



April 10, 2012

Mr. Michael Airhart
Louisiana Housing Finance Agency
Board Chair
2415 Quail Drive
Baton Rouge, LA 70808

Dear Mr. Airhart:

As you may be familiar, the Housing Authority of New Orleans (HANO) and the City of New Orleans were awarded a \$30.5 million Choice Neighborhoods Initiative (CNI) grant in 2011 from the U.S. Department of Housing and Urban Development (HUD) to transform the Iberville/Tremé neighborhood. The CNI program represents a revolutionary shift in federal policy, rooted in the belief that truly improving areas plagued with blight and poverty will require more than rebuilding housing – it will require a complete integration with neighboring resources and the support from both the public and private sector.

HANO's current plan calls for the redevelopment of the Iberville public housing development into a mixed income community. This effort will be combined with additional development throughout the surrounding neighborhood, focusing on housing construction, blight remediation, fresh food access, educational improvements, and additional retail and commercial opportunities. Our plan also emphasizes *transformation*: through redevelopment activities and partnerships with local schools, social service providers, neighborhood organizations, and job training services, the neighborhood can transform into a safe, desirable, diverse community. The New Orleans CNI grant leverages \$145.8 million in firmly committed funds for housing, supportive and social services, and infrastructure projects.

As required by the CNI application, all public housing units must be replaced on a one-for-one basis. This means HANO will provide 821 deeply affordable units (e.g. public housing, project-based vouchers) within the CNI neighborhood, which extends from Tulane Avenue to St. Bernard Avenue, and from Rampart Street to Broad Street. Because HANO is committed to providing quality, mixed income developments rather than concentrating poverty, our plan calls for developing these 821 deeply affordable units in a mixed income manner throughout the CNI neighborhood. This will require developing approximately 2,400 total units within this footprint, one third of which (800) will be targeted to households earning between 40% and 60% AMI, and

the remainder renting at market rate. According to current guidelines, the development must be completed within five years.

To accomplish this, HANO will require a variety of financial resources that target all income groups. This includes the Low Income Housing Tax Credit Program (LIHTC) currently administered by your agency. The previous agency, the Louisiana Housing Finance Authority (LHFA), recognized that encouraging projects that contribute to a larger neighborhood transformation would compound the impact of its housing investments, and created the Transformational Pool in the 2011/2012 QAP. The draft 2013 Qualified Allocation Plan (QAP), however, erases this allocation pool before the full potential to leverage resources through transformational projects can be realized.

Given the dwindling federal resources for affordable housing that all agencies are facing, it makes sense for the Louisiana Housing Corporation (LHC) to increase its impact by encouraging more projects that leverage additional resources for housing, infrastructure and neighborhood improvements, and supportive and social services. Therefore, HANO is respectfully requesting that the LHC reinstate the Transformational Pool and increase the cap to \$2.5 million, and increase the Project and Developer Limits to \$2.5 million for projects that are part of a larger transformative initiative as supported and funded by a public private partnership. This may include partnerships with local schools, economic development organizations, and/or government entities, and a clear illustration describing how the respective project integrates with larger redevelopment plans. At a minimum, we request that the Transformational Pool be kept at its original amount of \$1.5 million. All requirements to demonstrate the transformational nature of the project, including a letter from the highest ranked elected official and the submission of a master plan, should remain the same.

In addition, HANO requests that the LHC include Selection Criteria Point consideration to encourage developers to pursue such transformational projects that can demonstrate the leverage of additional resources. HANO proposes that an additional Targeted Project Type be added within the Selection Criteria to award ten (10) points to developments that meet the previously approved definition of Transformational Project:

Transformational Project: A project with larger master planned and sustainable community developed in a public private partnership, whether or not developer participates in some or all of the development pieces, which transforms the larger community economically, socially and environmentally. Examples are proposed developments that include, in addition to affordable housing, schools, retail, medical facilities, improve the environment and ecology and access to public transportation. A letter from the highest elected official from the local jurisdiction would be required to evidence the transformative impacts.

As mentioned before, HUD has signaled a revolutionary shift in federal policy with the Choice Neighborhoods Initiative, requiring that housing is developed with true neighborhood transformation – affecting both the people who live in and around the development – in mind. Because this is an overriding priority for HUD, and is shaping the direction in which affordable housing subsidy is moving, HANO requests that the LHC include Selection Criteria Point consideration to encourage alignment with federal policy. HANO proposes that “HUD Choice Neighborhoods Initiative” be added as an additional Other Governmental Priority with an associated six (6) points.

In an effort to improve the success and sustainability of healthy mixed income communities, and to leverage scarce resources, LHC should support the development of housing near and in coordination with other neighborhood amenities and services. Where those amenities do not exist, developers should be given incentives to provide them and to develop partnerships and relationships with service providers specifically for the residents of that project. HANO requests that the LHC award additional Selection Criteria Points for Neighborhood Features, and add critical features. Specifically, HANO proposes that applicants will gain two (2) points if they can demonstrate partnerships with service providers, or dedication of specific resources for the residents of the proposed project. Further, if these Neighborhood Features do not currently exist, applicants would be awarded two (2) points for demonstrating that they will develop or secure these features, services, and amenities as part of the proposed project. Finally, if the Neighborhood Feature is within the distance requirements but not proven to be directly associated with the proposed project, applicants would still get one (1) point per feature. HANO also proposes that LHC add recreational facilities, community centers, and parks or green space to the list of awarded Neighborhood Features.

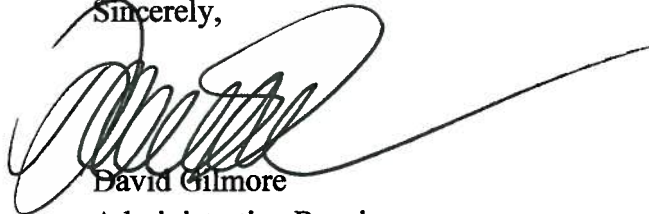
Another characteristic that will make a project successful and sustainable, in both rural and urban parishes, is how closely it is aligned with the local priorities of the residents and their representative public bodies. If a project is part of a larger community transformation or revitalization plan, it is more likely to receive support, and to be a priority for additional resources, services, and neighborhood amenities. HANO requests that the LHC award additional Selection Criteria Points to projects in rural and urban parishes that demonstrate that they are part of a concerted community revitalization plan adopted by a local governmental unit. Specifically, HANO proposes that the LHC combine item III.C.ii. (Difficult Development Area (QCT/DDA), Copy of Final Concerted Community Revitalization Plan adopted by local governmental unit included in Application) and item III.D (Rural Target Area (RD)) into one item, such as “Concerted Community Revitalization Plan”. HANO further proposes that this new category be awarded ten (10) points.

In order to leverage the scarce and valuable 9% LIHTCs across the state and ensure their most effective use, it is critical to maintain a healthy competition for these tax credits that will

push applicants to develop better projects that leverage additional resources in a cost effective manner. If the 9% LIHTCs are allocated geographically or by some other method, there is no way to ensure that all of those credits will be used in the most efficient and effective manner possible because the competition could potentially be reduced. It is therefore critical to maintain all pools from the 2011/2012 QAP – General Pool, Non-Profit Pool, Public Housing Agency Pool, Rural Pool, and the Transformational Pool. Further, in order to ensure that the tax credits awarded to the most competitive projects are enough to have a sizeable impact, it is important to maintain the Project and Developer Limits at \$1 million.

These revisions will encourage the most effective and efficient use of 9% LIHTCs, and will ensure that LHC's housing investments will be leveraged with additional resources for greater impact. Thank you for giving HANO the opportunity to make this revision request for the 2013 QAP. If you have any additional questions or would like to discuss further, please feel free to contact me at (504) 670-3269.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Gilmore', with a long horizontal flourish extending to the right.

David Gilmore
Administrative Receiver