

Lifting Up What Works®



Leveraging Housing Investment for Community Recovery

*A report to the Senate Local and Municipal Affairs Committee and the
House Municipal, Parochial, and Cultural Affairs Committee pursuant to
SCR 118 on addressing housing recovery for Louisiana hurricane victims*

Updated on March 11, 2009

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Preface

In response to the continued affordable housing crisis, the increasing number of homeless and a large population of households dependent on temporary housing assistance a joint committee was formed by the Senate Local and Municipal Affairs Committee and the House Municipal, Parochial, and Cultural Affairs Committee pursuant to Senate Continuing Resolution 118 approved in the 2008 Regular Session of the Louisiana Legislature. The joint committee was charged with studying the housing crisis and making recommendations regarding the development of affordable rental housing strategies for persons displaced by hurricanes Katrina and Rita. Committee members met several times in 2008 and once in 2009 to receive draft reports and to take testimony from state agency representatives and members of affected communities as well as housing advocates. PolicyLink submits this report on behalf of affected residents and housing advocates who are working to advance housing recovery in the hurricane affected areas.

The community recommendations contained in this report were garnered through many meetings convened by PolicyLink, the Louisiana Housing Alliance and the Louisiana Disaster Recovery Foundation, and the Rebuilding Lives Coalition facilitated by America Speaks. Convenings included leaders working to recover their neighborhoods or parishes, builders working to restore homes, social workers striving to transition people out of their transient situations, and legal aid workers defending people who have incorrectly been terminated from benefits or fair recovery grant awards. While the State has committed to many of these recommendations, the legislature can help codify transparency, benchmarks, and new resources to meet unmet needs.

Special attention must be paid to the rehab of homes in neighborhoods—both the ownership and rental stock. Without a critical focus on quickly eliminating bottlenecks and addressing funding gaps, people will continue to live in spotty, blighted, under-recovered neighborhoods—or not be able to return to their unfinished homes. Focusing on this problem can both provide livable, affordable homes for those still in a temporary situation, and make neighborhoods recover to the vitality and safety their residents long for.

I. Executive Summary

While housing recovery progress can be witnessed across the hurricane disaster zones, housing recovery dependent on public recovery resources continues to be thwarted by program bottlenecks, the national economic crisis, insufficient resources to individual property owners, and difficulties resulting from contractor fraud. The temporary housing programs—including FEMA travel trailers and hotel stays and the U.S. Housing and Urban Development (HUD) Disaster Housing Assistance Program (DHAP) have faced numerous expirations that threaten eviction and homelessness, averted by 11th hour extensions that promise short extensions while permanent housing is expected to proceed. This report identifies the continuing challenges and recommends remedies that can be advanced by the legislature, the Louisiana Recovery Authority (LRA), Louisiana Housing Finance Agency (LHFA), and HUD and FEMA to accelerate long term housing recovery and transition those still in temporary programs into long term, quality, affordable homes.

Several critical problems continue to thwart timely recovery of homes to rehouse our citizens at rents and mortgages they can afford:

- the larger economic downturn has undermined financing for homes and apartments in both the small and large rental programs, and for homeowners needing credit to finish their repairs;
- recovery resources are constrained by federal rules and state program designs that have bottlenecked progress, particularly in the small rental property program, making few affordable homes available to displaced residents, and leaving blighted neighborhoods while owners wait for program resolution;
- insufficient resources have been allocated to address the repair costs faced by tens of thousands of homeowners;

- rising costs of construction, insurance and utilities have also made recovery and long term housing sustainability extremely difficult for income-constrained households;
- the combination of Road Home grant gaps and small rental program stalls have especially impacted neighborhoods and parishes with the highest flooding and lower prestorm values, making recovery slowest in these areas;
- resources have not sufficiently been directed toward the most vulnerable populations;
- inadequate social safety nets for vulnerable populations and the lack of coordination among case management resources;
- local actions to resist the development of affordable homes, or NIMBYism, have not been strongly countered by state and local leaders; and
- program accountability to the citizens depending on these resources and better communication regarding how to access resources has not been sufficient.

Governments and nonprofits can move to resolve this untenable situation by:

- focusing remedies on two key programs—the small rental, and the gaps created by the Road Home;
- dedicating new resources for those unable to finish their homes or move into stable housing; and
- developing an effective referral and placement system to transfer those still reliant on temporary housing situations, into permanent and affordable homes.

The legislature can play a crucial role in establishing benchmarks, calling for clear reporting requirements, and monitoring progress.

PRIORITY RECOMMENDATIONS FOR 2009

Five immediate actions that the legislature can address expeditiously, in the upcoming session, can help speed permanent housing recovery, stabilize neighborhoods, and bring people home.

Averting Homelessness for recipients of the Disaster Housing Assistance Program and for families in temporary FEMA housing.

- *Ensure that affordable housing units come online at an increased pace and that residents on transitional assistance or in temporary FEMA housing for the 2005 and 2008 storms are connected to those units.*
- *Establish benchmarks for LRA, reporting requirements on units coming on line, and a monitoring system of monthly reports to the Joint Municipal Committee.*
- *Encumber \$5-\$10million of disaster CDBG funds to provide temporary rental assistance for DHAP/FEMA clients who will not qualify for permanent Housing Choice Vouchers if assistance ends prior to sufficient new housing coming back on line.*
- *Appoint staff from LRA, LHFA, Public Housing Authorities and Department of Social Services to create a plan to build on the successes of the continuum of care network to provide intensive case management services to those losing FEMA or DHAP support.*

Speeding Housing Recovery and Blight Mitigation.

- *Establish transparency of currently unexpended funds in the Road Home and Small Rental Repair Program.*
- *Establish transparency around changes in the small rental program.*
- *Require that all housing funds remain allocated to addressing the needs of homeowners and small rental property owners.*
- *Establish benchmarks for the full implementation of small rental program changes and Gustav/Ike programs.*
- *Provide \$20 million for nonprofit rebuilding and construction management.*

Establishing Rent Controls and Contractor Fraud Mitigation. *Countless residents have been victimized first by natural disasters, then by contractor fraud, price-gouging and unaffordable rents and need to be protected by more stringent consumer protections.*

Capitalizing LA Housing Trust Fund *to meet unresolved housing needs. Housing rebuilding is an ongoing infrastructure need that should be addressed not only by federal resources but by state funds as well. Another one time allocation (\$25-50million) is necessary to spur the development and repair of more affordable housing units.*

Establishing Legislative Study Commissions. *As a corollary to the development of longer-term comprehensive housing strategies and recommendations, the legislature should establish study commissions to investigate and provide effective recommendations in the areas of insurance, finding an ongoing source of revenue for the Louisiana Housing Trust Fund, establishing a State Disaster Trust Fund and the more effective way to harness the best practice of Community Land Trusts.*

II. Temporary Housing Conditions in Storm Impacted Areas

Based on FEMA and HUD data, at least 31,000 households nationwide are on Disaster Housing Assistance Program (DHAP), over 16,000 of which are in Louisiana. About 4,600 in the State of Louisiana are in trailers, manufactured homes and park models, or are receiving FEMA hotel assistance. That is down about 95 percent from the peak, right after the hurricanes hit in 2005.

Those living in a hotel-motel or FEMA temporary housing units have an extension of assistance to May 1, 2009. All extension notices will be mailed to applicants. FEMA will then hand-deliver termination notices to all households still living in temporary housing units or hotels-motels by March 31, 2009.

On February 20, 2009, HUD Secretary Shaun Donovan announced a new six month transition rental assistance program for families currently enrolled in the Disaster Housing Assistance Program (DHAP-Katrina/Rita). The program, jointly operated by HUD and FEMA will provide the additional assistance to families as needed until August 31, allowing more time to transition families out of the DHAP program. Donovan also will extend eligibility for permanent vouchers to all DHAP renters whose incomes fall below HUD's usual Section 8 income limits, in addition to the elderly and disabled who were already slated to receive the vouchers. About 15,000 of affected families are in the New Orleans area. There are plans to extend permanent vouchers to approximately 7,000 families that are income eligible or elderly or disabled.

Donovan stated that HUD could require some additional financing from Congress to extend the program to all those who meet the income requirements, which he believes could qualify half the over 31,000. If HUD uses its standard Section 8 income requirements, vouchers will be offered to working-poor households earning up to 50 percent of an area's median income. In the New Orleans area, a four-person household making up to \$29,900 would now qualify.

Table 2: Temporary Housing Units for Families Displaced by Katrina/Rita¹

	All Temp Housing	DHAP Deadline: 9/1/09	THU* – Owners Deadline: 5/1/09	THU* – Renters Deadline: 5/1/09	THU- Total Deadline: 5/1/09	TSA** (Hotels) Deadline: 5/1/09
Orleans	9,850	8,485	1,087	221	1,308	57
Jefferson	3,646	3,522	70	19	89	35
St Bernard	1,588	1,105	372	107	479	4
E. Baton Rouge	914	906	4	4	8	
St Tammany	1,344	974	261	102	363	7
Calcasieu	940	458	288	187	475	7
Plaquemines	618	98	409	107	516	4
Statewide Total	21,503	16,903	3,166	1,113	4,469	136

*THU - Temporary housing unit

**TSA – Transitional Sheltering Assistance

Source: Data provided by the Louisiana Recovery Authority

Hurricanes Gustav and Ike have compounded Louisiana's housing crisis. Thousands of Louisiana residents displaced by Hurricanes Gustav and Ike also rely on DHAP and FEMA temporary housing which will expire after 18 months of assistance have been provided. Current statistics available to the State show that nationwide 4,539 Households are on DHAP due to Hurricanes Gustav and Ike, although a

¹ DHAP data are as of January 2009.

majority are likely Texas residents. Transitional Sheltering Assistance (TSA) which allows families to stay in hotels is currently provided to 993 Louisiana residents. Planning for ensuring housing comes back online in a timely fashion for those residents is also critical to the stability of the region.

III. Priority Legislative Recommendations For 2009

Although the development and implementation of a comprehensive housing plan will require time and the cooperation of many agencies, legislative bodies, community leaders, there are five immediate needs that the legislature can address expeditiously, in the upcoming session, to help speed permanent housing recovery, stabilize neighborhoods, and bring people home. These include:

Averting Homelessness for recipients of the Disaster Housing Assistance Program and for families in temporary FEMA housing.

Speeding Housing Recovery and Blight Mitigation.

Establishing Rent Controls and Contractor Fraud Mitigation.

Capitalizing LA Housing Trust Fund to meet unresolved housing needs.

Establishing Legislative Study Commissions.

DETAILED DISCUSSION OF 2009 LEGISLATIVE PRIORITIES

Averting Homelessness by Extending the Disaster Housing Assistance Program. Through a concerted advocacy effort involving community advocates, state officials and legislators, a transition assistance program was created allowing residents relying on the Disaster Housing Assistance Program (DHAP) more time to be connected to affordable housing units. This program will last 6 months. The Louisiana Legislature, the LRA, LHFA, Public Housing Authorities, and DSS should establish a system that 1) ensures that affordable housing units come rapidly online and 2) that intensive case management system is put in place to transfer residents to those units—particularly those who will not have ongoing Housing Choice Vouchers. Specifically, the State should:

- Create a case management and referral system to connect families leaving DHAP/FEMA assistance to available affordable housing units coming back online;
- Provide relevant information regarding existing and upcoming available homes funded through State recovery programs that can serve these households' housing needs;
- Propose detailed transition solutions and responsible agencies to be implemented over the period of the transition assistance program, including for those who are in FEMA temporary housing (trailers and hotels whose deadline has been extended to May 1, 2009) and victims of Gustav and Ike who will be facing similar deadlines next year; and
- For families below 80 percent of area median income (AMI) who do not receive Housing Choice Vouchers, allocate \$5-10m of funding (disaster CDBG) to provide emergency rental assistance (for up to 3 months as allowed by CDBG regulations or request a HUD waiver to extend this time) to recipients in the event that an insufficient number of stable affordable housing units are available.

The Legislature should also pass a resolution urging the Louisiana Congressional Delegation to press Congress to allocate the necessary funds for the permanent Housing Choice Vouchers called for by HUD Secretary Shaun Donovan for all income-eligible families currently on DHAP.

The resolution should also urge HUD and FEMA to:

- Expedite the transition of families from DHAP to permanent Housing Choice vouchers targeted at the elderly and disabled;
- Provide the State of Louisiana and community advocates with regular reports on demographics and status of voucher recipients;
- Provide information on the status of families in FEMA assisted housing such as hotels and trailers whose deadline have been extended to May 1, 2009 as well as families in temporary FEMA housing due to hurricanes Gustav and Ike.
- Address the failure of the existing case management system to capture needed information and transition households in advance of deadline; and
- Communicate more effectively with DHAP recipients to ensure that voucher-eligible families understand the urgency in converting from DHAP to voucher and what other options are available.

Speeding Housing Recovery and Blight Mitigation.

Four major factors contribute to residents remaining in temporary housing situations, and the hardest hit neighborhoods exhibit inconsistent patterns of repaired and are blighted:

- insufficient awards to homeowners (due to Road Home formula disadvantaging owners with low assessment values and high damages; incorrect award amounts; uncertain appeals procedures; and ineligibility);
- the slow pace of the small rental repair program;
- financing challenges and local resistance to some multifamily rental developments; and
- contractor fraud.

The first three factors leave some unexpended federal Community Development Block Grant dollars dedicated to housing recovery from Hurricanes Katrina and Rita that need to remain targeted on resolving unfinished housing recovery.

Homeowners. An estimated three-fifths of grant recipients rebuilding in place (about 60,000) had gaps due to program formulas based on assessed values rather than damage estimates. For residents in largely low income or largely African American neighborhoods, historically lower property values have meant insufficient grants to recovery. This has left many neighborhoods with shortfalls that prevent entire neighborhoods from recovery. A class action lawsuit has been filed in relation to the grant formula not providing sufficient resources to repair damages.

An additional number of Road Home recipients are in appeal and working to reach resolution on their shortfalls. As of February 6, 2009, the Louisiana Recovery Authority projections of unexpended Road Home dollars range from a \$30M deficit to just over \$200M. \$650 million remains set aside for the Individual Mitigation Measures program, (which would provide up to \$7,500 in grants to homeowners to install features that will protect their homes from future storm damage) that is not yet launched. The LRA continues to review grants and appeals for errors, and legal advocates continue to help homeowners with appeals.

Small Rental Properties. The Small Rental Repair Program provides owners in the thirteen parishes with the heaviest storm damage with forgivable loans to rehab their units, maintain the presence of affordable housing in neighborhoods and reduce blight in communities where rental units often stand side-by-side with owner occupied homes. This small rental program is particularly important to rehabbing New

Orleans' neighborhoods. New Orleans rental housing stock was made up primarily of units in smaller buildings prior to Katrina; nearly 70 percent of all rental units were in buildings with four units or less².

Delays in the allocation of Small Rental Repair program grants have also created a large pool of stalled housing recovery dollars (\$42.5 million of \$866 million has been released, with \$115 million set aside for first-time homeownership programs), and made elusive the housing that could serve residents still in FEMA housing assistance or the transition rental assistance program targeted at DHAP recipients.

The program has hit several roadblocks. Complicated federal guidelines required the state to reimburse property owners for their repair costs, which meant that landlords—sometimes repaying mortgages on properties without the benefit of rental income—were often forced to obtain private financing in a credit market that has grown increasingly tight-fisted. As in the homeowner program, stringent eligibility rules and a complex application process made the process hard to navigate for many landlords. The state has proposed changes to the program to allow up-front funding to active awardees, but it remains unclear how many units will successfully come onto the market in 2009.

Large rental program. While developers of many large rental projects have been hit by the declining value of tax credits and the tightening credit market, many projects with secured financing have faced community resistance and denial of building permits to move forward with their projects. Currently, of the nearly 25,000 tax credits units projected to be built across the state (including those in non-GO Zone parishes), almost 25% are open for occupancy, 40% are under way and 35% are at risk of not closing their financing. LHFA should work with nonprofit and other community organizations to implement a public education campaign to counteract NIMBYism.

Contractor fraud. Nonprofit rehab groups have reported their clients facing contractor fraud for over two years, but the number of victims have been difficult to identify. Preliminary findings of a LouisianaRebuilds.info and LSU survey estimate that over 9,000 residents have been victim to contractor fraud over last three years. This trend is likely to hamper small rental owners as well.

The legislature should work with the Louisiana Recovery Authority and the Governor to set measurable benchmarks and reporting requirements that ensure that the following commitments are kept:

- **Fill homeowner gaps with gap grants.** Unspent Road Home funds should be allocated to homeowners to close difference between damage estimates and compensation awards up to \$150,000. This compensation would cover those with gaps due to administrative errors and problematic appeals AND homeowners with gaps due to damage estimates that were much higher than pre-storm home values.
- **Increase funding for nonprofits to do cost evaluation, construction and case management.** Nonprofit organizations working to address needs of residents in disaster affected communities provide case management and construction management services, and have marshaled materials and volunteers to reduce the costs of rebuilding for homeowners who lack sufficient resources to rebuild. Allocating funding for these services will enhance the impact of programs targeted at filling homeowner gaps and rebuilding rental housing. Not only homeowners need this assistance, but small landlords who will benefit from recent changes in the State's Small Rental Repair Program should also have access to support and construction management if they require it to ensure landlords get qualified, licensed contractors to complete the work.

² Jeffrey Meitrodt, "Rising Rents," The Times-Picayune 15 Oct. 2006.

The LRA should allocate \$20 million in disaster CDBG funds to nonprofits in a competitive RFP process to help homeowners and small landlords that are most vulnerable (low income, low literacy, disabled, elderly) repair their homes and rental properties. Eligible contractors and non-profits must have a demonstrated ability of completed construction management, and ability to leverage resources such as labor, materials and other funding sources to complete units. Priority should be given to contractors focusing their efforts in areas with significant amount of concentrated blight or in areas subject to spot blight.

- **Small Rental Program: Direct the LRA to give an accurate accounting of applicant problems and create program pathways to address the variety of needs with the small rental program.** Over the last 12 months, 936 units out of a total of 11,482 units for conditional awardees have been produced. Although there are 11,482 units conditionally awarded, only 7,291 units have returned commitment letters to the state expressing their intent to participate in the program. Some landlords have yet to receive a commitment letter from the state due to problems with their applications. It is likely that many of these landlords will not participate in the program.

Not all applicants in the small rental program have the same problems completing the program. The LRA must do an accurate accounting of the problems faced by applicants in order to give appropriate funding to each program solution. The LRA must immediately enact program changes to: disburse funds upfront to owner applicants through a construction draw system, rather than reimburse after completion as an incentive for completing the rehab (current system too dependent on credit in period of little credit access); provide small grants to landlords with minimal repairs needed (75% completed); contract with non-profits to provide much need technical assistance from cost estimation to construction completion; target clusters of applicants in neighborhoods to reduce costs, reduce theft during construction, and increase safety of incoming tenants (most tenants do not want to be the first person on a block).

- **The LRA should establish reporting on detailed changes to Small Rental program as well as a timeline for implementation of changes.** Programmatic solutions for the Small Rental Program must be put in place in a timely fashion to get affordable rental units on the street and relieve some of the blight from neighborhoods. The LRA should start new program directives by mid-March and provide monthly updates on program progress.
- **The LRA should establish and report on benchmarks for apartments and homes coming back on line, and track progress against benchmarks.** The LRA will continue to present a monthly report to the Legislature on actual expenditures and amount of unexpended funds in both the Road Home and Small Rental Repair Programs.
- **The Legislature should direct the LRA to establish performance objectives and reporting guidelines for the Gustav/Ike allocations including:**
 - Detailed citizen engagement/participation plans at the parish level for development of CDBG funding allocation strategy, public comment on proposed plan, and on-going communication strategy;
 - Tracking the production of housing units, both rental and homeownership, as well as the percentage provided for low-to-moderate income families;
 - Tracking the amount of infrastructure rebuilt and the number of jobs created, both new and restored, as well as the percentage filled by low-to-moderate income persons;

- Grant projects budget(s) showing how disaster CDBG funds are being used, including administration and all third-party contracts, and quarterly expenditures on programs and benefits to low-to-moderate income; and
- Technical assistance and capacity-building requested and received from the State.

Rent Controls and Contractor Fraud Mitigation. Countless residents have been victimized first by natural disasters, then by contractor fraud, price-gouging and unaffordable rents. Legislation is necessary to address these issues, by instituting caps on price increases in disaster situations, as well as providing for more stringent civil and criminal penalties for violating the caps and defrauding recipients of disaster housing assistance programs. The legislature should work with State Attorney General to expand prosecution of these cases. The LouisianaRebuilds/LSU survey results indicate higher incidences of fraud among lower income and low literacy clients. Many have been victimized by unlicensed and uninsured contractors which makes it more difficult to pursue damages and restitution. A combination of lack of information on where/how to find licensed and insured contractors, and the huge demand for quality contractors has also exacerbated this problem. Resources should be directed to contractor education, fraud prosecution, and construction management.

Capitalize LA Housing Trust Fund to meet unresolved housing needs. Another one time allocation of \$25-50m (\$25m was allocated to fund in 2007) is needed. Housing rebuilding is an ongoing infrastructure need that should be addressed by not only federal resources but state funds as well. This allocation will help meet severe housing needs while study commission (see below) identifies ongoing revenue for the fund such as other states dedicate.

Legislative Study Commissions. As a corollary to the development of longer-term comprehensive housing strategies and recommendations, the legislature should establish study commissions for the following:

- **Cost of Insurance premiums and deductibles post-disaster.** Numerous problems arose from the 2005 and 2008 hurricanes, including high hurricane deductibles, unaffordable insurance premiums and questionable insurance assessments, affecting not only residents in storm damaged areas, but also residents in other parishes and businesses. The study commission should investigate recent actions of the Insurance Commissioner, state and national catastrophic fund studies, and look at recommendations such as those advanced by the National Association of Insurance Commissioners for solutions to be pursued at the state level.
- **Establishing an ongoing source of funding for the Louisiana Housing Trust Fund.** A study commission should explore potential revenue sources which can provide an ongoing and self-sustaining source of funding for the Housing Trust Fund (as 43 other states have done), which currently relies on legislative appropriations for funding and program implementation. Over \$22 million of the initial \$25 million 2007 trust fund allocation went to 38 organizations to build or rehab 155 homes and 171 rental units.
- **State Disaster Trust Fund.** Significant time usually elapses between the occurrence of a natural disaster and the provision of assistance by FEMA, during which time many residents are subjected to untold suffering. A study commission should explore the feasibility of, and costs associated with, the establishment of a State Disaster Trust Fund which could bridge the gap between a disaster and the flow of FEMA assistance. Notwithstanding any Stafford Act provisions which may need modifying on the Federal level, the State Disaster Trust Fund would be reimbursed by FEMA for its outlays that meet FEMA regulations.

- **Community Land Trusts.** Community land trusts are often used in communities to ensure the continued supply of affordable housing by holding the underlying real estate in trust, with the homebuyer securing a mortgage only on the house/improvements, thus making the home more affordable. The legislature should create a study commission to explore options for incentivizing the establishment of such trusts and the effectiveness of various incentives.

Legislative Support for Targeted State Policy Recommendations

Meeting Louisiana's housing needs requires both direct legislative action, as well as legislative support of programs and initiatives managed by various State agencies and departments. It will be necessary to create a framework for parishes to plan for housing to serve their workforce and their vulnerable households, and accessibility and energy efficiency must be emphasized to enhance affordability and livability for new residents returning home. Investing in housing infrastructure as a statewide economic development strategy must also become a centerpiece of any future comprehensive housing strategy/plan. The Legislature should sponsor a housing summit for its members to educate them on the complexities of the housing issues facing our state as well as the stakeholders operating in this arena.

IV. Related Housing Strategies

In addition to the immediate 2009 priorities discussed above, the support of the Legislature is requested to facilitate enactment of these more medium-term policy recommendations for the LHFA and the LRA:

LOUISIANA HOUSING FINANCE AGENCY (LHFA)

The recommendations which follow are intended to broaden and enhance the agency's impact on Louisiana's housing crisis. The legislature should pass a resolution asking LHFA to take the following steps to broaden its impact and designate a Legislative Liaison to work with LHFA to codify these programs.

- Expand the Single Family program by working in partnership with LRA/Road Home Program to assist Katrina/Rita homeowners who qualify for a waiver of the First Time Homebuyers Program rules and address any barriers caused by existing program rules.
- Establish Multifamily Financing Bridge Fund - using state general funds, bond funds, or CDBG/HOME funds - that can front resources to move the currently-stalled small and large rental programs that have significant allocations of federal resources behind them (\$250m + loan fund can secure the return of over 12,000 affordable rental homes).
- Coordinate utilization of Neighborhood Stabilization Funds and per capita CDBG to address blight, foreclosure, storm rehab, rental assistance and homeless housing needs in all parishes, whether or not they have been damaged by the recent storms.
- Coordinate with local jurisdictions to target high risk areas with foreclosure *prevention* programs.
- Modify or waive approval requirements of the forward allocation process (such as predevelopment costs, site control and zoning approvals) to assist nonprofit developers of Permanent Supportive Housing (PSH).
- Increase the PSH set-aside.
- Remove the negative point scoring associated with rental subsidies for units which target persons 50% or below of Area Median Income.
- Incentivize developments to be located in neighborhoods with amenities in the QAP process.

Fix Large Rental Financing Gaps

The deadline for the receipt of Low Income Housing Tax Credits and any associated vouchers or subsidies should be extended to 2012 in areas directly impacted by the disasters and in communities that have received large numbers of evacuees. This will ensure that sufficient time has been allowed for affordable rental property to come back on line. Rents in New Orleans are 40-45 percent higher than pre-Katrina and homelessness continues to rise. Affordable housing units are slow to return as Low Income Housing Tax Credits falter due to the national economic crisis. The state of Louisiana committed \$75 million dollars towards Permanent Supportive Housing program provision, the federal government allocated 3,000 rental subsidies and the only piece remaining to reach this goal is capital for the development of the hard units. In the current allocations, we will only reach roughly 800 units.

The LRA, LHFA and the Legislature should:

- **Establish pipeline mechanism to refer residents transitioning out of FEMA and DHAP support to new affordable units coming on line** to prevent further homelessness.

LOUISIANA RECOVERY AUTHORITY (LRA)

Homeowners, non-profits, landlords and developers still face numerous impediments to repairing and rebuilding their properties, thus delaying recovery and contributing along with other economic and demographic trends to increased incidences of blight. Funding gaps face homeowners and non-profits working to rebuild and elevate homes damaged by the storms of 2005 and 2008. Owners of 1-4 unit rental properties are without sufficient personal resources to start or complete repairs of their properties, thus limiting the pool of affordable rental units, increasing the concentration of blighted buildings, and impeding neighborhood recovery. Developers of multifamily rental units, as a result of the economic and mortgage crisis, contend with shrinking equity investments and rising financing gaps.

Proposed modifications to some of LRA's existing policies and programs, as well as expanding services, can speed the rate of recovery and increase the supply of housing.

Small Rental Repair Program

- **Match owners of rental property with renters.**
Work with the Disaster Housing Assistance Program (DHAP) and FEMA to transition storm affected residents who are dependent on temporary housing, into permanent rental units created by the Small Rental Program.
- **Provide nonprofits with additional funding for housing outreach and placement services, as well as case management and administration support for scattered site Permanent Supportive Housing units.**
- **Create pilot for state rehab program for 1-4 units buildings.**
Use small rental rehab program as pilot for state wide rehab program to bridge hurricane and foreclosure recovery programs.

Addressing Homeowner Needs

The allocation of state money towards additional homeowner assistance programs was identified as a way to overcome gaps faced by homeowners, including affordable accessibility for homeowners who have elevated homes and may be disabled or elderly. If rule changes of the regulations are granted by Congress, **unexpended Road Home dollars should be employed to fill gaps of homeowners in the program, as mentioned in the priority recommendations above.** In addition, the State can:

- **Identify and harness existing sources of revenue to address affordable single family housing needs for all homeowners, not just those recovering from hurricanes.**

The state should identify and harness existing sources of revenue, and expand existing models for first time homebuyer development, especially for those who were renters prior to the 2005 and 2008 storms, such as the \$115 million first-time homebuyer program.

- **Dedicate a pool of state general funding to leverage federal housing dollars – federal dollars alone are insufficient to address the magnitude of housing needs in the State.** A fund dedicated to leveraging federal CDBG, HOME, Neighborhood Stabilization Program and other non-State funds allows for a broader impact in mitigating the State’s housing deficits. In addition, the state should use disaster and regular CDBG/HOME dollars, USDA and Social Services Block Grant funds to support the activities described above. This is also an opportunity to address blight statewide working with nonprofits that have demonstrated results and deliver quality service.
- **Work with the Louisiana Congressional Delegation to require FEMA to abide by Advisory Base Flood Elevation (ABFE) maps,** rather than Digital Flood Insurance Rate Maps (DFIRMS), and allow the placement of temporary housing units in low-lying communities. DFIRMS have not been formally adopted nor have Final Rules on their use been issued; these maps may be subject to revision based on public comment and appeals processes that have yet to take place. Until such time as Final Rules on DFIRMS take effect, the ABFE maps should remain the standard and communities be allowed to house residents in temporary units while permanent housing is being constructed. In addition, the Final Rules should include a grace period for those communities actively recovering/rebuilding from the 2005 and 2008 disasters.

Addressing Additional Permanent Supportive Housing Needs:

- **Create a Permanent Supportive Housing (PSH) Construction Loan Fund of \$45 million which will allow the development of 3,000 units of housing for special-needs single adults.** Funding can provide support and investment across the entire State, in both disaster and non-disaster areas, and seeks to address the variety of housing needs prevalent in nearly every community. Contribute as part of the extended effort of advocacy by the state and the nonprofit community, a commitment to funding 3,000 units of PSH is almost complete. A commitment from the LRA to a funding source would ensure that the other commitments made are fulfilled for our most vulnerable citizens. In addition, a goal of providing incentives for smaller, mission based developers should be a priority.