



**Addressing the Challenges of
Recovery & Rebuilding
from Hurricanes Katrina & Rita**

**Road Home Rental Programs
Analysis
October 11, 2006**



Why focus on rental housing?

- Pre-storm, 47% of housing stock in affected areas were rental units
- 82,000 rental housing units w/major or severe damage
- Creation of affordable rental units is a major key to the entire rebuilding effort



***The Road Home* Workforce and Affordable Rental Housing Programs have four broad goals:**

To ensure that the workforce needed for economic recovery has access to affordable rental housing

To provide affordable rental housing to low income households who could not otherwise afford to return to their communities

To ensure that affordable rental housing is provided in the context of high quality, sustainable mixed income communities

To ensure that a portion of affordable rental units will host supportive services for families with special needs/high risks

- from *The Road Home* Action Plan Amendment



Road Home Program Stabilizes the Rental Market...

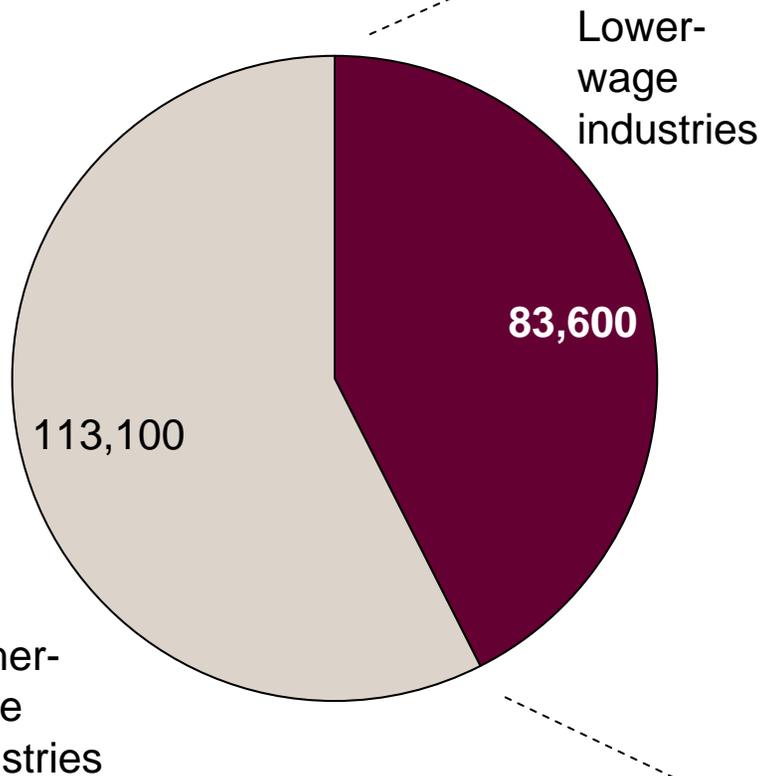
The Road Home Rental programs:

- Will make rents overall more reasonable by increasing the supply of units
- Builds greater market confidence for investing in rental housing by infusing substantial capital into rental development
- Brings back neighborhoods through rental development and repopulation



ECONOMY WILL NEED TO REFILL NEARLY 85,000 JOBS IN LOWER-WAGE INDUSTRIES ...

Share of job losses by wage level
December 05 vs. 04



Lower-wage Industry	Annual wage (2004)	Labor shortfall (Dec. '05)
Social assistance	\$35k	7,500
Nursing/residential care	\$33k	11,100
Admin & support	\$32k	11,300
Building construction	\$23k	3,800
F&B (retail)	\$22k	6,300
General merchandise	\$22k	2,900
Gasoline (retail)	\$17k	500
Accommodation	\$16k	13,100
Health & Personal	\$16k	1,800
Entertainment	\$15k	3,900
Food service	\$15k	21,400
		83,600



Very Low Incomes (20-40% of MFI)

Very Low Income = \$10,450 to \$20,900



Concierge; \$18,000/yr

Porter; \$16,000/yr



Maid; \$14,000/yr

Preschool Teacher; \$15,000/yr

Nurse Assistant; \$16,000/yr

Child Care Worker; \$14,000/yr





Low Incomes (40-60% of MFI)

Low Income = \$20,900 to \$31,400



Fire Fighter; \$23,000/yr

Policeman; \$28,000/yr



Chef; \$25,000/yr

Roofer; \$27,000/yr
Carpenter; \$31,000/yr





Skilled Workforce (60-80% of MFI)

Skilled Workforce = \$31,400 to \$41,850



Welder; \$33,000/yr

**Licensed
Practical Nurse;
\$33,000/yr**



High School Teacher; \$40,000/yr

Electrician; \$41,000/yr





Middle Income (80-120% of MFI)

Middle Income = \$41,850 to \$62,750



**Police
Supervisor;
\$42,000/yr**

**Building
Inspector;
\$45,000/yr**



**Construction
Supervisor;
\$45,000/yr**

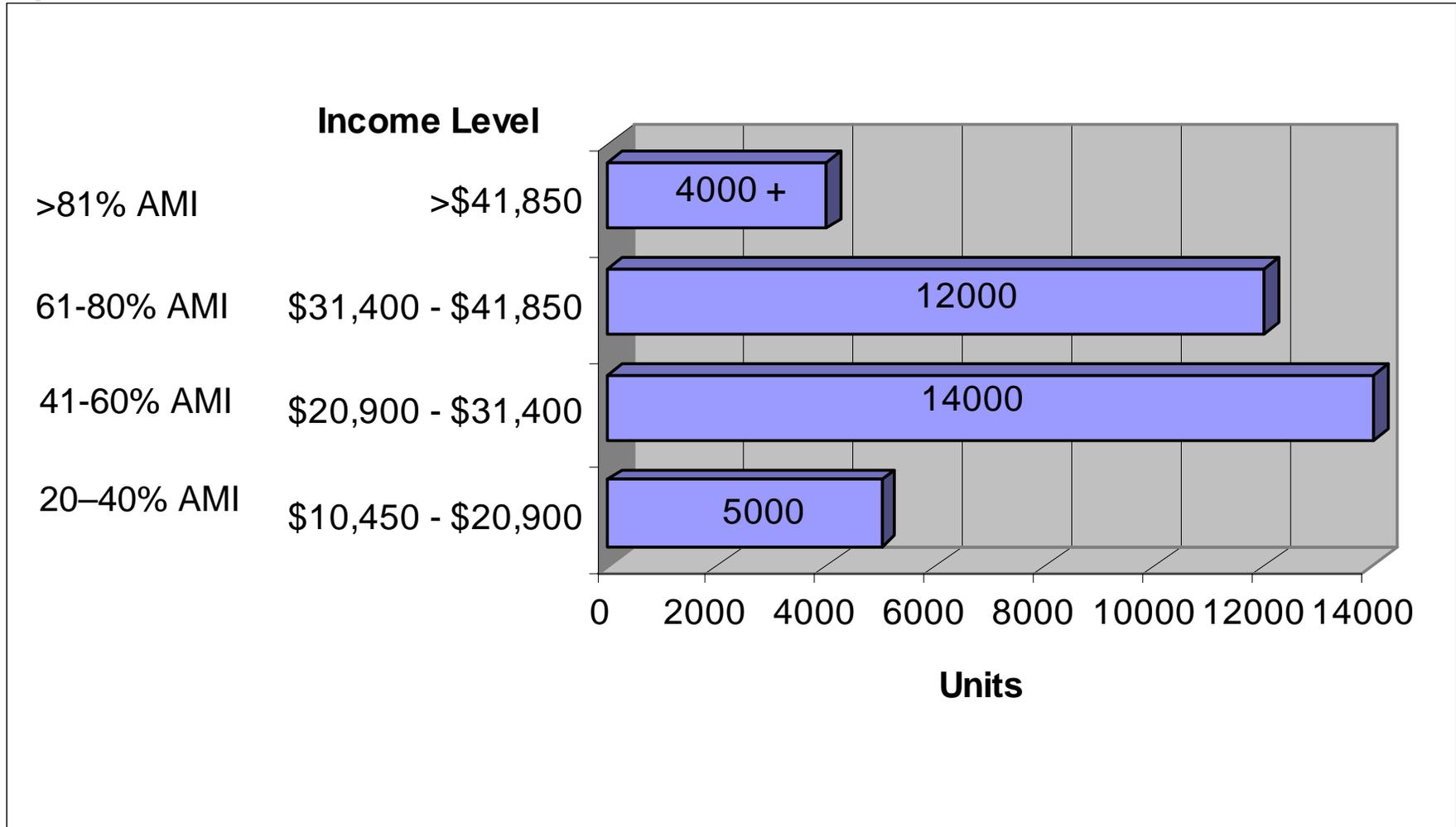
**Chemical Plant
Operator;
\$54,000/yr**

**Registered
Nurse;
\$54,000/yr**



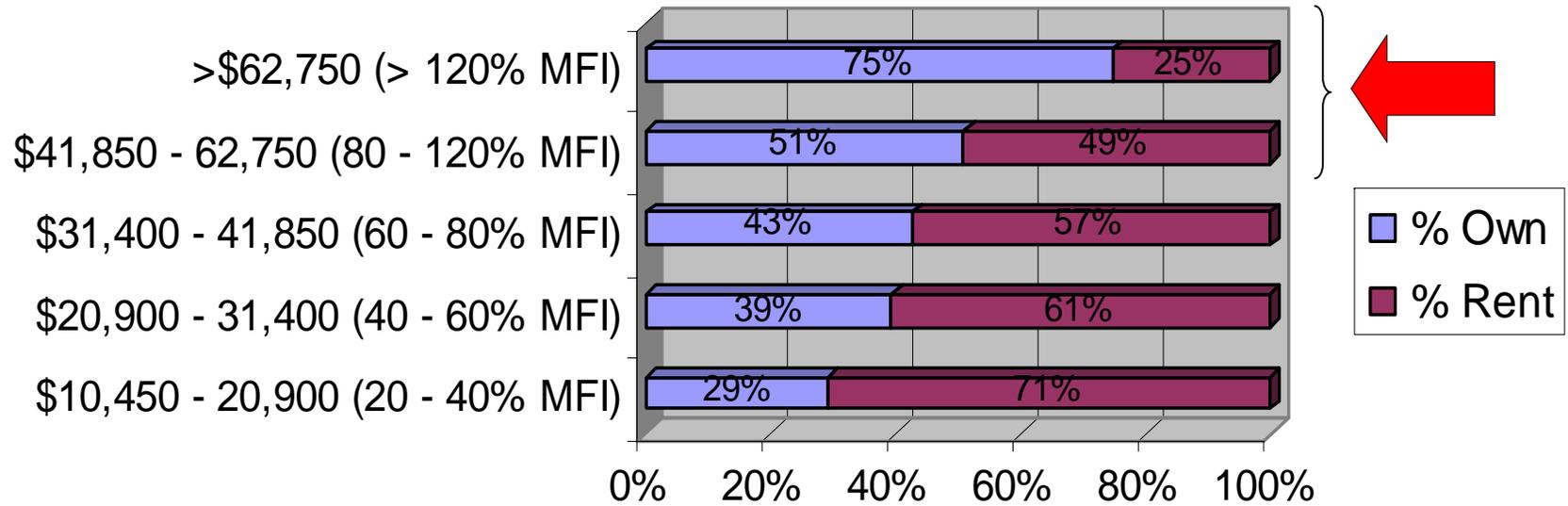


Road Home Rental programs produce units at many workforce income levels...





Above 80% AMI, the majority are homeowners....



Source: US Census and LRA analysis



Rental Housing Programs

The Road Home includes two major rental housing programs:

- Small Rental Property Repair Program
- CDBG-LIHTC “Piggyback” Program



Small Rental Program Goals

The Small Rental Program seeks to:

- Repair and rebuild small rental properties with 1 to 4 units
- Targets rebuilding of 18,000 units
- Prevent blight by rebuilding through in-fill development
- Stabilizing rents in traditional neighborhoods by increasing supply
- Prioritizes mixed income small rental properties and small, Louisiana-based landlords



Proposed Small Rental Loan Programs

Forgivable Workforce Housing Loan

- 1 - 4 unit property owners
- Up to \$10k forgivable loan
- Term: 3 years, forgivable after Year 3

Affordable Rental Loan for Low/Mod Households

- No interest, no payment loans from \$15k - \$75k
- Term: Program provides loan for a minimum of 5 years of affordability. Scoring encourages owners to keep units affordable for up to 10 years

Permanent Affordable Loan (limited pool)

- Non-profits who agree to provide permanent affordable housing for 20 years
- \$15k - \$75k per unit
- Term: Forgivable at 20 years



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Small Rental Encourages Mixed Income Housing

- Program will prioritize mixed-income small rental housing
- Encourages owners to serve market rate (middle income) tenants in the same building as tenant(s) in affordable units
- Program offers priority scoring points and deeper subsidies for owners who choose mixed income option
- CDBG rules: Small rental award can not exceed the total rehab cost times the percentage of low/mod occupancy. Also requires at least one affordable unit per mixed income property



Small Rental: Eligible Parishes

100% of funds reserved for the most heavily damaged parishes, allocated by number of rental units damaged.

<i>Parish</i>	<i>%Damage **</i>	<i>Small Rental Pool</i>
Calcasieu	1.7%	15,126,714
Cameron	0.8%	6,586,069
Jefferson	13 %	112,671,361
Orleans	70.4%	612,235,354
Plaquemines	2.1%	18,016,087
St. Bernard	8.1%	69,968,136
St. Tammany	3.6%	31,103,244
Vermilion	0.4%	3,302,984
Pilot Programs/Assistance to Parishes with Less Rental Damages -		
		50,000,000
Total		\$869,000,000

** Based on FEMA Rental Units w/Major or Severe Damages



Prioritization of Small Rental Program Applicants

As points are allocated in the funding rounds, the following priorities will be used in ranking projects:

- 1) Small Owners - Owners with up to 20 units
- 2) Mid-size Owners - Owners with less than 100 units
- 3) Large Owners - Owners of more than 100 units

Funding limited to 200 units in total program



Prioritization of Small Owners

- 1) Owner-occupied property pre-storm
- 2) Property owned by a Louisiana resident pre-storm
- 3) Property purchased by a Louisiana resident subsequent to storm
- 4) Owners deriving greater than 25% of income from property
- 5) Owners deriving less than 25% of income from property



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- CDBG-LIHTC “Piggyback” Program



LIHTC - Piggyback Program Goals

The Piggyback Program seeks to:

- Reconstruct / rebuild a significant share of rental housing lost in the hurricanes, where it was lost
- Provide deep affordability for Louisianans with the lowest incomes
- Create workforce housing in mixed-income communities
- Avoid replicating the pre-storm excessive concentrations of poverty
- Help special-needs populations achieve stable housing and successful lives



CDBG-LIHTC Piggyback

The Piggyback Program combines:

- 2007 and 2008 Gulf Opportunity Zone Low Income Housing Tax Credits (LIHTC)
 - Administered by the Louisiana Housing Finance Agency
 - \$113 million available (value of approximately \$1.1 B), much of which will be “piggybacked” with CDBG funds
- \$594 million in Community Development Block Grant (CDBG) funds
 - Administered by the Office of Community Development



The CDBG-LIHTC Piggyback program is moving forward quickly...

Piggyback Program Timeline

- LIHTC-Piggyback Program underway with 2006 allocated and some 2007 credits forward allocated
- Revised Program Guidelines approved by Legislature and heading to HUD for approval
- LIHTC-Piggyback Application Deadline – October 20
- Final Allocation of Tax Credits – December 13
- Projects completed before December 31, 2008



Small Rental Proposed Awards

Rent levels are based upon standard HUD Fair Market Rents for each Metropolitan Statistical Area in 2006.

New Orleans MSA	1BR	2BR	3BR	4BR
Base Rent	\$707	\$828	\$1,075	\$1,298
Award	\$10,000	\$10,000	\$10,000	\$10,000
65% AMI Net Rent	\$541	\$653	\$753	\$835
Award	\$20,000	\$21,000	\$38,000	\$39,000
50% AMI Net Rent	\$394	\$477	\$549	\$608
Award	\$37,000	\$42,000	\$63,000	\$64,000
Lake Charles MSA	1BR	2BR	3BR	4BR
Base Rent	\$704	\$842	\$968	\$1,074
Award	\$10,000	\$10,000	\$10,000	\$10,000
65% AMI Net Rent	\$637	\$765	\$884	\$988
Award	\$17,000	\$21,000	\$24,000	\$27,000
50% AMI Net Rent	\$410	\$489	\$560	\$619
Award	\$35,000	\$42,000	\$48,000	\$54,000
<i>Award amount based on subsidy at 8.00% interest for 20 years</i>				