

Disaster Recovery Workforce and Affordable Rental Programs Update

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Federal Requirements

- In response to the 2005 hurricanes, Congress has approved **\$13.6B**
 - ✓ Initially **\$10.4 billion** to the state **in two allocations** (\$6.2 and \$4.2 billion)
 - ✓ **Third allocation of \$3 billion** in Dec. 2007 specifically for Road Home program
- **Public Law 109-234** appropriated second allocation in June 2006
 - ✓ \$4.2 billion to Louisiana
 - ✓ Requires that **each state spend 19.33%** of allocation on the **development and restoration of affordable rental housing**
 - ✓ 19.33% of Louisiana's second allocation is **\$811,907,984**
- Additionally, the state is required **to spend 50% of all funds** (\$13 billion) **on low to moderate income individuals (LMI)**, or those whose **incomes are less than 80%** of the Area Median Income (AMI)



Workforce and Affordable Rental Housing programs

In response, State created Piggyback and Small Rental Property programs to repair or rebuild units of rental across south Louisiana.

Overall program goals:

1. To ensure that the workforce needed to accommodate full economic recovery has access to affordable rental housing;
2. To provide affordable rental housing to low-income households who could not otherwise afford to return to their communities;
3. To ensure that affordable rental housing is provided in the context of high-quality, sustainable, mixed-income communities; and
4. To ensure that a portion of affordable rental units will host supportive services for families with special needs or high risks following their extended displacement.

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Budget Overview

WORKFORCE AND AFFORDABLE RENTAL PROGRAMS BUDGET		
	Original Allocation for Workforce and Affordable Rental Programs	\$ 1,540,000,000
Allocation	Original Allocation to LITHC Piggyback	\$ 593,970,000
	LITHC Piggyback Recision*	\$ (12,924,000)
		\$ 581,046,000
	Original Allocation to Small Rental	\$ 722,462,250
Affordable Rental Unit Programs	Program Delivery	\$ (123,000,000)
	Small Rental Property Program Recision*	\$ (2,537,750)
	Allocation to Small Rental Production	\$ 596,924,500
	Allocation to Programs that create Affordable Rental Units	\$ 1,177,970,500
	Support Services to Permanent Supportive Housing units	\$ 72,730,000
Non-Rental Production Programs	Owner Occupied Units (233)	12,000,000
	Nonprofit Rebuilding Pilot Program (Homeowner Rehab Program)	\$ 20,000,000
	LLT Soft Second Homebuyer Finance Program	\$ 75,000,000
	First Time Homebuyer Program	\$ 40,000,000
	Plaquemines Homeowner Rehab	\$ 4,000,000
	Emergency Rental Assistance	\$ 5,000,000
		Reallocated to Non-Rental Production Programs
<p>* Amendment 4: In November 2007, the LRA Board and Legislature approved a reduction of the overall Disaster Recovery CDBG budget to reallocate funds to the Road Home Homeowner Assistance program. This reduction is part of the third disaster allocation of \$3 billion provided by Congress under PL 110-234.</p>		

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 Budget Overview			
Total Funding Dedicated to Affordable Housing Development			
Program	Total Allocation	Affordable Units/ PSH Allocation	Percentage of Total
Piggyback	\$581,046,000	\$348,627,600	60%
Small Rental	\$596,924,540	\$549,170,577	92%
	\$1,177,970,540	\$897,798,177	76%

Total Market and Affordable Units			
Program	Total Units	Affordable Units	Percentage of Total
Piggyback	7,754	4,584	59%
Small Rental	11,523	10,601	92%
	19,277	15,185	79%

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 Budget Overview	
<p>Overall Status \$670m – Complete or in process \$524m – Creating affordable units</p>	
<p>Small Rental \$596 m - allocated \$270m completed or in process by end of Dec 2009 (advances and construction management closings) \$326m - yet to close* *Many of these properties in process but not requested advance funding to date.</p>	
<p>Piggyback \$592m - allocated \$383m - complete or in process (loans closed and/or under construction) \$209m - yet to close</p>	

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Small Rental Overall Allocation

- **Small Rental Property Program (\$596m)** – provides loan incentives or direct loans to property owners who operate one-to-four unit rentals to make repairs.
- **First Time Homebuyer (\$115m)** – 2 programs to assist low-to middle-income borrowers in the purchase of single family or duplex, owner-occupied properties in the 13 Katrina and Rita-affected parishes.
- **Homeowner Rehabilitation (\$24m)** – 2 programs will provide construction management to assist residents who need additional assistance to complete repairs or rebuild their homes.
- **Emergency Rental Assistance (\$5m)** – provides resources for rent payments, security deposits, utility assistance and other approved activities to help families move from FEMA disaster housing assistance to permanent, long-term housing solutions.

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Small Rental Property Program

- **Small Rental Incentive Program (original program)** – provides loan incentives or direct loans to property owners who operate one-to-four unit rentals to make repairs. Funds paid at completion.
- **Revised Program Options** – assist property owners in completing their units with upfront financing or construction management assistance
 - **Advanced Funding** – provides up-front dollars to property owners who are nearly complete with repair or rebuilding but need financial assistance to finish
 - **Construction Management** – pairs landlords with construction management services to complete repair or rebuild their unit

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Small Rental Property Program

- Began in January 2007
- **5,890 commitment letters** initially signed in April 2007 by owners of one- to four-unit rental properties
 - ✓ **4,073 landlords**
 - ✓ **11,523 units** (92% affordable)
- Prior to Jindal Administration
 - ✓ **Closed on only two properties**
 - ✓ **Created five affordable units**
- Under ICF, from January 2008 to April 2009
 - ✓ **Closed 902 properties**
 - ✓ **Created 1,435 total units**
 - ✓ **1,069 affordable**
- Under new contractor, ACS, between April and November 2009
 - ✓ **Closed 593 properties**
 - ✓ **Created 1,108 total units**
 - ✓ **973 affordable**

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Small Rental Property Program

- Small Rental units **100% pre-leased**
- **4,050**, or 99.5%, of landlords are “**mom and pop**” owners of duplexes, tri- or fourplexes

Of the 4,073 landlords in program

- 1,874, or **46%, are minorities**
- 1,222, or **30%, are women**

- Rental units represent approximately **30% of the landlord's household income**

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Small Rental Property Program

Over the past six months:

- **Reached out to landlords** who have commitment letters
 - ✓ Assess their progress
 - ✓ Reconfirm their intent to complete the program
- Developed **new facets of the program** to assist these landlords in completing their units
 - ✓ Upfront financing
 - ✓ Construction Management
- Upfront Financing provides **30% of funds** at proof of Certificate of Occupancy
- Under Construction Management Initiative, after a landlord signs with a contractor, **actual construction takes 90 days**

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Small Rental Property Program

Current Status

- 1,495 properties completed**
 - **2,543 total units**
 - ✓ **2,042 affordable**
 - ✓ **\$116.2 million disbursed to landlords**
- **1,024 re-certified and in process** under the Construction Management Initiative Option
- **3,371 properties under construction** under the original incentive model
 - ✓ Eligible for Advanced Funding prior to completion

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Piggyback Program

Combines:

- **\$592 million in CDBG funds**, administered by the LRA/OCD-DRU
- With 2007 and 2008 Gulf Opportunity Zone **Low Income Housing Tax Credits (LIHTC)**, administered by the Louisiana Housing Finance Agency
- To leverage approximately **\$1.1 billion in tax credit equity**, which is be “piggybacked” with CDBG funds

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Piggyback Program

57 award letters signed

Awards made in three phases:

- **32 Round 1 Awards** made December 2006
 - ✓ 5,564 units to be created
 - ✓ \$419 million in CDBG funds committed
- **5 Round 2 Awards** made November 2008
 - ✓ 386 units to be created
 - ✓ \$28 million in CDBG funds committed
- **21 Lightning Round Awards** made December 2008
 - ✓ 1804 units to be created
 - ✓ \$145 million in CDBG funds committed

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Piggyback Program

- **57** total projects
 - 17 projects completed
 - 13 projects under construction
 - 27 yet to close
- **7,754** total units to be created
 - 60% affordable including Permanent Supportive Housing units (PSH)
 - 40% market rate

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Piggyback Program

Completed

- **17 projects**
- **2,444 units created**
 - ✓ 1,290 market rate units
 - ✓ 1,154 affordable units at or below 80% AMI
Includes 180 PSH units created
 - ✓ \$242M in CDBG funds expended

Under construction

- **13 projects**
- **2,564 total units**
 - ✓ 1,499 affordable (199 PSH)
 - ✓ 1,065 market rate
 - ✓ \$141M in CDBG funds in process

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Piggyback Program

Of the 27 projects yet to close

- ✓ Dependent of two congressional fixes - extension of Placed in Service date and exchange, or monetization, of GO Zone tax credits

Potential Scenarios:

- ✓ Approximately **one third will close** in the first quarter of 2010 **regardless** of Placed in Service date extension or monetization change
- ✓ **Additional one third** will close **with exchange fix** and no PIS extension
- ✓ **With both** PIS extension and monetization change, **all projects could close within 2010**

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Piggyback Program

- Total Awarded: **57**
- Total Completed: **17**
- Total Closed/Under Construction: **13**
- Total Not Closed: **27**

Development Status

Development Status	Count
Completed	17
Under Constr./Closed	13
Not Closed	27

Developments by Parish:

- Calcasieu: 6
- Vermilion: 2
- Orleans: 13
- St Bernard: 4
- St Tammany: 1
- St. James: 1

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Piggyback Program

Orleans Parish Specifics

- Total Projects: 32
 - \$375M in CDBG
 - 5,157 total units
 - 3,106 affordable (383 PSH)
 - 2,051 market rate
- Complete: 12
 - \$157M in CDBG
 - 1,754 total units
 - 844 affordable (118 PSH)
 - 910 market rate
- Under Construction: 7
- Yet to close financing: 13

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Piggyback Characteristics

- **27** developers are local
- **12** developers are working on more than one project
- All developers are hiring local workers and sourcing portion of materials locally
- **50** projects are new construction on blighted vacant lots or buildings
- **7** are rehabilitated projects

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Piggyback Characteristics

Projects by No. of Units	
No. of Units	No. of Properties
7-25	1
26-50	4
51-100	26
101-250	18
251-500	8

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Piggyback – The Preserve (Before & After)

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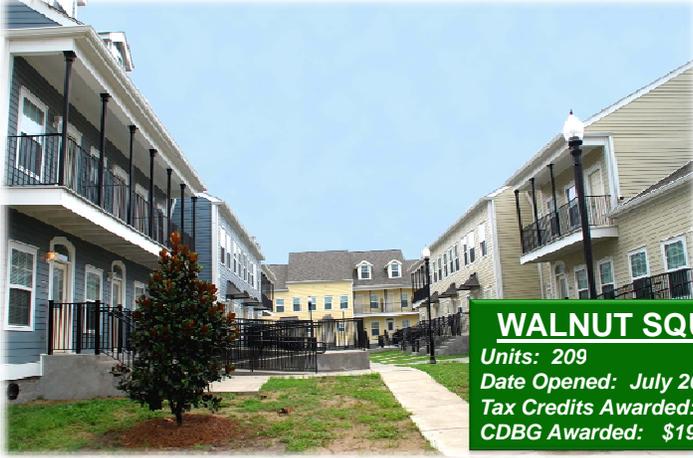
Piggyback Program

THE PRESERVE
Units: 183
Date Opened: February 2009
Tax Credits Awarded: \$1.5M
CDBG Awarded: \$15.9M

The Preserve is 90 percent occupied.

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 **Piggyback Program**



WALNUT SQUARE
Units: 209
Date Opened: July 2009
Tax Credits Awarded: \$1.3M
CDBG Awarded: \$19.5M

Walnut Square is about 70 percent leased with about 2,000 people still on the waiting list for **market rate** units.

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 **Piggyback Program**



CRESCENT CLUB
Units: 228
Date Opened: Sept 2009
Tax Credits Awarded: \$1.9M
CDBG Awarded: \$19.6M

- Rehabilitation of blighted structure, the former Crescent City Motors.
- Tax credit units are entirely leased, with a waiting list of over 300.

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Challenges

- Piggyback projects utilizing GO-Zone LIHTCs must be completed by Dec. 2010 unless the **Placed in Service deadline is extended**
- Without the **monetization change**, other Piggyback projects may not succeed
- The **state will risk not meeting its required percentage of affordable rental housing** without these two changes

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