

2006 Second Funding Round
QAP Public Hearing

Brenda Evans

Good morning, I would like to take this opportunity to welcome everyone here. Helena Cunningham is on her way, but she wanted us to go ahead so we would have sufficient time to receive all of your comments. Hopefully everyone who needed a copy of the QAP was able to get one at the door. We also will be distributing copies of the amendments as they were presented at the January Board Meeting that had some public comments on. We have also had an opportunity to look at additional information, that is the Supplemental Recommended Changes that were available at the registration table and is dated 2/7/06 but we incorporated a few more comments. We would ask that as we go through this Public Hearing that when you make your comments that come up front and speak into the microphone so we get all of your comments so they can be properly documented.

We ask according to the Agenda that you keep your comments limited to two minutes. We will also go into the reading the written comments that we have received thus far and I would ask Thomas Latour to come up and read the written comments.

(INSERT THE WRITTEN COMMENTS)

These comments will be followed by the Agency's President, Helena Cunningham.

Helena Cunningham

It's good to see you all this morning as we continue to create opportunities to create affordable housing. We are so grateful for the additional Tax Credits that we received by way of the GO ZONE legislation. It is a great start. We know for at least three years we have approximately 18 times more ability to do better things in Louisiana. Our goal is to do things better than we did before. We are following the lead from the LRA with regard to long term housing redevelopment. The Agency is the lead Agency that is working along with the housing and Redevelopment Task Force of the LRA and I believe we do have some of those members of that Task Force here with us today. We appreciate all of the LRA Task Force being here this morning. A few of the priorities for the LRA is to first we want to focus on mixed income issues developments. We want to use the additional credits as an opportunity and we want to be very careful with how we plan our strategies for the use of those credits. We know that there is a tremendous need for housing as soon as possible. But at the same time, we want to pace ourselves to insure that we take advantage of this opportunity and create housing better than we did before. We want to insure that we have stronger and safer housing. You will see that there are some differences with regard to the standards. We have recently adopted the new state building code. FEMA has announced their new flood planes for just about all the areas in the state but not the more devastated areas. But we will work with what FEMA has provided to us to insure that whatever we build to a minimum will be built to those standards and of course our new state law. We want to create mixed income/mixed use housing. For so long our housing programs, particularly the Housing Tax Credit Program in Louisiana, we have been one of the main corporates with regard to creating high concentration of poverty. We want to insure that with this funding round and the

remaining funding rounds that we do not continue to build low income developments in high concentration of areas of poverty. Our main focus is to create mixed income/mixed use developments. We also have a priority in the New Orleans area. We have lost, many of you may have received the GCR's report, but we have over 300,000 units in the state that have damaged or destroyed. We have a significant amount of those units, over 170 units, in the Orleans area. Our priority in this funding round will be developing housing as quickly as possible in the New Orleans area and surrounding areas. In the areas that are most devastated by the hurricanes. You will see that we have included some additional points for developments in those areas.

We do understand as well, that before the hurricanes we had a tremendous housing shortage in Louisiana. Since the hurricanes we know that although our priority areas will be the New Orleans and surrounding areas. The whole state has been impacted. We know every Parish in this state has more people than they had before the hurricanes. We truly understand that before the hurricanes we had a shortage of housing. So we know there is overpopulation throughout the state. Although we have a priority in certain areas we want to make sure that we address this to the best of our ability all the housing issues within the state and be able to have enough Tax Credits and prioritize our Tax Credits and such a way that is not to any one area detriment the way the QAP is drafted. We certainly welcome your comments. I am a little disappointed by the limited amount of written comments that we did receive, but I do appreciate the comments. We hope to have a lively exchange this morning. As usual, we always appreciate your input and as you know, we seriously consider your input. Please use this time as an opportunity to encourage and help staff to develop a quality QAP that can serve the purpose of helping the people in our State. Brenda Evans will continue with the process and thank you so much for participating.

Brenda Evans

Before we start with the verbal comments, I want to make sure that everyone has a copy of the handout entitled "Recommended Changes to the QAP." This is addition to the information that was previously published as Ms. Cunningham was explaining as we are working with the LRA as well as the focus the Governor has, that are some additional areas that the Agency wants to give attention to. Once you have to review the "Recommended Changes to the QAP" you will have time to give additional comments. There are just a couple of areas that in particular we recognize the challenges that are going to be incurred with the market study to those areas that were affected by Hurricanes Katrina and Rita. It allows in the very first paragraph for some revisions to the requirements of the Market Study in those areas. Also, relative to the quality of production making sure that all of the projects that are going to be constructed satisfactorily to the State's new building codes. It is also proposed after getting additional input from the Chairman from the Multifamily Committee as well as others, to increase the per project amount. The maximum amount that would be allowed per project: The GO ZONE areas being \$1,250,000 and those projects outside of the GO ZONE being \$750,000. Relative to mixed income projects as Ms. Cunningham spoke to there is additional emphasis as well as provisions for mixed income projects, making sure that they have a neighborhood impact and in terms of the number of units that will be required in the mixed income projects. These are some additional criteria. We also added additional information relative to selection criteria. Adding some emphasis on the great number of historic properties that were damaged or destroyed due to the natural disasters that we have had. And speaking to housing for persons with disabilities, which

is also an additional concern. A leveraging component with the selection criteria. Those are just a couple of area that we have gotten additional input and we wanted to bring it to your attention to allow you to give additional comments.

So before we open it up to the audience, again, we encourage you to read over that as well as to listen to the comments that are supported by the audience. We ask that you do come up to the microphone prior to giving your comments and that you will keep to two minutes and make sure that you identify yourself. So at this point, we are going to open it up to the audience.

Dorris Koo

Enterprise Community Partners – formerly known as the Enterprise Foundation. Thank you for the opportunity to testify today. We just want a word about Enterprise. For more than 20 years Enterprise has been a leading provider of development expertise and capital in the form of grants, equity investments and low interest loans. We also provide technical assistance and advocacy for community development and affordable housing. We have invested nearly \$6,000,000,000 to develop and preserve for than 170,000 units since our founding in 1982. We want to applaud the agency for moving so quickly and for all of the recommendations in the new round of QAP recommendations. We want to applaud you adding points to areas suffering more that 20,000 units in storm damage. We do support NONDC's concern that some of the Parishes, especially Orleans, may not be ready given the overwhelming uncertainties facing flood zone delegation and permitting processing so we would like make two suggestions. One is for projects ready to proceed this year and be competitive from the four impacted Parishes that have lost the most amount of affordable housing, we would like your consideration for allocating up to 150 points to those four Parishes for those projects that are ready to for competition this year. In addition we request that you consider a special allocation the next round of credits for those most distressed communities that are today still struggling rebuilding policy decisions. We encourage you consider allocating between 50 to 100 points to the preservation of existing affordable housing projects that are seeking to rebuild or to renovate. We urge your consideration as well to raise the credit limit. I think you raised the credit limit to \$1,250,000 that we truly appreciate but we would like those limits to be applicable to reprocess applications involving complete demolition and new construction. We encourage the State to prioritize projects that benefit communities and the environment through efficient use of resources, smarter planning and sustainable development. We recommend additional point be awarded to projects meeting minimum requirement and incorporating your standards and in addition, energy efficiency, water conservation, housing materials and sustainability in the designing construction of the projects. We support whole-heartedly you set aside for the 15% allocation for non-profits and the 15% for Public Housing Authorities, we encourage to particularly support long established productive of the non-profit housing developers with a track record, either alone or in partnership with for-profit developers. Given the extraordinary circumstances caused by the storms, we recommend extending the carry-over for as long as the allowable under law if applicants can provide documentation to support their development proposal and if the proposed development will be in the most devastated communities. We whole-heartedly endorse the support the housing set aside as point increase and we would encourage you to look favorably upon applications that enhanced services for the very hard to serve residences. Finally, we would encourage your favorable consideration to projects that would maximize participation in both public and private dollars to further affordability of those developments. As the city of New Orleans

rebuilds, this a real opportunity and necessity to insure the long term affordability in these regions so that families can return. Enterprise remains fully committed to assisting you and the Gulf Region in meeting these very immediate and long term.

Jane Ettinger Booth

Global Green USA has most recently made an entry into Louisiana to support to support us after Hurricane Katrina. Global Green USA is a non-profit that operates nationally and is based in Santa Monica, California and provides technical assistance in the areas of Green and sustainable buildings and in the area of issues. Global Green will be opening up a resource center in New Orleans in the downtown part this month and we will be an information hub for Green building materials, suppliers and manufacturers. We have a particular interest in supporting Green building and sustain ability in affordable housing. Global Green USA worked with the Southern California Association of Non-Profit Housing, the Non-Profit Housing Association of Northern California, the San Diego Housing Federation, Human Industry, CTG Entergetics and others to help formulate the California Tax Credit Allocation Committee Regulations for 2006. I have a copy of those is you would like to have one. As you know California sometimes is sometimes the wave of the future and I think it might be helpful for you all to be able to review those things. Global Green has asked me to come here today to request that at a minimum that the Louisiana QAP include the following requirements: smart growth by locating projects within a quarter mile of public transit or with a half mile of basic community services; energy efficiency by complying with the latest version of the International Energy Conservation Code. As you all know, we did adopt the Code but we did not adopt the latest version. We are also asking that you require Entergy Star, domestic appliances in each and every home. We also ask that you implement storm water protection. Best Management practice is outlined in the EPA's guidance for specifying management measures for sources of non point pollution in costal waters. We ask that in each unit that there be conducted a Phase I Environmental site assessment in accordance with the American Society of Testing Materials. Standard practices for ESA's Phase I ESA's process to identify the presence or likely presence of any hazardous substances or petroleum products on the property. We think that this an extremely part, because as we know, we did have quite a bit of diesel and petroleum pollution as a result of the waters that inundated a lot of the housing in New Orleans. We would also like that the QAP include good indoor air quality. We specify carpet systems that meet or exceed the carpet and rug being labeled plus program we would like for indoor air quality that specific paints and coatings be used that meet or exceed the VOC chemical component limits of the Green Seal – 11 standard. We like to see a requirement that cabinets and countertop trim materials have no added (eurofomaldehyde) or are fully sealed on all six surfaces, we would recommend that you put in the QAP that each unit be provided bathroom fans that exhaust to the outside and are connected to either a timer or a humidistat sensor and we would also recommend that you use proper flashing and drainage that prevent moisture and intrusion.

Brenda Evans

If anyone has any supplemental comments after you are making written comments, please forward them to Tommy Latour to make sure we have a complete record of every thing that you have.

Unnamed person from audience

I am representing the Louisiana Coalition for Housing, the Louisiana Housing Development Association and also the Louisiana Cap Association. We want it to be noted that we do support your efforts for increasing housing in Louisiana that we especially support the 15% set aside for non-profits. We would ask that you consider permanent supporting housing be a priority with the current round of credits and that consideration be given to quick, efficient housing, which would include modular, manufactured units that would meet the new state standards.

Musheer Robinson - co-chairman of the Community Collaborative

I want to support the system from the Global Green that has several recommendations were not specifically financially structural. As a retired Wall Street partner I'd like to go in that direction but that is not what the issues are here. The real issues for this group are to first off that people have great fear in returning and we need technologies that are rated against hurricanes, 150 miles an hour plus. So there needs to be a way in scoring or creating points for those technologies which have been rated at such. Gemantenics technology is rated at 300 miles an hour. At the University of Texas the head of their Engineering Department they can talk about proven technology which are in fact cheaper than wood that can be used. Secondly, in terms of the direction of mold, molds and other kinds of pathogens can make a major problems. In Europe today, 20% of all of the materials used are produced by a type of patent used by Chinese technology that is porous, it's mold proof, you can't burn it for thousands of degrees and it is the kind of material that should be considered and again that kind of material, mold proof materials, insect proof materials should be rated in the measurement systems by two quick more points. The third point is related to energy efficiency. Energy efficient design can not reduce the tonnage by more than 50%, but the way this is written, if you have a design that can reduce tonnage by 50% you don't get any credit for it. This is a fundamental design issue we need to change now that issue. The fourth issue related to air quality which was also mentioned – Phillips Electronics, Westinghouse, General Electric each should produce for 50 years technologies to kill all pathogens with the deficits of health care infrastructure in the State it is very, very non costly technology be put in all structures affecting all units it's called UGBI, Ultraviolet Germicidal Irradiation. That technology is very effective and has been around for 50 years and kills any kind of mold. It reduces energy costs by 70%. The last thing is the relationship to services. Since we do not have sufficient health care physicians and other people in the mixed up developments, it is very important that anything related to child early learning and health care be given some sort of significant prejudicial points or scoring advantage because the State's infrastructure doesn't current support that. We are going to have to fill projects that can help create that kind of opportunity.

Jack Tolson

I am from St. Landry Parish which is a Rural Parish that has more people living below the poverty level of income than any other Rural Parish and mixed use income, projects discriminate tremendously against the rural people because you don't have the income levels to support the upper portion of the income so there needs to be a drastic modification in the QAP in the award of points so that anything in the rural areas can have a certain amount of points to be equally considered with the metro's. I have a lot of sympathy for New Orleans and what happened from Katrina, but you also have Rita, like south Cameron Parish even all the way over to Orange and back up through Benton and Sulphur and all these areas were impacted severely. These areas need to be able to rate

on a level playing field with other areas such as New Orleans in the way that you rate these award points for mixed income/mixed use. You just can't do it in certain rural areas and this is a drastic problem for all of the rural areas. I need to ask somebody a question about mixed income and the cap on the reprocessing. Is it my understanding these pools have only 10% limit on the amount of projects that can be reprocessed in each pool? Our goal is to produce as much affordable housing as possible in the process in what we are doing and if we have a 10% limit, if we reprocess and get more credits we may be able to reach out to the very low or the lower income citizens and if we put a cap on reprocessing. I don't know how that works. One other thing that was alluded to me is the Market Study may have some effect of what were y'all considering in modification to the Market Study.

Brenda Evans

The Agency did engage a service to provide a housing needs assessment that we had posted to our website that was pre-Katrina. The additional recommendation has to do with the revisions to the Market Analyses that are affected by Hurricanes Katrina and Rita where the Market Study Analyses would be able to explain any revisions that are econometric or simulated models used in the analysis to see how the market actually changed since the hurricanes. To see if there would be any adjustments to the demand by household size or unit size. It would be accompanied by assessment of whether the adjustments are temporary, short term or long term. In other words, the analyses themselves would be able to address how the market has changed since Katrina and Rita, because we know everything has changed post disaster. The Market Analyses is giving some leeway there.

11:20:20

Mr. Jack Tolson

Does that mean there has to be one market study, or two market studies if there is a discrepancy in what you're preliminary study showed? What does that involve?"

Ms. Evans responded there could be a possibility there could be more than one market study, especially once we were able to evaluate all or the projects to see if one project will significantly impact a different project. We will be able to look at difference market studies in tandem.

Mr. Jack Tolson

How do we resolve that, if there is a discrepancy?

11:20:58

Ms. Evans

????it is proposed we will have to meet a consensus and you may actually have different market analysts working together to come to some consensus.

Mr. Jack Tolson

I just wanted to make sure that none of our rural projects were thrown out because they could not get together on the discrepancy.

11:21:18

Mr. Neveu

This issue of consensus study is that if there are multiple projects to be located in the same market area, and if each independent study reflects, say a demand for an additional 100 units, and you have 5 projects, all of which propose to build 100 units, if each of them is feasible and viable in score and we finance 500 units in an area where the market demand is only for 100 units, we have a problem. So essentially what we want to make sure of first is that market study is reflecting the consensus demand; second, to the extent that consensus demands that we will fund the project up to the point where we reach the demand level, and use the tie-breaking procedure that has historically been used by the Agency to identify which project in the area will be funded; so, it could possible be in the example I gave you that although there are 5 projects that are feasible and viable, only one of the 5 will be funded.

11:22:26

Mr. Jack Tolson

Some of those analysts are very conservative and some of them are very liberal; so there would be a rise variation and we could end up with 2 market studies and then reconciliation.

Mr. Wayne Neveu

I think there has been concern expressed historically about where projects are located, and its affects upon other portable developments in the area. Hopefully, this procedure will refine or calibrate the demand for new units without saturating the market.

Mr. Ford Gibson, Gibson Consulting

I am a marketing analysis professional. The area that you are talking about I was not going to bring it up until now that Jack's done it, but I have a problem with the word consensus "period". Because consensus to me means what I say, and what you say, we come to a conclusion that neither one of us are correct. The other thing is that Jack brought up about the idea, who is going to pay for the extra market study? And then, who is going to pay for the market professionals to get together to make a consensus? Well I'll tell you who is going to pay for it. It will have to end up in the developer's pocket. I don't think we need this, he said. If a professional market person has been working in this state, and has been reviewed and is continued to be reviewed, we are going to be taking in all of these points that you are talking about. We are going to be reviewing everything that you are saying. In fact, we're even talking about adding some extra paragraphs, headings in our market studies that will address the current state of the situation in those neighborhoods.

11:24:20

Mr. Wayne Neveu

Actually you could be required to isolate those adjustments as a subtopic **????** in accordance with the historical requirement for market study **????** analysis, so it would be required. In the sense you have already begun that process that is good. But again, not withstanding your concern, the type **????** that I gave you is one that is unfortunately, a set of facts that have occurred historically with other projects being disadvantaged in some limited areas and staff recommended that this is as good a process as any to use the market analysts to derive a consensus, and to not over saturate the market.

Mr. Ford Gibson

So you would not bring the professionals back together to review?

11:25:09

Mr. Neveu

I think this is a framework within which under the circumstances, let the market analysts see what each other is saying and have them determine if there is a methodology that is appropriate or provide some other insight for the Agency to make sure that the demand is well founded. It could be that one demand study has lower of units, but because of faulty?? methodology is mailing to take into account changed circumstances that demand maybe???? increase but at the same time, all of them are on the same number. This particular adjustment also provides for limiting the number of projects in an area. Historically that procedure for limiting the number of new projects based upon a consensus of analysts not there, and the Agency ran the risk of funding multiple projects in an area where all the market analysts concluded that there was only a limited number of units required. So, this procedure, in addition to trying to arrive at a consensus also puts in place a limit on the number of units that will be produced, and ??? consensus study.

11:26:24

Mr. Gibson

I just have a problem with the client paying extra funds out for another, or maybe a third review.

11:26:40

Ms. Lucinda Flowers

New Orleans Neighborhood Development Collaborative, and
Louisiana Housing Alliance

I want to thank everybody for reading into the records the comments from New Orleans Neighborhood Collaborative. We appreciate the Agency's efforts to focus on the areas that have been devastated by the storms. I do see in your supplemental recommendations of this morning you are were talking about adding 50 points for areas with 20,000 or more units that were damaged. I would hope that you would consider raising that further, maybe even to 100 points. Also appreciate your consideration of the extra time allotted for folks who are trying to develop housing in Orleans Parish because we are dealing with so many unknowns in Orleans Parish right now. Especially appreciate your thoughts about funding projects for supplemental housing that are receiving other federal or state funding as well to try to leverage those funds. I just want to say we are here to help you and to work with you, and we thank you for your time, and look forward to working with you.

11:28:23

Mr. Mike Sheaffer, ICF ??? Working with Long-Term Recover Effort

I just want to suggest a couple of things. What I have heard from everybody, especially the State, is that the first priority is to do mixed income communities. We've also talked about mixed use communities, and the evidence has come up pretty repeatedly that we have to serve people that have disabilities and other special needs, and provide supportive services as well. I just want to suggest that alternatively to talking about the criteria points and how many points to give, that you think about mixed income communities in

terms of defining it, and then establishing an aggregate pool that would probably be somewhere in the majority of the credits, because that's your main and first priority. So what is that definition of mixed income communities? That's what needs to be established. And what I hear is we are talking about a portion of the units at market, a portion of the units that is workforce housing at the 60% level; and a portion of the units as ELI that serves supportive housing for people with special needs. So I would just put out to you, the (Louisiana) Housing Finance Agency to think about this in terms of that's your highest priority; to define this as your priority by establishing an aggregate pool and let the other projects within the pool compete upon the basis of other things, like design characteristics, leveraging and efficiency.

11:30:20

Mr. Barry Palmer, Coats Rose Law Firm

Representing the Housing Authority of the City of New Orleans

The Housing Authority is in the process of working on applications to file on several sites in the next round on April 17, and they have buildable sites that they will be ready to file on. I know there has been some comments suggesting that Orleans Parish that the deadline be pushed back. We would be opposed to that and think that the deadline should stay at April 17, since there are projects that are not ready to apply yet, that they can apply next year. Also, in the QAP for Housing Authorities, the TDC limit in last year's QAP reference back to the TDC that HUD has for the Housing Authority. In the amendment to the TDC's where they were increased by difference categories of housing there is no reference to the fact that the Housing Authority TDC would still go back to what the HUD TDC is. We would request that be inserted in there to clarify that the Housing Authority TDC would still be whatever HUD's TDC is.

11:31:57

Martha Cagle, Director – Unity, a collaborative of 60 governmental and non-profit agencies that provide housing and services in the Greater New Orleans area, with the goal of ending and preventing homelessness.

I am here primarily just to thank you, particularly Bob Barbor and Helena Cunningham, for their outstanding leadership in creating the Initiative For Supportive Housing, that we have been hard at work on since right after Katrina, and the entire Board and staff of LHFA for their support for that very important initiative. We feel that we can and we have to rebuild New Orleans, and we need to rebuild New Orleans in a way that provides the kind of housing and supports for its most vulnerable people, that the whole world saw was missing in the aftermath of Katrina. We need to make sure that no longer do we have a situation where people with disabilities and elderly and others with special needs are left in substandard with very little support. And that is what the Supportive Housing Initiative is designed to address—to provide affordable housing that is high quality and that supportive services in the community tied to it so that people can maintain their housing and be good tenants, and get the kind of supports that they need to maintain their health and their mental health. We want to call to your attention that the QAP we feel does need an amendment to make sure that it can be consistent with that supportive housing strategy and to make sure that supportive housing strategy can be a success. And most importantly, we need either a set-aside combined with some extra scoring for supportive housing projects; or a threshold requirement that all tax credits projects have some percentage of units set aside for supportive housing—perhaps 10%. With those changes

that would help insure that the Supportive Housing Initiative really can be a reality and really will work. But again I just want to say that with the support of LHFA we have great confidence that we will be able to welcome home the most vulnerable people who really need this type of housing.

I also want to say that Unity supports the New Orleans Neighborhood Development Collaborative's comments about the need to make sure that sufficient amount of housing tax credits are set aside for New Orleans in some way, shape or form to make sure that just because the developers in New Orleans may not be able to completely take advantage of the tax credits right this moment, and there is a little bit of uncertainty, to put it mildly, about redeveloping New Orleans at this point, that you take into consideration their comments about how to make sure that New Orleans can use these tax credits and get the share that it needs to redevelop New Orleans.

11:35:14

Mr. Wayne Neveu:

I'm hearing these comments about the developers from New Orleans. I'm curious, how many developers from New Orleans are prepared to submit applications for developments in New Orleans by the application deadline? (counted them) I just want to point out that is an important comment, but we had talked through this and as we look at these deadlines, the two issues that are facing the state: (A) The way the Gulf Opportunity amount of credits operate, you must use it or lose it. To the extent there were comments about delaying the carry-over cert what we really want to do is get those carry-over certs early. Why? Because although you have until June of 2007 to incur the 10% cost or the 10% carry-over cert, if you don't meet that 10% cost by then, you would have the credits recaptured. Unfortunately, if you are into 2007 and the credits are captured from you, they are lost to the State. So, bear that in mind as you consider why we are pushing to get applications in early, and what we consider in looking at the challenge for the devastated areas is that we need housing early, but if it turns out that there is not enough housing in the devastated areas, we still have 2007 and 2008, and as you know, we are currently in a competitive round for the Gulf Opportunity amount??? as well as credits that are going to be sucked up from the Go Zone that are going to be shipped to the balance of the State. We are trying to just make sure we get housing units across the state. You have heard Helena talk about the crisis state-wide; it's not just a crisis in the devastated areas. So, essentially we are trying to get this done in the best way possible; but be mindful that if we have to we can accelerate a fourth commitment round for 2007 after we give some consideration to the results of the funding round that is scheduled to reserve credits by June of this year; in which case we can immediately turn out attention to how we set up the fourth commitment round for 2007, and even perhaps anticipating 2008 as some of the dust settles, and some of the issues that seem to be unresolved in some cases because of a lot of politicking and other cases because the practical problem with FEMA being unable to deliver information in a timely manner, but when all that information flows and settles down, we can quickly turn out attention to how we integrate that information in looking forward to allocation of 2007 credits.

11:38:88

So I don't want anyone to feel that New Orleans or any other area is short-changed; it's just that we have a state-wide crisis and we need to get these credits committed as soon as we can. Comments are being taken into account, but if it turns out that there are a

dirth???? of projects within the areas we did discuss reserving a larger amount of credits from the 2007 and/or 2008 ceiling for these areas.

11:39:01

Bill Wenson

From a practical stand point I would like to suggest that the Agency think about a qualification statement to be included in the QAP. I think everybody here wants to get housing on the ground as quickly as possible and one of the particle issues is the construction capacity of each and every developer and the construction companies involved. I am wondering if there is a capacity statement that could be part of the QAP that talks about the ability for that particular applicant to actually construct that project in a timely manner by some type of notarized statement or something from a CPA saying we have the capacity to do that, and that we do not have too many things on our table already, give someway just to know that we can get this project on the ground in a reasonable amount of time.

Thomas Latour

In the past LHFA has been very forgiving of the construction timetable, the schedule of what you are supposed to be doing from your initial allocation through closing you loans, through breaking grounds and being placed in service. We are obviously going to paying much closer attention to that and rightly so. It has always been in the QAP however what better time to implement following the timeline where you should have been on time all along. Developers, just be prepared that you may be getting some letters and some phone calls from the specialist that say, hey you are behind schedule.

Bill Wenson

I would also like to take the opportunity to ask you, as developers, and I think we may convinced others about the need considering for housing for people with disabilities as we develop new initiatives to meet this housing crisis that Louisiana is in but especially those areas that were hit the hardest by the two storms. For years, housing for people with disabilities meet successful housing was almost non existent and it was too often unaffordable to people with disabilities. Unfortunately, people with disabilities are the highest unemployed population in this Country. It is the way of unemployment among people is inverse of that of people without disabilities. Seventy percent of people with disabilities are not employed who could be and can be educated and ready for the job market but for whatever social reasons are not hired. So those of us who do work are fortunate, those of us with disabilities who do not work are dependant upon housing subsidies in order to have shelter. So we would ask you developers to consider in a way that you never have before the needs of special populations, especially those people who are mobility impaired and making projects respond conceptually from the beginning to consider the needs of that sector of the population that would function at that maximum degree of independence in an accessible environment. We would ask you to incorporate that philosophy into your thinking as you develop projects. I would hope that Louisiana Housing Finance Agency would take this on as an initiative to make rewards to the developers who bring forth proposals which highlight the needs as respond to the needs of people with disabilities, especially those with mobility impairment.

James Antonic – CEO of Composite Building Structure out of Florida

We thought we knew something about hurricanes until Rita and Katrina and came over here to see what the big ones really look like. I am here to talk about a few things that

haven't been mentioned. The first thing is that code your buildings and it was a wonderful progression and we have the same code. We have some additions to that code but they are still insufficient to keep the insurance companies in Florida they are pulling up and moving. The Citizen's Insurance Bureau, which is our State funded is now \$100,000,000,000 in debt and they are gasping for new straws, anything they can get to obliterate the problem of insurance. While we are talking about meeting the new code, I would certainly request that you put a few points in for making sure that the projects will be building can be insurable. I think that is very important and also energy. First of all, in you orient the roof correctly and put some overhangs on the south faced windows that will do more than all of the appliances that you can put in and all of those other things. This is the most important thing you can do if you can orient the roof properly and put some overhang on the south faced windows it is tremendous at energy saving. Obtainability. In Maples, they are bussing people miles to work at the Burger King, this is not the Hyatt, this is the Burger King. They can't have affordable housing in the Maples area, so we are advocating that they always keep some of the workforce housing they develop in the mixed use villages. That means in the 99 year lease that the City controls. What is happening is as everybody builds equity in their homes and move south to live on their home equity and their retirement funds they have moved to a place this is less expensive. So now they living in less expensive places and they are growing up and they are going to be forced in the 70's and 80's to new interior communities and find doctors and friends. We advocate putting in an \$80,000 home within a \$400,000 community and maintaining the outside so people can stay in their community when they want to downsize their houses. How do people meet the new building code. A professional engineer stamp is one thing but in Florida, you want them to meet the physical test results. And those have to be improved. We just don't want any PE to stamp a drawing say yea, that'll meet a 150 mile an hour wind. This is important. And finally we don't build cheap homes cheaply. We want to build something people would be proud to live in. Winston Churchill once said, "we shape our dwellings and for years afterwards our dwellings shape us." So it is important that we build reflecting the general community and the affordable housing and workforce housing has to be a reflection of that community. Fifty percent of the median housing that should be your workforce at an affordable housing level. How do you get people in that. We advocate that you have a HUD program featuring a community a officering community where is you live there five years they forgive and buy half the home for you. We say, let's subsidize some of the down payments and then put people in, a lot of them to earn some money, establish their credit and refinance after a few years. The subsidizing of the down payment is something that gets people into the appropriate home.

Wayne Neveu

You are talking about home ownership, the Agency does both home ownership and just for the record the Agency is in the market as we speak and is looking to generate a 30 year mortgage rate based upon the current marketing that would provide for a 5% 30 year mortgage with 4 points of assistance that would then make the home assisted loans very low. But this is the Tax Credit presentation and the Agency also promotes scattered site lease to own developments which has historically been very high priority of Agency that would be consistent with what you suggest, but it would require the developers to recognize that this time given the fact that throughout the GO ZONE all developments qualify for the 30% bump up in basis so long as it is being done with a 9% credit and along with the comment made by Mr. Guggenheim concerning the 50% reduction there is

a lot of equity that can be generated for new construction deals that hopefully developers with recognize to produce the kind of communities that you commented on.

James Antonic

That is very encouraging. We just incorporated in Louisiana and we are coming to build a factory here to employ 180 something people. We believe in them.

Ronnie Edwards

I am wearing several hats today. I am here with many of my colleagues. Those that are part of the Louisiana CHDO Association and the Louisiana CDC Collaborative and the Greater Baton Rouge Community Economic Coalition but also members of the newly formed Louisiana Housing Alliance. In all of the material that I have reviewed, there seems to be a disconnect related to populations that have shifted. I certainly sympathize and understand that we need to replace damaged housing stock. We certainly need to consider populations that have shifted especially as it impacts upon neighboring communities and I am most concerned right now about East Baton Parish where we have one of the largest populations of FEMA villages across the State. I would highly recommend that the Agency consider weighing more heavily those census tracts and Parishes that have inherited families, adults and children that they are serving many of whom may decide not to return to the more southern parts of the State.

Brenda Evans

I think that is also going to be addressed hopefully with the revisions to the market study we have incorporated.

Kalimer Rose from Policy Link

Our organization was asked by the LRA to help advise on equitable recovery policy. So we have been working from that side. But in general we work with community organizations to help craft good equitable development policy. And so I have been an adjunct member to this newly formed Louisiana Housing Alliance and what I am going to submit into the public record today is a grid that we did that really represents all of the recommendations of the special needs housing service providers and non-profit developers who are part of that alliance. Because I work around the Country where there are these statewide housing alliances this is a precious moment for Louisiana to bring together the providers of affordable housing and the special needs service providers to help shape this policy. So the comments that I really want to make today have to do with the overall picture of housing in Louisiana and how this QAP fits into it. I don't know if the people heard the Governor's opening call to the Legislative Session, but of the 6.2 billion dollars in community development in block grant money the majority 80% of that is being proposed to resolve homeownership issues for families which is critically important. It means that about 1 billion dollars is sitting on the table proposed to go to rental housing needs. So with the \$180,000,000 of the special allocation of Tax Credits and the One billion of community development block grant money that will be your total for addressing the needs of more than half of the people who were displaced. In setting criteria I think that opportunity that you have both with this alliance and the fact that you need so much new affordable housing is to grow your non-profit developments to be as strong as other state's sectors are. Yours' is about eight years old and they are really strong when they are 30 years old. Having for profit developers come forward to propose mixed income housing developments using these Tax Credits will be a strong priority for your mixed income communities. But most of your non-profit developers will not be

able to put forward proposals that mix market rate units with for profit. They don't yet have that capacity. And they are serving the hardest to serve needs. So equal consideration and points should be given to the non-profit housing developers and service providers as to those mixed income. When you consider that 80% of the resources of this State will go to homeownership programs, the other 20% that is going to affordable housing should allow complete full 100% affordable housing developments were warranted. One of the key problems in the trailer parks that we are seeing is they are set up in very isolated locations where people do not access to services and transportation. And so the Low-Income Housing Tax Credits themselves are meant to integrate communities and not concentrate poverty. So rather than narrowing the scope of what Low-Income Housing Tax Credits can do you can allow 100% affordable projects, but put in your criteria the locations of those projects near key services. So if 80% of the resources are going to homeownership in a community and 20% are going to rental housing, you already have a mixed income community if you are locating those tax credit projects within that context. So the State of California prioritizes in it's QAP projects near transit, near schools, near key community service which include grocery stores and medicals. I just want to be a voice for growing the non-profit housing communities through the QAP process insuring 100% affordable projects are credible projects for a community and where you locate them will determine the income mix of that community.

Shaun Barney – SHA Consultant and Development

I am wearing a couple of hats. I've been with the Housing Authority of New Orleans and I am a private in the New Orleans area. I want to underscore a point that was made earlier by a gentle that we agreed that application deadline should remain in place for April. I think there are several projects, not only that the Housing Authority has that are ready to go but as well a private developers. So we want to encourage the finance agency to keep that deadline in place. Similarly as was noted, TDC guidelines I think the Public Housing Authorities should follow the HUD guidelines and I think that was noted earlier. Similarly I want to submit to the Agency to also strike the provision where some projects with a unit change in excess of 10% under the reprocessing guidelines to submit in the second competitive round. The thought being that it hinders projects from immediately coming on line that are prepared to come on line augmenting development costs with insurance proceeds and also from the standpoint of the difficulty in mimicking existing footprint of projects that were previously in poverty areas to identify some other footprint and thus put in the same unit count of the unit nets. Our thought would be that as long as projects are increasing units given the tremendous need in the New Orleans area, that the Agency would consider allowing you to augment that with an increase that would not be limited. The last comment is more of a question regarding the process for reprocessing applications and whether or not all of the evidentiary materials that were submitted before will be required and whether or not there will be any differences in the reprocessing also what the timeline will be for reprocessing those applications.

Brenda Evans

The process and Wayne correct me if I am wrong, is typically the way that we currently do our reprocessing any material changes or anything that is changed in the application you will have to have the supplemental information to go with that along with the current application. We are doing the reprocessing of the applications as they come in. It was decided at the last Board Meeting that as quickly as we can bring them to resolution we will be able to the reservation and then bring it before the Board.

Wayne Neveu

Let me point something out, change in sites, the Agency has historically said that any change in site is a material change that results in immediate recapture or an immediate elimination of credits reserved. In light of Katrina/Rita, that rule has been changed so that you can change sites and not lose the credit and that is where the footprint of the prior project that is changing came in at cap at 10% of a cushion for changing unit mix. There is a fundamental requirement in Section 42 that you have to have a Market Study before you get a reservation and since in effect, changing sites is promoting a new application or a new project under the Code, you are best advised to make sure that you get a complete Market Study for your project that is being reprocessed, otherwise you are at risk for not qualifying for credits. It seems that it should be intuitive that you cannot move a project from one area in New Orleans to Lafayette and think that you can rely upon all of the commitments that are evident in your application for a project in New Orleans. So with that being said, I think you are best served if you consider a new application and you submit all of the evidentiary to avoid substantial delays by having the Staff and Analyses have to cull through information that relates to a project in one area that switches over to another area.

Brenda Evans

Are there any other comments?

12:00:53

Mr. Winston Griner

My name is Winston Viner; I am a physician. I work with the Twelve Faith Community Collaborative. My Boards???? are in Family Medicine and my background is also with ??? Johnson Clinical Fellow in Geriatrics, and I have some things to resonate for you about what Global Green has stated regarding the interest in air quality, material quality and the need for impeccable review of the dynamics of the air flow structuring and architecture of the buildings and what have you which has nothing to do with any of these materials but has everything to do with a lot of the concerns that you have about mold and things of that sort. I was a commissioner in another state for 12 years for Health, Education and Housing. I think you need to look very carefully at way that you could incentivize the appropriate applications of appropriate materials in these living environments, particular as it deals with air quality, and the appropriate killing of mold, viruses, bacteria, things of this sort, by incentivizing with your Tax Credit capabilities that you are discussing here today. Those developers and those communities that are utilizing the appropriate technologies that are here and available today.

12:02:26

This is no different standard than what the GSA currently requires for all Federal buildings that are currently being built. And that has been going on now for some time that there are certain air quality requirements and there are technologies that have been out there for quite awhile and have been quite well proven.

12:02:44

There is also an economic impact on this on the other side. There is a condition known as presenteeism. You have absenteeism, they you have presenteeism. In the United States about \$150 billion dollars a year occurs as a result of problems like sick building syndrome. Or if you grossly average that out that would mean that if your buildings that you are putting people back into living and working, that each state would come out with

an average of about a \$3 billion dollar loss in economic capabilities because they are not designing their buildings, their homes, and their communities appropriately for these questions regarding air quality.

12:03:26

Mr. Wayne Neveu

Some of the comments are really cutting edge comments about what advocates would like to see in the design and in the materials of new projects. And in that regard, the question is how that gets incorporated with language in a QAP, and I would recommend strongly that as you consider those specific broad-base comments of what you would like to see, that you further submit a refined state of recommendations that say how the QAP should read and then further, explanatory text as to where the technology is located and the cost of that technology, and how it would affect development costs. I know that we've done this many times in the past, particularly with respect to units that serve special needs, and we have always had in context of discussion with the architects and the developers who are looking at those proposals and anticipating that the Agency may mandate certain things. A very vigorous response that suggests that those mandates drive up costs in a manner that makes affordable housing units less affordable. However, there is an opportunity that in this environment with the possibility of additional costs actually making developers more than whole, that we could consider it, but we don't have much time to get that done in this particular funding round. So, I think what you need to leave is with the understanding that the Agency is receptive to this; that the economics are such that those type of improvements may be implemented, but for this particular second funding round for 2006 credits there may not be enough time to integrate this specific requirements that are being referenced but that if you get to us the information that is in the format that I suggested it could rapidly resurface in, perhaps a core???? commitment for 2007 credits, assuming that we go through a process where historically we sit around and have the developers respond to some of the proposed mandates that then surface in the draft QAP. This is surfacing in what I see to be a Public Hearing on Amendments to the existing QAP; and frankly, it would have been much better to have this surface last year when we put together the fundamental QAP that resulted in commitments.... Brenda when were the reservations made for the current.... In December? Brenda: They were initially due September 30th. (Discussion between Brenda and Wayne regarding the date credits were reserved). It is something that cannot be done overnight Consolidate your comments, make a report to the Board, and adopt the QAP tomorrow. That is why I'm suggesting if it doesn't surface here, give us the information so it can surface in the next QAP for the 2007 (????).

12:07:23

Mr. Winston Viner

I just ask that you, whether it can be modeled for you or not, that you look at the economic impact in real time, and as part of your consideration bring the delays that you have in putting the public's health at risk for things that we may or may not be aware of considering the catastrophic and uniqueness of this situation.

Mr. Wayne Neveu

Can I just ask, are there any syndicators here? Can I just ask, how was your pricing being affected by the 50% deduct and do you see that as an advantage that would enable you to provide a higher multiple on the credits that the project generates?

(Could not hear the response)

Just put a comma there and explain what we did in the amended QAP. We actually, as the result of a comment I got, we increased the amount of equity multiple in the amendment because we fully hoped there would be credit priced above \$1 a credit so that it does create an opportunity to do things in these funding round that could not be done before.

12:09:07

Cathy Laborde

My name is Cathy Laborde and I just have one comment or suggestion. Under the definition of mixed income projects, I'm just curious of why that definition of neighborhood impact, which says you have to construct at least 100 units or tear down 50 and build 50, shouldn't that be consistent with the definition of substantial developer?

12:09:28

Mr. Wayne Neveu

No, substantial developer reflects the experience of the developer. Substantial impact simply reflects the kind of development, a minimum of 100 new units will have ??? particularly in some areas where there have been substantially damaged units that need to be demolished, and you have to rebuild that neighborhood that demolishing and rebuilding new units is in of itself a different character from the experience of the developer. In my mind, at least, it's two separate phenomenons.

12102

Ms. Cathy Laborde

Wayne, I would just think if you were trying to limit to your developer some folks having the capacity to do 300 units why wouldn't the neighborhood impact the 300 units?

Mr. Wayne Neveu

Well, because of the nature of those larger projects. A substantial developer who is to undertake a larger project is one who has had the experience, and to the extent he did not have the experience of doing that minimum number, not to say it's impossible, but in this timeframe having someone with that experience can undertake a project of this scale and magnitude, and pursue it and get it successfully completely. And so in that respect, the thought process was discussed in prior QAP Hearings about experience being significant, we didn't apply it across the board, but with respect to the mixed income ??? scale it would work in this manner. The experience of the developer is important, but the type and character of the project also is important, and they are not the same phenomenon.

12:11:07

Ms. Cathy Laborde

I don't disagree, but I'm saying if your definition of a mixed income project is 100 units, at a minimum, and somebody who has done 100 units in theory, if they have the expertise to put together this ?????, etc.

Mr. Neveu

If I'm thinking what you saying Cathy, you're saying the experience should reflect experience in managing, developing, operating units of 100 versus 300. But I understand you are just trying to correlate development to that and want to open up the mix of developers who could do mixed income projects.

Ms. Cathy Laborde
(Could not understand her comment)

Mr. Neveu

I understand. That is something the staff would have to decide.

12:1200

George Jelay????

My name is George Jelay. I am wearing 2 hats; the first is going to be of an architect, and a concept for developers, and or not you are going to be developing and renovating neighborhoods in the New Orleans or Lake Charles area; or whether or not you are going to be developing brand new neighborhoods which are above the flood and the storm surge in other areas of the State. There is a special needs population that has not been discussed. And I would tell you that the future of Louisiana lies with our children, and I would strongly recommend that the group look carefully at the pre-K need of children from 6 weeks to 4 years old, and that we look at the possibility of incorporating child care facilities as the center of our neighborhoods, so that the parents can in fact, walk their children to the school; and in addition, that we look at child care facilities that are for healthy children, that for handicapped children, and for foster care children. Some of those have never been done before. And I am here representing Color Wheel Learning Center, which has a prototype.

121325

The 2nd hat that I am putting on is just interest in regard to modular housing. When FEMA came to our State after Katrina, they indicated that they felt that modular housing was going to be the solution for Louisiana and I would concur with that, except that I would also add panelized housing as an option. But I call to your attention the fact that if the current estimate of 250,000 homes, which have been devastated, if we were to do that in one year's time, which is impossible, but if we were to do that in one's time, it would require for us to finish 601 homes daily. If we did it in ten years its 60 homes daily. There are no modular factories in Louisiana yet.

12:14:23

Pat Robinson, Behalf of Louisiana Housing Alliance

I serve as a consultant with the formation of the Alliance. One of the things that we would like to bring to the attention, and we would also like to say thank you to the Housing Finance Agency Board, is that when you state that substantial developers, meaning someone has to have at least 300 units or more under their experience level, it causes a hardship for our non-profit housing providers here in Louisiana. And we would like for you also to consider with that, that as the Louisiana Housing Finance Agency, that you are require meaningful participation by these for profit developers when they partner with the non-profit developers. And what we are speaking of, we already know that that QAP provides for additional points when a non-profit and a for profit developer come together. We would like to see additional criteria to define that meaningful participation by the for profit developers. And we would like to see that at a minimum that non profit organizations are securing at least 40% of the project's developer fees, and that additional 5 points be provided if there is real capacity building plan for the non profit that is included with the tax credit application, Because we are interested in

building the capacity of our non profit developers so that we could equally participate with tax credit projects.

12:15:53

Ms. Brenda Evans

I want to take this opportunity on behalf of Helena Cunningham, to thank you all for coming to the Public hearing. As she stated at the beginning of the meeting, we really do appreciate your input. As you well know, this is a very historic time for the State with the tax credits, and we will do everything we can to incorporate or take into consideration your comments.

END

STA TE OF LOUISIANA
PARISH OF EAST BATON ROUGE

I certify this to be a true and correct copy of the original document.

Certified this _____ day of _____, _____.

Notary Public

