# Exhibit 2:
# Programs to be Transitioned to the Louisiana Housing Corporation (LHC), and Detailed Descriptions of the Programs

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## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Overview**

As required by the 2008 disaster supplemental bill, at least 11.2% of the State's overall allocation has been dedicated to affordable housing programs. The purpose of the Affordable Rental Program (ARP) is to provide a mechanism through which eligible entities can develop, rehabilitate, and/or construct safe rental housing for the needs of very low to moderate income households.

**Program Description**

ARP consists of two separate methods of delivery: 1) a competitively awarded rental program that was open to municipalities, non-profits, for-profit organizations, etc., and 2) a direct allocation to the five entitlement parishes that received the most damage from Hurricanes Gustav and Ike. A funding cap has been established of a maximum award of $4,000,000. Acceptance of funds for affordable housing projects requires an affordability period of five years from the date of issuance of the final Certificate of Occupancy, which is enforced through a forgivable deferred loan and restrictive covenant that is recorded on the property.

Each project must meet on of the two National Objectives of the Program: 1) benefit low to moderate income ("LMI") households and 2) aid in the prevention of slum and blight. The Program was designed to give maximum priority to those projects that will benefit LMI households.

Eligible Activities Include the following

- New construction of rental housing properties
- Acquisition of rental housing properties
- Conversion of non-residential buildings into residential rental properties
- Rehabilitation of rental housing properties
- Any combination of the above

*Eligible property types include single family dwelling, duplex, tri-plex, four-plex, townhomes, and multi-unit complexes.

**Approach**

Competitive Affordable Rental Program – This program was open to all eligible entities, including municipalities, non-profits, and for-profit programs. In anticipation of the high number of funding requests, the State designed this program to be awarded competitively, in accordance with the scoring criteria and requirements that were published in the ARP guidelines. Funds are made available through a forgivable deferred loan and a restrictive covenant that is recorded on the property. Applications were accepted between 03/07/2010 – 05/07/2010. Following a thorough review by the Selection Committee, the following 16 projects were ultimately selected.

**Challenges**

Project-Specific Financial Management Systems – properly managing OCD's pari passu share of the actual aggregate net draw amounts, in conjunction with the appropriate portion of the developer's fee, less any retainage. This also includes review of any escrow accounts established under special conditions, Replacement Reserve Deposits, and long-term operating reserves.

Construction Management – ensuring that the construction progress is proportional to amount of funds disbursed.

**Timeline**

Due to the difference in size and complexity of each of the individual projects, construction progress will vary from project to project. Most projects are expected to complete construction and begin to deliver units within a two year timeframe. The compliance period (five consecutive years of affordability) will become effective once a Certificate of Occupancy has been issued and units are leased. It is estimated that it will take a total of seven years until full project close-out.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

As required by the 2008 disaster supplemental bill, at least 11.2% of the state's overall allocation has been dedicated to affordable housing programs. The purpose of the parish allocated affordable rental funds is to provide a mechanism through which parishes can develop programs that benefit those most impacted and in greatest need within their communities.

**Objectives**

Fifty percent (50%) of this dedicated portion has been allocated to the five most damaged parishes for eligible programs to be administered by the parish. Parishes can select from the program options of eligible activities as appropriate for their recovery needs. They can choose to adopt one or any combination of activities as needed, as long as the benefit are to those most impacted and in greatest need within their communities. Each parish may not follow the same set of milestones due to their program design and implementation. For example: EBR is administering 2 programs within their allocation. Each project must meet one of the two National Objectives of the Program: 1) benefit low to moderate income ("LMI") households and 2) aid in the prevention of slum and blight. The Program was designed to give maximum priority to those projects that will benefit LMI households.

Eligible Activities

- New construction of rental housing properties
- Acquisition of rental housing properties
- Conversion of non-residential buildings into residential rental properties
- Rehabilitation of rental housing properties
- Any combination of the above

*Eligible property types include single family dwelling, duplex, tri-plex, four-plex, townhomes, and multi-unit complexes.

**Approaches**

The state works with the parishes to help build programs to assist in increasing their availability of affordable rental units. Parishes are required to administer their funds and are encouraged to add resources from their parish allocations to increase the amount of affordable rental housing activities in their communities with the most impact from the storms. They are to coordinate with these areas of their parish and engage in an inclusive process of establishing rental programs.

**Challenges**

Parishes may or may not have all the resources to implement their required rental programs.

If parishes fail to submit a qualifying program within the time constraints the funds could be allocated to the state for administration.

Parishes may have other priorities for improvement in communities other than affordable rental.

| Date | Projects Complete | Under Construction | Awaiting Closing |
|---|---|---|---|
| As of 7/18/11 | 0 | 1 | 30 |
| By 6/30/12 | 1 | 8 | 22 |
| By 12/31/12 | 10 | 16 | 5 |
| By 7/31/2013 | 31 | 0 | 0 |

Due to the difference in program design and parish implementation, construction progress will vary from parish to parish. Most parishes are expected to complete construction and begin to deliver units within a two to three year timeframe. It is estimated that it will take a total of seven years until full project close-out

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Program Objective**

The City of New Orleans designed a $17M New Orleans Home Rehabilitation Fund to meet the needs of the community impacted by Hurricanes Katrina in Orleans Parish. This program is approved for funding through the City of New Orleans Infrastructure Long Term Community Recovery (LTCR) Plan. These funds are targeted to low to moderate income first time homebuyers purchasing a home in need of rehabilitation or present owner occupants whose existing primary residences are in need of rehabilitation due to Hurricane Katrina damage. In both cases, CDBG funds will only be used for rehabilitation activities and will be provided to applicants as a soft second rehabilitation mortgage.

**Approach**

The program will be administered by Neighborhood Housing Services (NHS). $15,130,000 is available to assist 264 households and $1,870,000 is budgeted by NHS to administer the program.

• Purchase and Rehab: 66 homes for a total of $3,782,500

• Rehab Only: 198 homes for a total of $11,347,500

Program Characteristics

• Purchase Rehab: Homebuyers must qualify for a first mortgage prior to submitting a pre-applicant to NHS. Homebuyer must invest at least 1% of the purchase price or $1500 from personal funds, whichever is greater. All 1st time homebuyers must receive at least 12 hours of homebuyer education and/or training.

• Eligible properties: one-two unit residential properties located within the City of New Orleans with clear titles.

• Income: All clients must have gross monthly household incomes that do not exceed 120% of AMI.

• Homeowners and Homebuyers are required to owner occupy or purchase properties that sustained damages as a result of Hurricane Katrina and/or Rita.

• Down payment and closing cost assistance is available and included in the maximum assistance amount of $65,000 in the form of a loan.

**Challenges**

Homebuyers and current owner occupants must first qualify for a mortgage loan prior submitting an application for assistance in the New Orleans Rehabilitation Fund. However, due to the mortgage crisis, lenders are more cautious and have strengthened the eligibility criteria preventing some borrowers from obtaining mortgage loans.

**Timeline**

Owner Occupancy requirement is 10 years

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Program Objective**

The $2.3M Housing Construction Lending Program is designed and administered by the New Orleans Redevelopment Authority (NORA). The program will provide vitally needed resources to accelerate the pace and scale of redevelopment of vacant and blighted properties in the City of New Orleans. This program is approved for funding through the Local Government Emergency Infrastructure Program will be used for the construction of model and speculative homes, qualified pre-development costs, and a portion of other development expenses to offset the costs of elevation and energy efficiency upgrades. The model and speculative homes are targeted to serve low to moderate households not to exceed 120% AMI.

**Approach**

NORA granted $1,250,000.00 for construction loan financing to non-profit developers with demonstrated development experience for construction of new single model homes in Pontchartrain Park and Gentilly Woods neighborhoods. $900,000.00 will be to provide construction loan financing to for profit developers with demonstrated development experience for new construction of single family, for sale housing in the Housing Opportunity Zone neighborhoods. NORA will use the remaining $217,300 as delivery cost to administer the program. The construction funding in the Pontilly neighborhoods will subsidize the construction of three (3) model homes in Gentilly Woods and six (6) model homes in Pontchartrain Park.

**Challenges**

Developers are required through their loan agreement to acquire additional financing from other private and public sources.

**Timeline**

36 months or payable upon release of collateral, whichever occurs first.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

The first time homebuyer Programs currently being administed are designed to fill the gap between what a LMI homebuyer can afford and the selling price of a house. The gap is a no interest/no payment second mortgage that is forgivable over a period of time. In most cases the administering entity inposes a tiered 3-5 year forgivability period. Closing cost assistance may also be offered if the applicant qualifies. All future homebuyers must attend a homebuyer training course and persent a certificate of completion at closing. The property being purchased must pass a Housing Quality Statndards (HQS) inspection. If a given property does not pass the inspection the future homebuyer can either select to have the HQS issue reconciled or choose to purchase a different property.

**Objectives**

1. Create new LMI homebuyers
2. Fill blighted areas with new or rehabilitated properties
3. Create a larger tax base for the administering Parish

**Approach**

The LHFA Program combines CDBG funds with mortgage revenue bonds to drive down the interest rate.
Jefferson Parish is combining CDBG funds with Section 8 vouchers to assist the very low income homebuyer.
Providence Community Housing will offer second mortgage up to 50K for LMI homebuyers at 80% or below.
United Way New Development Program will offer second mortgage up to 50% of the selling price for newly constructed homes located new and around community centers.
There are eligibility requirements that each applicant must meet in order to qualify for funding. These requirements are set forth by HUD, the State and the administering Parish.

**Challenges**

1. The price of property in relation to the value of the property
2. Very large second mortgages needed to qualify a potential homebuyer
3. Elevated insurance premiums
4. Lack of first mortgage lenders

**Timelines**

Each Program has different timelines, but given the need for these Programs it is fair to say that these Programs will reach completion before the Contract end date is reached. Contract periords for these Programs are typically 3 years, but can reach a 5 year limit.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

The focus of the Minor Home Repair Program is to provide CDBG funds to parishes to help homeowners correct minor deficient conditions in their homes that sustained damage as a result hurricanes Gustav and Ike. Not designed as a rehabilitation program, it is designed to respond to the most urgent need that, if left unrepaired, would lead to further deterioration or to the house becoming unlivable. Costs eligible include repairs to remedy the deficient or damaged condition of the house; any permits required to complete repairs may be included. Each parish will determine the minimum grant assistance and the maximum number of grants to be awarded.

**Objectives**

Applicants with household incomes at 50% of median area income or less and who are elderly and/or physically challenged will be prioritized first, followed by applicants with household incomes of 51-80% AMI, 80-120% AMI, and then all other applicants (non-LMI applicants) until the funding is depleted.

**Approaches**

The Parish will utilize this type of program in order to increase affordabliity of homes in thr Parish while simutaneously assisting local families who suffered significant damages due to Hurricane Ike. This program is inclusive of traditional minor rehabilitation activities of residential structures, including roof, siding and window repair. LMI individuals will be eligible for up to $100,000 in the form of a grant from the Parish. The maximum assistance cap for any applicant is $15,000 per applicant and any costs over $15,000 will be the responsibility of the homeowner, and will be paid at the time of closing in the form of a homeowner secured loan or cash on hand. Residential units must owner-occupied structures. Applicants under this program must fall within the categories of extrememly low, very low, or low income limits established by the U.S. Department of HUD for the parish for the applicable Fiscal Year.

**Challenges**

One of the most significant challenges with the Homeowner Rehabilitation Program is the homeowner's ability or desire to secure financing for the remaining cost of construction. As well as the challenges with proving ownership of the property.

**Timeline**

Due to the difference in size and complexity of each of the individual projects, construction progress will vary from project to project. Most projects are expected to complete construction within a two year timeframe.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

The first time homebuyer Programs currently being administed are designed to fill the gap between what a LMI homebuyer can afford and the selling price of a house. The gap is a no interest/no payment second mortgage that is forgivable over a period of time. Closing cost assistance may also be offered if the applicant qualifies. There are eligibility requirements that each applicant must meet in order to qualify for funding. These requirements are set forth by HUD, the State and the administering Parish.

**Objectives**

The objectives of these Programs are to create new homebuyers, fill blighted areas and create a bigger tax base for the Parish.
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**Approaches**

**Challenges**

There are no challenges with this Program and it should reach close-out by summer 2012.

**Timeline**

Currently the Program is in the application intake phase.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**
It is the purpose of the Neighborhood Redevelopment and New Development Program to provide parishes with a mechanism to remediate damages in defined neighborhoods, ensure that areas blighted by Hurricanes Gustav or Ike are redeveloped, and/or that adequate additional developments are made available to meet the needs of impacted neighborhoods. This can include new developments or the additional infrastructure necessary for neighborhood developments.

**Objectives**
As a result of the Storms, some of the damaged properties resulted in homeowners relocating to new housing. In some instances, homeowners abandoned their damaged properties and neglected to maintain them. These properties are left vacant and continue to deteriorate to the point that they are often condemned through the Parish's condemntation process. These structures not only create eyesores, but they can also endanger the safety of the public. Therefore, the Neighborhood Redevelopment Program is designed to remove slum and blight from existing neighborhoods and improve the quality of life for the citizens.

**Approaches**
In addition to the Parish administering the Neighborhood Redevelopment Program, they will also be responsible for completing the condemnation process in accordance to Louisiana R.S. 33:4761-4768 - Removal of Dangerous Structures Municipalities Generally, and selecting a contractor to complete the demolition and removal of the structures.

**Challenges**
Some of the challenges of the Neighborhood Redevelopment Programs is the cost associated with the removal of asbestos exceeding the cost of removal of the slum and blighted properties. There also are instances in which homeless take shelter in these damaged properties.

**Timeline**
Due to the difference in size and complexity of each of the individual projects, construction progress will vary from project to project. Most projects are expected to complete construction within a two year timeframe.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

The objective of this program is to restore and repair homeless facilities; stabilize individuals and families in existing homes, assist individuals and families with securing affordable housing, connect individuals and families with mainstream social service and income support programs and connect them with self-sufficiency and employment programs; and develop a Safe Haven Project to provide shelter and intensive therapeutic services to chronically homeless people with significant mental health issues. 100% of the activities will benefit low-moderate income households.

The goals of these programs are to increase the supply of affordable housing and fund supportive services that successfully prevent homelessness, re-house homeless individuals and families, house homeless people with disabilities and provide safe therapeutic shelter for the chronically homeless.

OCD entered into a CEA with DCFS to administor this program March 27, 2007 to October 31, 2010. DCFS expended $12,777,730.12 on the following activities:

o Homeless Prevention, Rapid Rehousing and Transitional Assistance Program (TAP) - to provide up to two years of rental assistance, prevent homelessness by paying utility and rent arrearages and provide supportive services. 2,753 households served and of that number 107 were chronically homeless.

o Shelter Repair - $3,207,664, 68% expended – to repair hurricane damaged facilities and restore housing for the homeless, including: emergency shelters, transitional housing, and permanent supportive housing that existed prior to Hurricanes Rita and Katrina. 154 shelter beds restored.

OCD is currently completing the last activity, the development of permanent supportive housing to increase the availability of permanent supportive housing units for extremely low-income households with disabilities. This is being accomplished through the Piggyback, ARP and PSH PBV programs.

All funds should be expended by the end of 2013.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Objective**
The Louisiana Loan Fund is a revolving fund that provides resources to qualified nonprofit and for-profit developers for early pre-development and acquisition related soft cost related to the development of affordable housing. The fund provides housing developments and tax credit projects resources to assess project feasibility or acquire property.

**Approach**
Eligible uses are acquisition and related closing costs; loan closing costs; carrying costs during the loan term including loan interest reserves; costs to obtain take-out financing; appraisals, surveys, architectural and engineering studies; attorneys fees; title and zoning; mortgage recording tax; recording fees; environmental assessment and soil sampling; market feasibility studies and environmental remediation plans. The program is run by Enterprise and LISC and was part of the initial Katrina Rita Hurricane appropriation. Along with half of the $15 million in CDBG, Enterprise and LISC would each raise an additional $15 million in matching funding from money center banks and philanthropic funders, for a total availability of $45 million.

**Challenges**
The fund has and continues to fund projects. However, the fund was not initially as active as anticipated due to the timing of the establishment of the fund after the GO Zone LIHTC rounds were awarded, and because some of the uses of the fund were covered on more favorable terms by the Piggyback program. In response, the program was initially amended to allow funds for hard construction costs.

**Restructuring Objective**
The restructured Fund will:
• Enhance NORA's Neighborhood Single Family Redevelopment Program and similarly structured programs in the City by inducing construction lenders to make construction loans on Targeted Properties designated by NORA.
• Provide a similar benefit to the State, which, enhance disposition of LLT properties n New Orleans.
• Lower the owners' interest carrying cost between receipt of certificate of occupancy and the purchase of property by a first time homebuyer.
• Accelerate the impact of the Program by facilitating the rapid recycling of Construction Loan proceeds into additional Construction Loans.
• Utilize commercial lenders' construction inspection and title review process to assure that the redeveloped units comply with building codes and that properties that are redeveloped receive formal certificate of occupancy and have good title polices that are free and clear of liens and defects.
• Augment the State's and City's efforts to combat blight and community deterioration in core City neighborhoods by helping to put back into use Targeted Recovery Properties that have been vacant for almost five years.

**Restructuring Approaches**
A major restructuring of the Enterprise Louisiana Loan Fund will permit it to provide takeout financing for construction loans on new and renovated single family homes for low, moderate and mid-income households. Takeout Loans will, in turn, be retired using a combination of buyer equity, permanent mortgage proceeds and LLT Soft Second funds and NSP2 funds. Takeout Loans will be made only on Targeted Recovery Properties defined below, situated in the following eight neighborhoods including Tulane Ave, Broadmoor, Central City, the Seventh Ward, Dillard & Oak Park, East Gentilly, the Lower Ninth Ward and New Orleans East.

**Restructuring Challenges**
The funds are now available and are now being expended. However, spending has been challenged by delays in the development process for NSP2 and LLT properties. The fund had also faced a challenge of keeping original private investors and finding new ones as the initial commitments expire. New and existing investors have been identified and are closing.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

The LLT Soft Second Programs are actually first time homebuyer Programs, but LLT Property specific; however, HUD has granted a waiver to allow non-LLT properties into this Program which will aid in the progress. The waiver also allows for construction cost to be paid in advance. The Programs currently being administed are designed to fill the gap between what a LMI homebuyer can afford and the selling price of a house. The gap is a no interest/no payment second mortgage that is forgivable over a period of time. Closing cost assistance may also be offered if the applicant qualifies. There are eligibility requirements that each applicant must meet in order to qualify for funding. These requirements are set forth by HUD, the State and the administering Parish.

**Objectives**

1. Create new LMI homebuyers
2. Fill blighted areas with new or rehabilitated properties
3. Create a larger tax base for the administering Parish

**Challenges**

1. The price of property in relation to the value of the property
2. Inflated cost of construction
3. Very large second mortgages needed to qualify a potential homebuyer
4. Elevated insurance premiums
5. Lack of first mortgage lenders

**Timeline**

Each Program has different timelines, but given the need for these Programs it is fair to say that these Programs will reach completion before the Contract end date is reached. Contract periords for these Programs are typically 3 years, but can reach a 5 year limit.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

The Louisiana Housing Council Inc. Inter-local Risk Management Agency (IRMA) Disaster Recovery Program (LHC-DRP) is a public housing program designed to stimulate growth in the current offering of low-to-moderate income rental housing units. The Program is funded through the State via the Community Development Block Grant (CDBG) program of the US Department of Housing and Urban Development (HUD).

The State has developed this program to make grant funds available to Public Housing Authorities (PHA's). As a result of damages from hurricanes Gustav and Ike, these Housing Authorities endured increased storm deductibles directly affecting the current offering of affordable small rental units. Program funds will be granted as an incentive to strengthen the existing supply of affordable units by offsetting the increased storm deductibles. This will in turn enable the housing authorities to provide the necessary improvements to bring these units back online. Funds in this program may be used to meet the gap in out-of-pocket or unreimbursed costs as a result of increased storm deductibles.

The State will provide grant funds through the "Program" for local Louisiana Public Housing Authorities affected by hurricanes Gustav and Ike. CDBG funds will be granted for work done for affordable rental housing in the following eligible parishes: Acadia, Iberia, Pointe Coupee, Tangipahoa, Allen, Iberville, Rapides, Terrebonne, Ascension, Jefferson, St. Charles, Vermillion, Avoyelles, Jefferson Davis, St. Landry, Calcasieu, Lafourche, St. Martin, East Baton Rouge, Orleans, and St. Mary.

**Objectives**

It is the commitment of the "Program" to provide a method to bring back affordable rental housing to the most vulnerable population in areas impacted by Hurricanes Gustav and Ike. Primary program objectives include the following:

A. Provide assistance to entities to be used for activities supporting the repair of affordable rental housing.

B. Provide affordable housing to low-to-moderate-income persons in areas affected by hurricanes Gustav and Ike.

C. Comply with all rental housing activities associated with CDBG regulations.

**Approaches**

Incentives are made in the form of a no interest, no payment, forgivable loan requiring Public Housing Authorities to maintain affordable rent levels through the duration of their loan term. The award is disbursed when the units are repaired and income eligible tenants are identified, providing an incentive to the PHA to keep rents affordable to workforce families, while allowing owners the flexibility to leave the program before the entire loan is forgiven.

**Challenges**

A. Program Redesign – The original design of the program allowed funds to be used to meet the gap in out-of-pocket or unreimbursed costs as a result of increased storm deductibles, to finish repairs to existing rental units in order to provide affordable housing, and reimburse PHA's for (minor) work completed to bring back online an affordable rental unit.

1. After further review, OCD decided to simplify the program design and only allow reimbursement of the increased storm deductible, eliminating any rehabilitation.

**Timeline**

On October 4, 2010 a Cooperative Endeavor Agreement (CEA) between the Office of Community Development and the Louisiana Housing Council was approved by the Office of Contractual Review. The program is currently pending the receipt of the new program design from Louisiana Housing Council which is due by July 31, 2011. At that point, a more detailed timeline with measureable objectives will be developed.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**
Neighborhood Stabilization Program provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The Neighborhood Stabilization Program (NSP) provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.

**Objectives**
NSP 1's objectives are to stabilize neighborhoods statewide by acquiring and redeveloping foreclosed, abandoned or blighted property and putting them back on the market. One hundred percent (100%) of NSP funds must be used to benefit individuals and households that do not exceed 120% of area median income (AMI). Twenty-five percent of the funds ($8,545,999) must be used to benefit persons at or below 50% AMI. OCD and the LHFA encourage sub-recipients to use NSP funds not only to stabilize neighborhoods in the short-term, but to strategically incorporate modern, green building and energy-efficient improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.

**Approaches**
NSP1 seeks to achieve its' objectives by the following approaches:
• USE A- Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
• USE B-Purchase and rehabilitate homes and residential properties that are abandoned or foreclosed;
• USE C-Establish land banks for foreclosed homes;
• USE D-Demolish blighted structures; or
• USE E-Redevelop demolished or vacant properties

**Challenges**
There are challenges for both the state and sub-recipients. There is a lack of knowlegde regarding eligible use C /Landbanking/disposing of property. Also, there are challenges in program of changing homeownership to rental due to the financial market. Potential homeowners either do not have enough cash for down payments, are unemployed, or have a very high debt to income ratio which results in a substandard credit score; which is too low to qualify for a loan.

**Timeline**
Four (4) years overall from the date HUD signs the grant agreements.
Under NSP1, the state has 18 months from the date HUD signs the grant agreements to obligate funds and four years to expend funds to identified allocations.
Contract Start Date – March 20, 2009
Contract End Date- March 19, 2013

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

Neighborhood Stabilization Program provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The Neighborhood Stabilization Program (NSP) provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.

**Objectives**

The Neighborhood Stabilization Program 3's (NSP 3) objective is to use federal funds to to continue to assist in the redevelopment of abandoned and foreclosed homes; which would ultimately stabilize blighted neighborhoods.

**Approaches**

NSP 3 seeks to obtain its objective by :

1. Providing financial assistance in the form of forgivable loans, to homeowners to help restore their damaged units
2. Offering those houses at affordable rents to income eligible tenants
3. Ensuring that the restored rental units remain affordable through-out the affordable periods
4. Demolishing blighted structures
5. Redeveloping demolished or vacant properties
6. Concentrat efforts in a rent driven district instead of rehabilitating one or two houses in each parish
7. Enter into an agreements with the City of New Orleans to manage redevelopment construction activities.

**Challenges**

The challenges to a NSP 3 implementation are the following:

- HUD's strict deadlines
- Creating an implementation and monitoring processes from scratch
- Limited State staffing

**Timeline**

Three (3) years overall from the date HUD signs the grant agreements

Under NSP3, the state has 2 years from the date that HUD signs their grant agreements to expend 50% of funds and 3 years to expend the remaining 50%.

Contract Start Date – March 10, 2011

Contract End Date – March 9, 2014

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

The Office of Community Development with the Louisiana Housing Finance Agency and LRA using CDBG funds to repair and rehabilitate owner-occupied homes for families and individuals impacted by hurricanes Katrina and Rita. These funds are to assist low and moderate income owner occupant households that continue to have a gap in financial means due to resource limitations, contractor fraud or other means. The program is also designed to support the innovative work of the nonprofit community that have developed unique programs to leverage resources and return families and individuals to their homes.

**Objective**

A large number of homeowners, whether Road Home participants or not, have faced difficulty in securing sufficient resources to fully rebuild their homes. The Road Home program has provided many homeowners with significant funding to complete this process. Unfortunately, due to increased costs of construction, materials and labor, these funds have fallen short. Additionally, a number of homeowners have fallen victim to corrupt contractors that have taken these precious resources, leaving their homes unfinished and their financing needs unmet. While the Road Home Program has provided grants to the majority of the families in the Nonprofit Rebuilding Pilot Program, thousands of families continue to face significant gaps in funding. The average estimated gap per household is between $90,000 to $150,000 depending on the region.

**Approaches**

The state has allocated $24 million to develop the Nonprofit Rebuilding Pilot Program (NRPP) to help homeowners get back into their homes - this includes both participants and nonparticipants in the Road Home Program. The program is administered by the Louisiana Housing Finance Agency (LHFA) in coordination with the Office of Community Development Disaster Recovery Unit (OCD/DRU).This program is a competitively awarded grant program that provides grants to nonprofits that have a proven track record in assisting homeowners to meet the gap in rebuilding their storm or flood damaged homes. These organizations would have to commit to complete the application in-take process, triage of homeowners needs and construction. Funds may also be used to purchase the materials used in rebuilding the homeowner's home. The nonprofits help to secure and leverage resources in order to meet the need of homeowners to complete their rebuilding process. Many of these programs have combined volunteer resources, donations of equipment and building materials, as well as group purchasing to reduce the costs of repairs on each home in order to facilitate rebuilding. Through these locally or regionally-based organizations, households struggling to complete the rebuild process benefit from the opportunity to receive "one-stop "support, preventing the duplication of benefits and ensuring the completion of the project.

For example, several such groups offer residents a 3-part service, through which applicants first complete an initial triage that assesses current needs and identifies resources received or still available to support the costs of construction. Applicants then work with on-site construction managers to determine remaining work to be performed and the associated costs. The organization manages not only applicants but the contractors assigned to the jobs, ensuring both reasonable costs and quality work. Through voluntary labor and donated materials, these local rebuild organizations can usually leverage funding to help fill in the gap to recovery for those families impacted significantly reducing the cost of the rebuilding efforts.

**Challenges**

In addition to the funding capacity of the nonprofits, families who were impacted by the storms must also demonstrate that they do not possess sufficient funds to contribute to the rebuilding or reconstruction process. There have been many "unmet need" challenges among families having to submit the proper support needed as a result of their losses; recovering the expenses wrongfully depleted by fraudulent contractor's, etc. The Unmet Needs Risk Assessment screens the use of recovery funds received that could help to justify remaining unmet needs. It has been (6) years since the storm, and this process has proven to be difficult for the homeowners' ability to produce required documentation needed to justify repairs associated with the hurricane damages.

**Timeline**

Eligible homeowners are limited to Louisiana residents impacted by Hurricanes Katrina and Rita. Funds will be used by nonprofits to provide construction financing to homeowner rehabilitation. Funds are provided as a grant to the Nonprofits and as a 3 to 5 year forgivable deferred loan to the homeowner.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

Provides low interest gap financing loans to developers to create mixed-income/affordable multi-family rental housing. The CDBG gap loans are leveraged with Low Income Housing Tax Credits and privately financed debt. Annual repayments on the gap loans are made to OCD out of the owner's share of surplus cash. After the owner pays senior loan debt service and operating expenses, and if surplus cash is still available, OCD takes 1/3 of the first $1000 per unit and 2/3's of any amounts greater than $1000 per unit as repayment on the gap loans.

**Obectives**

The program expects to generate $50M-$100M in Program Income for the State over the next 35 years. The program has 68 projects under management. Thirty-six (36) are complete, twenty (20) are under construction, and twelve (12) are awaiting financial closing.

**Approach**

The loan term is 35 years and all amounts due and not yet paid after the 35 year term are due in full.

**Timeline**

| Date | Projects Complete | Under Construction | Awaiting Closing |
|---|---|---|---|
| As of 7/18/11 | 36 | 20 | 12 |
| By 12/31/11 | 52 | 16 | 0 |
| By 7/31/12 | 64 | 4 | 0 |
| By 12/31/2012 | 68 | 0 | 0 |

Asset Managenent, which includes collection of annual loan re-payments from each of the 68 loans in the $600,000,000 loan portfolio will continue through 2047. --In addition, Compliance Monitoring (rent/income) continues through 2047.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

Permanent Supportive Housing (PSH) provides flexible community based services with subsidized permanent rental housing for extremely low-income people with serious and long-term disabilities such as mental illness, developmental disabilities, substance abuse and chronic health conditions. Supportive housing is a proven, cost-effective means of stabilizing and dramatically improving the lives of people with severe disabilities who have the lowest incomes.

In July 2008, Congress appropriated $73 million for the provision of PSH rental subsidies to the state. $20 million for 2,000 project-based Section 8 vouchers. $50 million for 1,000 Shelter Plus Care vouchers for five years. $3 million is for related administrative expenses incurred by the state. The appropriation language also gives the state the ability to become a public housing authority. This funding compliments the Supportive Service grant administered by the Department of Health and Hospitals.

Six agencies (Quadel Consulting Corporation - Project-Based Vouchers and the five Shelter Plus Care Subsidy Administrators; UNITY of Greater New Orleans, Volunteers of America of Greater New Orleans, Start Corp., Lafayette Catholic Service Center and Calcasieu Parish Housing Department) are subsidy administrators for the PSH rental assistance.

Consulting Services Contracts include:
Hawkins Contract - $250,000 - General Counsel for the Louisiana Housing Authority
Technical Assistance Collaborative contract - $233,019 - Technical assistance provider for the start up and development of the PSH program in Louisiana.
Casterline contract - $43,540 - Accounting services to prepare end of the year financial statements and HUD reporting requirements.

Section 8 PBV funding is renewed annually. The initial S+C grant is for five years. It is eligible for one five year extension. After that it will be renewed annually.

This program is permanent.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

CEA between OCD and the Department of Health and Hospitals. The CEA expires December 30, 2016.

The Supportive Housing Services program is designed to provide flexible, community-based supportive services linked to affordable rental housing units in community-integrated, non-institutional settings. 100% of the activities benefit low income individuals and families.

The goal of the program is to provide supportive services for up to 3,000 units of Permanent Supportive Housing. Increase access to decent, safe, affordable, mainstream housing for people with disabilities, people who are homeless, and individuals at risk of homelessness; and to help such individuals maintain long-term, stable, and successful tenancies.
Program outcomes include; 60% of program participants will have tenancies of two or more years in mainstream rental housing and for tenants who identify employment as a goal within their service plan, and for whom employment is a reasonable goal given health, age, and/or disability status, 25% will be in full or part time employment at the end of their second year in mainstream rental housing.

DHH is currently developing a service sustainability plan for when the CDBG funds are expended. It looks like service sustainability will larger be Mediciad funded.

The target number of households to be served by this program is 3,000. Through June 30, 2011, 3,493 households have been served by the program.

These services are tied to the PSH PBV and S+C programs.

## Detailed description of the program and its objectives, approaches, challenges, and timeline

**Description**

Prior to Hurricane Katrina and Rita, many low to moderate income working families in Louisiana lived in single-family homes, duplexes and small multi-family buildings that were owned and operated by small-scale rental property owners. A large number of these small rental properties were destroyed or severely damaged by the storms.

The Small Rental Property Program (SRPP) seeks to rebuild one- to four-unit rental properties to address the housing needs of low to moderate income people in the most heavily damaged areas impacted by hurricanes Katrina and Rita. SRPP was developed by the Louisiana Recovery Authority and is implemented by the Louisiana Office of Community Development (OCD).

**Objectives**

It is the commitment of the SRPP to provide a method to bring back affordable rental housing to the most vulnerable populations in areas impacted by Hurricanes Katrina/Rita. Primary program objectives include the following:

1. Provide assistance to entities to be used for activities supporting the repair of affordable rental housing.
2. Provide affordable housing to low-to-moderate-income persons in areas affected by hurricanes Gustav and Ike.
3. SRPP aims to restore the tens of thousands of rental units that were damaged by the storms.
4. Comply with all rental housing activities associated with CDBG regulations.

**Approaches**

The Rental program provides financial incentives in the form of forgivable loans to property owners to help restore their damaged units and offer them at affordable rents.

A. Incentive Option/Advanced Funding Option

Incentives are made in the form of a no interest, no payment, forgivable loan requiring property owners to maintain affordable rent levels through the duration of their loan term. The award is disbursed when the units are repaired and income eligible tenants are identified.

B. Construction Management/Initiative Option

The Initiative Option award is a loan that will be forgiven at various rates as follows:

1. Awards for property owners who agree to maintain rents that are affordable to families at the 80 percent of AMI tier are forgiven in the amount of $10,000 at the end of the third year from the time the first eligible tenant occupies the unit. At the end of year five, any remaining balance up to an additional $5,000 will be forgiven. The outstanding balance of the loan, if any, will then be forgiven in five equal, annual installments.
2. Awards for property owners serving tenants at the 65 or 50 percent of AMI tiers are significantly higher than the 80 percent of AMI tier. These loans are more than 50% forgiven at the end of the fifth year from the time the first eligible tenant occupies the unit, depending on the size of the loan. The balance of the award is then forgiven in five equal, annual installments.

**Challenges**

A. Global Credit Crisis meltdown - Applicants' inability to obtain financing to complete construction and lack of knowledge of construction process.

1. SRPP designed and implemented both the Advanced Funding Option (AFO) and the Construction Management Initiative Option (CM-I/O) to enable applicants the ability to receive up front financing of the incentive award as well as providing applicants with construction management of funds and contractor/project oversight.

B. Rental Property owners who applied in error to the Homeowner Assistance Program (HAP) rather than SRPP.

1. SRPP identified a potential applicant pool of 700+. The Program opened a new incentive round (Round 2.2) to accept applications submitted through intake sessions in Lake Charles and New Orleans and began processing and awarding applicants.

C. Properties participating in the CM-I/O were capped at $75,000 per unit. The average bid was coming back 25% higher than the program's cap.

1. SRPP increased the maximum allowable award per unit to $100,000.

**Timelines**

To date, the Rental program has offered three rounds of funding under the Incentive Option. Round 2.2 was introduced in March of 2010. The AFO was implemented on December 17, 2008 followed by the CM-I/O in July 2009.

The following significant milestones are necessary in preparation for the SRPP operations ramp down.

7/31/11 All Pre-Certificate of Occupancy AFO disbursements to be completed
9/30/11 All Post-Certificate of Occupancy AFO disbursements to be completed
TBD RFP published for new SRPP Contractor to replace ACS
TBD New Contractor selected
11/30/11 Stop all construction activities.
12/31/11 All Final AFO disbursements must be requested to be paid during the remaining 3 months under the ACS contract.
12/31/11 Subcontractor transition begins. ACS transitions out/ New Contractor transitions in
3/26/11 ACS Contract ends

The SRPP will still need work completed and has projected the following milestones.

3/26/13 Complete additional processing of program pipeline that extends beyond ACS contract
TBD Compliance and Monitoring
TBD Recapture and Recovery

## Detailed description of the program and its objectives, approaches, challenges

The goal of Louisiana's Short-Term Assistance for Rental Services Program is to support the continued housing needs facing families impacted by the hurricanes of 2005 and 2008.

The impact of the hurricanes of 2005 and 2008 on the state's housing market cannot be understated. Hurricanes Katrina and Rita left more than 200,000 housing units with major or severe damage in Louisiana; 82,000 of these were rental units. Orleans Parish alone accounted for 50 percent of the damage statewide and lost more than 51 percent of its rental units. Three years later, though not on the same scale as the events of 2005, hurricanes Gustav and Ike in 2008 caused additional housing damage and economic interruption along the Gulf Coast. In Louisiana, the 2008 storms caused more statewide damage, with another 9,400 homes receiving major damage and nearly 4000 families displaced in housing programs administered by FEMA or HUD. Further complicating the recovery effort for many Louisiana residents is the presence of contaminated drywall in homes rebuilt after the storms. An estimated one thousand Road Home Option 1 households are experiencing the harmful impacts related to the use of contaminated drywall in the construction and rehabilitation of homes. As federal agencies develop a national testing and remediation protocol, the state will work to provide assistance to those households, specifically to Road Home Option1 awardees, requiring temporary relocation assistance as their homes undergo remediation.

In July 2011, the state contracted with Mir Fox (MFR) to run the STARS program. Because this program serves as a safety net for the most vulnerable families displaced by Katrina, Rita, Gustav, Ike and Road Home Option 1 homeowners who rebuilt with contaminated drywall, the program funding is spread across app programs as follows: $4 million for Katrina/Rita, $3 million for Road Home Option 1 families with contaminated drywall and $2 million for Gustav Ike. In coordination with our federal partners we have been able to assist families who are transitioning off of federal assistance and are at risk of homelessness. The contract for this program terminates June 30, 2012. However, with the extension of DHAP Ike to September 30, 2011, currently we are working through a possible 1 year extension

The drywall funding is divided up into two programs providing testing for option 1 families who believe they have contaminated drywall in their homes as well as rental assistance for option 1 families to eliminate a second housing payment while they are remediating their homes. The rental assistance is provided through STARS above and the testing is provided from the state through Environs.

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