Bringing Louisiana Renters Home

An Evaluation of the 2006-2007 Gulf Opportunity Zone Rental Housing Restoration Program

June 2007

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June 2007

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Government Agencies, Terms, and Programs Mentioned in this Report

LRA–Louisiana Recovery Authority
The Louisiana Recovery Authority is the planning and coordinating body that was created in the aftermath of hurricanes Katrina and Rita to plan—in collaboration with local, state, and federal agencies—for the long and short-term recovery and rebuilding of Louisiana. The LRA Board of Directors assists Governor Kathleen Babineaux Blanco in leadership of the recovery process. The board recommends policy, planning, and resource allocation affecting programs and services for the recovery. In 2005 and 2006 Congress approved $10.4 billion in Community Development Block Grant funds for recovery in Louisiana. The LRA designated uses of these funds through The Road Home program. The recovery programs outlined in the Road Home are administered by the Disaster Recovery Unit of the Office of Community Development.[1]

LHFA–Louisiana Housing Finance Agency
The Louisiana Housing Finance Agency's mission is to provide decent, safe, and affordable housing opportunities for every low- and moderate-income Louisianan, with special focus on first-time homeowners, certified teachers, seniors, the disabled, and single parents. These programs are funded primarily through the housing tax credits allocated by the IRS. Additional agency funding comes from various federal and state sources. LHFA is governed by a 15-member board: the secretary of the Department of Social Services, the state treasurer, one member appointed by the president of the Senate, one member appointed by the Speaker of the House, and 11 members (appointed by the governor) representing various housing sectors and the public.[2]

OCD–Office of Community Development
The primary goal of the Office of Community Development (OCD) is to improve the quality of life for the citizens of Louisiana, mainly through the use of Community Development Block Grant (CDBG) funds from the federal government. In 2005 and 2006 Congress approved $10.4 billion in CDBG funds for Louisiana's Road Home program. The Disaster Recovery Unit of the OCD administers these funds.[3] The majority of the funds have been allocated to housing recovery through three programs—a Homeowners Program, a multifamily rental program, and a Small Owners program.

GO Zone–Gulf Opportunity Zone
The Gulf Opportunity Zone Act of 2005 (HR 4440 passed by Congress on Dec. 16, 2005, and signed by President Bush on Dec. 21, 2005) establishes tax incentives and bond provisions to rebuild the local and regional economies devastated by hurricanes Katrina and Rita. The act is commonly referred to as the "GO Zone Act."[4] The act awarded $170 million in Low Income Housing Tax Credits (extended over 10 years to total $1.7 billion) to fund rehab or new construction of affordable rental housing in Louisiana.

CDBG–Community Development Block Grant
CDBG is a federal entitlement program administered by the U.S. Department of Housing and Urban Development's Community Planning and Development Office. CDBG provides flexible funds to improve communities' housing and economic development opportunities—principally for persons with low and moderate incomes.[5]

LIHTC–Low Income Housing Tax Credit
LIHTC is a federal housing program that provides a corporate tax credit for investment in income-restricted rental housing. Housing developments receiving tax credits must restrict at least 20 percent of units to households at 50 percent of area median income (AMI) or less or at least 40 percent of units to households at 60 percent of AMI or less. The tax credit program is administered by each state's housing finance agency.

AMI–Area Median Income
Each year, the federal government calculates the median income for communities across the country. Area median incomes are adjusted for family size. In the New Orleans MSA, the 2006 median family income for a family of four was $52,600. AMI creates the standard for calculating housing affordability in federal housing programs.

MSA–Metropolitan Statistical Area
Metropolitan Statistical Areas are geographic entities defined by the federal government for use by federal statistical agencies in collecting, tabulating, and publishing federal statistics. A metro area contains a core urban area with a population of 50,000 or more. It consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.[6]

QAP–Qualified Allocation Plan
Housing finance agencies such as the LHFA require a Qualified Allocation Plan from developers who wish to be considered for LIHTC allocations. The QAP includes a scoring mechanism that allows the housing finance agency to rank development projects and allocate funding accordingly.

PSH–Permanent Supportive Housing
PSH is housing coupled with supportive services that is affordable to extremely low-income special needs populations—including seniors, people with disabilities, and people at risk of homelessness.

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[1] Louisiana Recovery Authority, "Mission," retrieved from http://www.lra.louisiana.gov/.
[2] Louisiana Housing Finance Authority, "About LHFA," retrieved from http://www.lhfa.state.la.us/.
[3] State of Louisiana, Division of Administration, "Disaster Recovery Section." *Office of Community Development*, retrieved from http://www.doa.louisiana.gov/cdbg/drhome.htm.
[4] The Louisiana Gulf Opportunity Zone Business Recovery Guide, "What is the GO Zone?" retrieved from http://www.gozoneguide.com/story_2.html.
[5] Community Housing by Pacific Retirement Services, "Glossary," retrieved from http://www.senioraffordablehousing.org/development/glossary.
[6] U.S. Census Bureau, "Metropolitan and Micropolitan Statistical Areas," *Current Lists of Metropolitan and Micropolitan Statistical Areas and Definitions*, retrieved from http://www.census.gov/population/www/estimates/metroarea.html.

Executive Summary

Following the loss of over 200,000 homes in Louisiana from Hurricanes Katrina and Rita, the Louisiana Recovery Authority (LRA), the Louisiana Housing Finance Agency (LHFA), and the Office of Community Development (OCD) worked over the last year to fulfill the first of its two rental restoration programs--the multifamily rental housing program laid out in the Road Home Recovery plan. This report, which reviews those efforts, found that while the LHFA was effective in approving development projects slated to repair or newly build 15,000 homes—that resources for bringing renters home still fall far short of the need. This multifamily rental program, together with the 18,000 rental homes slated to be repaired by the Small Owner Rental Program—will together replace only two-fifths of the 82,000 rental homes damaged or destroyed. With rent increases as high as 200 percent in the most damaged parishes, and escalating costs of insurance and construction, displaced renter households are at continued risk of ongoing displacement far from home.

Key Findings

Housing is a key determinant of opportunity: where a family lives determines their access to quality education, transportation, good jobs, and other essential resources. The LRA, LHFA, and OCD used their funds to promote greater economic integration of housing developments—a positive new development practice for Louisiana—but did not sufficiently prioritize siting the housing near key services such as transportation, schools, etc.

While the agencies effectively moved an unprecedented amount of financing to restore the housing damaged and destroyed by the storm, they do not have sufficient resources to meet the scale of need, particularly for serving the most vulnerable residents who lost housing. Louisiana's most vulnerable citizens—seniors, people with disabilities, people on fixed or very low incomes—are still severely underserved, with fewer than half of the units targeted for these residents actually funded by the program.[7] And while a significant share of these program resources were dedicated to the replacement of New Orleans public housing, only a fourth of those shuttered homes have funds allocated for their redevelopment.

While the program effectively apportioned funds to the most damaged parishes, some parishes have resisted the siting of these developments, despite the unmet need for quality affordable housing in every affected parish.

While the new and repaired homes funded by the program will make a critical contribution to bringing displaced residents home, the escalating costs of construction and insurance have meant the resources allocated to date will not meet all of the need of the over13,000 families still housed in group trailer sites and 31,000 families still on FEMA housing assistance far from home.

Recommendations

While the LRA, LHFA, and OCD are responsible for directly addressing the rental housing shortage in Louisiana, the federal government has the authority to provide the funds necessary to enable state and local government to proceed. To create the affordable housing needed, reach the deepest

[7]The goals for serving lowest income residents were missed for several reasons. First, the resources for the piggyback program, planned by the LRA to fund such housing, were allocated by Congress on a slower timeline than the tax credit program. The tax credit program, run by the LHFA, received its allocation in December, 2005, while the piggyback program, funded by CDBG funds, was not appropriated until June, 2006, and was only applied to the third round of tax credit allocations. A second reason for missing the goals was due to the agency prioritizing larger developers who are not the customary developers of such special-needs housing.

possible affordability, and create mixed-income communities and permanent supportive housing for low-income families, this report makes eight recommendations that are described in more detail in the body of this report. The recommendations can be summarized in three categories:

- **Provide more funding and deeper affordability.** The federal government should allocate additional resources to restore a greater share of the lost affordable rental housing—including all of the formerly subsidized housing that served the most income vulnerable households—in the Senate version of HR 1227 now before Congress.[8]

  The state should expend all the remaining Road Home piggyback funds and Small Owner program funds as outlined in the Road Home to address the enormous unmet rental housing need for displaced residents.

  Additionally, the state legislature should allocate ongoing dedicated revenue to its Housing Trust Fund as 37 other states do, to consistently make progress in providing quality affordable housing choice to Louisiana residents.

- **Connect housing to opportunity.** To ensure quality housing in communities of opportunity, the LHFA must prioritize future resources to siting housing near services, schools, and job opportunities and create economic integration within the developments and the neighborhoods in which they are sited. The governor, the LRA, the LHFA, OCD, the attorney general, HUD, and the Department of Justice must create a multifaceted approach to respond to local government resistance to the location of affordable housing. Such efforts should include public awareness campaigns on who needs quality affordable housing in the state; the creation of a comprehensive housing plan for the state; administrative and legislative requirements for each parish to participate in developing plans to incorporate its share of low income and vulnerable populations; legal investigations into fair housing violations; and defeat of the current state legislative proposal HB 223, which would permit jurisdictions to discriminate against affordable developments.

- **Better management of completed sites and engagement of small developers with specialized skills.** LHFA should conduct state of the art management practice trainings for developers and managers of properties funded by tax-credits, and work with local agencies to ensure timely code enforcement when problems arise. Additionally, LHFA should proactively work with developers to ensure high quality design and developments that are well integrated into communities. Continue to foster the special needs housing development sector by setting aside funds for such developments, or awarding them priority scoring points. Strengthening these development sectors will enable them to better serve Louisiana's more vulnerable residents, and strengthen the state's ability to recover from future storms.

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[8]HB 1227, passed by the House of Representatives in March 2007, to be taken up by Senate Banking Committee in June, addresses part of this need. The Senate version, co-sponsored by Senators Landrieu and Dodd, expands rental resources to address some of the deepest needs.

Introduction

Before Hurricanes Katrina and Rita, the Governor's Solutions to Poverty Network of community leaders identified quality affordable housing as a need in every region of the state. Yet in 2004, the state had comparatively little experience, infrastructure, or resources with which to foster a robust program for affordable housing development. Just as leaders were buckling down to address the challenge, the hurricanes and breached levees destroyed or severely damaged more than 200,000 homes. What had been an ongoing crisis in the state became an extreme emergency.

Nearly two years, most people who lost their homes are still at a loss. Of the 200,000 units in Louisiana with major or severe damage from hurricanes Katrina and Rita, 82,000 (40 percent) were rental units.[9] Renters face a complex and sometimes overlooked dilemma in returning to their homes and communities. Over half of these lost rental units were affordable to households making less than 80 percent of the area median income (AMI),[10] either through government subsidy programs or simply by being low-cost units. These households—the majority with household members working in a low-wage economy—have little recourse for securing housing today. The massive loss of affordable housing has exacerbated the pre-storm reality of high housing burdens on many low-income families. The result has significantly increased the need for deeply affordable units. With rents increasing as much as 40 to 200 percent since the storms,[11] few apartments are affordable to people making less than the median income for the area.[12] In June 2007, FEMA estimated over 13,000 families were still in group trailer sites, and 31,000 families were still reliant on temporary housing assistance in distant cities.[13]

Congress set aside both flexible Community Development Block grant funds and Low Income Housing Tax Credits (see Appendix 1 for an explanation of how LIHTC works) as a way to foster rebuilding of rental housing that meets the needs of diverse Louisianans. Two programs established by Congress and shaped by the Louisiana Recovery Authority's (LRA) Road Home program are specifically directed at replacing a portion of this lost rental housing. The multifamily (large rental program), administered by the Louisiana Housing Finance Agency (LHFA) received a special $170 million allocation of Low Income Housing Tax Credits (LIHTC)[14] in the years 2006-2008 to spur housing redevelopment. The LIHTC funds have been coupled with $667 million of Community Development Block Grant (CDBG) dollars in a "piggyback" arrangement to help the new developments serve lower income and special needs populations.[15] The second rental housing program is the Small Owner program, administered by the Office of Community Development (OCD), which helps rehab damaged single to four-plex properties that are offered for lower rents.[16]

Over the last year, the LHFA worked in concert with the LRA and OCD to allocate the tax credits to both speed housing rebuilding and to pursue developments that integrated housing choices to meet the needs of households from extremely-low to moderate incomes who lost their

[9]Federal Emergency Management Agency and the U.S. Department of Housing and Urban Development, "Current Housing Unit Damage Estimates, Hurricanes Katrina, Rita and Wilma," (Washington, DC: FEMA and HUD, 2006).

[10]Greg Rigamer, *Affordable Housing Needs in Louisiana* retrieved from http://www.gcr1.com/lhfa/website/Introduction.aspx.

[11]Jeffrey Meitrodt, "Rising Rents," *The Times-Picayune* 15 Oct. 2006. Amy Liu et al., "Special Edition of the Katrina Index: A One-Year Review of Key Indicators of Recovery in Post-Storm New Orleans," (Washington, DC: Brookings Institute, 2006) 1. United States, U.S. Department of Housing and Urban Development, *Economic and Housing Market Conditions Pre- and Post-Katrina: A Comprehensive Market Analysis Special Report*, (Washington, DC: PDR, 2006) 15.

[12]One major indication of increasing market rents is the federal setting of Fair Market Rents (FMR). HUD User, "Fair Market Rents," *Data Sets*, retrieved from http://www.huduser.org/datasets/fmr.html.

[13]Of these trailer sites, approximately 13,000 are on public land. FEMA, "Federal Funding Tops Billions as Louisiana Recovers," *Disaster Information*, retrieved from http://www.fema.gov/news/newsrelease.fema?id=33506.

[14]From here referred to as GO Zone Tax Credits. The GO Zone includes 37 parishes that sustained damages from Hurricanes Katrina and Rita in 2005.

[15]The piggyback funds were administered by the Office of Community Development in conjunction with the LHFA.

[16]The Small Landlord Repair Program makes loan awards through six rounds of applications starting in May 2007.

rental homes to the storms.[17] These goals were pursued over three successive funding rounds. Additionally, the LHFA and the LRA agreed[18] to direct a portion of the resources to permanent supportive housing (PSH)[19] and mandated that all developments include at least 5 percent of PSH units.

Table 1: Who Will the Gulf Opportunity Homes be Affordable To?

HUD Definitions	Extremely Low Income	Very Low Income	Low Income	Moderate Income
Income Range	Under 30% AMI	30–50% AMI	50–80% AMI	80–120% AMI
Number of Units Funded (% of Total)	2,274* (15.2%)	2,375 (15.9%)	7,821 (52.3%)	2,487 (16.6%)
Income Range in Lake Charles**	Under $14,610	$14,610–$24,350	$24,350–$38,960	$38,960–$58,440
Who is this in the Lake Charles Region?***	Waiters Child Care Worker Ground Maintenance	Security Guard Police Dispatcher Construction Laborer	Mental Health Worker Oil Service Operator Auto Mechanic	Teacher Dental Hygienist Chemical Plant Operator
Income Range In Orleans Metro Region	Under $15,700	$15,700–$26,150	$26,150–$41,850	$41,850–$62,776
Who is this in Orleans Metro Region?	Home Health Aides Barber Counter Attendant	Hotel Clerk Medical Assistants Clergy	Elementary Teacher Building Inspectors New Police Officer	Registered Nurses Construction Managers Police Sergeant
Income Range in Baton Rouge	Under $16,860	$16,860–$28,100	$28,100–$44,960	$44,960–$67,440
Who is this in the Baton Rouge Region?	Teacher Assistant Short Order Cook Janitor	Pharmacy Techs Bank Teller Travel Agent	Paralegal Mail Carrier Carpenter	Detectives Retail Supervisor Computer Hardware Engineer

*This includes Project Based Rental Assistance Units.
**For a family of four.
***U.S. Department of Labor, "Wages by Area and Occupation," Bureau of Labor Statistics, retrieved from: http://www.bls.gov/.

This paper evaluates the outcomes of the Congressional GO Zone[20] LIHTC and CDBG piggyback funding relative to the Louisiana Recovery Authority's goals, which are to:

- Allocate projects proportionally to housing loss;
- Create mixed-income developments;
- Redevelop public housing;
- Develop units at deeper levels of affordability; and
- Create 3,000 permanent housing units.

[17]Very-low income households are defined by HUD as those making between 30 and 50 percent of AMI. Extremely-low income households are defined as those below 30 percent of AMI.
[18]The Louisiana Continuum of Care Network and the Louisiana Housing Alliance advocated heavily for deeper affordability, disability access, and permanent supportive housing.
[19]Permanent supportive housing is deeply affordable rental housing that also provides supportive services to vulnerable populations.
[20]Commonly referred to as the "GO Zone," the Gulf Opportunity Zone Act of 2005 (HR 4440 passed by Congress on Dec. 16, 2005, and signed by President Bush on Dec. 21, 2005) establishes tax incentives and bond provisions to rebuild the local and regional economies devastated by hurricanes Katrina and Rita. One form of these tax incentives is LIHTCs.

Program Goals

The paper will also address current challenges and threats facing the completion of these developments and make recommendations for meeting these challenges and additional goals. The Louisiana Recovery Authority set the following goals[21] for the large rental program that combines Low Income Housing Tax Credits and Community Development Block Grant piggyback funds:

Housing Production and Distribution

- Create 18,000 to 33,000 housing units
- Allocate credits and CDBG piggyback funds proportionally to restore rental housing loss in the most heavily damaged parishes

Housing Program Goals

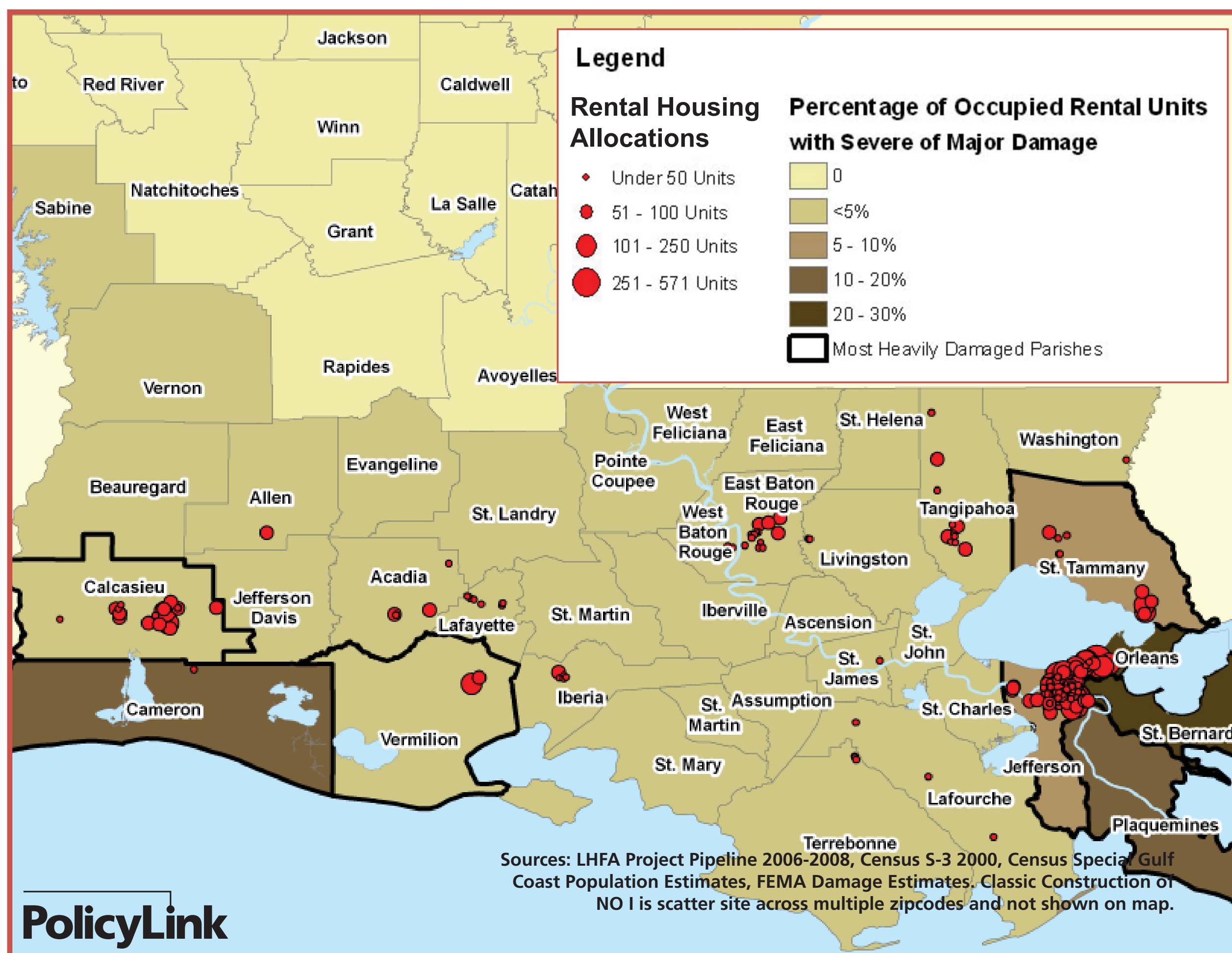
- Offer incentives to redevelop public housing
- Create mixed-income developments
- Develop 3,000 permanent supportive housing units
- Produce 6,000 to 9,000 deeply affordable units (under 40 percent AMI)

The Louisiana Housing Finance Agency apportioned the Low Income Housing Tax Credits through three competitive rounds in 2006 and 2007. The first two rounds of allocations in 2006 did not prioritize the deeper affordability goals or target areas with the heaviest damage in their scoring criteria. The agency, however, modified the requirements for funding in each round in response to advocates and developers. All the credits for the final round (2007-2008) were allocated in the eight most damaged parishes,[22] and were coupled with additional funding from the Community Development Block Grant (CDBG) program to achieve goals related to the development of specific types of housing—mixed-income, deeply affordable, and permanent supportive housing.

[21]Louisiana Office of Community Development, Division of Administration and the Louisiana Recovery Authority, "The Road Home Housing Programs Action Plan Amendment of Disaster Recovery Funds," retrieved from http://www.doa.la.gov/cdbg/dr/plans/Amend1-RoadHome-Approved_06_05_11.pdf.

[22]The eight most heavily damaged parishes are: Calcasieu, Cameron, Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany, and Vermillion. Louisiana Office of Community Development, Division of Administration, and Louisiana Recovery Authority, "Proposed Action Plan for the Use of Disaster Recovery Funds Allocated by P.L. 109-234." November 30, 2006.

Where did the money go, and how much will it build?



Overall, the allocations for 2006-2008 LIHTC projects will create 14,957[23] apartments and homes—replacing one-fifth of the rental housing damaged or destroyed by Hurricanes Katrina and Rita. The agencies apportioned the funds through three competitive rounds in 2006 and 2007 and each round was guided by a different Qualified Allocation Plan (QAP) developed by the LHFA, emphasizing different priorities. With the CDBG piggyback funding program not operational until the third round of tax credit allocations, only $447 million (or 67 percent) of the $667 million set aside for this program was awarded.

Round 1 in 2006 funded 555 units[24] and did not prioritize deeper affordability; all of the developments with new allocations were in parishes with comparatively little damage.

Round 2 in 2006 allocated both 2006 and some of the 2007[25] tax credits to build or rehab 7,441 units, the vast majority of which were units for 50 to 60 percent of AMI across a wide spread of damaged parishes, with a damage-based target of $10 million dollar set aside for Orleans Parish.[26]

[23]These numbers include allocations from two rounds of funding in 2006, including reprocessed projects (projects funded prior to the storm that returned traditional tax credits in exchange for GO Zone credits) and projects funded in the 2007-2008 funding round.
[24]These numbers include four developments that were placed-in-service totaling 363 units. These projects opened in 2006 and received some additional funding from the GO Zone 2006 round.
[25]This was a forward allocation of tax credits from 2007 and 2008.
[26]Many projects counted in allocations for Round 2 were reprocessed credits (projects that returned previous year's credits in exchange for

While getting funding to developments early by forward allocating 2007-2008 credits may help get units built more quickly, because they applied in the 2006 round, these developments were not eligible for the additional CBDG funding for mixed-income, deeper affordability, or PSH scheduled to come on line with the 2007 QAP.

Round 3 (final) credits in 2007-2008 funded 44 projects comprising 6,961 units in the eight most damaged parishes, and were coupled with additional funding from the CDBG program to achieve goals related to the development of specific types of housing: mixed-income, deeply affordable, and permanent supportive housing. The mixed-income pool funded a total of 3,798 units (54 percent). Four public housing redevelopment projects[27] were funded for a total of 2,163 units (representing 31 percent of the total units funded in this round).

Overall, the LHFA and the LRA did a fair job of allocating projects in relation to rental damage. This success was mainly due to a change in the LHFA's QAP that made heavily damaged parishes priorities after the first round went almost entirely to low-damage parishes, and a $10 million set-aside to New Orleans. (See Appendix 2 for proportional comparisons.)

The New Orleans Metro Region (Jefferson, Orleans, Plaquemines, St. Bernard, and St. Tammany will restore 14 percent of rental units lost in storms through the GO Zone tax credit and piggyback programs.

The GO Zone tax credits will help develop an unprecedented number of affordable rental homes. Together with the Small Owner rental program, they will represent two-fifths of the 82,000 rental houses lost to Katrina and Rita.

Achieving Program Goals

The 2007-2008 allocation round was the only round to include the CDBG piggyback funding, which proved integral to meeting the four major housing program goals stated by the LRA and LHFA. Those goals were to:

- Create mixed-income developments;
- Reach deeper affordability on a large scale;
- Develop 3,000 permanent supportive housing units;
- Allocate resources to redevelopment proportional to rental housing loss; and
- Redevelop public housing.

The LHFA and the LRA made progress on all goals, but have not yet met all of them due to three factors: insufficient resources to meet the goals given rising costs of construction and insurance in the region; divergent timing of different program resources from Congress; and application scoring criteria inconsistent with the goals.[28]

GO Zone credits). All projects that requested reprocessed credits received them.

[27]All of these public housing redevelopments were in New Orleans.

[28]The application scoring gave preference to mixed-income housing, but not to serving extremely low income households.

Creating Mixed-Income Projects. The LHFA and LRA prioritized mixed-income developments by layering CDBG piggyback funding and project based Section 8 funds under the final round of tax credits. Though rounds one and two did not prioritize mixed-income in the scoring criteria or financing, three projects that mixed low- to moderate-income homes were funded in those rounds. In round three, scoring criteria and financing support resulted in 24 projects, for a total of 27 mixed-income developments. Together, these developments will build 2,497 market rate units, leveraging one market unit for every six units[29] funded by GO Zone tax credits. Additional mixed-income project applications in earlier rounds were not funded because scoring criteria did not prioritize them.

Developing Deeply Affordable Units. Of the 6,000 deeply affordable units projected by the LRA to be constructed and targeted to households making under 40 percent of AMI, 3,869 were funded to be built. (65 percent of the original goal). On the other hand, units targeted at the 50 to 60 percent of AMI income range will be over-produced—creating 7,421 units when 3,500 were projected. About a third of the deeply affordable units will be produced without additional CDBG subsidy, but none of the units from 2006 will be affordable to extremely low-income households.[30]

TABLE 2: Piggyback Unit Goals* and Actual Allocations

AMI	Goal # of Units**	Total Units***	% of Goal Reached	2007-8 # of Units	2006 # of Units
Under 20%	2,000	619	31.0%	619	0
20-30%	2,000	186	9.3%	186	0
30-40%	2,000	1,595	79.8%	416	1,179****
40-50%	3,500	780	22.3%	171	609
50-60%	3,500	7,671	219%	1,583	6,088
Between 60%–100%	5,000	256	5.1%	136	120
Market*****	5,000	2,381	47.6%	2,381	0
Project Based Rental Assistance	No goal	1,469	N/A	1,469	0
Total	**18,000**	**14,957**	**83.1%**	**6,961**	**7,996**

*Louisiana Office of Community Development, Division of Administration and the Louisiana Recovery Authority, "The Road Home Housing Programs Action Plan Amendment of Disaster Recovery Funds", retrieved from http://www.doa.la.gov/cdbg/dr/plans/Amend1-RoadHome-Approved_06_05_11.pdf.
** The lower range of all goals set out in the action plan are used in this table.
***Louisiana Housing Finance Agency, "Project Pipeline Report, 2006-2008," (Baton Rouge, LA: Louisiana Housing Finance Agency, 2007).
****These units are assumed to be in the 30 to 40 percent; LHFA data places them at below 40 percent AMI.
*****Numbers may vary from LHFA public data due to discrepancies in counting. New Chateau Development is listed as 84 market rate units but according to the developer's proposal, these units are actually market rate and subsidized by project based assistance, moving them to the project based unit total.

[29]Includes all units funded by GO Zone credits from 2006-2007.
[30]Deeply affordable units in 2006 will be affordable to very low-income households (30 to 50 percent of AMI) but not extremely low-income households (under 30 percent AMI).

Goals for creating deeply affordable units were missed. Fewer than half of the 9,500 units aimed at very- and extremely-low income households will be built. Remaining resources should target this population.

Permanent Supportive Housing. All developers that applied for CDBG piggyback funding in the 2007-2008 round were required by the LHFA to set aside at least five percent of units for PSH. Out of the 3,000 units projected by the Road Home plan, only 980 units have been set aside in allocations for permanent supportive housing.[31] The largest need for this kind of housing is by elderly and disabled adults requiring one to two bedroom units, yet 60 percent of the units funded by the program are for large family units.[32]

Allocate resources to redevelopment proportional to rental housing loss. One of the major goals of the GO Zone program was to allocate credits and CDBG piggyback funds proportionally to restore rental housing loss in the most heavily damaged parishes. The New Orleans metro region—made up of Orleans, Jefferson, St. Tammany, St. Bernard ,and Plaquemines parishes—suffered huge housing losses in the aftermath of the storms. The LHFA received no applications for developments in St. Bernard and Plaquemines, so these parishes were not allocated funds. In the rest of the region, both Orleans and St. Tammany received a proportional share of developments in relation to their damage, while Jefferson Parish is lagging behind and even the developments that were financed are facing opposition from the parish. Overall, the region looks to only rebuild 14 percent of rental housing damaged and destroyed. (For further information on the distribution of developments in these parishes, please refer to Appendix 3.)

Public Housing Redevelopment. One-third of the tax credits in this round were awarded to public housing redevelopment, yet fewer deeply affordable units will result from these redevelopments than there were occupied units before the storms. The redevelopment of Lafitte, St. Bernard, BW Cooper, and CJ Peete in Orleans parish will only rebuild 954 deeply affordable units in the phases currently funded by GO Zone tax credits, replacing only one-third of the previously 2,987 units occupied before the storm, all of which were deeply affordable.[33] Although other phases of development are called for in planning documents, there is currently no funding to guarantee a one-for-one replacement of deeply affordable units in these four projects.[34]

[31]759 units were proposed in Round 3, and 120 more units are required by developers from 2006 who are participating in the Operating Deficit Loan Program. Other programs in the Road Home also target units to PSH, but it seems unlikely that even with the addition of some units through these programs (such as the Small Rental Repair Program) that the goal of 3,000 units will be reached..

[32]Family units are larger units of three or more bedrooms.

[33]Between the redevelopments of Lafitte, St. Bernard, BW Cooper, and CJ Peete that currently have tax credit allocations (future phases are not included as there is currently no funding for true one-for-one replacement) there will be 954 units developed affordable to those making below 40 percent AMI, 558 units for those making between 40 to 100 percent AMI, and 391 market rate units (1,903 units total). River Garden is not included as this redevelopment has had many stages including some before the storm. Prior to the storm these four developments housed a total of 4,633 units, 2,987 of which were occupied and the vast majority of which were rented to those making below 40 percent of AMI. This represents a lost of two thirds of the deeply affordable units in these developments. There are additional plans for more phases of redevelopment for BW Cooper (an additional 250 units), Lafitte (256 off-site units in current phase of redevelopment, funded through sources other than LIHTC, and 668 units in a future phase), and St. Bernard (an additional 159 units). The phased redevelopment of Lafitte includes the replacement of 896 rental units, and an additional 600 affordable homes for first time homeowners and working families. Retrieved from: http://www.hano.org/Documents/Section%20106%20BWC-Draft%20011707-Revised.pdf, http://www.hano.org/Documents/No%20Graphics%20Lafitte%20106.pdf and http://www.hano.org/Documents/No%20Graphics%20STB%20106.pdf.

[34]While housing choice vouchers have been issued to help replace units, they are not equivalent to *hard units* in such an environment of scarcity.

Rental Housing Challenges and Recommendations

Establishing replacement housing goals and allocation programs and awarding funds was an enormous undertaking for all agencies involved. Before Katrina and Rita, the LHFA awarded approximately $8 million annually in LIHTC; over the last year and a half, it awarded $167 million. These important first steps are only one part of an evolving challenge in restoring quality rental homes for Louisiana residents. This section examines ongoing challenges facing the development of these GO Zone developments, as well as other rental housing developments in the future in the state. It also makes recommendations specific to targeted levels of government or agencies that can aid in addressing the challenges.

Challenge #1

Louisiana has not received adequate federal housing funding to redevelop rental housing in the state. Although the GO Zone tax credits allocated will create an unprecedented amount of affordable housing for the state, it will only replace one-fifth of the housing units lost in the hurricanes of 2005. To ensure the healthy redevelopment of the state and the region, more housing monies must be allocated to rebuild housing in the Gulf Coast, especially in those regions that suffered the most damage from the storms.

Recommendations on Federal Resources

U.S. Congress: ***Allocate more federal resources to help restore the formerly subsidized rental housing units in the state. HB 1227, to be taken up by the Senate in June, 2007, can address a portion of these needs.*** Increasing the House legislation authorizing 4,500 Project based Section 8 vouchers to 25,000 Project Based Section 8 vouchers can close a substantial portion of the existing gap in need between extremely low income displaced households and replacement housing that will serve them. Additional Low Income Housing Tax Credits can continue to engage private developers in bringing quality housing to the state. An additional $100 million allocation of LIHTC would allow Louisiana to rebuild at least half of the more than 80,000 lost rental units.

LHFA: ***Reallocate any credits returned by developers to other projects awaiting funding in the areas of highest damage.*** Due to the shortage of funds, many high quality proposals remain unfunded. Any tax credits that are returned to the agency should be targeted to the eight most damaged parishes to help finance these projects in the areas of heaviest need.

Allow New Orleans developments to qualify for future LIHTCs.[35] Due to the New Orleans metro region's high damage, current allocations will only rebuild 14 percent of the rental housing lost. Future applications for tax credits should allow qualified developments in the New Orleans region as a testament to the importance of rebuilding such a vital part of the state.

Challenge #2

There has been significant opposition in a number of parishes, mostly in the New Orleans metro region, to multifamily tax credit developments—as well as to the idea of affordable housing in general. In three of the most heavily damaged parishes—Jefferson, Orleans, and St. Tammany— portions of the parish have either threatened or enacted moratoriums on permitting or building multifamily housing, thus threatening current and future

[35] The eight most damaged parishes, including those in the New Orleans metro area, are excluded from the current 2007 Per Capita QAP.

projects. Jefferson Parish officials threatened a zoning change on potential development sites,[36] and introduced state legislation to require local approval, creating a chilling effect among developers who suffer financial losses, and seek to move to more welcoming parishes—often characterized by a higher concentration of subsidized housing. Similar local actions triggered an investigation by the U.S. Department of Justice in 2005 for possible fair housing violations.

Recommendations

State Legislature: ***Oppose HB 223, which requires approval of the parish governing authority before LHFA can take action to approve tax credits or other housing programs in any parish.*** This bill will unduly allow jurisdictions to block projects based solely on income of potential residents, concentrating developments for lower-income Louisianans, rather than spreading new, quality affordable housing to all corners of the state with residents who are in need.

Develop a comprehensive state housing plan and pass a fair share bill to help implement it. Many states require local jurisdictions to plan for their relative share of affordable housing or to have a minimum threshold of such housing in their jurisdiction. The Inclusionary Zoning Subcommittee of the House Municipal Committee studied this issue in 2007 and recommended action to ensure that each municipality provides housing choice for its seniors, residents with disabilities, and service sector workers. Such a bill could help distribute opportunity housing across Louisiana.

Allow zoning overrides. When developers have acted in good faith, siting projects on properly zoned land and abiding by local codes and design, and the local jurisdiction makes moves to change zoning in order to prevent affordable housing to be built, a state appeals board should be able to grant developers zoning overrides. This would mirror an effective Massachusetts policy.[37]

LHFA: ***Embark on a statewide education campaign.*** A great deal of local resistance to affordable housing emanates from myths and misunderstanding. A public awareness campaign could help Louisianans realize that affordable housing is for teachers, working families, seniors, and other key members of the community and has been proven not to lower property values or increase crime.

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[36]Such an action has stopped the development of a 200-unit senior housing project by Volunteers of America in Terrytown. Although the group received LIHTC to create housing for seniors in Jefferson Parish, a zoning change was initiated that would place infeasible time restraints on the project, which caused Volunteers of America to withdraw their proposal. Although the zoning change was not brought to the city council/planning commission, the mere threat of such a change can often times be enough to significantly reduce the chance that developers will apply for projects in jurisdictions that create such hurdles. Terrytown is not the only jurisdiction in Jefferson Parish to put up blockades to mutlifamily housing. Westwego, across the river from Uptown New Orleans, rather than battling developments already sited in their jurisdiction, have passed a moratorium on multifamily permits to prevent future development. It is particularly disheartening that Jefferson Parish, which lost almost 14,000 rental units in Katrina and is currently only rebuilding 1,200 is making all types of multifamily rebuilding difficult or impossible—and increasing the barriers to return for former renters in the parish.
In St. Tammany, areas in and around Slidell have passed a six-month ban on multifamily building permits—both in commercial areas and in the entire surrounding area to the south east of Slidell. St. Tammany not only was designated one of most heavily damaged parishes in the GO Zone, but is also a receiving parish, and was undergoing a population boom even pre-hurricanes. Banning multifamily permits in an area with increasing population growth is severely limiting for a parish looking to expand economically.

[37]Chapter 40B is a Massachusetts state statute which enables local Zoning Boards of Appeals (ZBAs) to approve affordable housing developments under flexible rules if at least 20-25% of the units have long-term affordability restrictions. Also known as the Comprehensive Permit Law, Chapter 40B was enacted in 1969 to help address the shortage of affordable housing statewide by reducing unnecessary barriers created by local approval processes, local zoning, and other restrictions. The program allows the developer (nonprofit organizations or limited-dividend companies) a right of appeal if the local zoning board rejects the project or imposes conditions that are uneconomic. Source: Citizen's Housing and Planning Association, "Fact Sheet on Chapter 40B, The State's Affordable Housing Zoning Law," (Massachusetts; 2006) 1.

Mandate high quality design for developments. Many complaints around affordable housing result from communities' past experience with poorly designed and shoddily constructed developments. The LHFA can mandate design standards in line with current national building practices that create affordable housing developments that are indistinguishable from market-rate units and provide safe and healthy homes for their inhabitants. To secure quality projects, developers with histories of high quality development can be prioritized while those with poor records should be ineligible for funding.

Challenge #3

The state of Louisiana lacks a comprehensive set of housing policies that includes goals, sets benchmarks, and unifies commitment to quality housing development to serve diverse housing needs. The absence of such policies results in inconsistent approaches by different levels of government. Through the GO Zone rental housing program, the LRA and LHFA laid out a plan for the development of mixed-income housing—a development practice now common across the United States, but with little precedent in Louisiana. **While the agencies did incentivize market integration with subsidized housing, they did not sufficiently prioritize those developers seeking to serve deeper affordability and special needs populations—leaving more vulnerable populations underserved.**

Recommendations

LHFA: ***To ensure that quality housing results from tax credit developments, the agency must reward projects sited near services, schools, transportation, and job opportunities.*** This would reverse historic trends for Louisiana of siting its tax credit projects in high poverty neighborhoods. Extra points for quality design and energy efficiency standards will foster livable, affordable housing. LHFA should work to consistently develop these types of projects.

Consistently create economic integration in the developments themselves and in the neighborhoods in which they are located. Housing agencies generally evaluate housing need statewide and structure capital outlays relative to the needs. The LHFA has taken steps this year to evaluate the complex and multidimensional housing needs in Louisiana and outline goals to address these needs. A broader framework should guide the LHFA's use of the tools at its disposal—the QAP, the housing trust fund, and bond financing—to incentivize projects that meet these goals. The LHFA started this approach in its 2007–2008 GO Zone QAP, creating incentives and pools for mixed-income developments, deeper affordability, and permanent supportive housing. This targeting, while not perfect, should inform each subsequent QAP to continue moving towards creating ideal housing, rather than starting from scratch with each allocation round. The agency should set aside pools or grant the greatest scoring advantage to projects that serve the most vulnerable populations to ensure that permanent supportive housing and deeply affordable and accessible housing are developed across the state.

LRA and OCD: To ensure that the unmet goals of the Road Home program for deeply affordable rental housing restoration can be delivered, the remaining piggyback funds should be reserved solely for this purpose.

Challenge #4

Weak institutional support for quality management of developments. A major concern of housing advocates, neighborhood groups, and residents has been the management and monitoring of multifamily affordable development, including maintenance, physical upkeep, and affordability levels. With so many new developments slated for the next few years, systems must be put in place to ensure that these buildings continue to provide quality and affordable housing over time.

Recommendations

LHFA: ***Require maintenance and management training.*** Preventative solutions to management issues will provide the largest return on investment and best results for all stakeholders, especially those living in tax credit properties. Community-based models of best management practices that involve residents in maintaining the quality of developments are especially compelling and relevant.

Help develop, support, and work with local complaint review boards that have enforcement capacity. In the past, residents and neighbors had no recourse if a property was not properly managed. The LHFA can work with local jurisdictions to create affordable housing boards that can manage and enforce quality standards on multifamily developments.

Stabilize financial and physical building integrity over time. Through structured monitoring of building component lifecycles and adjusting replacement reserves as necessary, developments can better manage their capital and operating budgets to keep up the quality of the development over the life of the project.[38]

Challenge #5

Inability to develop deep levels of affordability at the scale needed, coupled with significant loss of low-cost market rate housing and of affordable units in public housing redevelopments leaves a significant gap in the availability of deeper affordability. It is historically difficult to reach deep levels of affordability in housing without layering government subsidies—like the layering of CDBG funding with LIHTC in the Road Home program. The LHFA must continue to act as a lead agency to target development that serves those in need of deeply affordable units. The LHFA has also recognized and acknowledged that reaching deeper affordability was a major goal for the GO Zone funding and one outlined in its recent strategic plan. The legislature, governor, and local housing agencies should work together to develop financial resources for multifamily development beyond Low-Income Housing Tax Credits.

This is especially true in Orleans parish where the redevelopment of Lafitte, St. Bernard, BW Cooper, and CJ Peete will result in the loss of deeply affordable units that previously existed in these developments.

[38]The Michigan State Housing Development Authority has established a program to be in close communication with building stakeholders in order to best prioritize housing maintenance investments and preserve a high quality of life at developments.

Recommendations

U.S. Congress: ***Amend and pass the Senate version of HB 1227—The Gulf Coast Hurricane Recovery Act—and include funding to match the one-to-one replacement of public housing.*** HB1227 currently contains the right provision to ensure the one-to-one replacement of public housing units in redevelopment of these sites. It is important to clarify that this refers not to only to the number of actual housing units, but to the affordability of these units. The appropriations to date have only provided funds to replace one quarter of damaged units. Sufficient funding to ensure that the homes that support the most economically vulnerable residents can be replaced must be appropriated in conjunction with this bill."

State Legislature: ***Dedicate consistent and yearly revenue to a state housing trust fund to finance deeper affordability.*** Louisiana legislatively established a trust fund in 2003, but there has been no significant investment on either a one-time or yearly basis, rendering the fund unproductive. Ongoing revenue streams could include: real estate transfer taxes, property taxes, developer fees, tax increment funds, and unclaimed property interest. Surplus monies could help capitalize the fund in coming years through annual allocations.

Create a state housing bond. Although the Road Home is the largest federal housing program in history, the funding sources allocated will not restore even two-fifths of the rental housing damaged or destroyed in the 2005 hurricanes. Future federal investments in affordable housing in Louisiana will be critical. The state must dedicate resources to buttress federal funding to reach its affordable housing goals and meet the housing needs of citizens.

LHFA: ***Dedicate a significant portion of the housing trust fund towards efforts to gain deeper levels of affordability.*** A housing trust fund has the ability to finance a variety of housing initiatives, from first time homeownership programs to gap financing for developers to create deeply affordable housing. While there are many worthwhile uses for these dollars, there are very few other sources of funding for developers to create deeply affordable units.

Assign critical points in scoring to developments reaching deeper affordability. The LHFA has acknowledged the need to create housing through Low-Income Housing Tax Credits that are affordable to citizens outside of the 50 to 60 percent of AMI range. In keeping with this goal, the LHFA can use the QAP to reward creative developers that secure additional funding to generate deeply affordable units. With critical points in the QAP to prioritize mixed-income, deeply affordable housing, mission-driven developers will do the difficult work of leveraging other funding sources to create these units and serve more vulnerable residents.

Challenge #6

Need to further address special needs populations. Louisiana has a diverse group of citizens in need of safe, quality, affordable housing. Nearly one in five Louisianans are disabled[39] and the state's population of senior citizens is continuing to grow as baby boomers retire. These residents have been significantly helped by developments funded by the LHFA, still represent a huge need that is not addressed by traditional housing development of all types.

[39]U.S. Census, "Louisiana," *State and County Quick Facts* retrieved from http://quickfacts.census.gov/qfd/states/22000.html.

Recommendations

LHFA: *Dedicate a special funding pool to address affordability, permanent supportive housing, and accessibility.* Although the LHFA is moving away from funding pools, it is currently difficult for developments that address specific needs in the state to compete with more mainstream projects. Complicated financing and competition from larger developers currently put quality smaller projects behind larger developments without permanent supportive housing.

Assign critical points in scoring to projects that will fill PSH needs. Beyond a specialized pool, developments meeting the difficult to reach needs of these citizens should be given critical points in the QAP in order to spur creative developments and integrate these units into the majority of developments.

Challenge #7

No focus on local, small to mid-size developers, and an unequal playing field for these firms to compete. One outcome of the 2007-2008 GO Zone QAP allocations was the disadvantage of small to mid-size nonprofits or private developers to compete with large-scale developers.[40] Although an incentive for substantial developers was not included in the Final 2007 Per Capita QAP, a 15-point incentive was proposed with the justification of trying to ensure high quality developments. As pointed out by many commissioners, simply being a larger-scale developer does not necessarily guarantee better developments. Instead of giving added points for being a more established firm, incentive points for demonstrating high-quality developments no matter the size, rather than number of units could be used to more effectively reach the goal of higher-quality developments.

Additionally, the potential benefits of developing a robust small and mid-size local development community in Louisiana have not been fully explored. There has been some movement to support locally-owned developers through a small point incentive in the QAP for being a Louisiana developer (10 points), but it is a small incentive and does not necessarily prioritize smaller firms. Fostering the growth of local smaller-sized firms helps overall business growth in Louisiana and also is in line with the LHFA's strategic planning goal of "fostering the growth of disadvantaged businesses throughout its programs and selection criteria." Smaller businesses and nonprofit developers are often rooted in neighborhoods and communities and bring other benefits as well. Smaller developers and nonprofits generally understand the history of the communities they are developing in and have relationships with citizens and local groups that can be used to create a project that is welcomed by community members instead of protested and eventually blocked like some recent developments that have received credit allocations. These organizations often offer other services like child care centers, workforce training, and other benefits and can help encourage neighborhood integration and quality management.

[40]In order for a developer to qualify to build a mixed-income project and receive significant incentive points and CDBG piggyback funding in the 2007-2008 GO Zone round, they had to qualify as a "substantial developer" or one that has experience developing at least 300 market rate or mixed-income housing units. Therefore smaller firms without as much experience were automatically barred from applying to create a mixed-income development. Part of the reasoning behind the weighted advantage to large firms was the thinking that large developers have more experience with mixed-income developments and would therefore be more likely to bring these developments to completion. This also resulted in many of the mixed-income projects being larger sized developments, as many substantial developers only develop larger scale projects (over 100 units). Out of 21 projects in the Mixed-income Pool in the 2007-2008 GO Zone Round, only five were under 100 units and the average size of a development was 180 units.

Recommendations

LHFA: ***Create a separate pool for smaller nonprofits or innovative private developers that meet different needs than larger-scale developers.*** Nonprofits and certain private developers often times take risks and create projects that meet unique needs in communities or provide new solutions to longtime housing problems. These developments often fill gaps in housing need that are difficult to integrate into larger developments. Building the capacity of nonprofit developers will strengthen the civic infrastructure of Louisiana, as evidenced in over 30 other states.

Challenge #8

Need for continued and improved transparency and stakeholder engagement. The LHFA has made major strides in the past 18 months in improving citizen access to information and engaging in a more meaningful public participation process. The steps that have been taken so far are the beginning of a process of truly engaging community in decisionmaking and development.

Recommendations

LHFA: ***Consistent and holistic public input process.*** The LHFA needs to better comply with the Louisiana Administrative Procedures Act, which guarantees due process, especially regarding adequate notice and equal time for all community members to be heard. Community voices and strategies need to be integrated into the entire development process, from the formulation of program policy to the final acceptance.

Improved information sharing. The LHFA's new website is one tool that should be put to use in sharing information from the agency. By making public documents easy to access, the LHFA will continue to build trust among constituencies and reduce barriers to affordable housing development.

Annual convening of stakeholders for critique of state housing programs. Quality housing policies are built over time with input from all stakeholders in the process. As is done in many other states, the LHFA should develop and strengthen relationships with all stakeholders through an annual convention to educate and develop policies and procedures around affordable housing development.

Require plans and schematics in allocation applications. Although the current QAP requires that all proposals meet state building codes, the LHFA can and should go further to guarantee high quality developments that are positive additions to neighborhoods. Many other states require preliminary building elevations and site plans to secure quality design and help with neighborhood integration. The current requirement of 45 days prior to commencement of construction is too short a window for community input and community design integration.

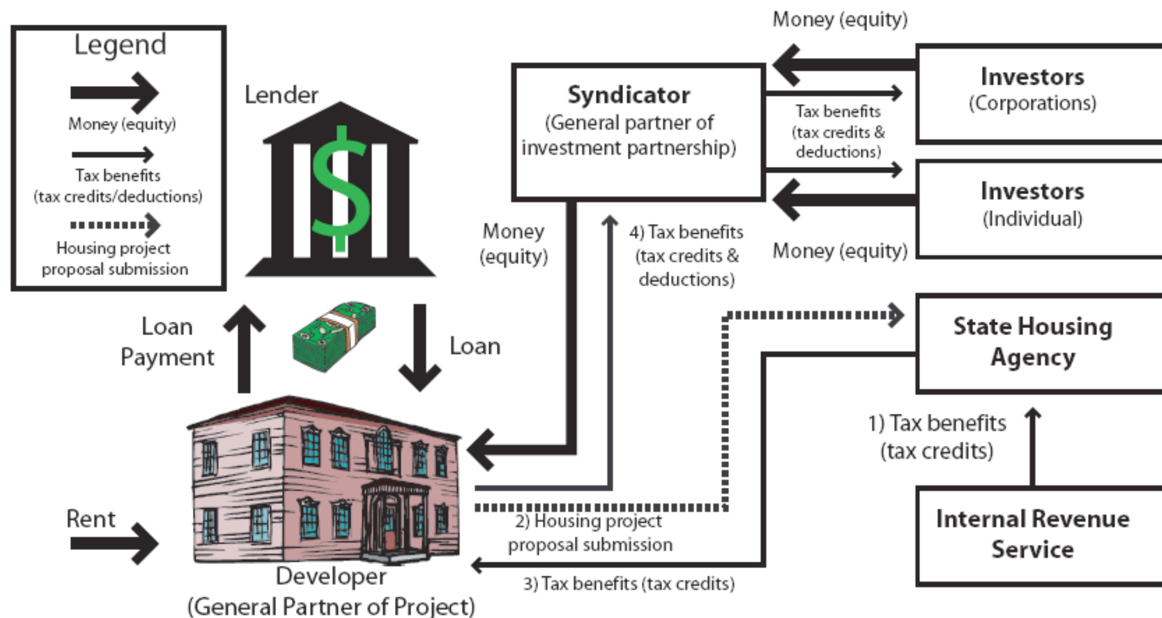
Conclusion

The LHFA, LRA, and OCD successfully met some of the Road Home rental housing goals—through broad geographic distribution, through proportionally allocating credits to places of damage, and through encouraging mixes of incomes. These agencies fell short of overall goals in terms of number of replacement houses (due largely to escalating costs in the region), number of deeply affordable houses, and permanent supportive housing. While effectively allocating funds to restore two-fifths of what was damaged or destroyed, clearly more is needed. The federal government should allocate more resources in the pending Senate companion to HB 1227 passed by the House in March. The state agencies should use the resources still at their command to meet the shortfalls to the most vulnerable populations, and should continue strengthening the practices initiated with GO Zone resources to fairly distribute affordable housing across regions, to better connect housing to other vital services, and to ensure that all communities provide housing choice to their workers, their seniors, and their vulnerable residents with special needs.

Appendices

Appendix 1: How the Low Income Housing Tax Credit Works[41]

Enacted in 1986 and made permanent in 1993, Low Income Housing Tax Credits (LIHTC) were meant to provide incentives for the private sector (individuals and corporations) to invest in creating and rehabilitating affordable housing. The credits are administered by the Internal Revenue Service through state housing finance agencies such as LHFA. Since its inception, the LIHTC program has become an important source of government subsidy to develop affordable housing.



According to the IRS, projects have to have the following to qualify for the tax credits:

- at least 20 percent of the units in the project must have rents affordable[42] to and be occupied by households with incomes no greater than 50 percent of median (adjusted for family size); or
- at least 40 percent of the units must be affordable to and occupied by families with incomes no greater than 60 percent of median (adjusted for family size).

The tax credits are awarded to each state at a set rate ($1.95 in 2006, annually adjusted for inflation) per person multiplied by total population. In 2007, the total annual per capita LIHTC allocation in Louisiana is about $8.6 million. The total amount of credit awarded depends on the type of project (acquiring, rehabilitating existing, or developing new projects) as well as the total amount of the certified cost, usually ranging between three to nine percent of cost.

In order to receive the credits, a developer must propose a project, compete and win a bid through an annual Qualified Allocation Plan (QAP), complete the project, certify the cost, and rent the units out to low-income tenants. Once allocated, the tax credits become private property, and are "given" to investors in exchange for upfront capital to be redeemed **each year over a 10 year period**. The credit goes to reduce the liabilities of an individual or corporation's income tax, not

[41]U.S. Government Accounting Office, *Tax Credits: Opportunities to Improve Oversight of the Low-Income Housing Program* (Washington, DC: U.S. Government Accounting Office, 1997). Retreived from http://www.nmhc.org/Content/ServeFile.cfm?FileID=2214.
[42]To be affordable, maximum rents can be no more than 30 percent of income, adjusted for family size.

taxable income, on a dollar-by-dollar basis. Because of the amount of credit and restrictions on individual investors, the properties developed with LIHTC are usually owned through partnerships of multiple, and often large, corporations.

Appendix 2: Project Distribution in Comparison to Rental Damage

The LHFA assigned allocation targets based on rental damage in the most affected parishes. New Orleans and St. Tammany came closest to being allocated their percentage of the resources. While several parishes fell short of or exceeded their share, the stark reality is that the number of units financed will only restore 18 percent of the rental homes lost.

Need vs. Allocation

Parish	% of Severe Rental Damage	% of LIHTC Units
Calcasieu	2.4%	9.4%
Cameron	0.7%	0.2%
Jefferson	17.0%	8.2%
Orleans	62.9%	61.2%
Plaquemines	1.8%	0%
St. Bernard	7.2%	0%
St. Tammany	4.8%	5.4%
Vermilion	0.6%	2.1%
Rest of GO Zone	2.7%	13.9%
State Total	**100%**	**100%**

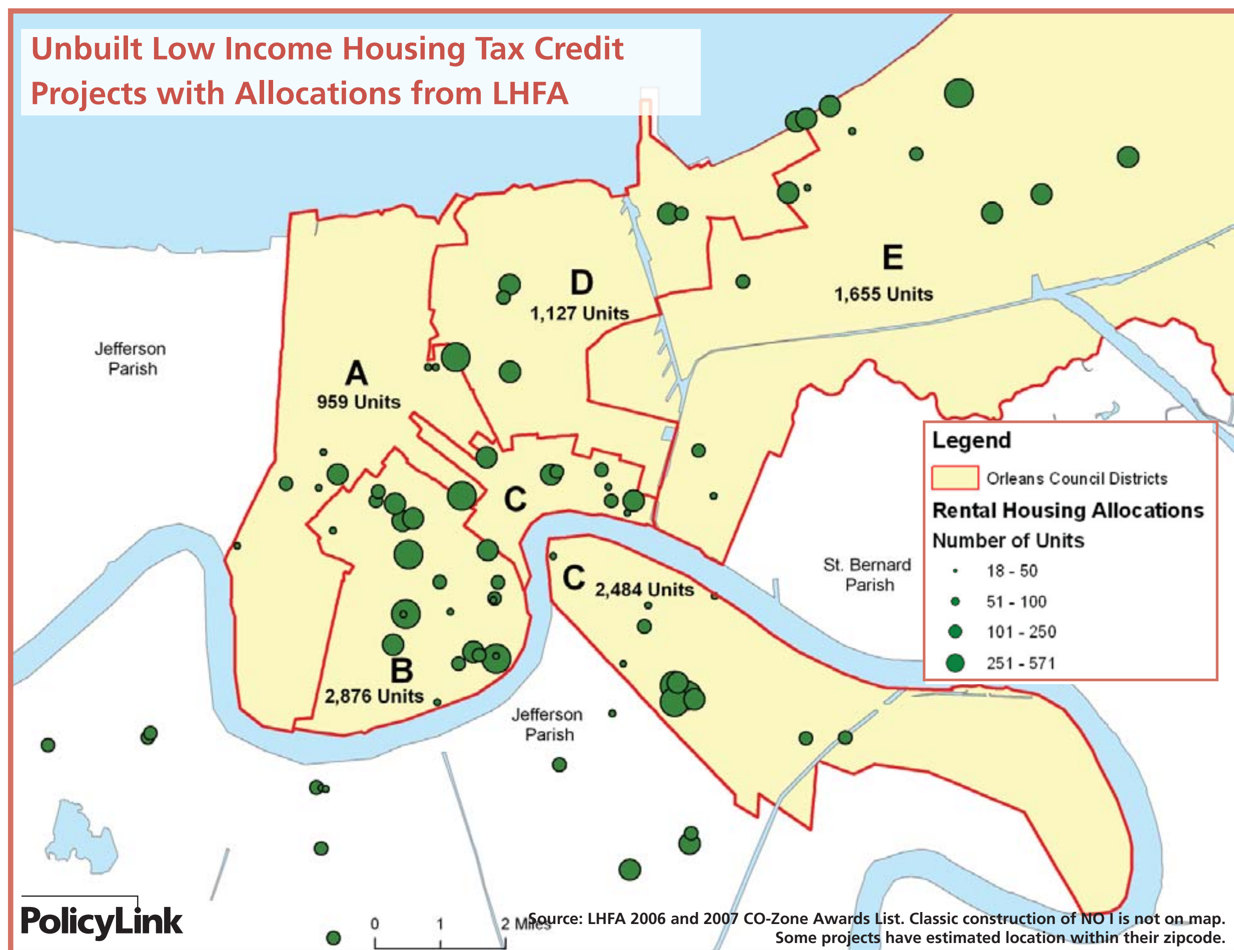
Allocations fund small percentage of loss

Parish	Rental units lost from hurricanes*	Units to be built by LIHTC	% to be Rebuilt	Gap
Calcasieu	1,953	1,408	72.1%	550
Cameron	551	30	5.4%	521
Jefferson	13,972	1,227	8.8%	12,745
Orleans	51,681	9,157	17.7%	42,524
Plaquemines	1,457	0	0%	1,457
St. Bernard	5,936	0	0%	5,936
St. Tammany	3,931	802	20.4%	3,129
Vermilion	468	310	66.2%	158
Rest of GO Zone	2,196	2,083	95.0%	113
State Total	**82,145**	**14,957**	**18.2%**	**67,188**

*Units that experienced major or severe damage according to FEMA damage estimates.

Appendix 3: Project Distribution in Orleans, Jefferson, and St. Tammany Parishes

Of the five parishes in the Orleans metro region, three—Orleans, Jefferson, and St. Tammany—received all of the GO Zone development allocations. Due to a complete lack of applications, two of the most heavily damaged parishes in the state, Plaquemines and St. Bernard, received none. It is projected that three out of four LIHTC units in the GO Zone[43] will be built in one of these three parishes, which also received the vast majority of the rental damage in the GO Zone. More than four out of five damaged or destroyed units (85 percent) were located in one of these three parishes.



Distribution in Orleans Parish[i]

Orleans received the vast majority of developments, about 60 percent, which matches the ratio of destruction of units in this parish. While this is the case, it does not nearly meet the overall need in this parish—the resources to fund more than one fifth of the rebuilding are simply not there.

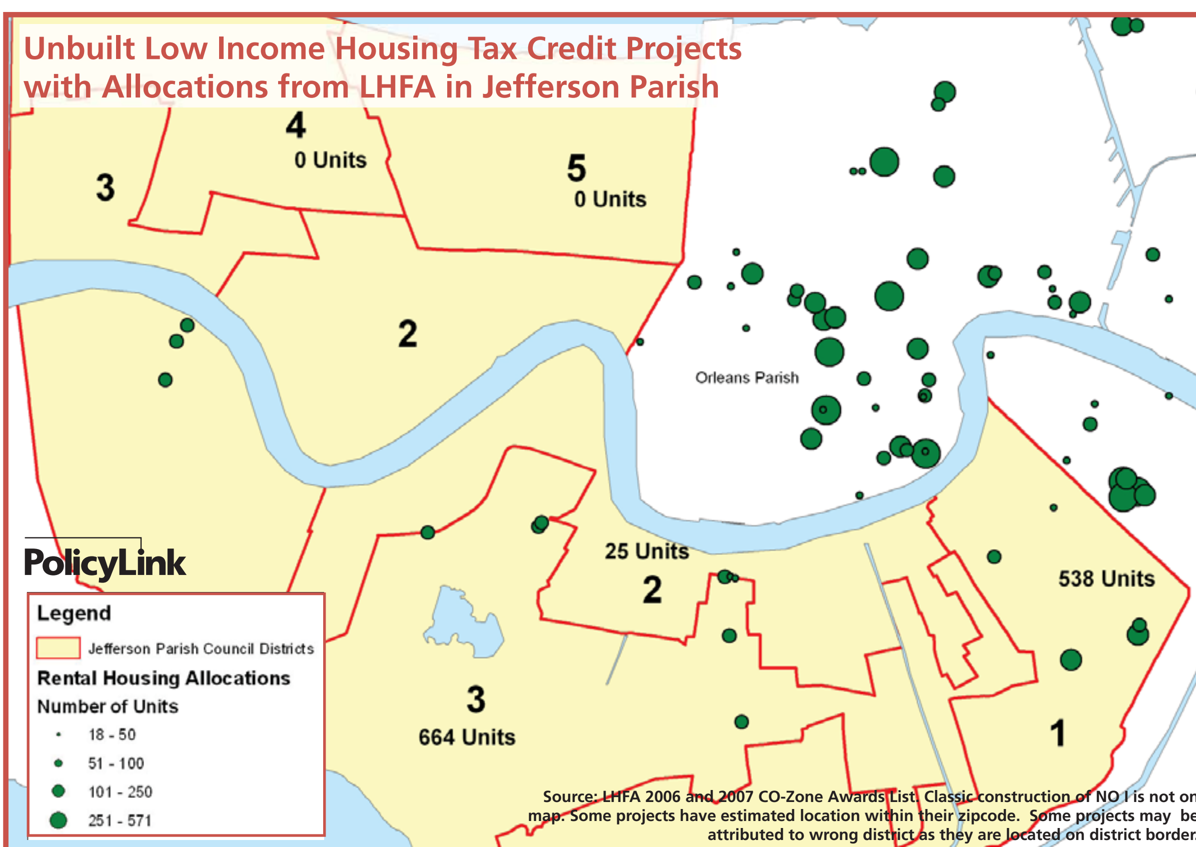
Of the five City Council districts in Orleans Parish, District B will receive the most units, 2,876, almost one third of the over 9,000 units allocated in the city. District C is projected to receive

[43] 11,186 out of 14,957 units total.

almost as many, 2,484 units. District A will receive the fewest number of units, about 10 percent.[44] Additionally, about one out of four units being built with GO Zone tax credits are units that are being rehabbed, meaning the majority are new units. Most of the units will be affordable to low-income families[45]—or families whose primary income earner could be a vocational nurse, a building inspector, a plumber, or a rookie police officer. Twenty percent of units built will be market rate and 20 percent will be affordable to families at the other end of the income scale, those making below 30 percent of AMI.[46] Of the 71 projects to be built in Orleans, 16 of them will be mixed-income developments (out of 24 mixed-income developments total).[47]

Distribution in Jefferson Parish[ii]

Jefferson Parish faces a different dilemma from Orleans Parish. Although the parish was heavily damaged, it received less than its "fair share," due to lack of applications and strong resistance to tax credit developments in the parish. Although the allocated developments will not even rebuild one tenth of the rental units lost, the parish is resisting these developments and pushing to limit future building of multifamily homes in many areas.



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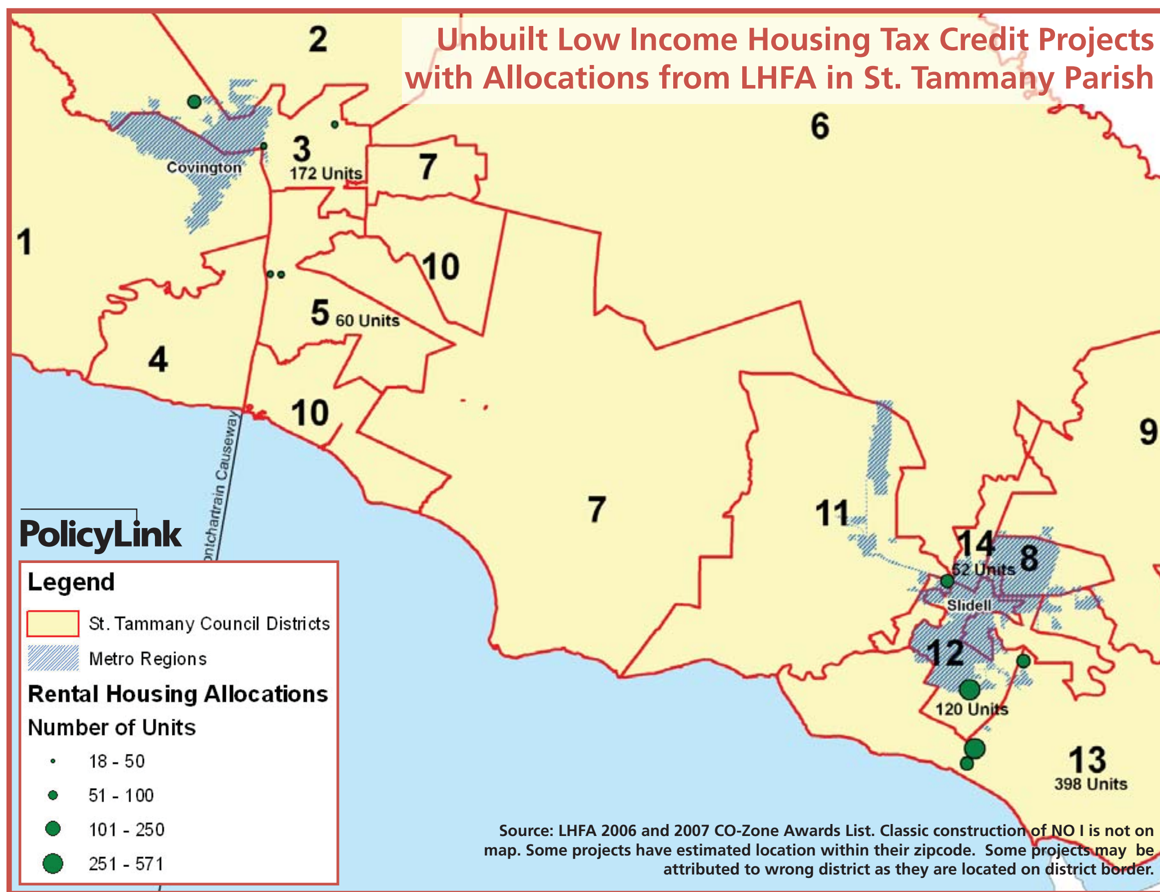
[44]Though the Lafitte redevelopment will occur in Districts A, B, and C, it has been categorized as being only located in A for this analysis as the former site of the Lafitte Housing Development was located in A and it is assumed that most of the redevelopment will take place on this site, with some scattered site development in districts A, B, and C.
[45]50-80 percent of AMI, or $26,150-$41,850 for a family of four.
[46]Because HUD determines area median income (AMI) by metro regions, the AMI for all three parishes is the same as they are for all parts of the metro-region. It should be kept in mind that incomes in Orleans are significantly lower than those in Jefferson or St. Tammany parishes.
[47]Containing both market rate units and units for families making below 60 percent of AMI.

All of the 1,227 units projected to be built in Jefferson Parish will be on the West Bank of the parish in Districts 1, 2, and 3. Although District 3 has 10 of the 16 projects, these are mostly smaller developments that represent about half of the units to be built (54 percent). The other half of the units will be built in District 1. District 2 will only have 25 units.[48] None of the units financed through tax credits in Jefferson will be rehab; they are all new construction. Like Orleans, the majority of units in Jefferson are for those making between 50 to 80 percent of AMI (about 46 percent). There are also a significant number of market rate units, not quite one-fifth of the units (17 percent). Additionally, about a quarter of the units will be affordable to extremely low-income families,[49] mostly funded by project based vouchers made available through additional CBDG financing.



Distribution of St. Tammany Developments[iii]

Of the 802 units allocated in St. Tammany Parish, the majority are clustered in the Slidell metro area (about 70 percent), while the remainder are in the Covington metro region. These projects are located in only five of the 14 parish districts—3 and 5 in the Covington area and 12, 13, and 14 in the Slidell area.[50] Unlike either Jefferson or Orleans parishes, there are no units for extremely low-income families in the allocations in St. Tammany. Additionally, all of the units are entirely new construction, with no rehab units. Like Orleans and Jefferson, about one-fifth of the units projected to be built will be market rate units.

[48]There are four projects that are located on district borders and may be cited in the wrong district. These are St. Bathika, Ninth Ward, and Wellswood Manor in District 3 that may actually be located in District 2, and Moreward II in District 2, which may be located in District 3.

[49]Extremely low-income families are those below 30 percent of AMI.

[50]Some projects are on district borders and may be located in an adjacent district. Country Residences of Slidell is most likely in District 14, but may be located in District 12.

i

Orleans GO Zone LIHTC Distribution									
District	Total Number of Projects	Percent of Units	Total Number of Units	Rehab Units	Affordability Levels				
					Under 30% AMI	30-50% AMI	50-80% AMI	80-120% AMI (Market Rate)	Units with Project Based Rental Assistance
DISTRICT A	8	10.5%	959	0	0	113	268	110	468
DISTRICT B	22	31.4%	2876	98	381	364	1090	1026	16
DISTRICT C	20	27.1%	2484	1829	70	559	1362	1	492
DISTRICT D	7	12.3%	1127	299	169	340	471	147	0
DISTRICT E	13	18.1%	1655	211	106	223	661	489	175
Undetermined*	1	6.1%	56	0	0	0	56	0	0
Total Orleans	71		9,157	2437	726	1,599	3,908	1,773	1,151
% of Total	100%	100%	100%	26.6%	7.9%	17.5%	42.7%	19.4%	12.6%

ii

Jefferson GO Zone LIHTC Distribution									
District	Total Number of Projects	Percent of Units	Total Number of Units	Rehab Units	Affordability Levels				
					Under 30% AMI	30-50% AMI	50-80% AMI	80-120% AMI (Market Rate)	Units with Project Based Rental Assistance
DISTRICT 1	5	43.8%	538	0	1	33	225	80	199
DISTRICT 2	1	2.0%	25	0	0	10	15	0	0
DISTRICT 3	10	54.1%	664	0	36	83	331	130	84
DISTRICT 4	0	0%	0	0	0	0	0	0	0
DISTRICT 5	0	0%	0	0	0	0	0	0	0
Total Jefferson	16	100%	1,227	0	37	126	571	210	283
% of Total	100%	100%	100%	0%	3.0%	10.3%	46.5%	17.1%	23.1%

iii

St. Tammany GO Zone LIHTC Distribution									
District	Total Number of Projects	Percent of Units	Total Number of Units	Rehab Units	Affordability Levels				
					Under 30% AMI	30-50% AMI	50-80% AMI	80-120% AMI (Market Rate)	Units with Project Based Rental Assistance
DISTRICT 3	3	21.4%	172	0	0	92	80	0	0
DISTRICT 5	2	7.5%	60	0	0	0	60	0	0
DISTRICT 12	1	15.0%	120	0	0	24	96	0	0
DISTRICT 13	3	49.6%	398	0	0	85	163	150	0
DISTRICT 14	1	6.5%	52	0	0	13	39	0	0
DISTRICTS 1, 2, 4, 6, 7, 8, 10, 11	0	0	0	0	0	0	0	0	0
Total St. Tammany	10	100%	802	0	0	214	438	150	0
% of Total	100%	100%	100%	0%	0%	26.7%	54.6%	18.7%	0%

Appendix 4: Big Four Public Housing Developments

The following tables show the four large public housing developments in New Orleans for which the Housing Authority of New Orleans has issued redevelopment bids and that have been awarded low income housing tax credits for redevelopment by the Louisiana Housing Finance Agency. Table 1 shows the number of units pre-Katrina, the number of deeply affordable units currently slated for development, and the gap in the number of units that would be required to meet one for one replacement of deeply affordable units (occupied and unoccupied). Table 2 describes pre-existing, occupied units before the storms, currently reopened units, and the potential projected redevelopment of all types of units (market rate, affordable, and deeply affordable) in each development. Table 3 displays the affordability distribution in the published phases of redevelopment (both funded and unfunded).

Table 1: Gap in Deeply Affordable Units in Public Housing Redevelopment

Development	Pre-Katrina Units	Total Funded Deeply Affordable Units	Gap In Deeply Affordable Units
Lafitte	896	468	428
St. Bernard	1,436	153	1,283
BW Cooper	1,474	147	1,024***
CJ Peete	723	186	537
TOTALS	**4,529**	**954**	**3,272**

Table 2: Background Numbers on Redevelopment

Development	Pre-Katrina Units	Pre-Katrina Occupied Units	Post-Katrina Open Units	Total Projected Redeveloped Units (all phases)
Lafitte	896	865	0	1,156
St. Bernard	1,436	963	0	624
BW Cooper	1,474	1,015	303	560
CJ Peete	723	144	0	460
TOTALS	**4,529**	**2,987**	**303**	**2,800**

Table 3: Affordability Breakdown of all Phases of Redevelopment

Development	Total Funded Deeply Affordable Units	Redevelopment Units–Currently Funded Phases				Redevelopment Units–Unfunded Phases				
		Under 40% AMI	40-80% AMI	Market Rate	Total	Under 40% AMI	40-80% AMI	Market Rate	Undetermined	Total
Lafitte	468	468	100	0	568	332			356	688
St. Bernard	153	153	167	145	465	96	0	63		159
BW Cooper	147	147	140	123	410				250	250
CJ Peete	186	186	151	123	460*	n/a	n/a	n/a	n/a	n/a
TOTALS	**954**	**954**	**558**	**391**	**1,443**	**428**	**0**	**63**	**606**	**1,097**

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