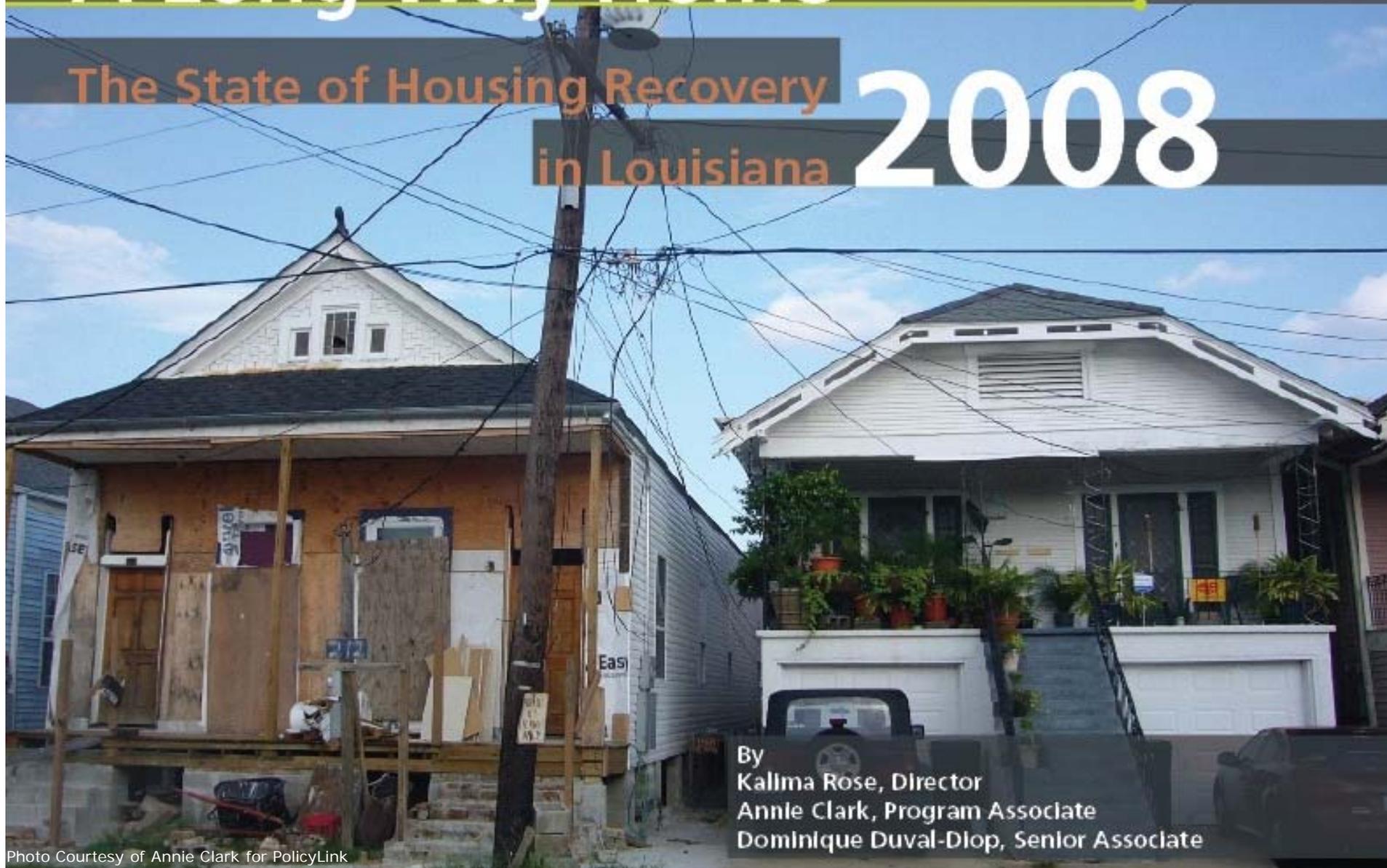


A Long Way Home

The State of Housing Recovery
in Louisiana

2008



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Download full report at www.policylink.org/ThreeYearsLater

Overview of Housing Recovery

On the cusp of the third anniversary of Hurricanes Katrina and Rita, Louisiana residents trying to recover continue to be battered by storms beyond their control.

A Long Way Home reviews the housing recovery progress made by the State of Louisiana to implement the major, federally-funded housing recovery programs to restore storm-damaged housing. Those include the Large Rental and the Small Rental Repair programs, and the homeowners' Road Home program.

There is no objective measure for how fast such a massive housing recovery should move. But the challenges facing homeowners who confront ever-changing program rules and who are left without sufficient resources to complete repairs—and the Catch-22 of ending temporary housing help before rental replacement units are available—continues to place a significant burden on impacted residents.

Local, state, and federal governments must work with community leaders to address the unfinished and underfunded work of bringing Louisianans home.

The Good News

- **Since the second anniversary, the pace of housing repair grant closings has greatly increased—with almost three-fourths of applicants receiving their awards by early August 2008. Of the 116,000 applicants who have closed, 93 percent have chosen to rebuild in place.**
- **Local nonprofit, sweat equity, and faith-based recovery groups are continuing to channel national resources—including volunteers, materials, funds, and expertise—to help recover thousands of homes for some of the most vulnerable seniors and families.**
- **Activity grew exponentially in the neighborhoods most devastated or most reliant on federal recovery funds—due largely to the rise of local resident leadership that galvanized their neighbors in common, determined purpose.**
- **UNITY of Greater New Orleans and partners helped house almost all of the homeless residents living under Interstate 10, and won \$75 million in additional funds from Congress to support homeless and disabled residents with housing recovery needs.**
- **Road Home Additional Compensation Grants, designed to help low-income homeowners, played an important role in increasing resources for some lower income families.**
- **Funds for rental housing recovery were mostly allocated to New Orleans' most flooded neighborhoods, particularly where the highest percentage of renters lived.**
- **Senator Mary Landrieu won an extra \$3 billion in Congress to prevent a funding shortfall for homeowners.**
- **Advocates won passage of state legislation allowing Road Home applicants additional rights to appeal their awards.**

The Tough News for Renters

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- **Renters are still out of luck:** in hurricane affected areas across the state, only 2 in 5 affordable damaged rental units will be repaired or replaced with recovery assistance. In New Orleans, just over 1 in 3 will receive recovery assistance—leaving displaced renters critically vulnerable. Of the approximately 24,600 rental homes projected to receive assistance, only eleven percent (2,600) are open for occupancy.
- **The 17,000 residents still living in FEMA trailers in May became subject to moves by FEMA and local parishes to actively close all trailers this summer—although only 8 percent of the rental homes assisted by recovery funds are open, a quarter of homeowners still await their recovery grants, and tens of thousands of households have not receiving sufficient funding to complete rebuilding.**
- **The ranks of homeless residents doubled across affected parishes in southern Louisiana, with the New Orleans metro homeless population reaching 12,000 residents—a painful reminder of the continuing housing losses in the community.**
- **Financial vulnerability of small property owners, combined with tightening national credit markets, has stalled the small rental repair program. Meant to restore over 10,000 rental homes in damaged neighborhoods, only 82 had been completed and occupied under the program as of August—leaving neighborhoods unrepaired and renters far from home.**
- **The national economic downturn means fewer investors in Low Income Housing Tax Credits, jeopardizing the financing for as many as 4,600 of the planned 13,100 units of multifamily rental housing in southern Louisiana.**
- **The impending March 2009 end to the Disaster Housing Assistance Program (DHAP) threatens to displace 28,000 residents across the nation (including 14,000 in the New Orleans metro region) who are receiving rental assistance although affordable housing units are not yet ready for occupancy.**

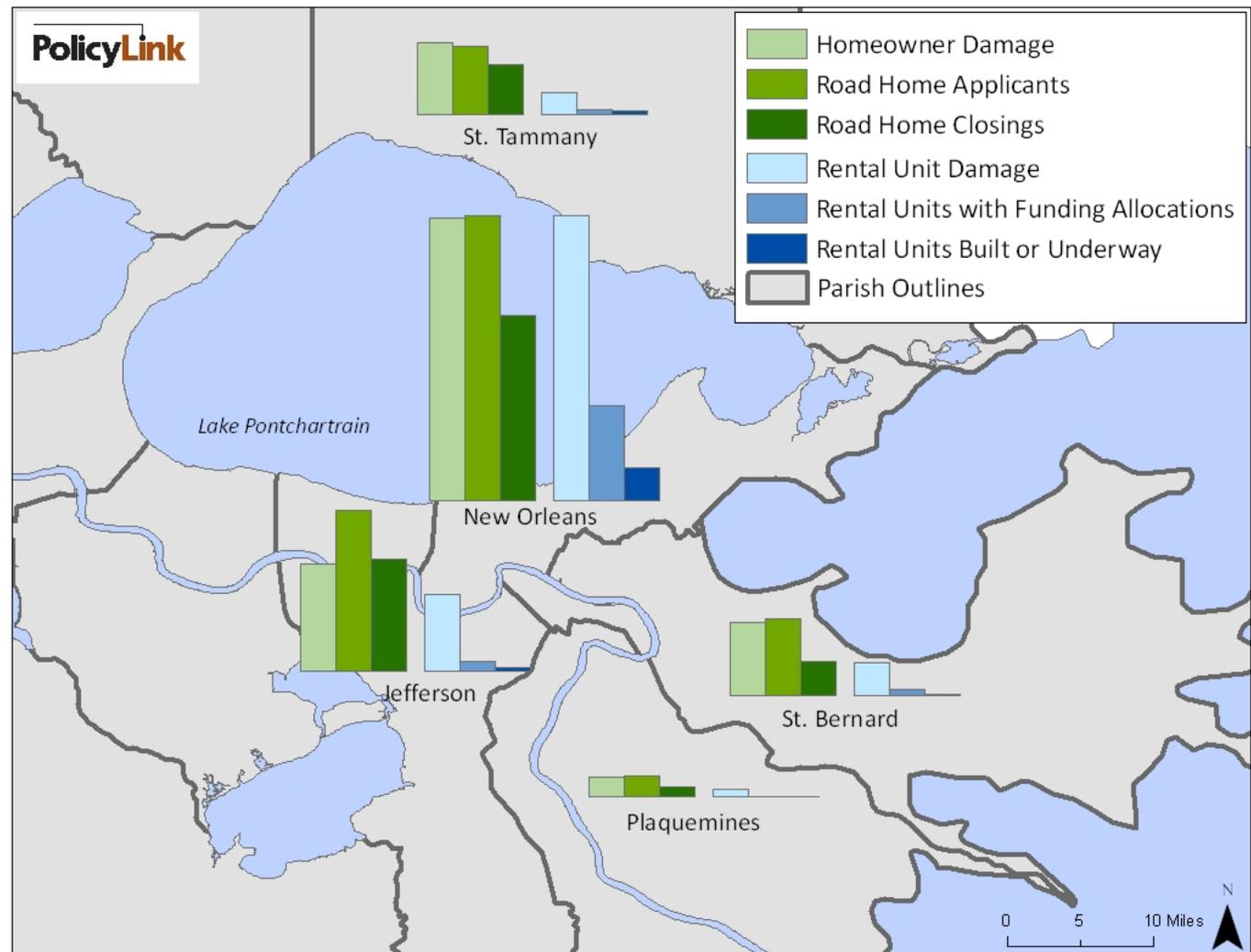
The Tough News for Homeowners

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- **81 percent of Road Home recipients rebuilding in place in New Orleans had insufficient resources to cover their damages, while 69 percent of recipients in other parishes had such gaps.**
- **Homeowners continue to face changing rules and arbitrary practices, including long payment delays, reduced grant awards at the time of closing, and deadlines for owners of family property trying to resolve legal title.**
- **Statewide, the average Road Home applicant fell about \$35,000 short of the money they need to rebuild their home. The shortfall hit highly flooded, historically African-American communities particularly hard.**
- **Few financing options exist for families facing resource gaps: three years of owing mortgages on uninhabitable property and the resulting additional living expenses has left many households not creditworthy to secure private financing to finish their homes.**

Homeowner and Rental Units: New Orleans Metro Region

- Housing recovery is moving much slower for renters than homeowners across the New Orleans metro region.
- Recovery funds will only restore 27 percent of the rental units destroyed in the metro region.
- Though three-quarters of homeowner applicants have closed their grants, 81 percent of those rebuilding in place in New Orleans did not have sufficient resources to rebuild their homes.



Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Includes only applicants deemed eligible by program. Data good for June 26, 2008. Tax credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 18, 2008. Small Rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008. FEMA Damage Estimates, February 2006.

Homeowner and Rental Units: New Orleans Metro Region

Resources to recover rental housing are woefully inadequate in relation to overall loss, locking residents out of housing and workforce opportunity. Funding is allocated to repair or build only 1 of 3 damaged rental homes statewide (24,600). As of July, 2008, about 2,600 of the homes were ready to occupy. Jefferson parish's meager replacement is partially due to efforts by parish officials to reduce rental housing opportunities—despite job growth and housing need in the parish.

Parish	Damaged Homes (FEMA Estimate)	Road Home Applicants	Road Home Closings	Percent of Applicants Compared to Estimated Damage *	Damaged Rental Units (FEMA Estimate)	Potential Rental Units with Funding Allocation**	Rental Units Currently in Pipeline **	Percent of Rental Potentially Replaced Compared to Estimated Damage
Jefferson	20,339	30,432	21,373	150%	13,972	1,840	704	13%
Orleans	53,474	53,913	35,051	101%	51,681	17,099	5,819	33%
Plaquemines	3,722	3,992	1,849	107%	1,457	27	10	2%
St. Bernard	13,736	14,517	6,474	106%	5,936	924	235	16%
St. Tammany	13,689	12,857	9,538	94%	3,931	975	729	25%
Total NOLA Metro	104,960	115,711	74,285	110%	76,977	20,865	7,497	27%
State Wide	122,592	150,617	84,114	123%	82,145	24,621	10,058	30%

Road Home applicants in Orleans, St. Bernard, and Plaquemines parishes have closed more slowly than those in Jefferson and St. Tammany parishes.

* High percentages of applicants compared to damage estimates reflect FEMA underestimates.

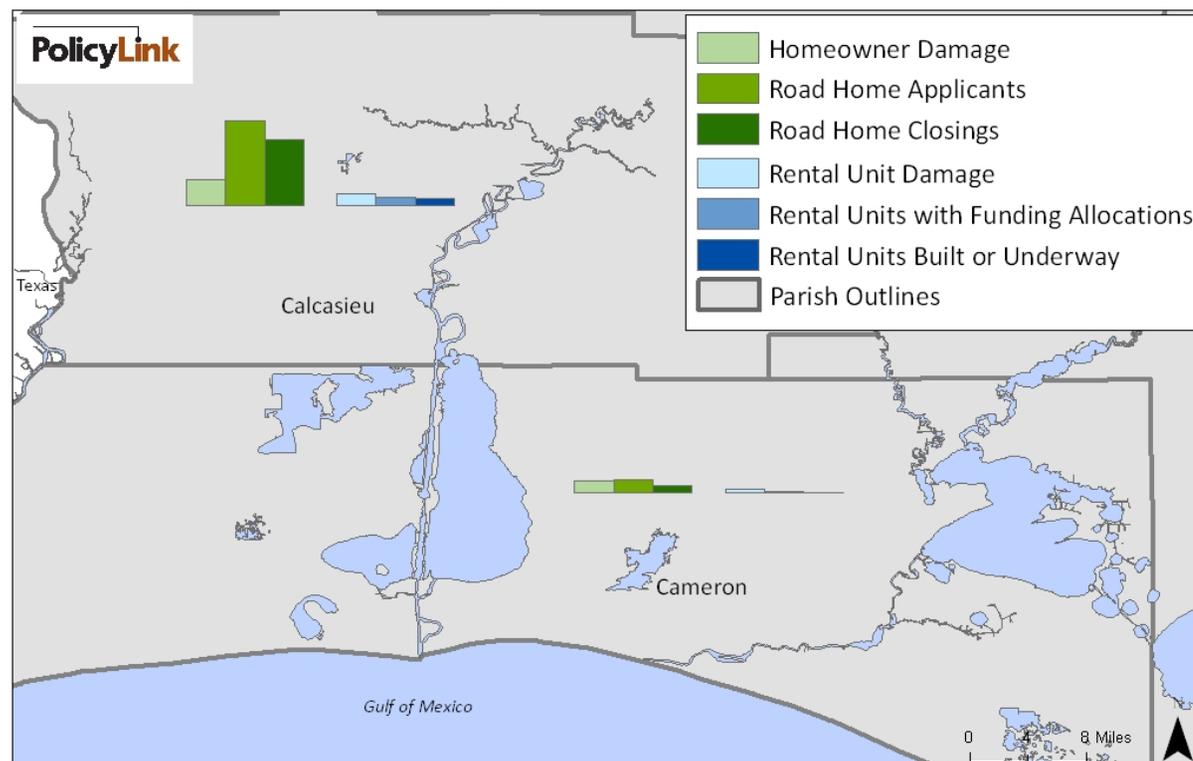
** Represents units with funding allocations from either the Gulf Opportunity (GO) Zone LIHTC Program or the Small Rental Property Program (SRPP). Does not include units repaired by other means (such as private insurance.)

*** Represents units from GO Zone Tax Credit Program that are completed, under construction, or have closed financing and units from the SRPP that have closed or are in either the construction or pre-closing stage.

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Includes only applicants deemed eligible by program. Data good for June 26, 2008. Tax credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 17, 2008. Small rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008. FEMA Damage Estimates, February 2006. Damage refers to major and severe damage.

Homeowner and Rental Units: Western Louisiana

- Many more homeowners affected by Hurricane Rita applied to the Road Home than were originally estimated in western Louisiana due to extreme underestimates of damage by FEMA. 57 percent of those rebuilding in place in Calcasieu parish did not receive sufficient funds to rebuild, and 70 percent fell short in Cameron parish.
- If rental damage is as underestimated as homeowner damage, it is impossible to gauge the state of recovery.



Parish	Damaged Homes (FEMA Estimate)	Road Home Applicants	Road Home Closings	Percent of Applicants Compared to Estimated Damage	Damaged Rental Units (FEMA Estimate)	Potential Rental Units with Funding Allocation	Rental Units Currently in Pipeline	Percent of Rental Potentially Replaced Compared to Estimated Damage
Calcasieu	4,428	14,514	11,213	328%	1,953	1,391	1,066	71%
Cameron	2,025	2,075	1,211	102%	551	47	1	9%

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Includes only applicants deemed eligible by program. Data good for June 26, 2008. Tax Credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 18, 2008. Small rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008. FEMA Damage Estimates, February 2006.

Federal Policy Recommendations

These recommendations are drawn from interviews with diverse community leaders, including construction and case management groups, legal services representatives, advocacy groups, agency leaders, and elected officials.

Policy recommendations for federal government:

- **Homeowner recovery:** Allocate funds to close the gaps created by Road Home formula for approximately 58,000 homeowners whose damage estimates were higher than their pre-storm or assessed value. (Congress)
- **Homeowner recovery:** Increase flexibility of rules and provide relevant waivers to ease low income, vulnerable applicants through the program. (HUD)
- **Temporary housing:** Extend Disaster Housing Assistance Program for rental assistance through 2010 when new rental units will become available. (HUD/Congress)
- **Speed repair:** Waive CDBG rules that make Small Rental Repair Program a reimbursement program so that funds can move immediately to grants for repairs. (President/HUD/Congress)
- **Rental homes:** Direct and fund HUD to replace all pre-storm HUD-assisted homes (over 6,000 senior and workforce HUD units are currently languishing unopened; approximately 1,700 former units recently demolished in the Big Four public housing developments are without replacement funding.)
- **Rental homes:** Allocate Low Income Housing Tax Credits to replace another 10,000 damaged rental units over the next five years. (Congress)
- **Rental homes:** Extend to 2012 the current placed-in-service date for larger Low Income Housing Tax Credit developments. (Congress)
- **Accountability:** Improve oversight and transparency of federally-funded housing programs to ensure that vulnerable households do not fall through the cracks. (HUD)

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State Policy Recommendations

Policy recommendations for state:

- **Neighborhood rentals:** Ensure spending of all small rental repair funds currently allocated for neighborhood recovery and affordable housing for renters. Ease rules to speed funds to repairs. (LRA)
- **Deeply affordable apartments:** Address the needs of most vulnerable renters by prioritizing deeply affordable and permanent supportive housing in reallocation of tax credits from projects that have been unable to secure financing. (LHFA)
- **Sufficient homeowner grants:** Fairly value properties for homeowner grant calculations by utilizing higher of assessment value or damage estimate. (LRA)
- **Protection of homeowner rights:** Rescind arbitrary September 5th deadline for Road Home applicants still resolving legal title on family properties.
- **Contractor fraud:** Investigate all reports and prosecute criminals; fund robust anti-fraud training program for 20,000 grant recipients. (Attorney General and LRA)
- **Gap funds:** Serve homeowners and others victimized by unscrupulous contractors or short of funds through: contracts with housing rehab groups; supplemental grants to escrow accounts; or creation of a low cost loan pool with generous credit scoring to help homeowners bridge gaps. (LRA)
- **Repair help:** Fund construction management expansion among rebuilding organizations for homeowners and mom and pop landlords. (LRA) See www.policylink.org/ThreeYearsLater/RecoveryGroups.html for list of effective groups helping homeowners.
- **Insurance relief:** Fund an insurance subsidy pool available on sliding scale for people at median income or below to help address the increased burden of insurance. (Legislature, LRA, Insurance Commissioner, LHFA)

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New Orleans Policy Recommendations

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Policy recommendations for New Orleans:

- **Temporary housing:** Extend deadline to vacate trailers until Road Home applicants have closed and half of rental homes currently in the pipeline are completed. (ORDA, City Council)
- **Expand rehab help:** Increase capacity of construction management groups through grants and contracts. (ORDA, City Council) See effective rehab groups: www.policylink.org/ThreeYearsLater/RecoveryGroups.html
- **Financial resources:** Establish small grants or loan pool to cover gaps and prioritize in-progress rebuilds and those in final completion stage. (ORDA, FANO)
- **Financial resources:** Help high credit risk homeowners and rental owners by guaranteeing loans. (ORDA, City Council)
- **Land use priorities:** Utilize Louisiana Land Trust Properties to create more equitable housing occupancy patterns—prioritizing first time ownership in high-rental neighborhoods, and affordable rental homes in high ownership neighborhoods. (NORA)

Rental Housing Recovery Programs



Photo Courtesy of Annie Clark for PolicyLink

Rental Program Overview

The 82,000 units of rental housing lost in hurricanes Katrina and Rita are being primarily replaced by two programs: Large Rental Program, financed by Low Income Housing Tax Credits, and Community Development Block Grant (CDBG) 'Piggyback' funds, aimed at multi-family housing developers; and the Small Rental Repair Program, aimed at neighborhood homes owned by mom and pop landlords. The majority, but not all of the homes generated by these programs are affordable; both programs gave bonuses for creating mixed income developments.

The piggyback portion of the tax credit program addresses the needs of seniors and people at risk of homelessness. The program provides incentives for providing deeper affordability and the economic integration of different income groups into new housing developments. These funds also provided for the partial replacement of lost public housing developments.

Statewide, current allocations will only replace 2 of every 5 affordable units lost, while only 1 in 3 affordable rentals in the New Orleans area will be replaced. Parishes particularly far behind in the metro region are St. Bernard, Jefferson, and Plaquemines.

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Rental Program Overview (cont.)

Within New Orleans, funds for rental housing recovery were allocated to the most flooded neighborhoods with high percentages of pre-Katrina rentals. Yet both programs are affected by changes in the national economy. Almost half of the Low Income Housing Tax Credit developments in New Orleans are still struggling to complete their financing in a national market with fewer investors. If they do not get investors, they are at risk of losing their tax credits and not moving forward. Additionally, the small rental program is reliant on owners securing their own financing up front. With a national credit squeeze, and financially vulnerable post-disaster owners, only 370 units (4%) have been able to reach the final stages of the small rental program.*

The vast majority of rental housing in New Orleans prior to Katrina was comprised of smaller 1-4 unit houses targeted by the Small Rental Repair Program. About half of 17,000 units funded for replacement will be these smaller scale units. This very limited funding means a great deal of blight could remain in neighborhoods.

A major concern has been the mismatch between available affordable units and the end of temporary housing programs, leaving tenants without options. Currently across the state, fewer than 2,600 of the 24,600 rental units funded for recovery are open for occupancy.

*Includes units in pre-closing and those that have closed.

Affordable Rental Replacement in Select Heavily Damaged Parishes

Metro New Orleans parishes are far behind in replacing affordable rental units, especially in St. Bernard, Jefferson, and Plaquemines. Overall, current allocations will only replace 2 of every 5 affordable units lost.

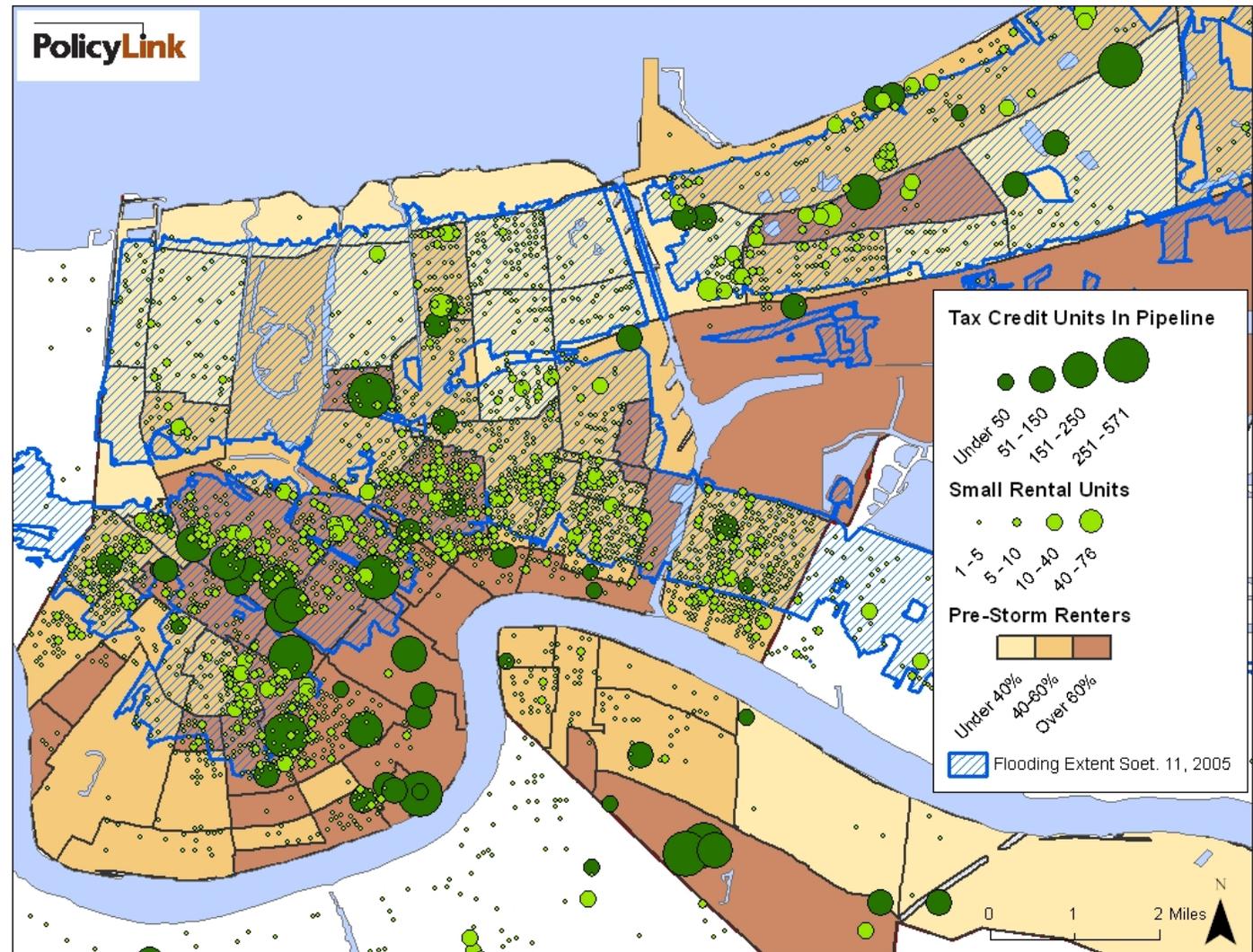
Parish	Affordable Rental Units with Severe or Major Damage	Affordable Units in Small Rental Pipeline	Affordable Rental Units in Tax Credit Pipeline	Total Affordable Units in Pipeline	Affordable Rental Need to Match Pre-K	Percent Replaced
Calcasieu	1,333	247	946	1,193	140	89%
Jefferson	8,515	808	606	1,414	7,101	17%
Orleans	37,790	7,736	6,268	14,004	23,786	37%
Plaquemines	759	25	0	25	734	3%
St. Bernard	3,935	869	0	869	3,066	22%
St. Tammany	2,211	200	600	800	1,411	36%
Other Heavily Damaged Parishes	1,453	125	1,198	1,323	130	91%
Other Parishes w/New Units	n/a	n/a	849	849	n/a	n/a
Total	54,477	10,010	10,467	20,477	36,368	38%

Note: For Small Rental Repair Program, numbers only include units under 80% of AMI, not market rate units. For Tax Credit Program, numbers only include units under 60% of AMI, not Market Rate units. Overall 82,000 rental units were heavily damaged or destroyed.

Source: Tax credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 17, 2008. Small rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008. FEMA Damage Estimates, February 2006. HUD CHAS Data 2005.

Where are Rentals Recovering?

Heavily flooded neighborhoods that had greatest numbers of renters are absorbing the greatest number of new and rehabbed rental units.



Source: Tax credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 17, 2008. Small Rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008. Census 2000 SF-1. FEMA (Sept 11, 2005 Flood Extent).

Large Rental Program

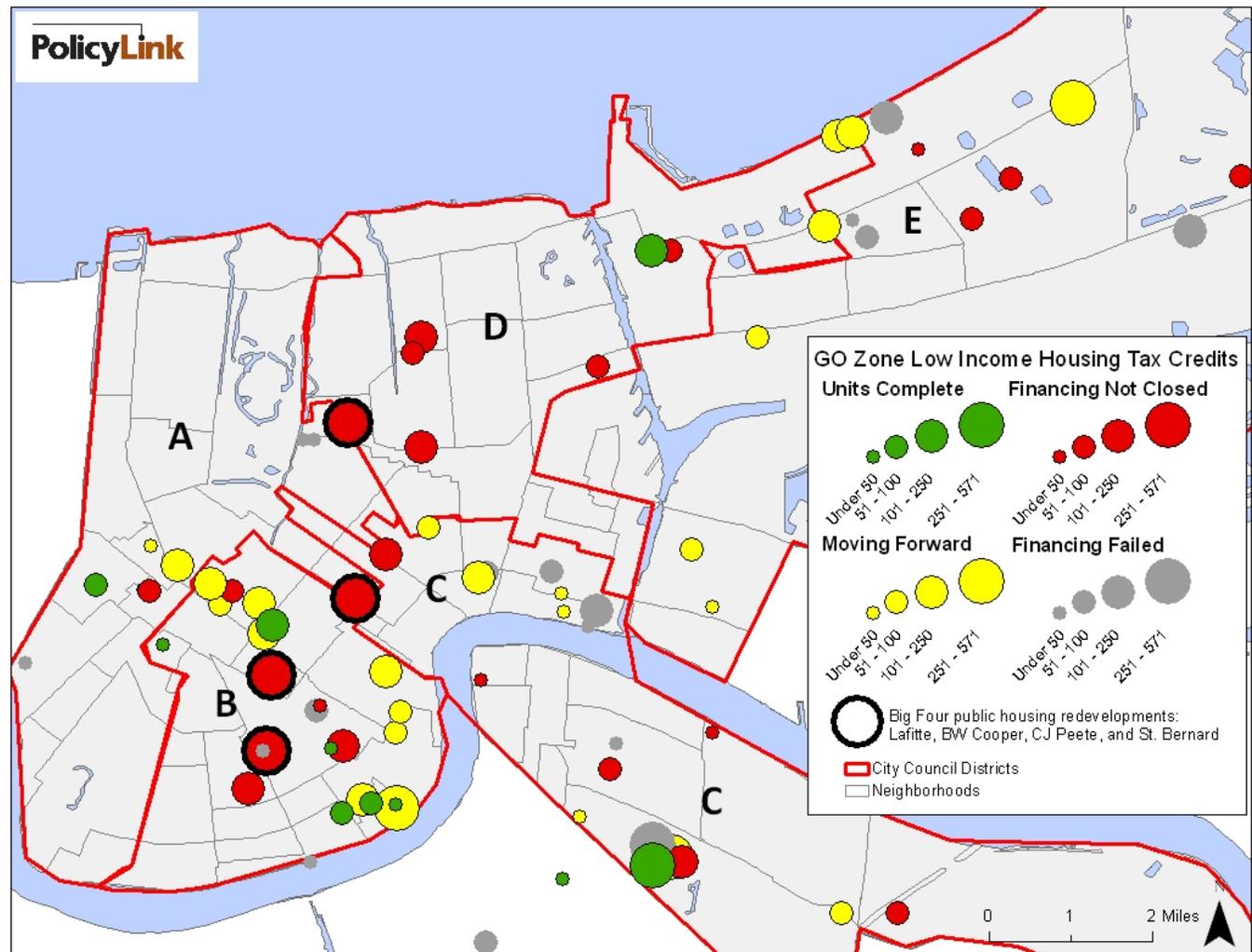


Photo Courtesy of Annie Clark for PolicyLink

GO Zone LIHTC Development Status: New Orleans

Almost half of the Gulf Opportunity Zone (GO Zone) Low Income Housing Tax Credit developments in New Orleans are struggling to complete their financing. Developers are on a deadline to complete their financing by Sept. 30th. If they do not, they risk losing the tax credits and not moving forward. The recently demolished Big Four public housing redevelopments have also not closed their financing, primarily due to delays in demolition.

Only 10% of the 8,143 units in the pipeline are currently ready to rent.



Source: Tax credit data based on Louisiana Housing Finance Agency Pipeline Report. Data good for July 17, 2008.

Mixed-Income Developments at Work: Tulane Ave Corridor



Seven developers targeted the corridor along Tulane Avenue for new Low Income Housing Tax Credit developments. All the developments except for St. Michael's and The Terraces (both for seniors) will be mixed income and provide housing for a range of working families. Developers initially resisted Louisiana's first-time requirements for mixed income apartments, but these developments have been among the first to successfully secure financing and begin building. The developments demonstrate positive development principles: they did not displace any residents to be built, created economically integrated communities that included very low-income households, and used former industrial buildings or under utilized land.

Development Name	Income for a Family of 4		
	Less Than \$23,920 (Less than 40% AMI)	Between \$23,920-35,880 (40-60% AMI)	Over \$35,880 (over 60% AMI)
The Preserve	37 Units	37	109
The Crescent Club	50	42	136
Falstaff Brewery	0	93	63
St. Michael's	0	60	0
The Terraces	200	0	0
The Marquis	50	50	50
Jefferson Davis Apts	0	56	16
TOTAL UNITS	337	338	374
Percent of TOTAL UNITS	32%	32%	36%

Note: AMI is Area Median Income, \$59,800 for a family of 4 in the New Orleans Metro Region.

Source: Tax credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 17, 2008.

When Mixed-Income Doesn't Work: Displacement at St. Bernard

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Two Tales of Mixed-Income Housing:

Since Katrina, four of the ten New Orleans public housing developments are being torn down and replaced with mixed-income tax credit funded developments. While the Lafitte developers plan to redevelop every pre-Katrina affordable unit on a larger footprint, St. Bernard is replacing the fewest of any of these redevelopments. Where St. Bernard's 963 deeply affordable homes stood pre-Katrina, 465 new homes will be rebuilt—with only 153 of them affordable to the families who used to live there. The other 810 families will be displaced. Local residents and housing advocates continue to call on HUD and the Housing Authority of New Orleans to develop a plan that replaces all the lost federally-assisted homes.

Note: St. Bernard's redevelopment plan calls for an additional unfunded stage that will produce 164 units.

Source: Tax credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 17, 2008.

Photo Courtesy of Annie Clark for PolicyLink



LIHTC Development Status by Parish

Parish	Units			
	Original Allocations in Three Rounds in 2006	Currently in Pipeline	Percent of Original in Pipeline	Returned to the LHFA for Re-Distribution
Calcasieu	1,408	1,130	80%	278
Jefferson	1,227	851	69%	281
Orleans	9,157	8,143	89%	1,675
St. Tammany	802	750	94%	48
Other Parishes	2,363	2,262	96%	126
TOTAL Units	14,957	13,136	88%	2,408
Total Developments	179	159	89%	30

Despite the national credit crisis undermining Low Income Housing Tax Credit developments from coast to coast, developments funded by tax credits in southern Louisiana are doing fairly well.

The Louisiana Housing Finance Agency (LHFA) allocated Gulf Opportunity Zone (GO Zone) tax credits in 2006, and some developers since then have been unable to secure the remaining financing to make their projects viable. Investor concerns in southern Louisiana include increased risk of investing in a recovery area with more unknowns, a federal deadline to have units ready to be occupied by 2010, local opposition to multifamily/rental developments, increased insurance costs, and lowered demand for tax credits in a down economy.

The LHFA has taken several corrective steps to keep projects moving forward. The agency:

- delivered LRA-CDBG dollars to developments with shortfalls (adding some additional affordability or disability requirements);
- reallocated tax credits from failed developments to others ready to proceed;
- offered flexibility with the financing deadline; and
- utilized a current 'lightning round' to reallocate the remaining \$11 million in GO Zone credits.

Source: Tax credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 17, 2008.

Development Status for LIHTC

Parish	Projects in pipeline	Units					Percent underway	Percent of financing not closed
		Total in pipeline	Ready/ Open for Occupancy	Under Construction	Financing closed	Financing not closed		
Calcasieu	19	1,130	341	196	529	64	94%	6%
Jefferson	12	851	210	180	100	361	58%	42%
Orleans	61	8,143	849	2,357	1,193	3,744	54%	46%
St. Tammany	9	750	116	418	156	60	92%	8%
Other Parishes	58	2,262	660	493	702	407	82%	18%
TOTAL	159	13,136	2,176	3,644	2,680	4,636	65%	35%

New Orleans and Jefferson parishes are struggling more than others to secure investors for tax credit developments. Both parishes have almost half of their developments in limbo. The final deadline for closing financing is September 30, 2008.

Note: Units in pipeline include those whose financing has not closed. Units underway include units ready/open for occupancy, under construction, and with financing closed. Units that have not yet secured financing are in jeopardy and may not open.

Source: Tax credit data based on *Louisiana Housing Finance Agency Pipeline Report*. Data good for July 17, 2008.

Small Rental Repair Program



Photos Courtesy of Annie Clark for PolicyLink

Small Rental Repair Program Overview

Rental housing stock in New Orleans prior to Katrina was made up primarily of units in smaller buildings; nearly 70 percent were in buildings with four units or less. The Small Rental Repair Program was designed to give a forgivable loan to the owners of these small rental houses in thirteen of the most heavily damaged parishes to rehab their units in exchange for providing much needed affordable rental units. Since New Orleans carried the vast number of damaged rental units, the majority of the funding was allocated there to restore units.*

The program also aims to reduce blight in heavily damaged neighborhoods, where rental units in traditional housing stock existed side-by-side with those occupied by homeowners.

While the goals of the program are laudable, the program has hit innumerable roadblocks. Unlike the upfront grants of the homeowners program, federal rules steered the state toward a complex program that reimbursed landlords after repairs were finished and a tenant was in place. This required landlords to get private financing for their repairs, which has become increasingly difficult as the national credit market tightened and landlords continued to carry mortgages on properties without any rental income.

*Acadia, Calcasieu, Cameron, Iberia, Jefferson, New Orleans, Plaquemines, St. Bernard, St. Tammany, Tangipahoa, Terrebonne, Vermilion, and Washington.

Small Rental Overview (cont.)

The program suffered from a complex application process and a series of rule changes for eligibility. This programmatic confusion was exacerbated by applicants being unable to access their files and or receive the technical assistance they needed to complete program requirements. Applicants also experienced many problems similar to Road Home applicants in accessing their files and repeatedly having to verify their documentation. The state has made many improvements in this arena, and is now holding regular sessions to work with landlords, but the number of applicants who were lost in the system are unquantifiable.

Unless HUD acts to help the state by easing the rules, the program's great potential could be lost—leaving homes in neighborhoods blighted, fewer affordable units available, and families who rent part of their home unable to rebuild.

Small Rental Repair Status: New Orleans

85% of New Orleans Small Rental Repair applicants have NOT begun the construction stage.

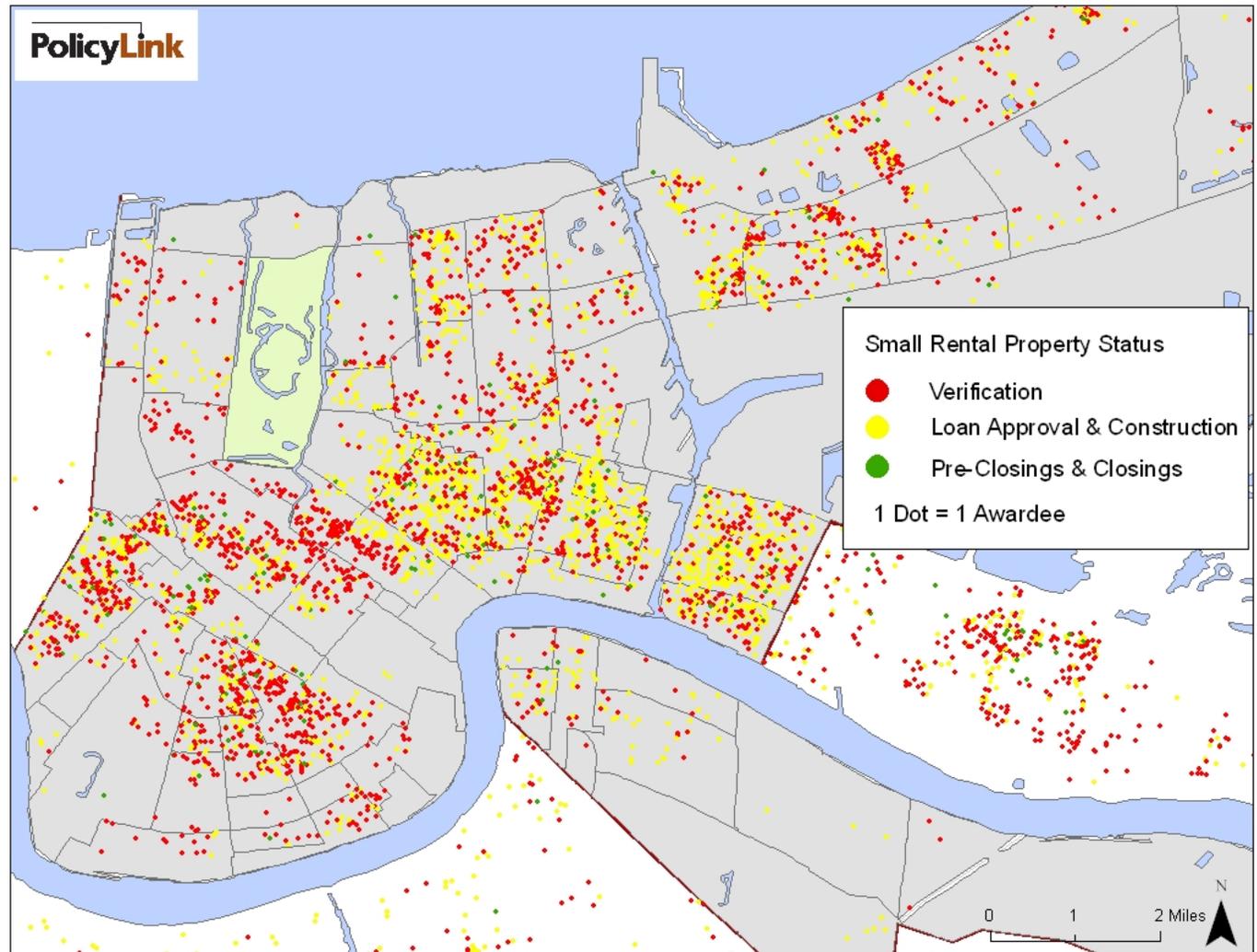
Stage As of June 18	Units	Applicants	Percent of Total Applicants
Stage 1: Verification	4,616	2,378	52%
Stage 2: Loan Approval	2,920	1,493	33%
Stage 3: Construction	1,056	521	11%
Stage 4: Pre-Closing	356	159	3%
Stage 5: Closing	8	6	Less than 1%
Total	8,956	4,557	100%

Note: Description of program stages on Slide 30

Source: Small rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008.

Small Rental Applicant Stages – New Orleans

The vast majority of applicants in New Orleans and other heavily damaged parishes are still in the initial stage of the program, where there is significant risk of applicants dropping out—meaning the house would likely stand unrepaired.



Note: Description of program stages on Slide 30

Source: Small rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008.

Stages of Small Rental Program

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- **Verification:** Applicant undergoes underwriting review, Office of Community Development (OCD) checks documents.
- **Loan Approval:** Applicant receives loan summary, commitment letter.
- **Construction:** Applicant is making repairs, getting certificate of occupancy, self-reported by applicant that all items in application are completed.
- **Pre-Closing:** OCD completes lead paint assessment, final inspection of scoring items, tenant income verification.
- **Closing:** Final inspection passed, applicant receives the forgivable loan.

Small Rental Program Applicants Dependent On Rental Income

- Two-thirds of the small rental repair program participants were reliant on rental income, one of the program’s key target demographics.
- The loss of rental income fell particularly hard on senior landlords—about 1 in 7 of the program applicants—for whom delays in the program exacerbated the hardships they already faced.

Parish	Number of Applicants	Percent Reliant on Rental Income	Percent Senior and Reliant on Income
Calcasieu	204	62%	28%
Jefferson	462	62%	9%
Orleans	4,557	64%	14%
St. Bernard	547	71%	15%
St. Tammany	169	62%	6%
Other Parishes	120	64%	28%
Total	6,059	65%	14%

Note: Applicants reported that rental income was over 30% of total income; 521 applicants did not disclose their age and are not included.
Source: Small rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008.

Filling the Affordability Gap: Where can working people afford to live in New Orleans?

Occupation	Avg. Annual Salary	Monthly Rent Able to Pay
Short Order Cook	\$16,970	\$471
Bank Teller	\$21,960	\$504
Home Health Aide	\$19,060	\$524
Firefighter	\$27,180	\$747
Medical Lab Tech	\$29,720	\$817
Police Officer (Patrol)	\$34,680	\$954
Plumber	\$38,540	\$1,071
Teacher	\$42,660	\$1,173

Average Rent for a 2 bedroom apartment:

Today: \$978
2005: \$676

Small Rental Repair Average: \$621

If the program can get moving, it will provide a critical supply of affordable homes, and help neighborhoods recover.

Note: Represents single wage earner.

Source: Small rental data based on data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008. Bureau of Labor Statistics Occupational Employment and Wage Estimates 2008.

Federal Policy Recommendations

These recommendations are drawn from interviews with diverse community leaders, including construction and case management groups, legal services representatives, advocacy groups, agency leaders, and elected officials.

Policy Recommendations for federal government:

- **Temporary housing:** Extend Disaster Housing Assistance Program for rental assistance through 2010 when new rental units will be available. (HUD/Congress)
- **Speed repair:** Waive CDBG rules that make Small Rental Repair Program a reimbursement program so that funds can move immediately to grants for repairs. (President/HUD/Congress)
- **Rental homes:** Direct and fund HUD to replace all pre-storm HUD-assisted homes (over 6,000 senior and workforce HUD units are currently languishing unopened; and approximately 1,700 former units recently demolished in the Big Four public housing developments are without replacement funding.)
- **Rental homes:** Allocate Low Income Housing Tax Credits to replace another 10,000 damaged rental units over next five years. (Congress)
- **Rental homes:** Extend current placed in service date for Low Income Housing Tax Credits to 2012. (Congress)
- **Accountability:** Improve oversight and transparency of federally-funded housing programs to ensure that vulnerable households do not fall through the cracks.

(Continued on next slide)

State Policy Recommendations

34

Policy Recommendations for state:

- **Neighborhood rentals:** Ensure spending of all small rental repair funds currently allocated to ensure neighborhood recovery and affordable housing for renters. (LRA)
- **Speed Repair:** Ease rules in Small Rental Repair Program to speed funds to repairs. (LRA)
- **Speed Repair:** Loan state general funds to Small Rental Repair Program to give landlords money upfront. Reimburse state with federal dollars already allocated to this program. (Legislature)
- **Deeply affordable apartments:** Address most vulnerable renters by prioritizing deeply affordable and permanent supportive housing in reallocation of tax credits from projects unable to secure their financing. (LHFA)
- **Repair help:** Fund construction management expansion in rebuilding organizations for mom and pop landlords. (LRA)
- **Insurance relief:** Fund an insurance subsidy pool available on a sliding scale for low-income landlords in the Small Rental Repair Program to help address the increased burden of insurance. (Legislature, LRA, Insurance Commissioner, LHFA)

(Continued on next slide)

New Orleans Policy Recommendations

35

Policy Recommendations for New Orleans:

- **Temporary housing:** Extend trailer-vacancy deadlines until half of rental homes currently in pipeline are completed. (ORDA, City Council)
- **Expand rehab help:** Increase capacity of construction management groups through grants and contracts. (ORDA, City Council)
- **Financial resources:** Establish small grants or loan pool for those repairing rental properties. (ORDA, FANO)
- **Financial resources:** Help high credit risk rental owners by guaranteeing loans. (ORDA, City Council)
- **Land use priorities:** Utilize Louisiana Land Trust Properties to create more equitable housing occupancy patterns—prioritizing first time ownership in high-rental neighborhoods, and affordable rental homes in high ownership neighborhoods. (NORA)

Homeowner Program



Photo Courtesy of Annie Clark for PolicyLink

Applicants Rebuilding in Place

The Road Home Homeowner Assistance program provides grants for the uninsured losses of homeowners to repair their homes or relocate.

FEMA estimated that about 330,000 homeowners suffered from minor to complete damage of their homes across the storm affected areas in Louisiana. Road Home officials expect more than 150,000 homeowners will receive grants from the program—with nearly three-fourths of those paid out as of early August 2008. This report looks at how those who chose to rebuild in place fared in relation to the resources needed to rebuild their homes.

Families that had sufficient insurance (flood, wind, and homeowners), and those that could rely on their own assets, generally moved into repair mode in the first year after the storm. Repopulation maps of damaged areas show a correlation between higher incomes and faster reoccupancy. (See <http://www.gnocdc.org/repopulation/>) Those that depended solely on the Road Home program generally have moved more slowly due to insufficient funds and the pace of the program.

Significant challenges remain for those who have received their grants and those who have yet to close. Nonprofit groups working with homeowners report that many recipients face insufficient rebuilding grants, contractor fraud, a high-cost environment, inability to access additional credit, and home-title succession challenges that delay or deny funding for the home repair. This report found that the majority of homeowners choosing to rebuild in place did not have sufficient resources to fully recover their homes.

Road Home Applicants Rebuilding in Place

Demographic Category	Number	Percent of RH Apps. Closed
RH Apps. Closed	84,114	100%
Race		
African American	37,159	44.2%
Asian	1,719	2.0%
White	31,438	37.4%
Income		
Low Income (Below 80% AMI)	35,554	42.3%
Above 80% AMI	41,098	48.9%
Other Groups		
Elderly	6,483	7.7%
Flooded	49,140	58.4%

Note: AMI = Area Median Income

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data for 84,114 closed applicants rebuilding in place and are good for June 26, 2008.

Applicants Rebuilding in Place (cont.)

A change was made to the Road Home grant calculation formula in August 2006. The original formula allowed for meeting rebuilding/repair costs up to \$150,000 and the changed formula relied on the pre-storm assessment of the home. This change left 81 percent of New Orleans homeowners and 69 percent of other parish homeowners who are rebuilding in place with insufficient funds to rebuild. Those with significant damage and low pre-storm home values were particularly hard hit by this change.

General trends in the data show that:

- African American households and low-income households had lower pre-storm home values than the average for closed applicants rebuilding in place.*
- African American and elderly households received higher average grants because a higher percentage of them received additional compensation grants, which were available to low-income individuals.*
- Low-income households and African Americans had less insurance on average than any other demographic group.*

Available Rebuilding Funding

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Average Amount of Rebuilding Funding		
	Above 80% AMI	Below 80% AMI
Non-RH Rebuilding Resources	\$54,098	\$37,343
RH Compensation Grant	\$47,233	\$42,748
RH Additional Compensation Grant	-	\$26,776
Total RH Grant*	\$50,723	\$73,938
Total Rebuilding Resources (incl. RH, insurance, and FEMA)	\$104,822	\$111,282
Average Pre-Storm Home Value	\$163,090	\$114,042
Average Damage Estimate**	\$145,323	\$139,741

Forty-two percent of Road Home applicants who closed and are rebuilding in place are low income. The Road Home's additional compensation grant, offered only to low-income households, increased the average amount of total rebuilding resources for these households.

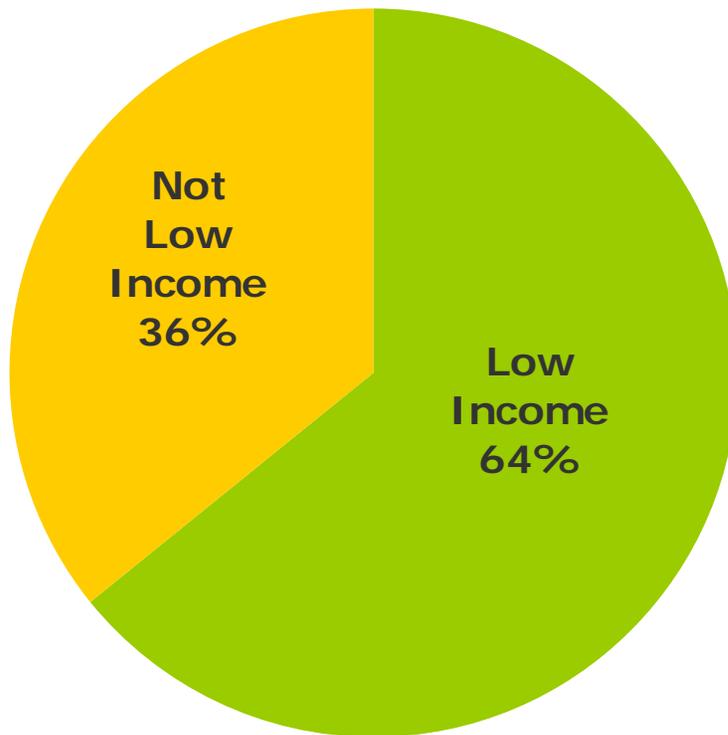
*Total RH Grant is not the total of two former cells—it also includes some elevation grants for early applicants.

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data represent 84,114 closed applicants rebuilding in place and are good for June 26, 2008. **Damage estimate is the figure used in the grant calculation.

Applicants Dependent on Road Home

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3,800 Applicants Depended Solely on Road Home Resources



Applicants who depended solely on Road Home grants—they had no other insurance or compensation funds—were predominately low income and African American households. These homeowners bore a greater financial burden because of time delays than those who had other resources. These individuals had an average gap of \$46,000 in the resources needed to rebuild their homes.

Road Home Formula Explained

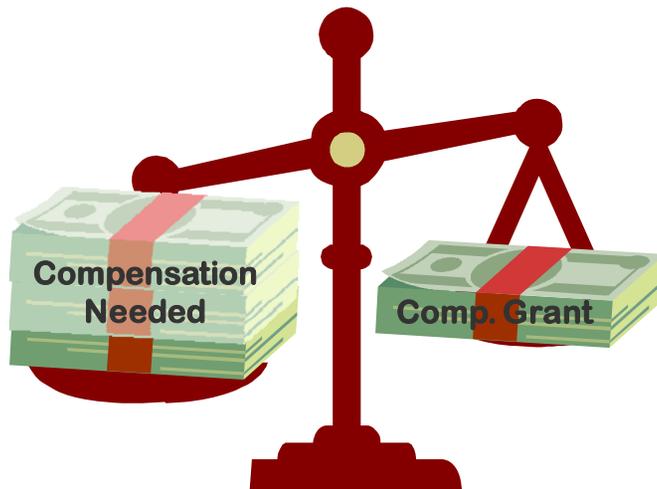
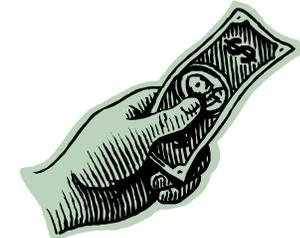
For homeowners rebuilding in place, the grant calculation formula leaves homeowners with low pre-storm home values short of the funds they need to rebuild. For example:

Estimated cost of damage*: \$160,000
 Pre-storm value: \$ 90,000
 Insurance received: \$50,000

The compensation grant is the lesser of:

\$160,000		\$90,000
<u>-\$50,000</u>	OR	<u>-\$50,000</u>
\$110,000		\$40,000

**Compensation Grant
= \$40,000**

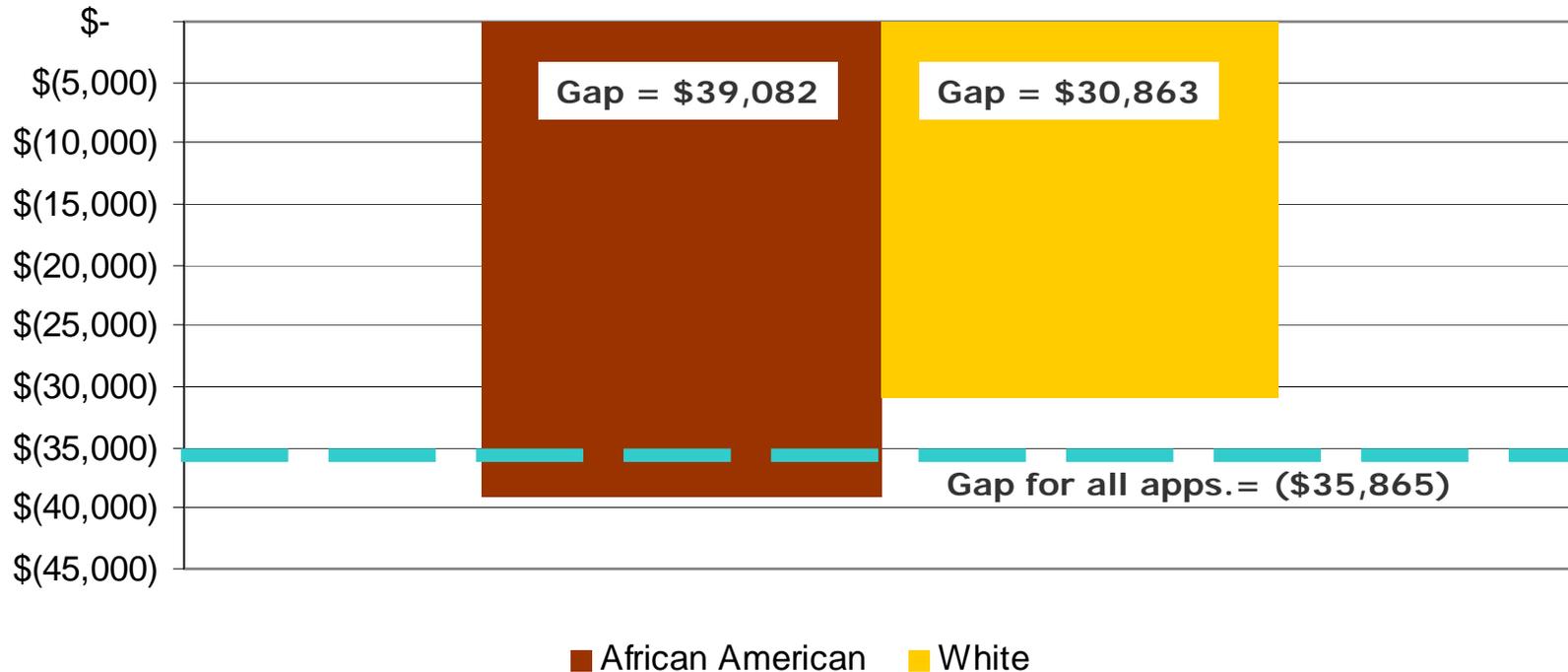


A homeowner who earns less than 80% of area median income could qualify for an additional compensation grant up to \$50,000 to partially close the gap.

In the example used here, a low-income homeowner could receive \$90,000—still \$20,000 short of the repair costs to the home.

Note: *Depending on the amount of damage to a home, one of two damage estimates are used in the formula: Type 1 estimate (\$130/sq ft + other fees) or Type 2 damage estimate (the cost to repair, component by component).

Average Estimated Gap

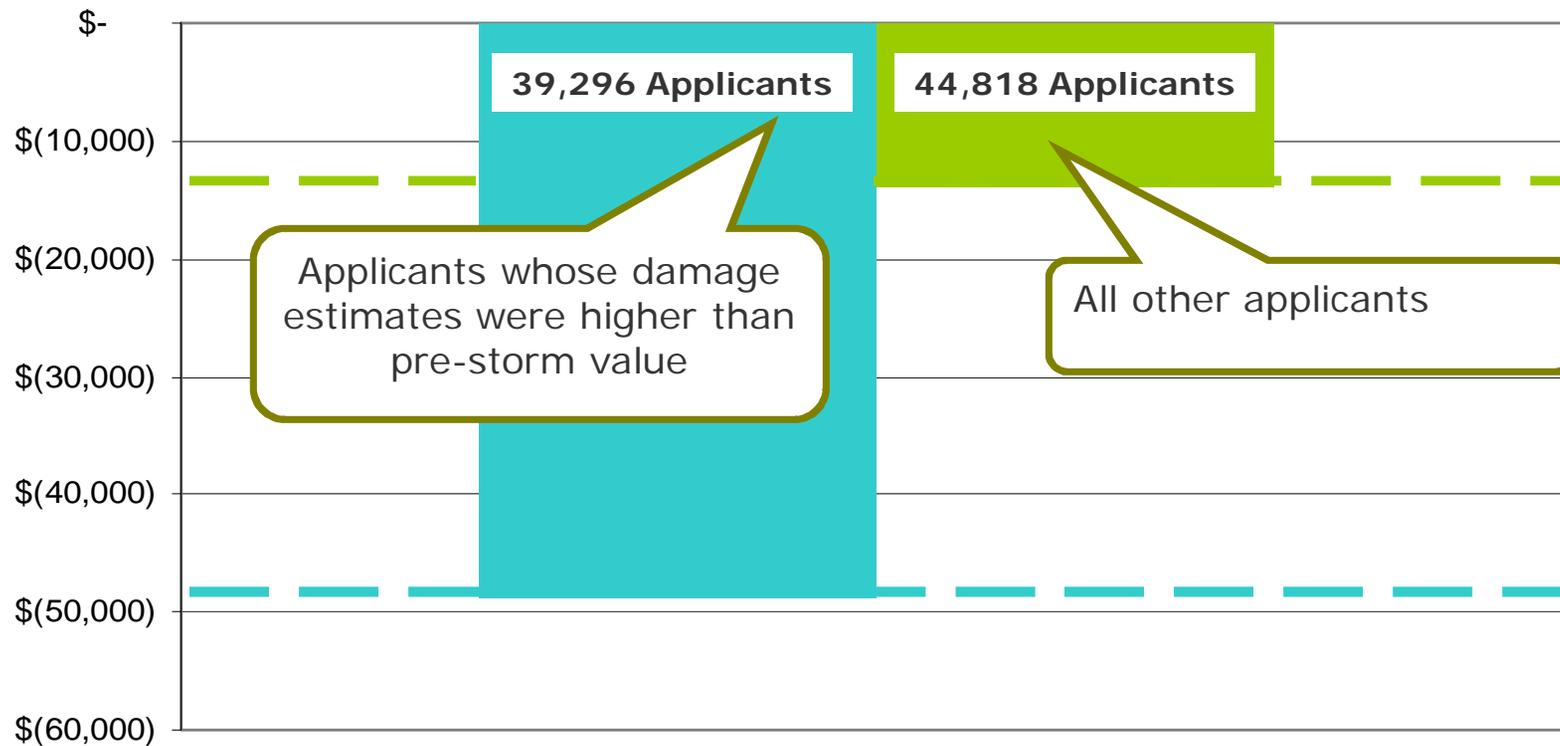


Nearly three-fourths of Road Home applicants had gaps between their rebuilding resources and the cost to rebuild. The gap was larger for African American applicants than their white counterparts.

Note: These estimates were calculated using total resources (excluding SBA Loans) minus the damage estimate for the structure (this is the figure used in the grant calculation). Estimates are likely to underestimate the gaps as they do not include elevation grant amounts or damage estimates due to the program's recent policy changes that are not fully reflected in the data.

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data represent 84,114 closed applicants rebuilding in place and are good for June 26, 2008.

Formula Driven Gap Estimates



The grant formula had a more negative effect on those whose homes were valued less than their damage estimates. Those whose damages were greater than their pre-storm home value—46.7% of all applicants rebuilding in place—experienced a gap of nearly \$50,000. All the rest had a much lower gap—an average of about \$14,000 (53.3% of all applicants rebuilding in place).

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data represent 84,114 closed applicants rebuilding in place and are good for June 26, 2008.

Rule Changes and Program Errors

Homeowners continue to face changing rules and arbitrary practices, including long payment delays, reduced grant awards at the time of closing, and deadlines for owners of family property trying to resolve legal title.

Substantial problems remain for people who are still struggling through the program. Households whose applications were deemed ineligible or who are inactive total nearly 30,000.

Program deadlines such as the September 5, 2008 deadline for applicants who have 'failed' to provide documents place additional burdens on homeowners. Advocates are working to eliminate these burdens by circulating petitions and working to secure an Orleans Parish Council resolution to the state to repeal the deadline. See <http://justiceforneworleans.org/roadhome/>.

Homeowners continue to fight for correct grant amounts. As of July 31, 2008, 35% of the 9,500 resolved appeals cases (3,315 applicants) received an average additional disbursement of \$25,000. There are many, however, who have unsuccessfully attempted to navigate the confusing and changing appeals process.

Advocates continue to work to address program problems in legislation, administrative advocacy, and legal appeals. See <http://www.legis.state.la.us/billdata/streamdocument.asp?did=504663>.

Efforts to document the continuing challenges faced by applicants include a new survey distributed by the Citizen's Road Home Action Team (CHAT). See CHAT Road Home Survey: http://www.surveymonkey.com/s.aspx?sm=hdEchbm8VI_2bWFDmxi7E_2f7w_3d_3d

Neighborhood Profiles

New Orleans

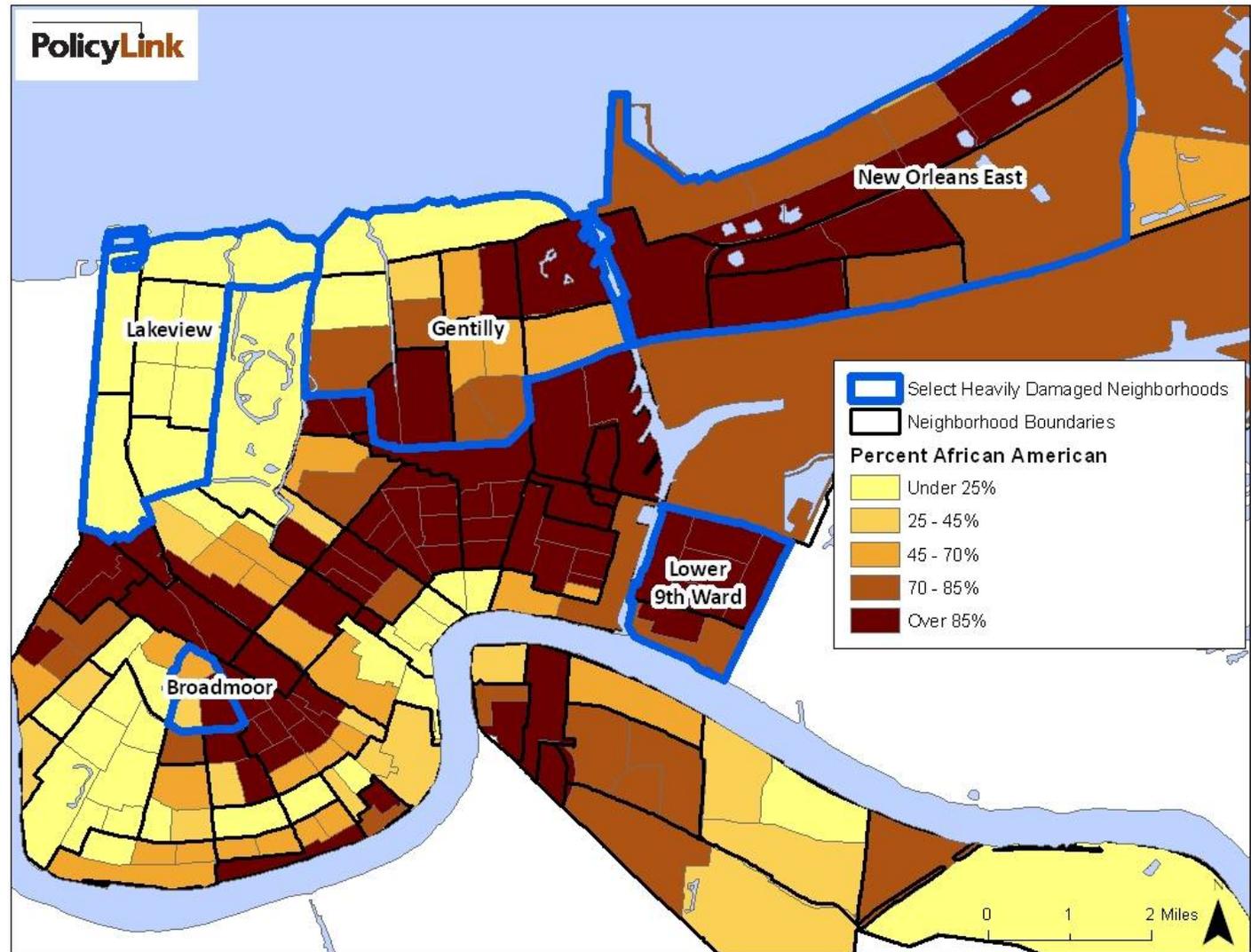


Photo Courtesy of Annie Clark for PolicyLink

Heavily Damaged Neighborhoods by Race

PolicyLink conducted a more detailed look at select heavily damaged neighborhoods.

Of select heavily damaged neighborhoods and planning districts*, Gentilly, Lower 9th Ward, and New Orleans East are predominantly African American.



Note: Total rebuilding dollars represents the sum of available government assistance, including: Road Home grants, FEMA, and private and flood Insurance.

*Neighborhoods and planning districts were selected to represent a broad racial and income cross-section of heavily damaged areas.

Road Home Resources for Select Heavily Damaged Neighborhoods

	Citywide	Broadmoor	Gentilly	Lakeview	Lower 9th Ward	New Orleans East
Total Applicants	53,913	1,006	9,657	4,735	3,382	13,908
Percent Closed	58.1%	65.1%	66.6%	56.9%	53.9%	62.3%
# Closed Rebuilding in Place	31,347	635	5,759	2,286	1,482	8,123
Avg Total Resources	\$144,196	\$167,889	\$155,749	\$237,132	\$128,242	\$155,107
Avg RH Grant	\$77,799	\$89,960	\$82,998	\$109,777	\$93,401	\$67,289
Avg Pre-storm Value	\$164,375	\$208,975	\$154,411	\$336,064	\$100,739	\$146,216
Avg Damage Estimate	\$198,782	\$220,562	\$210,458	\$281,537	\$203,597	\$224,303
Gap between Avg. Damage Est. and Avg. Total Resources	\$54,586	\$52,673	\$54,709	\$44,405	\$75,355	\$69,196

Across the city in heavily damaged neighborhoods, residents relying on Road Home grants faced insurmountable gaps in rebuilding resources. The most severe community-wide impacts are revealed in New Orleans East and the Lower 9th Ward.

Note: Average amounts of resources are presented only for closed applicants rebuilding in place. These figures reflect only applicants for which a neighborhood was indicated. Average damage estimate represents the damage amount used in the grant calculation by RH administrators.

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data represent 84,114 closed applicants rebuilding in place and are good for June 26, 2008.

Rebuilding Cost Gaps by Select Heavily Damaged Neighborhoods

Neighborhood	Total Households (HHs) rebuilding in place	Total Households with Gaps		Households with Gap >\$10K		Households with Gap >\$40K	
			Percent		Percent of All HHs		Percent of All HHs
New Orleans East	8,123	7,125	87.7%	6,032	74.3%	4,940	60.8%
Gentilly	5,759	4,839	84.0%	3,908	67.9%	2,842	49.3%
Broadmoor	635	475	74.8%	339	53.4%	256	40.3%
Lower 9th Ward	1,482	1,352	91.2%	1,247	84.1%	980	66.1%
Lakeview	2,286	1,667	72.9%	1,143	50.0%	805	35.2%
Orleans Parish	31,347	25,228	80.5%	19,272	61.5%	14,863	47.4%
All Other Parishes	52,767	36,220	68.6%	29,992	56.8%	11,105	21.0%
All Applicants	84,114	61,448	73.1%	49,264	58.6%	25,968	30.9%

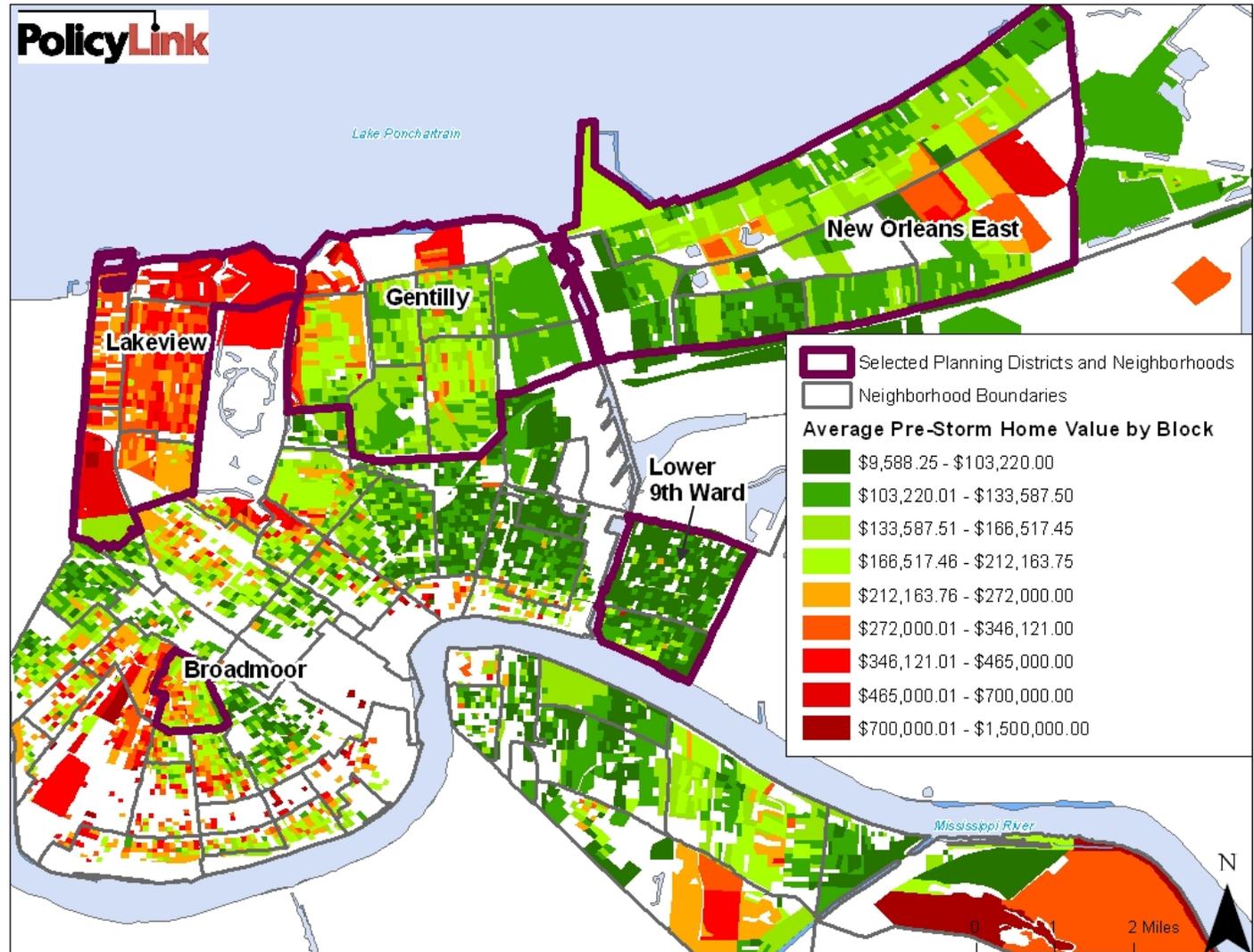
New Orleans’ Road Home applicants are more likely to have a gap than all applicants statewide. More than 60% of households in New Orleans East and the Lower 9th Ward have gaps over \$40,000.

Note: These figures only reflect applicants for which a neighborhood was indicated.

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data represent 84,114 closed applicants rebuilding in place and are good for June 26, 2008.

Average Pre-Storm Value: New Orleans

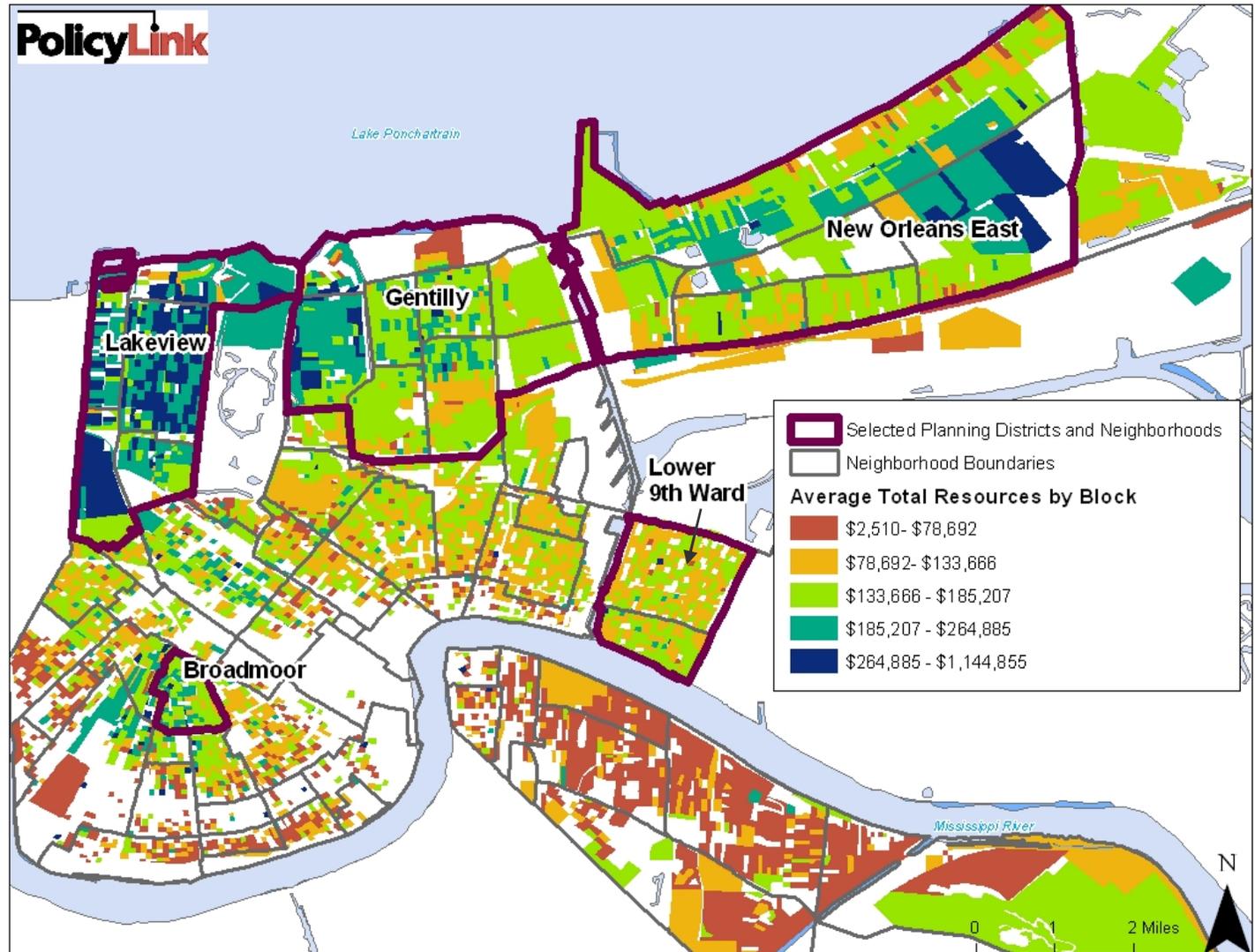
Of select heavily damaged neighborhoods and planning districts, Gentilly, Lower 9th Ward, and New Orleans East had lower pre-storm value.



Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data represent 84,114 closed applicants rebuilding in place and are good for June 26, 2008.

Average Total Rebuilding Dollars: New Orleans

Of select heavily damaged neighborhoods and planning districts, Gentilly, Lower 9th Ward, and New Orleans East had lower total rebuilding funds.

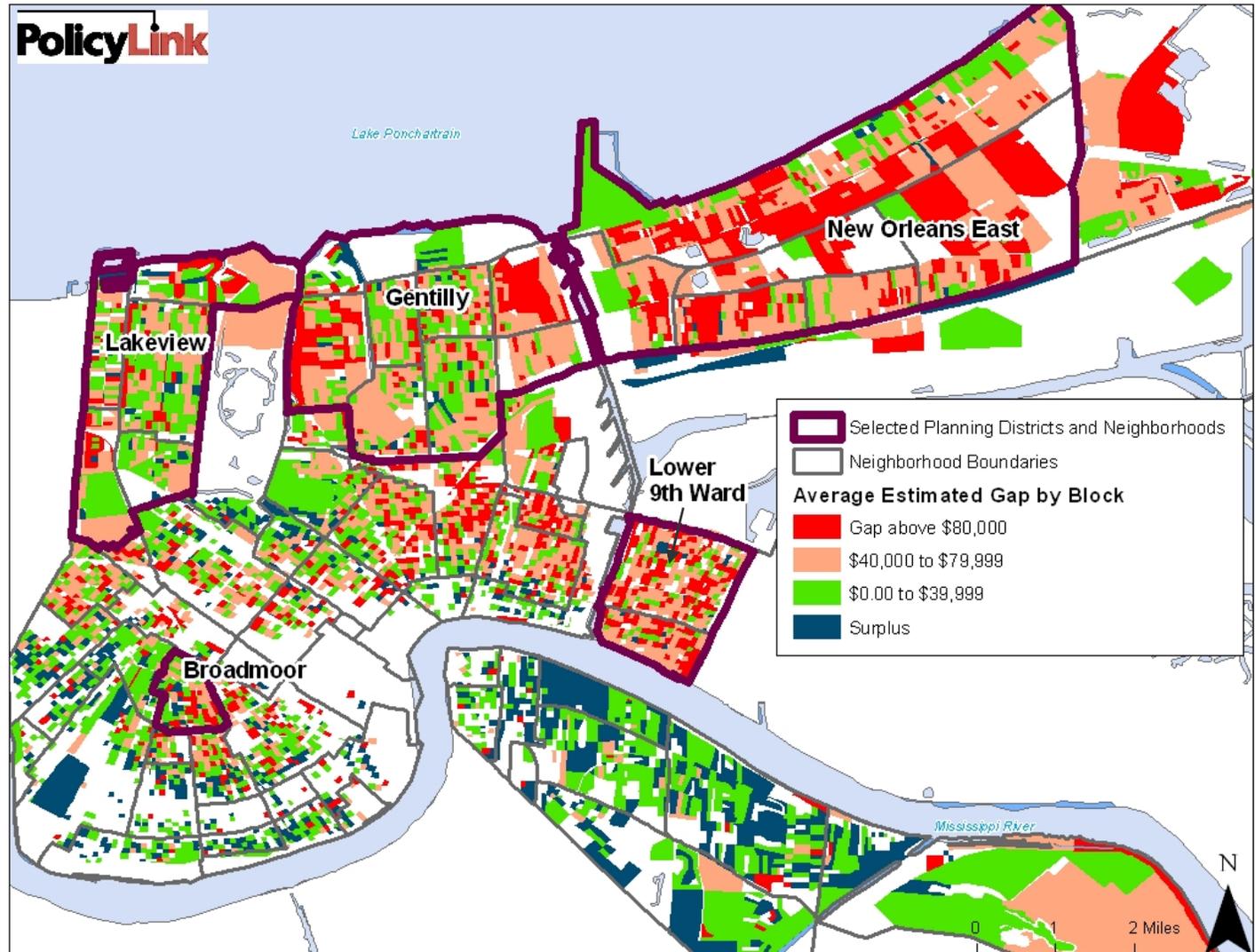


Note: Total rebuilding dollars represents the sum of available government assistance, including: Road Home grants, FEMA, and private and flood insurance.

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data represent 84,114 closed applicants rebuilding in place and are good for June 26, 2008.

Average Estimated Gap: New Orleans

Of select heavily damaged neighborhoods and planning districts, Lower 9th Ward, and New Orleans East had higher average gaps.



Note: Total rebuilding dollars represents the sum of available government assistance, including: Road Home grants, FEMA, and private and flood insurance.

Source: Homeowner data based on data obtained from the Louisiana Recovery Authority. Data represent 84,114 closed applicants rebuilding in place and are good for June 26, 2008.

Federal Policy Recommendations

These policy recommendations are drawn from PolicyLink data analysis findings and from interviews with diverse community leaders, including rebuilding and case management groups, legal services representatives, agency leaders, and elected officials.

Policy recommendations for federal government:

- **Homeowner recovery:** Allocate funds to close the gaps created by Road Home formula for approximately 58,000 homeowners whose damage estimates were higher than their pre-storm or assessed value. (Congress)
- **Homeowner recovery:** Increase flexibility of rules and provide relevant waivers to ease low income, vulnerable applicants through the program. (HUD)
- **Accountability:** Improve oversight and transparency of federally-funded housing programs to ensure that vulnerable households do not fall through the cracks. (HUD)

(Continued on next slide)

State Policy Recommendations

Policy recommendations for state:

- **Sufficient homeowner grants:** Fairly value properties for homeowner grant calculations by utilizing higher of assessment value or damage estimate. (Governor, LRA, Legislature)
- **Protection of homeowner rights:** Rescind arbitrary September 5th deadline for Road Home applicants still resolving legal title on family properties and implement Road Home Bill of Rights. (Governor, LRA, Legislature)
- **Contractor fraud:** Investigate all reports and prosecute criminals; fund robust anti-fraud training program for 20,000 grant recipients. (Attorney General and LRA)
- **Gap funds:** Serve homeowners victimized by unscrupulous contractors or short of funds through: contracts with housing rehab groups; supplemental grants to escrow accounts; or creation of a low-cost loan pool with generous credit scoring to help homeowners bridge gaps. (LRA)
- **Repair help:** Fund construction management expansion in rebuilding organizations that leverage volunteer labor and private donations to cover gaps for homeowners. (LRA) See www.policylink.org/ThreeYearsLater/RecoveryGroups.html for list of effective groups helping homeowners.
- **Insurance relief:** Fund an insurance subsidy pool available on a scale for people at median income or below to help address the increased burden of insurance. (Legislature, LRA, Insurance Commissioner, LHFA)

(Continued on next slide)

New Orleans Policy Recommendations

54

Policy recommendations for New Orleans:

- **Temporary housing:** Extend trailer-vacancy deadlines until Road Home applicants have closed and half of rental homes currently in pipeline are completed. (ORDA, City Council)
- **Expand rehab help:** Increase capacity of construction management groups through grants and contracts (ORDA, City Council). See effective rehab groups: www.policylink.org/ThreeYearsLater/Recoverygroups.html
- **Financial resources:** Establish small grants or loan pool and prioritize 'in progress' rebuilds and those in final completion stage. (ORDA, FANO)
- **Financial resources:** Help high credit risk homeowners and rental owners by guaranteeing loans. (ORDA, City Council)
- **Land use priorities:** Utilize Louisiana Land Trust Properties to create more equitable housing occupancy patterns—prioritizing first time ownership in high-rental neighborhoods, and affordable rental homes in high ownership neighborhoods. (NORA)

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Methodology and Sources: Executive Summary

All data was analyzed using statistical software package, SAS, produced by the SAS Institute based in Cary, North Carolina, and ArcGIS produced by ESRI in San Bernardino, California, and Microsoft Excel.

Executive Summary

Slide 6

Small Rental Closings

ICF Small Rental Property Program, Operations Status Report, August 11, 2008.

http://www.road2la.org/rental-docs/OperationStatusReport_081108.pdf

All other Small Rental Program numbers referenced in this report based on June 17, 2008 data.

Slides 8, 9 and 10

Damage Estimates

U.S. HUD. CURRENT HOUSING UNIT DAMAGE ESTIMATES HURRICANES KATRINA, RITA, AND WILMA. February 12, 2006. Revised April 7, 2006. Analysis by the U.S. Department of Housing and Urban Development's Office of Policy Development and Research.

Road Home Applicants only include applicants deemed eligible as of June 26, 2008.

Rental units with funding allocations includes units from the Gulf Opportunity Zone Low Income Tax Credit Program and Small Rental Repair Programs.

Rental units built or underway includes tax credit developments that are placed in service, are under construction or have closed their financing as of July 17, 2008. Also includes Small Rental Repair Units that are in the construction stage, are in pre-closing or have closed as of June 18, 2008.

Methodology and Sources: Renters Analysis

Renters Analysis

Slide 4 (Slide 17 in Full Document)

Damage Estimates

U.S. HUD. CURRENT HOUSING UNIT DAMAGE ESTIMATES HURRICANES KATRINA, RITA, AND WILMA. February 12, 2006. Revised April 7, 2006. Analysis by the U.S. Department of Housing and Urban Development's Office of Policy Development and Research.

In this report, damaged buildings will refer to major damage and destroyed will refer to those classified as having severe damage or total destruction. Unless specified, those buildings and units that had minor damage will not be included in damage numbers. Affordability of units damaged was extrapolated using HUD CHAS data. The 2005 percentage of affordable units (under 80% of local AMI) in each parish was calculated. This percentage was used to estimate the percentage of damaged units in a parish. Given patterns of damage, particularly in New Orleans, these numbers are likely underestimates.

Slide 5 (Slide 18 in Full Document)

Tax Credit Data

Generated from Louisiana Housing Finance Agency Pipeline Report. Data good for July 17, 2008.

Small Rental Data

Data obtained from the Louisiana Recovery Authority. Data good for June 17, 2008.

Flood Extent

FEMA (Sept 11, 2005 Flood Extent). Downloaded from: <http://www.gismaps.fema.gov/2005pages/rsdrkatrina.shtm>

Pre-Storm Renters

Census 2000 Summary File 1

Methodology and Sources: Renters Analysis (cont.)

Slide 6 (Slide 19 in Full Document)

Number of pre-storm occupied units in St. Bernard: Housing Authority of New Orleans, *Redevelopment Plan Summary, Attachment 5*, (New Orleans, LA, November 8, 2007.)

Slide 7 (Slide 20 in Full Document)

Status as of July 17, 2008.

'Units Complete' refers to units placed in service.

'Units Underway' refers to units under construction or units in developments with closed financing.

'Financing Not Closed' refers to units without closed financing.

'Financing Failed' refers to units that received an allocation of tax credits but are not being built. Credits were returned to the Louisiana Housing Finance Agency for re-distribution to other developments.

Slide 9 (Slide 22 in Full Document)

Number of pre-storm occupied units in St. Bernard: Housing Authority of New Orleans, *Redevelopment Plan Summary, Attachment 5*, (New Orleans, LA, November 8, 2007.)

Slide 10 (Slide 23 in Full Document)

Original allocations of developments and units to be produced by the Gulf Opportunity Low Income Tax Credit and CDBG Piggyback Program took place over three rounds in the summer and fall of 2006. For various reasons, some developments have been unable to go forward. These developments turned their tax credits into the LHFA. In some cases, the LHFA redistributed credits to developments that had applied in the 2006 rounds but had not been awarded credits. As of August 2008 the agency has \$11 million in returned credits and is conducting an allocation round to distribute these credits.

Slide 13 (Slide 26 in Full Document)

Percentage of units in buildings with 4 units or less: Jeffrey Meitrodt, "Rising Rents," [The Times-Picayune](#) 15 Oct. 2006.

Small Rental Repair Program was only available to landlords in Acadia, Calcasieu, Cameron, Iberia, Jefferson, New Orleans, Plaquemines, St. Bernard, St. Tammany, Tangipahoa, Terrebonne, Vermilion, and Washington parishes.

Slide 14 (Slide 27 in Full Document)

http://www.bestofneworleans.com/dispatch/2008-03-18/news_feat2.php

Methodology and Sources: Renters Analysis (cont.)

Slide 15 (Slide 28 in Full Document)

Stages of the program are explained on Slide 17 (30 in Full Document). Because this program was an incentive and reimbursement program, landlords in the same stage of the program can be in very different stages of repair of their units. It is possible, but rare, for a landlord to have completed all repair prior to applying for the program. It is likely that landlords in the verification and loan approval stages to have done some repairs, but not the majority of the work needed.

Slide 18 (Slide 31 in Full Document)

Percent Reliant on Rental Income

This refers to landlords who have rental income represent 30% or more of their total income.

Seniors are applicants who are 65 years old or older. There were some applicants who did not disclose their age, they were excluded from the sample.

Slide 19 (Slide 32 in Full Document)

Average Rent Today

U.S. Department of Housing and Urban Development, *County Level Data File* available at <http://www.huduser.org/datasets/fmr.html>. MSA refers to the Metropolitan Statistical Area, which includes the parishes of Orleans, Jefferson, Plaquemines, St. Bernard, St. Charles, St. James, St. John, and St. Tammany.

Average Rent in 2005

Source (2000-2005): U.S. Department of Housing and Urban Development, *Fair Market Rent History 2000 to 2005 for New Orleans, LA MSA* available at http://www.huduser.org/datasets/fmr/fmrs/histsummary.odt?inputname=5560.0*New+Orleans%2C+LA+MSA

Wages

Bureau of Labor Statistics Occupational Employment and Wage Estimates 2008.

Methodology and Sources: Homeowners Analysis

Homeowners Analysis

Slide 2 (Slide 37 in Full Document)

Damage Estimates

U.S. HUD. CURRENT HOUSING UNIT DAMAGE ESTIMATES HURRICANES KATRINA, RITA, AND WILMA. February 12, 2006. Revised April 7, 2006. Analysis by the U.S. Department of Housing and Urban Development's Office of Policy Development and Research.

Data cited from Road Home officials was obtained from the website www.road2la.org last accessed on August 8, 2008.

Road Home (RH) Applicants Rebuilding in Place

Represents the total closed option 1 applicants in the data set provided by the Louisiana Recovery Authority for June 26, 2008. For each demographic category, there were missing cases. Therefore, figures presented throughout the report represent only those cases for which complete information was available.

Race

The race variable includes the following categories:

African American = African American, African American & White, American Indian/Alaska Native/Black

Native American = American Indian/Alaska Native, American Indian/Alaska Native & White.

Asian = Asian, Asian & White, Native Hawaiian/Other Pacific Islander

White = White

Other = Other Multi-Racial

Low to Moderate Income

This classification is determined by the proxy variable provided by the Louisiana Recovery Authority that indicates whether an applicant is eligible for the Additional Compensation Grant. A specific indication of income status was not available due to data limitations in the data set provided by the Road Home administrator, ICF International.

Slide 3 (Slide 38 in Full Document)

The formula changes were implemented by two Community Development Block Grant action plan amendments. The original formula was described in *Amendment 1 - The Road Home* approved by the U.S. Housing and Urban Development (HUD) department on May 30, 2006. The formula was changed in the amendment entitled *Substantial Clarifications to Road Home* approved by HUD on August 22, 2006.

Methodology and Sources: Homeowners Analysis (cont.)

Slide 4 (Slide 39 in Full Document)

Non-RH Rebuilding Resources

This includes the sum of private and national flood insurance payments, and FEMA assistance payments. Total rebuilding resources includes Road Home grants as well.

Slide 5 (Slide 40 in Full Document)

Applicants Dependent Solely on the Road Home

This was determined by creating a binary variable that assigned a value of "1" to a grant recipient that applicant received that particular non-Road Home resource. A value of "0" was assigned if this was not true. These variables were created for FEMA assistance payments, private insurance, National Flood Insurance, and SBA Loans. The sum of these variables was calculated and applicants who had zero were defined as being completely dependent on the Road Home. For an explanation of how the gap was calculated, see notes for Slide 7.

Slide 6 (Slide 41 in Full Document)

The formula description was adapted from the explanation found on the program's website under Frequently Asked Questions. The website, <http://www.road2la.org/homeowner/faqs.htm> last accessed on August 8, 2008.

Slide 7 (Slide 42 in Full Document)

Average Estimated Gap

This was calculated by subtracting the damage estimate used in the grant calculation from the total resources available to the recipient including the total Road Home grant. This formula was developed in collaboration with the LRA. The total grant includes a combination of the Compensation grant and the Additional Compensation grant. The damage estimate used in the grant calculation was either the Type 1 damage estimate (\$130/ sq. ft. plus other costs) or Type 2 damage estimate (component by component cost to repair). These figures were provided by the Road Home program administrator, ICF International.

Methodology and Sources: Homeowners Analysis (cont.)

Slide 8 (Slide 43 in Full Document)

Formula driven gap

This was first determined by creating a binary variable for applicants for whom the repair/rebuild ratio used in the grant determination was greater than 51% AND who had a grant calculation damage estimate that was greater than the pre-storm home value. These individuals were assigned a value of "1", all other applicants were assigned a value of "0". The average gap was then calculated for both categories.

Slide 9 (Slide 44 in Full Document)

The 30,000 ineligible and inactive applicants were based on the dataset obtained from the Louisiana Recovery Authority that included 165,419 cases. This dataset already excluded duplicate applications and other applicants who were deemed ineligible and so does not represent the full number of those that fall in this category.

Program appeals statistics were drawn from the *The Road Home Week 109 Situation & Pipeline Report* published on August 5, 2008.

Neighborhood Profile Slides

Heavily Damaged Neighborhoods and Planning Districts

New Orleans East = Little Woods, Pines Village, Plum Orchard, Read Blvd East, Read Blvd West, West Lake Forest

Gentilly = Gentilly Woods, Gentilly Terrace, St. Anthony, Pontchartrain Park, Milneburg, Lake Terrace & Oaks, Fillmore, Dillard

Lakeview = Navarre, West End, Lakewood, Lakeview, and Lakeshore/Lake Vista

Lower 9th Ward = Lower 9th Ward and Holy Cross

Slide 17 (Slide 52 in Full Document)

The estimated 58,000 homeowners whose damage is higher than their pre-storm home value was extrapolated using the percent of these individuals (46.7%) in this situation that was found when analyzing the 84,114 closed applicants rebuilding in place. This percent was multiplied by the total number of people who selected Option 1 (124,485) found on the Road Home website, www.road2la.org accessed on August 17, 2008.