
Louisiana Housing Finance Agency



Special Programs HOME Program

Tina Powell, Program Administrator

August 13, 2007

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M E M O R A N D U M

To: Commissioner Larry J. Broussard – Chairman
Commissioner Danette O’Neal
Commissioner Kevin Brown
Commissioner Merriell Lawson
Commissioner Mark Madderra

From: Tina Powell, Program Administrator

Date: August 13, 2007

Re: Special Programs Committee

There will be a Special Programs Committee meeting, Wednesday, August 22, 2007 at 11:30 a.m., at Louisiana Housing Finance Agency, Committee Room 1, located at 2415 Quail Drive, Baton Rouge, LA.

Diana Thibodeaux will present:

- An amendment to the 2008 HOME Investment Partnerships Fund Action Plan
- HOME reconciliation update

If you have any questions or concerns, please contact us.

August 13, 2007

Special Programs and Program Initiatives Committee

Notice is hereby given of a regular meeting of the Special Programs and Program Initiatives Committee, to be held on Wednesday, August 22, 2007 at 10:00 a.m., Louisiana Housing Finance Agency, Committee Room 1, located at 2415 Quail Drive, Baton Rouge, LA, by the order of the Chairman.

Preliminary Agenda

1. Call to order, roll call and introduction of guests.
2. Approval of minutes from Committee Meeting on December 13, 2006.
3. HOME Update
 - An amendment to the 2008 HOME Investment Partnerships Fund Action Plan
 - HOME reconciliation update
4. Other Business
5. Adjournment

Milton J. Bailey, President

If you require special services, please call Lourie Brown at (225) 763-8700 by Monday, August 20, 2007.

**Louisiana Housing Finance Agency
Special Programs & Program Initiatives
Committee Meeting Minutes
Wednesday, December 13, 2006
2415 Quail Drive
Committee Room 1
Baton Rouge, LA 70808
10:30 A.M.**

Commissioners Present

Philip Miller, Chairman
Larry J. Broussard
Merriell Lawson

Legal Counsel Present

Wayne Neveu, Foley & Judell

Staff Present

Brenda Evans
James Gilmore
Desiree Armstead
Loretta Wallace
Curtis Ferrara
Angela King

Others Present

Larry Englande, Capmark Securities
Stephen Burzas, Road Home Cottage, LLC.
Ron Menard, Road Home Cottage, LLC.
Sibal S. Holt, Rapides Station Community Ministries, Inc.
Steven Hattier, Morgan Keegan
Janice Bartley, DDS



Chairman Miller called the meeting to order at 11:41 A.M. and asked that the roll be called.

Chairman Miller asked that the minutes from the November 13, 2006 Committee meeting be approved.

Upon a motion by Commissioner Miller and seconded by Commissioner Broussard the minutes were approved.

Chairman Miller called for a HOME Reconciliation Update.

Brenda Evans presented the HOME Reconciliation Update.

Brenda Evans also presented the Preliminary Rankings for the PY 2006/2007 HOME funding round.

Brenda Evans presented the following resolution:

- **A resolution providing the conditional commitment of the Program Year 2006/2007 HOME Funds to certain residential rental facilities; authorizing the Agency staff and counsel to prepare the forms of such documents and agreements as may be necessary to award HOME funds to such facilities; and providing for other matters in connection therewith.**

Upon a motion by Commissioner Broussard and seconded by Commissioner Lawson the resolution was approved.

Brenda Evans presented the following resolution:

- **A resolution providing for the issuance of a CHDO Reservation Agreement of HOME funds to Rapides Station Community Ministries, Inc. in the amount of \$3,200,000.**

Upon a motion by Commissioner Broussard and seconded by Commissioner Lawson the resolution was approved.

James Gilmore and Brenda Evans presented the following resolution:

- **A resolution amending the RESTORE Program to include modular home based units.**

Upon a motion by Commissioner Lawson and seconded by Commissioner Broussard the resolution was approved.

Brenda Evans presented the following resolution:

- **A resolution regarding a change in the use of ADDI funds.**

Upon a motion by Commissioner Broussard and seconded by Commissioner Lawson the resolution was approved.

Since there were no other matters to be discussed, Commissioner Miller adjourned the meeting at 12:03 P.M.

DECISION BRIEF:

Amendment to the 2008 HOME Investment Partnerships Fund Action Plan

Issue

In May of 2007, the LHFA Board passed the 2008 Action Plan, since that time, two issues have come to staff attention which need to be addressed.

These issues: the CHDO program and the HOME Multi-Family Recapture Guidelines need to be added to the 2008 Action Plan.

Attached are both amendments.

First, the CHDO Program outlines how the LHFA will administer the CHDO Program going forward. This policy is consistent with the HOME Program regulations codified at 24 CFR Part 92.

Second, the policy for LHFA to recapture/subordinate HOME funds expended in multi-family projects.

In the wake of the storms, LHFA has received a number of requests to transfer ownership of HOME funded multi-family projects. In order to do this, the HOME funds must be recalled, or subordinated as they were in the original HOME deal. This cannot be done unless it is spelled out in our Action Plan. This is a common practice to insure affordability in multi-family deals, however, it must be disclosed in our Action Plan to HUD.

Pros:

- This is a HUD regulated mandate.
- Failure to provide it could result in HUD determining some of our expenses as ineligible thus precipitating repayment by the agency.

Recommendation

Staff recommends approval of these amendments with the full knowledge that public comments related to this section of the plan will be forwarded to the Board for review.

HOME Investment Partnerships Amendment to 2008 Action Plan

CHDO Operating Funds:

The Louisiana Housing Finance Agency (LHFA) may allocate up to 5% of the annual HOME Allocation for the operating expenses of CHDO's. "Such costs include salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment; materials and supplies." LHFA limits the operating expenses to \$50,000.00 or half of the CHDO's total operating expenses for that fiscal year, whichever is greatest.

The operating expenses will be awarded on a competitive basis and announced on an annual basis via a Notice of Funding Availability. Only CHDO's who are certified by the LHFA 3 months prior to the funding round are eligible to apply. The LHFA will monitor the progress of the CHDO's annually to ensure compliance with statutes and policies. Operating expenses will be on a reimbursement basis only. Monies received by CHDO's from the Agency must be spent within 15 days of deposit for the HOME program. All CHDO's receiving CHDC operating funds must be awarded CHDO Set-a-side funds for a CHDO eligible project within 24 months of their first award of the operating funds. Failure to obtain this funding could result in LHFA seeking repayment of the operating funds.

CHDO Set-A-Side Funds:

LHFA will set-a-side a minimum of 15% of the annual HOME Allocation for eligible CHDO development activities by current LHFA certified CHDO's. These funds will be awarded annually on a competitive basis and announced through a Notice of Funding Availability.

HOME Multi-Family Program Recapture Provision:

This policy applies to those projects which have been funded in whole or in part with HOME Investment Partnerships funding under 24 CFR Part 92.

The borrowers must obtain LHFA consent prior to entering into any financial transaction that will require a subordination and/or assumption of the LHFA security interest in the property. The LHFA may consider approving such subordination and/or assumption if the integrity of the LHFA's position is maintained. The purchaser must accept the regulatory requirements of the HOME Regulatory Agreement. The Agency may approve or deny the subordination and/or assumption or approve it subject to conditions. For example, where the subordination and/or assumption places the LHFA at a higher (but still acceptable) risk of loss, the LHFA may require an extended period of affordability in consideration for the subordination and/or assumption. The creditor receiving the subordination and/or assumption of interest in the property will agree that a foreclosure or acceptance of a

deed-in-lieu of foreclosure will not be initiated without at least 30 days prior notice to the LHFA. Borrowers must use an LHFA approved subordination and/or assumption agreement. The assumption and/or subordination of interest or junior lien will not cause the debt from all sources to exceed the value of the security property.

LHFA. Borrowers must use an LHFA approved subordination agreement. The subordination of interest or junior lien will not cause the debt from all sources to exceed the value of the security property.

**Statement of Board Activities and HOME Reconciliation
As of 7/31/07**

Amount Carried from Program Year 2006:	-\$10,977,582.40				
Adjustment to Balance due to uncommitted funds for PY 06 & earlier (1)	\$791,863.00				
Sub-total		-\$10,185,719.40			
Program Income for PY 2007	\$181,631.53				
Adjustment to PY 2004 PI	\$21,792.03				
Total Program Income		\$203,423.56	174050.3	\$29,373.26	41925.13
Amount Allocated for PY 2006:	\$15,192,040.00				
Less Administrative Fees:	(\$1,500,874.90)				
Total PY 2006 Funds Available		\$13,691,165.10			
Total Available to be Committed:				\$3,708,869.26	

<u>Board Date</u>	<u>Project or Activity Name or Description</u>	<u>Board Amount Authorized</u>
4/07	2007 Single Family Bond Issue A	\$6,000,000.00

Total Committed in PY 2007 **(\$6,000,000.00)**

Balance of Funds left to be authorized by Board **-\$2,291,130.74**

**STATEMENT OF BOARD ACTIVITIES AND HOME RECONCILIATION FOR PROGRAM YEAR 2007
PROJECTS WITH FUNDS DEOBLIGATED OR UNCOMMITTED FROM APRIL 1, 2007 THROUGH JULY 31, 2007**

PROJECT NAME	IDIS NUMBER	DEOBLIGATED IN IDIS	UNCOMMITTED	REASON
Courtside Apartments	6690	\$373,863.00		Rescinded
Southern Woods	7120	\$410,000.00		Cancelled
ADDI - 2004	2003-226		\$8,000.00	
TOTAL DEOBLIGATIONS		<u>\$783,863.00</u>	\$0.00	
TOTAL UNCOMMITMENTS			\$8,000.00	Cancelled part of Single Family Addi issue
TOTALS FOR DEOBLIGATIONS AND UNCOMMITMENTS		<u>\$783,863.00</u>	<u>\$8,000.00</u>	
TOTAL DEOBLIGATIONS AND COMMITMENTS		<u><u>\$791,863.00</u></u>		

**Statement of Board Activities For Calendar Year 2007
As of July 31, 2007**

Board Date	Project Name or Description	Board Amount Authorized
	(Represents 2007 Funding Round including Agency Costs)	
1/10/2007	Breaux Bridge Broussard Phase II	\$955,380.00
1/10/2007	Oakwood Estates Phase II	\$982,000.00
1/10/2007	Candlewood Estates Phase II	\$1,010,000.00
1/10/2007	Pine Terrace Apartments	\$326,077.00
4/07	2007 Single Family Bond Issue A	\$6,000,000.00
	TOTAL COMMITTED FOR CALENDAR YEAR 2007	<u>\$9,273,457.00</u>