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Louisiana Recovery Authority

The Road Home Affordable Rental Housing and Eligibility of Mobile Home Owners Action Plan Amendment for Disaster Recovery Funds (Amendment 4)

December 8th, 2006



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TABLE OF CONTENTS

1. Introduction

Hurricane Katrina hit the State of Louisiana on August 29, 2005, and Rita slammed into the state on September 24, 2005. They were the second and third Category 5 hurricanes of the 2005 hurricane season. The storms were deadly and costly to communities throughout the Gulf and particularly destructive to Louisiana. More than 1,100 persons lost their lives in Louisiana; approximately 18,000 businesses were destroyed; roads, schools, public facilities, medical services were washed away; and thousands of people were forced to relocate.

The storms destroyed or severely damaged an unprecedented number of properties.

- 123,000 homes were destroyed or suffered major damage.
- 82,000 rental properties were destroyed or suffered major damaged.
- Housing repair costs are estimated at $32 billion. Some, but not all, of this was insured.
- Of the rental and owner occupied units that are now uninhabitable, a substantial portion were occupied by low income households.

The US Congress has appropriated funds for recovery in two public laws. The first supplemental appropriation, PL 109-148 provided $11.5 billion to the states of Mississippi, Louisiana, Alabama, Florida and Texas through the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program. Louisiana received $6.2 billion of those funds. The second supplemental appropriation, PL 109-234, provided an additional $4.2 billion in CDBG funds for Louisiana.

Governor Kathleen Babineaux Blanco has prioritized housing redevelopment, infrastructure rehabilitation, and economic development as the primary uses of the two supplemental appropriations. The supplemental CDBG recovery funds are available to the State subject to HUD approval of Action Plans which describe how the funds will be used. The Louisiana Recovery Authority (LRA) has been charged by the Governor and Louisiana Legislature with statutory responsibility for developing policy and the required Action Plans. The Louisiana Office of Community Development, the agency that administers the State's annual CDBG Program, will administer the supplemental CDBG recovery program.

To promote sound short- and long-term recovery planning at the state and local levels that impact land use decisions and reflect the need for responsible flood plain management and growth, the State, through the LRA, is leading community planning efforts in the most affected parishes. Dubbed *Louisiana Speaks*, this effort is a multifaceted planning process to develop a sustainable, long-term vision for South Louisiana in the wake of the destruction caused by Hurricanes Katrina and Rita. The plans developed locally through *Louisiana Speaks* will be supported by CDBG allocations. The redevelopment of communities will be guided by the plans derived through *Louisiana Speaks* and other local planning efforts.

2. Low Income Housing Tax Credits Piggyback Program

2.1 Action Plan Changes

The purpose of this Action Plan Amendment is to clarify and update several of the rental housing program descriptions previously published in the Action Plan Amendment of April 6, 2006—the *Piggyback Program* (Section 3.1 of the April 6th Amendment), *Services for Supportive Housing* (previously Section 3.2), and *Flexible Incentives for Mixed income Development* (previously Section 3.3). This amendment makes the following changes to the above programs:

- Specifies that the *Flexible Incentives for Mixed Income Development* is actually a component of the *Piggyback Program* and accordingly moves the $41,560,000 which has been allocated to this effort into the Piggyback allocation where it more properly belongs.

  This brings the total allocation for the Piggyback program from the $552,410,000 cited in the original Action Plan to $593,970,000. The creation of Mixed Income Developments remains a primary goal of the Road Home rental housing programs, and a significant portion of the Piggyback program funds will be devoted to spurring mixed income projects that provide Market Rate housing as well as Workforce Housing and housing for extremely low income households.

  As indicated in previous Action Plans, the Piggyback Program funds will be allocated to specific developments in accordance with the competitive funding provisions of the Louisiana State Housing Finance Agency's (LHFA) Qualified Allocation Plans (QAP). As a result of the availability of alternative types of rental assistance (e.g. Project Based Section 8, Project Based Voucher Assistance, and Public Housing Operating Subsidies) to ensure affordability for households with incomes below 20%, 30%, and 40% of Area Median Income, it is now anticipated that a smaller amount of CDBG funded Project Based Rental Subsidy will be needed than was thought earlier. In addition, the QAP includes a significant allocation for Mixed Income properties that likely will need more Gap Financing than was thought earlier. However, until the applications are received by LHFA and OCD, the precise split between subsidies directed toward deep affordability and subsidies designed to spur mixed income development will not be known.

- Clarifies that *Piggyback Program* funds may be allocated rental housing projects financed in part with the LHFA's regular allocation of Low Income Housing Tax Credits and tax exempt bonds—the April 6th Amendment implied that the State would only combine CDBG funds with the special Gulf Opportunity Zone Low Income Housing Tax Credits which were appropriated by the Congress in response to the storms.

- Provide additional information on the design of the Piggyback Program (see following section).

Future Action Plan Amendments will describe other aspects of the State's supplemental CDBG recovery program.

2.2 Low Income Housing Tax Credits Piggyback Program Overview

The LIHTC-CDBG program (referred to as the "Piggyback" program in the Louisiana Recovery Administration Action Plan) supports affordability for especially low-income Louisianans in properties receiving Low Income Housing Tax Credits (LIHTC), which are allocated by the Louisiana Housing Finance Agency (LHFA). The State is seeking to promote the following types of rental housing units:

- **Workforce Housing Units.** Including *market-rate units*, units initially affordable to households with incomes below 80% of AMI and *units affordable to (and restricted to occupancy by) households with incomes below 60% of AMI*.

- **Additional Affordability Units.** OCD and LRA seek to facilitate development of units affordable to (and restricted to occupancy by) households with incomes at or below 20% of area median income ("AMI"), hereinafter referred to as "20% AMI Units;" 30% of AMI, hereinafter referred to as "30% AMI Units;" 40% of AMI, hereinafter referred to as "40% AMI Units."

- **Permanent Supportive Housing ("PSH").** OCD and LRA also seek to facilitate the development of permanent supportive housing for a variety of households including extremely low income people (30% of AMI and below) with serious and long term disabilities, and/or who are homeless and/or who are most at-risk of homelessness. OCD and LRA will pursue two PSH strategies:

  - The primary strategy is a PSH Set-Aside Program, under which all properties that receive 2007-2008 GO Zone Credits will agree to make at least 5% of total units available to PSH clients, who will be supported by appropriate services (provided through local agencies using CDBG funds). Additional incentives in the form of bonus points in the project selection scoring system will be awarded to projects that elect to assist greater than 10% of their units.

- An additional strategy is development of PSH properties (in which at least 15% of units are designated for PSH clients). PSH clients will be supported by appropriate services (provided through local agencies and the property's sponsor using CDBG funds).

Permanent supportive housing is an "evidenced-based" best practice housing model which provides affordable rental housing units in a non-institutional setting linked with flexible community-based supportive services. It is anticipated that a significant number of PSH units will be created in PSH developments due to the priority granted through LHFA's QAP and the availability of additional Piggyback funding. In addition, it is certain that a large number of PSH units will be created within Mixed Income, Additional Affordability LIHTC, and non-CDBG GO Zone developments, through the required set-aside of at least 5% of total units.

In addition, in accordance with the second supplemental appropriation, PL 109-234,, the Piggyback Program (through the QAP) will place a special emphasis on the rehabilitation of damaged Public Housing developments and other assisted housing developments affected by hurricanes Katrina and Rita. This program will also address the special housing challenges faced by people with disabilities.

Financing Tools

To support these goals, OCD will make available the following types of financial assistance:

• **Louisiana Project Based Rental Assistance** –operating support funding will be available for units affordable to households with incomes below 40% of AMI.

• **Louisiana Mixed Income Flexible Subsidy** –financial support for Mixed Income developments.

• **Louisiana Additional Affordability Gap Financing** -- gap financing for Additional Affordability LIHTC developments, potentially including projects financed through tax exempt bonds and LIHTCs.

• **Louisiana Permanent Supportive Housing Gap Financing** -- gap financing for Permanent Supportive Housing developments.

• **Louisiana Supportive Services Grants –** funding for the cost of supportive services for occupants of PSH units.

Allocations of Piggyback Program dollars among these financing options will be determined based upon the responses to the QAP. These responses, in turn, will be shaped by development costs, and anticipated operating costs for rental projects.

Additional Information

Additional information on the Piggyback Program can be found in the draft program design document posted on the Office of Community Development's website at www.state.la.us/cdbg/DRactionplans.htm.

3. Small Rental Property Repair Program

Before the disaster, a large portion of low income and other working families lived in small rental properties - single-family homes, "doubles" and small, multi-family buildings - that were owned and operated by small-scale owners. A sizeable number of these properties were underinsured or uninsured and no longer available for occupancy. The State proposes to provide up to $869,000,000 in financial assistance for the repair and/or reconstruction of an estimated 18,000 of these small-scale rental housing units.[1] The primary purposes of this financing program is to enable small-scale rental properties to return to the market while limiting the amount of debt (and therefore debt service) required for the properties so that the owners will be able to charge affordable rents. This Action Plan Amendment clarifies and updates the program description that was previously published as part of the Road Home Action Amendment #1.

The Small Rental Property Repair Program will, on a competitive basis, provide financing to qualified owners who agree to offer apartments at affordable rents to be occupied by lower income households. Subsidies will be provided on a sliding scale, with the minimum subsidy provided for units made available at affordable market rents (rents affordable to households with incomes at or below 80% of median) and maximum amount of subsidy going to units affordable to families with incomes at or below 50% of AMI. In addition to funding incentives for providing affordable units in small rental properties, the program will, where practical, make funds available to improve building design and make properties less susceptible to damage from natural events.

Eligible properties will be selected based upon a preference for properties located in well-designed residential communities and in neighborhoods that do not include concentrations of poverty. Each application will be scrutinized by underwriters in light of selection criteria to be developed by the State and based on the proposed project costs. The State reserves the right to negotiate with applicants to seek the best possible outcomes for each project while preserving valuable incentive funds.

In exchange for accepting financial incentives, property owners will be required to accept limitations on rents (with inflation clauses) and incomes of renters for a period ranging between 3 and 20 years, to assure that the assisted housing remains affordable and is occupied by families with incomes corresponding to several tiers of affordable rents. The amount of CDBG financing available will range from $10,000 to $100,000

[1] The number of units assisted will depend on the average amount of subsidy per unit. In general, the more affordable the rents, the higher the subsidy per unit, and the fewer total units that will be funded.

per unit (with the highest awards available only where special circumstances warrant this level of assistance). In general, higher per unit amounts will be available to property owners who agree to offer lower rents to reflect the lower amount of rental income these properties will receive and their more limited ability to retire debt service. The assistance will be offered as deferred payment loans at 0% interest, due only upon resale of the property or failure to comply with the agreed-upon restrictions on rents and household incomes.

Unlike the *Road Home* Homeowner Assistance Program, funds for the Small Rental Property Repair Program will be insufficient to provide every eligible property owner with enough money to repair or replace their rental properties. Prioritization of properties that will be selected for assistance will be based on factors including, but not limited to, the following:

- Property owners demonstrating financial and technical capacity to obtain matching market-rate financing, if necessary, to carry out the repairs, and to provide excellent property management services; and

- Properties that are most cost-effective to repair or replace, and located in areas that have adequate infrastructure and redevelopment activities occurring.

- Properties held by small-scale owners where rental revenue constituted a substantial portion of household income and/or assets so long as these investor-owners meet the threshold requirements for capacity necessary to repair or replace, and then manage their units.

- Small property owners and Louisiana residents and businesses;

Eligible properties include:

- Small Rental Properties
- Small Owner Occupied Properties with one or more rental units

It is anticipated that the majority of buildings assisted through this program will be between one and four units, though multiple properties under the same ownership (whether they are scattered or contiguous) may be rehabilitated as a single, larger project if practical.

Note: Owners of doubles (2-unit properties) who rent one unit and live in the other must decide whether they will receive compensation through the Road Home Homeowner Assistance Program or through the Small Rental Property Repair Program. If the Road Home Homeowner Assistance Program is chosen, the full double-unit structure will serve as the basis for calculation of assistance up to the program cap of $150,000. If the owner elects to <u>compete</u> for funds from the Small Rental Property Repair Program and is selected, the property is eligible for assistance for both units, but is subject to the caps and limitations stated above. Owner occupants who own and live in 3-4 family homes who received pro-rata assistance through The Road Home Homeowner

Assistance Program will be eligible to compete for assistance through the Small Rental Property Repair Program for the units not covered in their Homeowner Assistance award.

The State is committed to promoting homeownership opportunities for low and moderate income households. The LRA and the OCD are working with the Louisiana Housing Finance Agency (LHFA) and other partner agencies to promote the use of funding from the *HOME* program and other available sources to foster first time homeowner initiatives. In addition, the Small Rental Property Repair Program application process will be structured in such a way as to accommodate the participation of potential homebuyers (including existing tenants) who are receiving homebuyer assistance through other programs. Also, in order to assist additional homebuyers, the State may develop its own pilot program(s) to provide incentives, not only for repairing damaged rental properties, but converting them to owner-occupied housing. For example, a Lease-Purchase Pilot Program would allow a owner to sell a repaired one-family or two-family rental property to a low- or moderate-income homeowner, rather than rent the home. A Homebuyer Assistance Pilot program would allow low- and moderate-income households to purchase un-repaired one-family and two-family former rental properties and carry the home through the repair process. Creating first-time homebuyers would be a priority, but the pilot program may also serve buyers who have previously owned homes. Homeowners who are exercising the "sell" or "relocate" option under the Road Home Homeownership Program are not eligible to receive additional financial assistance from the State through these pilot programs. Pilot programs will be expanded if successful using funding from the budget for the Small Rental Assistance Program as well as other sources that may become available.

Participants in the pilot programs as well as owner-occupants of small rental properties may have access to expert financial and construction advisors to assist them with refinancing and reconstruction, or if they so desire, to sell their properties to developers using other programs designed to provide affordable housing.
This amendment also clarifies that, in keeping with the program guidelines for the Community Development Block Grant program, Small Rental Property Repair Program funds may be used to support reconstruction, where it is rendered a more feasible alternative to rehabilitation by virtue of the damage to the existing property and the need to make the finished structures less susceptible to hurricane damage and other acts of nature.

Small Rental Property Repair Program funds will be distributed geographically (by Parish) in direct proportion to the number of rental units damaged by Hurricanes Katrina and Rita, based on FEMA Rental Units with “Major” or “Severe” Damages. Applications for assistance will first be sorted by Parish and then scored. Funding reservations will be issued, by Parish, to each project that meets the minimum threshold score, up to the number of projects that can be funded within the Parish’s dollar allocation. If there are unallocated funds remaining in a Parish’s allocation pool after all of the projects that meet the minimum score have been funded, these funds may be reallocated for projects in other eligible parishes.

4. Amendment Regarding Assistance to Owners of Mobile Homes

This action plan amendment proposes to amend the last published version of the Road Home Homeowner Assistance Program regarding eligibility of owners of mobile homes. This amendment defines that all owners of mobile homes who otherwise meet the definitions of eligibility under the program may be eligible for assistance under the Road Home Homeowner Assistance Program. The language in the Action plan amendment, the first paragraph of on page 14, currently reads:

"Owners of Mobile Homes: To qualify for homeowner assistance, the owner of a manufactured home or mobile home must also own the land on which the damaged home was located."

That sentence shall be replaced with the following:

"Owners of Mobile Homes: Owners of a site built home, manufactured home or mobile homes may also be eligible for assistance regardless of whether they own the land on which the damaged home was located, to be determined by criteria developed in order to ensure ownership and immobilization of the structure."

APPENDIX 1: SUMMARY OF PUBLIC COMMENTS AND RESPONSES

This document summarizes comments to Action Plan Amendment 4, which clarifies and updates the Small Rental Property Repair Program, the LIHTC-CDBG Piggyback Program, and an amendment regarding assistance to owners of mobile homes, received during the public comment period of September 1-11, 2006.

The majority of comments were directed towards the Small Rental Program and the LIHTC-CDBG Piggyback Program.

1. The current QAP and Piggyback Program Design promote development of 100% low income housing tax credit projects with high concentrations of poverty.

RESPONSE: The elimination of concentrations of poverty is a centerpiece of the QAP and Piggyback design. The program sets-aside a significant portion of the available funding for development of housing in a “mixed-income” environment. Approximately 1/3 of the tax credits remaining in the 2007/2008 GO Zone QAP are dedicated to mixed-income developments. Virtually non-existent in Louisiana in the past, mixed-income development seeks to reverse the negative impacts of poverty concentration by limiting the number of affordable units in each project to no more than 40%. In addition, within the Set Aside for the redevelopment of Public Housing projects, the QAP and Piggyback design provides a strong priority to mixed-income developments, in which returning Public Housing tenants live along side of market rate tenants and workforce families earning less than 60% of the area median income.

In addition, the QAP scoring systems provides priority scoring points to developers that propose to develop projects in areas that do not have concentrations of poverty.

2. On a regional level, the QAP-Piggyback plan continues to concentrate low income housing disproportionately in Orleans parish.

RESPONSE: In keeping with the plan approved by the legislature, all rental housing programs propose to develop affordable rental housing opportunities in those Parishes that lost the greatest number of rental units. However, as noted above, the design of the program ensures that the State’s resources will be directed to balanced projects in mixed income communities and will not be used to recreate pre-existing concentrations of low income residents within the affected Parishes.

3. The QAP-Piggyback plan would impede the growth of the tax base in New Orleans.

RESPONSE: CDBG funding is not an unlimited resource and the QAP-Piggyback plan makes every attempt to leverage other available funding sources to develop the best possible projects. The program also seeks to direct resources to projects that have garnered local support and have been determined to be in keeping with the plans and priorities of the locality. With respect to financial support from local government in the form of subsidies, this is not a requirement, it is an optional approach to supplement the LIHTC-CDBG funds available. While this process may favor some particular projects over others within New Orleans, it will not serve to disadvantage Orleans Parish over other Parishes, since the overall distribution of Tax Credits will reflect the amount of rental units that were damaged in each Parish.

Far from depleting the tax base of a community, the development of well designed affordable/ mixed income properties will employ the State's resources to improve neighborhoods and increase the tax base in these areas. The development of these projects and the repopulation of communities hit by Katrina and Rita, should also serve to attract other development, including market rate housing which will contribute to the local government's coffers through property taxes and other revenue raisers such as sales tax.

4. The QAP-Piggyback plan concentrates on large-scale development rather than small properties that dominate New Orleans' rental stock, it runs the risk of leaving large, storm-ravaged areas of the city blighted.

RESPONSE: The QAP-Piggyback, by design, is to replace affordable housing stock on a large scale basis. As in the past, it focuses on larger developments. Approximately $667 million of CDBG funding is allocated to the program. By contrast, the Small Rental Repair Program is designed for the small rental properties that dominate New Orleans' rental stock. The State shares the commenter's concern regarding the need to address these smaller properties and consequently the Governor, the LRA, and OCD have decided to allocate a greater amount of its resources ($869 million) for the Small Rental Property Repair Program than is set aside for the Piggyback program. Finally, the Priority Neighborhood Supported Project concept in the LIHTC-CDBG program, combined with similar design preferences in the Small Rental Property Repair program make every attempt to build/repair housing stock in areas targeted for development by local municipalities.

5. The Small Rental Property Repair Program does not help the low-middle income ($25,000-$40,000) working individual.

RESPONSE: The Small Rental Property Repair Program is actually designed to serve working class households and lower middle income families. In Orleans Parish, families of four will qualify as renters with incomes at or below $41,850, or at or below 80% AMI. The program will also provide a scoring bonus and higher awards to owners who elect to provide mixed income properties, i.e. those containing market rate units as well as units targeted to moderate or lower income families.

6. It was recommended that owners of single family residences that were formerly doubles (and currently zoned for 2-family) be allowed to apply for loans to convert their singles back to doubles.

RESPONSE: While this idea is not addressed specifically, it is within the realm of possibility to convert storm damaged singles back into doubles.

7. Current owner of single family attached housing cannot go forward with repairs unless the other owners go forward with repairs.

RESPONSE: An owner of a single family attached housing unit may have signed covenants and documents that required abiding by rules and regulations of an association regarding the property. The owner may have obligations to abide by the Townhome Association's rules and bylaws which usually limit the reconstruction, remodeling, etc without the approval of the association. This is a pre-existing issue that may or may not limit some owners' options but is not specifically related to the Small Rental Property Repair Program.

8. Inclusion of a requirement to provide 10% of the units at 20% AMI and 10% of the units at 30% AMI in Mixed Income Developments may make these projects more difficult to develop and operate.

RESPONSE: LRA/OCD have taken into consideration developer's concerns and revised the requirement for the 20% and 30% AMI set-aside. The revised requirement for mixed income is now 20% of the units at or below 40% AMI.

9. Comment against the inclusion of 5% Supportive Housing Units in Mixed-Income Developments.

RESPONSE: The inclusion of the 5% requirement will help LRA/OCD to attain the goal of 3,000 Permanent Supportive Housing (PSH) Units. There is a well established track record - in a wide range of areas throughout the country - of successful projects with both market rate units and units set aside as PSH. The PSH model, especially in mixed income settings, has not only proven to be an effective way to assist people with Special Needs, it has proven to be a particularly cost effective way to meet these needs, especially in light of the enormous public cost associated with Special Needs households who are not adequately housed and are without access to adequate services.

10. Only 18,000 units are planned in the Small Rental Property Repair program, not nearly enough to rebuild sufficient quantity of affordable and market rate housing.

RESPONSE: The State proposes to provide up to $869 million in financial assistance for the repair/reconstruction of an estimated 18,000 small scale rental housing units. The number of units assisted will depend on the specific nature of the applications that are received. Larger apartments for example will meet the needs of larger families but will require larger amounts of subsidy. While there are simply not enough public resources to rehabilitate all of the units that received damage, this program, in conjunction with the Piggyback program, will help to replace a significant percentage of the more than 80,000 units that received major or sever damage. The government's effort will supplement and help to spur the private market's response, which will naturally gravitate to the most profitable opportunities including the production of middle and upper income units.

11. No rent restrictions should apply to the Small Rental Property Repair Program.

RESPONSE: The overall program goals established by the Governor, LRA/OCD and approved by the legislature call for “affordable” housing to be targeted to serve the returning workforce, including those households whose modest incomes would have otherwise prevented them from being able to afford to return to their communities. While the Small Rental Property Repair Program will in fact provide incentives for owners to provide mixed income housing – i.e. housing that serves both market rate units without rent caps and workforce units serving moderate or low income families – the greatest need for the CDBG dollars is to increase the supply of housing that is affordable for low and moderate income families, including the lower-middle income workforce that is so desperately needed to help revive the areas hit hardest by the storms. While housing is in scarce supply at all levels, families with higher incomes are much more likely to be served by the private market, especially as neighborhoods repopulate and become more attractive investment opportunities. In fact, families earning at or near 120% of area median in New Orleans can afford to rent units of over $1400 per month. Clearly the market is more able to produce quality units at this level than the levels required under the Small Rental Property Program.

In sum, it would simply not be an effective use of scarce public resources to subsidize an owner to write down the costs of a unit, only to have that unit be rented by a family who could have afforded another apartment on their own. It is also important to note that the Small Rental Property Program design is in keeping with the Federal CDBG rules which expressly limit the expenditure of Federal funds on units without both rent and income restrictions.

Note: The State of Louisiana has aggressively pursued, and expects to shortly receive, a waiver of the CDBG income targeting rules for rental housing. This waiver will allow LRA and OCD greater flexibility to support the kind of mixed income projects outlined above while still be able to meet its overall low income targeting requirement – 50%. However, even with the waiver we have requested, and even with a waiver of the overall requirement to spend at least 50% of the State’s Disaster Recovery funds for low and moderate income households (were we to request it), the rules governing CDBG program do not allow expenditures for rehabilitation of rental properties that do not house at least some low income households. In addition, as we understand it, the special waiver we will be receiving still requires that we limit CDBG expenditures based on the proportion of the building that is low and moderate income. For example, under the waiver we are expecting to receive, a project that is 25% low and moderate income could only receive 25% of its rehabilitation costs through CDBG, while a project that is 75% low and moderate income could only pay for 75% of its costs with CDBG.

12. Multiple comments that manufactured or mobile homes who do not own the land upon which the mobile home is located should be eligible for the Road Home program.

RESPONSE: Amendment 4 revises the plan to allow for these owners to be eligible.

13. Non-profit and faith-based organizations should be eligible to apply for funding through the Small Rental Program.

RESPONSE: Not only are non-profits eligible under the program, they may also be eligible for forgivable loans as long as certain affordability time requirements are met.

14. Support stated for affordability requirements currently written into the Small Rental Program.

RESPONSE: No response required.

15. The Small Rental Program should establish and follow clear guidelines regarding quality of construction and historical appropriateness.

RESPONSE: Program scoring preferences will in fact provide a preferences for quality construction and design.

16. Support for the Small Rental Programs option to sell to low income families or individuals.

RESPONSE: The Small Rental Program is considering a pilot program in a subsequent funding round that would promote home ownership by allowing a landlord to sell rather than rent a repaired unit to a low or moderate-income individual.

17. The maximum number of units in a "complex" should not be limited to 1-4 unit properties.

RESPONSE: Although 1-4 unit properties will be given priority, properties consisting of more than 4 units are not categorically excluded and will be served if funds are available after all qualified 1 to 4 unit buildings are funded. Multiple or "pooled" applications of 1-4 unit properties by a single owner are also acceptable under the plan. In addition, the current program design envisions a special set aside of funds for the development of somewhat larger projects by mission driven organizations who will provide longer term affordability. There are a range of other rental housing programs that allow larger buildings, including the LHFA's HOME program as well as the HOME program operated by "Entitlement Communities" throughout the State.

18. Prioritize "mixed-income" units in the Small Property Repair Program.

RESPONSE: A preference for “mixed-income” has already been established (see above)

19. Opposition to the Road Home Rental Plan in that the number of Section 8 housing units will be increased in New Orleans from 15,000 (pre Katrina) to 27,000 following the storm.

RESPONSE: This is factually incorrect. The Road Housing program does not have the ability to increase the number of Section 8 housing units in New Orleans. The Small Rental Program does, however, propose financing the repairs/reconstruction of 18,000 rental units (including a number of market rate units in mixed income buildings as well as affordable units geared toward families earning up to 80% of area median income and units targeted to lower income households with rents sent at levels at between 50% and 65% of area median income.) in the most affected parishes. The LIHTC-Piggyback Plan proposes the construction/rehabilitation of between 18,000 and 33,000 units in income levels ranging from market rate to 20% of area median income.

20. Allow damaged rental properties purchased post storm to be eligible for assistance under the Small Rental Repair Program.

RESPONSE: Program design will allow damaged rental properties purchased post storm to be eligible for assistance, though the design will prioritize assistance to enable owners to repair units they owned prior to the storm.

21. The affordability period for the Small Rental Program should be 10 years minimum, preferably 15-20. In addition, priority should be given to projects with the deepest affordable rents.

RESPONSE: The program is currently designed to provide incentives to owners who are willing to commit to 10 year affordability terms. The current design also envisions a limited set aside of funds for “mission driven” projects that would provide an even longer period of affordability – at least 20 years. Projects that provide the lowest level rents are accorded the largest subsidy in recognition of the financial impediments to these low rents.

22. Due to the shortage of funds available in the Small Rental Repair Program, opposition to increasing the maximum award to $100,000.

RESPONSE: Comment noted, however special circumstances could justify awards in excess of $75,000.