code Enforcement.<sup>6</sup>

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<sup>1</sup> Home Rule Charter of the City of New Orleans Article IX, Sec. 9-401(2); City Code Sec 2-1120 (2) and (10)(f).

<sup>2</sup> City Code Sec. 26-151.

<sup>3</sup> City Code Sec. 26-146, *et seq.*

<sup>4</sup> City Code Sec. 26-147.

<sup>5</sup> City Code Sec. 26-236.

<sup>6</sup> *Ibid.*

The Plaza Tower is one of the most noticeable vacant properties in New Orleans and poses a significant threat to public safety. The current owners purchased the property in 2014, but the building has been vacant since 2002, prior to Hurricane Katrina.<sup>7</sup> A review of the City's One Stop Permits and Licenses website showed that there were no permits issued to renovate the property between 2014 and 2020. Furthermore, there were no fines issued by the Division of Code Enforcement between 2015 and 2021, despite the building's obvious state of disrepair.<sup>8</sup>

In March 2021, the Division of Code Enforcement conducted an inspection of the property and found 15 violations of the City's Minimum Property Maintenance Code, and subsequently scheduled an administrative hearing. On May 20, 2021, prior to the scheduled hearing, a piece of debris fell from the side of the Plaza Tower building and injured a passing bicyclist.<sup>9</sup> After the debris injured a bystander, the owner applied for a permit to renovate the building. Even then, the permit only covered the installation of netting around the top portion of the building to prevent more debris from falling.<sup>10</sup>

In response to the falling debris, the City hastily secured the areas surrounding the Plaza Tower building, including site visits by the New Orleans Police Department, the New Orleans Fire Department, the Department of Safety and Permits, and the Division of Code Enforcement, as well as the closure of several major city streets by the Department of Public Works (DPW) to prevent additional injuries to bystanders. The streets surrounding the Plaza Tower building were closed to traffic for over a month, which caused disruptions to the daily commute of citizens.<sup>11</sup> The street closures also deprived the City of revenue from the parking meters located on the affected streets.

The City reserved unto itself expansive powers to enforce the Minimum Property Maintenance Code on residential and commercial properties, but has failed to effectively utilize these powers. The Division of Code Enforcement may proceed via administrative hearing for the issuance of fines, imposition of liens, and/or a declaration of blight, with subsequent seizure and/or demolition of the blighted property.<sup>12</sup> In emergency situations, where there is an imminent danger to life, health, or public safety, the City may also perform abatement of the property on its own, without first conducting a hearing.<sup>13</sup> According to the publicly available Code Enforcement Hearing database, there were no recorded administrative hearings related to the Plaza Tower building between January 2012 and May 2021.<sup>14</sup>

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<sup>7</sup> Orleans Parish Assessor's Office, "Report: 1001 Howard Av," accessed August 4, 2023, <https://beacon.schneidercorp.com/Application.aspx?AppID=979&LayerID=19792&PageTypeID=4&PageID=8663&Q=1885935369&KeyValue=1001-HOWARDAV>; see also City Council Motion, M-23-210 (May 11, 2023), 1.

<sup>8</sup> "One Stop App," City of New Orleans, accessed August 4, 2023, <https://onestopapp.nola.gov/>.

<sup>9</sup> Ramon A. Vargas, "Bicyclist Struck and Injured by Debris Blown Off Abandoned New Orleans Skyscraper," May 20, 2021, accessed June 29, 2023, [https://www.nola.com/news/traffic/bicyclist-struck-and-injured-by-debris-blown-off-abandoned-new-orleans-skyscraper/article\\_a223893a-b9b6-11eb-b708-eba5b7365546.html](https://www.nola.com/news/traffic/bicyclist-struck-and-injured-by-debris-blown-off-abandoned-new-orleans-skyscraper/article_a223893a-b9b6-11eb-b708-eba5b7365546.html).

<sup>10</sup> "One Stop APP," City of New Orleans, accessed August 4, 2023, <https://onestopapp.nola.gov/>.

<sup>11</sup> City Council Motion, M-23-201 (May 11, 23).

<sup>12</sup> City Code Sec. 26-232 – 26-240.

<sup>13</sup> City Code Sec. 26-242.

<sup>14</sup> City of New Orleans Open Data, Code Enforcement All Hearings, accessed May 19, 2023, <https://data.nola.gov/Housing-Land-Use-and-Blight/Code-Enforcement-All-Hearings/44ct-56tr>.

The first administrative hearing related to the property under the current owner was held on November 9, 2021, where an administrative hearing officer found the owners of the Plaza Tower guilty of eleven separate violations of the Code, and fined them \$4,075.<sup>15</sup> These violations were a result of deficiencies in the property from sidewalk repairs to fencing and walls. According to the judgment, the property owners had 30 days to correct the various violations and after the 30-day grace period, the owners were charged a fine of \$250 per day for each outstanding violation. The daily fines continued from the 31<sup>st</sup> day until the violations were cleared to the satisfaction of the Division of Code Enforcement, or for one year, whichever came first. In the case of the Plaza Tower, failure to remediate each of the violations within a year would have cost the owners up to \$1,003,750. Rather than pay the \$4,075 judgement or the daily fines, the owners filed a suspensive appeal in the Orleans Civil District Court, effectively halting the City's ability to enforce the judgment.<sup>16</sup>

Per discussion with our office, the Director of Code Enforcement stated that although the City was unable to able to formally enforce the terms of the November 2021 judgment while the suspensive appeal was pending, the Division of Code Enforcement has continued to work with the owners of the building to monitor progress of any improvements made. Yet, even prior to the judgment and subsequent appeal, the City did not hold the owners of the Plaza Tower to the Code. Even as the City Council demanded stiffer penalties and granted the Division of Code Enforcement broader authority to compel compliance with the Code, the Mayor publicly expressed the Administration's unwillingness to impose harsh penalties on the owners of the Plaza Tower.<sup>17</sup>

In a May 3, 2023 press conference, Mayor Cantrell touted a commitment to blight reduction and public safety, supporting a newly revised piece of state legislation that allowed criminal liability for the owners of blighted properties.<sup>18</sup> The revisions to the statute in question became effective on August 1, 2023. At the time, the Mayor said the City was developing a "Top Twelve" list of properties that would be prioritized for enforcement, including the Plaza Tower, and that this list would be made public.<sup>19</sup>

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<sup>15</sup> Code Enforcement Hearings Bureau, *City of New Orleans vs. Pinnacle Towers Inc and Alexandra Land & Development LLC* (Administrative Judgment), November 9, 2021.

<sup>16</sup> *Alexandra Land & Development, L.L.C., and Pinnacle Towers Asset Holding LLC vs. The City of New Orleans*, No. 2021-9939, Orleans Civ. Dist. Ct. (dismissed July 10, 2023) According to the Code Enforcement Notice of Judgment, if a party furnishes security at the time of the appeal, the judgment is suspended while the appeal is pending.

<sup>17</sup> Anthony McAuley, "City Council Members Press Cantrell To Crack Down on Plaza Tower Owner Over Hazards," nola.com, May 10, 2023, accessed May 10, 2023, [https://www.nola.com/news/business/city-council-to-press-cantrell-over-plaza-tower-hazards/article\\_60cbc904-eeaa-11ed-8d41-573135c08a21.html](https://www.nola.com/news/business/city-council-to-press-cantrell-over-plaza-tower-hazards/article_60cbc904-eeaa-11ed-8d41-573135c08a21.html)

<sup>18</sup> Mayor LaToya Cantrell, "New Orleans Mayor Holds Weekly News Conference," aired on WDSU News, May 3, 2023, 4:58, accessed August 4, 2023, <https://www.youtube.com/watch?v=AD9qYWtZfWM>.

<sup>19</sup> *Ibid.*, at 40:00.

However, days later the Mayor pushed back on the City Council's plans to order stronger enforcement of the Code against the owners of the Plaza Tower building and stated that the owner of Plaza Tower requested that City Council's motion for stiffer penalties be deferred. Mayor Cantrell then voiced concerns that fines could jeopardize a potential sale, and would not bring about a solution to the blight.<sup>20</sup> Other administration officials have similarly mentioned the potential economic value of the property as a reason why the City has been lenient regarding enforcement.

Further, officials implied the property did not pose the same danger as some other blighted properties. Nevertheless, in the two years since inspectors found numerous violations of the Code in March 2021, there have been multiple events at the Plaza Tower building that underline the significant threat to public safety. The November 2021 judgment ordered the property owners to replace or repair the fencing around the property, and City administrators shared that the new fencing was required specifically to keep intruders out of the building. Since then, there have been several reports of intrusions on the building by members of the City's homeless population, and in 2023 alone the building has been the site of fires and a falling death.<sup>21</sup> However, as with the netting that was only installed after debris injured a bicyclist, new fencing was only installed after a man fell to his death.<sup>22</sup> Additionally, there has been a continued threat of falling tiles, which prompted new street closures in January and May of this year.<sup>23</sup>

Finally, between January 2021 and the beginning of July 2023, NOPD officers were called to the area in the immediate vicinity of the Plaza Tower more than 170 times for crime-related complaints.<sup>24</sup> These included a range of incidents from trespassing, drug activity, and burglary, to aggravated assault. At a time when the number of police officers on the force is at critically low levels, this diverted much needed resources and police response. The economic potential of the Plaza Tower should not take priority over the safety of citizens in New Orleans.

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<sup>20</sup> Mayor LaToya Cantrell, "New Orleans Mayor Holds Weekly News Conference," aired on WDSU News, May 10, 2023, 15:15, accessed August 4, 2023, <https://www.youtube.com/watch?v=AWDeFcZz884>.

<sup>21</sup> Paul Murphy, "Man Dead After Falling from Abandoned Plaza Tower," *wlvt.com*, April 24, 2023, accessed August 4, 2023, <https://www.wlvt.com/article/news/local/orleans/man-falls-abandoned-plaza-tower/289-2fb5c766-767a-48eb-ab91-8ffda3c4c959>; "New Orleans Police Investigate After Homeless Person Falls to Death from Plaza Tower," *wdsu.com*, April 24, 2023, accessed August 4, 2023, <https://www.wdsu.com/article/new-orleans-plaza-tower-person-fell/43686433>; Ka'Cell El-Mansura, "Fire Under Investigation in Vacant Plaza Tower," *WGNO*, April 23, 2023, accessed August 4, 2023, <https://wgno.com/news/crime/nofd-fire-under-investigation-in-vacant-high-rise-apartments-in-warehouse-district/>.

<sup>22</sup> WWL-TV, "Street Next to Plaza Tower Reopens to Traffic After Building Owner Takes More Safety Measures," *nola.com*, June 14, 2023, accessed June 14, 2023, [https://www.nola.com/news/street-next-to-plaza-tower-reopens-to-traffic-after-building-owner-takes-more-safety-measures/article\\_1b9f38b4-0adb-11ee-87e2-a385df392ab4.html#tncms-source=the-latest](https://www.nola.com/news/street-next-to-plaza-tower-reopens-to-traffic-after-building-owner-takes-more-safety-measures/article_1b9f38b4-0adb-11ee-87e2-a385df392ab4.html#tncms-source=the-latest).

<sup>23</sup> City Council Motion, M-23-201, May 11, 2023, 1.

<sup>24</sup> Evaluators reviewed all NOPD calls for service between January 1, 2021 and July 7, 2023. Calls were filtered to include only calls for service for the City blocks including 1000 block of Howard Avenue, 800 block of Loyola Avenue, 1000 and 1100 blocks of Julia Street, and 800 block of Rampart Street. To access NOPD calls for service data see <https://nopdnews.com/transparency/policing-data/>.

In response to the increasing threat to public safety posed by the Plaza Tower, the New Orleans City Council passed three motions earlier this year. The motions required:

- 1) The Law Department to proactively litigate the appeal of the November 2021 judgment after 18 months with no movement in court;
- 2) The Division of Code Enforcement to present the Council with a written plan to assess the condition of the building and for enforcement of the Code against violations; and
- 3) The Division of Code Enforcement to hold an administrative hearing during which the cost for all street closures borne by the City related to the Plaza Tower would be assessed to the property owners.<sup>25</sup>

With respect to proactive litigation of the appeal of the November 2021 judgment, a hearing was scheduled to occur on June 30, 2023. However, two days prior to the scheduled court date, the owners of the property abruptly dismissed the appeal, making the 2021 judgment final.<sup>26</sup> While the owners agreed to pay the City the \$4,050 fine that was ordered, the City must still move for an administrative determination of the amount of the potentially \$1,003,750 in daily fines it can recover.

As required by the City Council, the Division of Code Enforcement developed a documented plan to mitigate further injury and loss of life as well as secure the areas surrounding the Plaza Tower building.<sup>27</sup> The document included some of the work that the Division of Code Enforcement and other departments have already completed, such as working with the owners to install netting to catch additional debris and new fencing around the base of the building. The plan also discussed three options for further enforcement under the Code, which included the sale of the property to a third party with the intention to redevelop and restore to commerce, demolition of the property, or working with the owner to donate the property to the City. Because of the cost associated with a demolition and the likelihood that the property owners would tie any demolition efforts up in litigation that could last for several years, the Director of the Division of Code Enforcement recommended sale and renovation of the building as the best way forward. However, the document noted, and administration officials shared with this office, the owners of the Plaza Tower have resisted requests to provide 24-hour security that would protect the property from further intrusions.

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<sup>25</sup> New Orleans City Council Motions M-23-180, M-23-210, and M-23-201, passed May 11, 2023.

<sup>26</sup> Joint Motion to Dismiss Appeal of Administrative Judgment, *Alexandra Land & Development, L.L.C., and Pinnacle Towers Asset Holding LLC vs. The City of New Orleans*, No. 2021-9939, Orleans Civ. Dist. Ct. (dismissed July 10, 2023)

<sup>27</sup> Letter from Thomas Mulligan to Members of the New Orleans City Council, June 22, 2023.

Finally, the Division of Code Enforcement also scheduled a hearing for August 22, 2023 to assess the costs incurred by the City against the owners of the Plaza Tower. The Division of Code Enforcement and the Law Department will attempt to hold the Plaza Towers owners accountable for not only the daily fines imposed by the 2021 judgment, but also the costs associated with securing the property from threats of falling debris. After gathering estimates from multiple City departments, these past efforts cost the City of New Orleans approximately \$198,700 in resources and man-hours. This figure represents lost parking revenues and the salaries for city employees in the affected City departments for tasks that were not associated with normal operations. The decision of how much money to award from the daily fines and the costs associated with securing the streets surrounding the Plaza Tower rests with the hearing officer.

Considering the foregoing, the OIG recommends the Division of Code Enforcement and the Law Department use every viable option to hold the owners of the Plaza Tower accountable for the losses to the City caused by the failure of the owners to properly secure and renovate the building. Although this office recognizes the discretion of the hearing officer in awarding damages, the OIG recommends that the City should aggressively seek reimbursement of all fines owed as a result of the November 2021 Code Enforcement Hearing Judgment (up to \$1,003,750) and the expenses incurred by city departments in securing streets around the privately owned Plaza Tower building (\$198,700).<sup>28</sup> Given the fact that there was no permit application filed by the owners to renovate the building in more than six years of ownership and there have been multiple injuries to citizens due to the condition of the building, the Law Department should also present all relevant information to the District Attorney for any actions he deems reasonable, including criminal blight charges if the statutes apply.<sup>29</sup>

Going forward, the OIG recommends that the Division of Code Enforcement should also set a reasonable, but firm, deadline for sale of the property to a new party. According to City officials, the owners of the Plaza Tower are currently working with a potential buyer who plans to renovate the property. These negotiations have been underway for several months and it is unclear when the proposed sale may be finalized.<sup>30</sup> The Division of Code Enforcement's letter to the City Council suggests that if the sale falls through, the City may move forward with either demolition or creating a public-private partnership. The OIG also recommends that the City continues to monitor the progress of the proposed sale. If the sale is not finalized by a prescribed date, the Division of Code Enforcement should proceed with the next steps in its plan for enforcement. The City cannot continue to allow the hope of future economic gain to stall enforcement against a present threat to the safety of citizens and visitors.

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<sup>28</sup> See *Mystery House, LLC. v. City of New Orleans*, 2020-0014 (La. App. 4 Cir. 11/25/20), affirming Daily Fines and Costs Judgment.

<sup>29</sup> La. R.S. 14:107.3 allows property owners to be charged criminally if they willfully or negligently allow properties to remain in a blighted condition after an administrative hearing.

<sup>30</sup> Anthony McAuley, "City Council Members Press Cantrell To Crack Down on Plaza Tower Owner Over Hazards," *nola.com*, May 10, 2023, accessed May 10, 2023, [https://www.nola.com/news/business/city-council-to-press-cantrell-over-plaza-tower-hazards/article\\_60cbc904-eeaa-11ed-8d41-573135c08a21.html](https://www.nola.com/news/business/city-council-to-press-cantrell-over-plaza-tower-hazards/article_60cbc904-eeaa-11ed-8d41-573135c08a21.html)

Since 2002, the Plaza Tower has had multiple owners, none of which have been successful in renovating the property and placing it back into commerce. Therefore, if the current negotiations for the sale of the property is finalized, the City should work collaboratively with the new owners of the Plaza Tower to expedite renovations. The Department of Safety and Permits should also remove any unnecessary hurdles that hinder progress towards this goal. However, the Division of Code Enforcement should not hesitate to enforce the Code against the new owners if they fail to adequately secure the building against blight in a timely manner.

The City of New Orleans has many responsibilities to its citizens, one of the most important of which is to protect their health and safety. While the Division of Code Enforcement has made significant efforts to hold the owners of the Plaza Tower accountable since 2021, the City's failure to enforce the Code on the owners in previous years created an increasing threat to public safety that is still evident today. As such, the City must take all necessary steps to enforce the Minimum Property Maintenance Code against the Plaza Tower and any other large blighted properties, despite the potential negative impact the efforts may have on the hope of future economic gain.

Respectfully,

A handwritten signature in blue ink that reads "Edward Michel". The signature is written in a cursive, flowing style.

Edward Michel, CIG  
Inspector General

Cc: Thomas Mulligan, Director of Code Enforcement  
Donesia Turner, City Attorney