

January 31, 2013

Don J. Hutchinson
Interim Executive Director

Michael Airhart
Chairman

Louisiana Housing Corporation
2415 Quail Drive,
Baton Rouge, LA 70808

Re: Recommendations for 2014 Qualified Allocation Plan

Dear Mr. Hutchinson and Mr. Airhart:

Please find below our preliminary recommendations for the 2014 Qualified Allocation Plan (QAP). In general, we recommend that the QAP strategically utilize Low Income Housing Tax Credits to effectively accomplish three policy objectives:

- Create more affordable housing for low-income disabled populations;
- Create more affordable housing in distressed communities that have meaningful community revitalization plans; and
- Create more affordable housing in high opportunity areas to allow low-income families, people with disabilities, and racial minorities who are often otherwise excluded from such areas, to access resources such as good schools, public transportation, health care, open space, and employment opportunities.

Specific recommendations include the following:

- 1) **Create a predictable and dependable published process and schedule** for drafts, comments, submission of applications, award letters, and board confirmations. We recommend that any significant changes to points associated with special populations (such as PSH or Veterans) include meaningful input from developers and advocates before the QAP is released.
- 2) **Replace the Congressional District allocation system with a system that adequately and fairly accounts for comparable need, as defined as percentage of the population in poverty and percentages that are rent burdened.**

Option 1: Include separate pools for urban, suburban, and rural locations, recognizing that the incentives and scoring criteria for each of these locations may be different.

Option 2: Return to the previous practice of awarding credits to projects from a statewide General Allocation pool such as was done with the 2010 QAP. LIHTCs will be awarded on a competitive statewide basis to projects satisfying the highest public purposes measured by

the competitively scored selection criteria. The General Pool more effectively allowed for the award of credits to parishes with severe affordable housing needs.

Option 3: If Congressional Districts remain in place, consider increasing the allocation amount allotted to those districts with the greatest need.

The Congressional District allocation system does not take into account housing need, and therefore, may result in an inequitable distribution of tax credits.

For instance, Congressional District 2 has the highest number and percentage of renter households, rent-burdened and severely rent-burdened households (paying at least 30% and 50% of income towards rent, respectively), and persons with income below poverty. In fact, the number of severely rent-burdened households in Congressional District 2 is nearly twice the number in any of the other Districts. (See Table 1, below.) The data shows that the need is not even across Congressional Districts.

In addition, although Congressional District 2 accounts for 29% of the state's severely rent-burdened households, its share of the 2013 LIHTC allocations was only about 23%, down from about 29% the previous year (see Table 2). The number of projects awarded and the total number of tax credits allocated to the New Orleans area decreased despite an increase in applications for projects in the area (see Table 4).

- 3) **Encourage the use of tax credits in high-opportunity neighborhoods** as measured by relevant indicators by awarding an appropriate number of points to these developments. For location characteristics, utilize a weighted system that takes into account the relative impact and quality of the services. This weighted system could include a different criteria for urban and rural areas that would better account for the differences between communities.
- 4) **Encourage the use of tax credits in neighborhoods with a meaningful community plan** by increasing the number of points awarded to these developments. A meaningful community plan may be developed by the city, other public or quasi-public agency, such as redevelopment authorities, or housing authorities.
- 5) **Ensure the development of projects that include more units for special needs residents in integrated settings** by creating a set-aside, awarding points, or providing a basis boost for developments that include a certain percentage of units for people with special needs and/or utilize Section 811. We recommend using a definition of special needs that includes homeless persons; persons with intellectual, developmental, or physical disabilities; and persons with mental illness. This definition should not include individuals with children or the elderly.
- 6) **Account for population projections, rather than current demographics, in the QAP.** For example, 2020 population projections indicate an elder boom, where low and very low income elderly persons will need additional supports to age in place. These supports include

access to hospitals and healthcare, as well as a projected increased need in accessible units to persons with disabilities.

- 7) **Preserve Affordability by Design** – Modify the QAP to incentivize serious, long-term housing preservation through partnerships between tax credit developers and entities that are in the business of permanent or long-term affordability like community land trusts.
- 8) **Increase energy efficiency of buildings** which will reduce the cost burden on tenants and owners over the years. For example, LHC could provide incentive points for new construction to exceed existing energy codes by 15%, or incorporate water efficiency measures.
- 9) **Increase the per project allocation from \$600,000 per project to a minimum of \$1 million**, allowing developers to better meet green standards and provide enhanced amenities and on-site services.
- 10) **Encourage cost effectiveness, efficiency in unit design, and improve the consistency of application analysis across projects.**

Option 1 Place a LIHTC cap on the cost per Net Residential Square Foot. The 2013 QAP requires “Minimum Square Footage...Per Unit Type” but does not define the calculation for “Square Feet.” This creates an opportunity for unit size to be inconsistently calculated.

Option 2 Award additional points under “Leverage, Efficiency and Viability” if a project is below a certain LIHTC per Net Residential Square Foot level.

Sincerely,

GNOHA

CHANGE Coalition of HIV/AIDS Nonprofits & Governmental Entities

Greater New Orleans Fair Housing Action Center

Comparison of Louisiana Congressional District Demographics and LIHTC Allocations

January 2013

Table 1: Rent Burden and Poverty

Congressional District	Renter Households		Rent Burdened Households ⁺		Severely Rent Burdened Households [^]		Families in Poverty	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	84,857	29.5%	37,781	44.5%	19,112	22.5%	18,390	9.5%
2	116,935	42.9%	63,678	54.5%	38,001	32.5%	33,918	19.7%
3	83,411	29.7%	32,345	38.8%	17,010	20.4%	26,654	13.9%
4	91,690	32.4%	39,199	42.8%	19,455	21.2%	28,871	15.2%
5	86,501	32.1%	36,848	42.6%	19,043	22.0%	33,762	18.5%
6	75,084	26.7%	33,794	45.0%	18,643	24.8%	16,673	8.7%

⁺ Household pays at least 30 percent of its income towards rent.

[^] Household pays at least 50 percent of its income towards rent.

Source: 2007-2011 5-Year U.S. Census American Community Survey tables (block group).

Method: A given block group is included as part of that 113th Congressional District in which its center-most point lies.

Table 2: District Share of Poverty and Rent Burden Compared to Allocations

Congressional District	District's share of statewide persons in poverty	District's share of statewide families in poverty	District's share of statewide rent-burdened households	District's share of statewide severely rent-burdened households	District's share of statewide 2011-2012 LIHTC allocations	District's share of statewide 2013 LIHTC allocations
1	11.3%	11.6%	15.5%	14.6%	Available soon	11.3%
2	20.4%	21.4%	26.1%	29.0%	28.9%	22.8%
3	16.3%	16.8%	13.3%	13.0%	Available soon	14.7%
4	18.3%	18.2%	16.1%	14.8%	Available soon	13.4%
5	20.8%	21.3%	15.1%	14.5%	Available soon	24.9%
6	12.9%	10.5%	13.9%	14.2%	Available soon	12.9%

Sources: For persons in poverty, 2007-2011 5-Year U.S. Census American Community Survey Tables (census tract); for families in poverty and rent burden, 2007-2011 5-Year U.S. Census American Community Survey tables (block group); for 2011-2012 allocations, Louisiana Housing Corporation data in response to FOIA request; for 2013 allocations, Louisiana Housing Corporation website.

Method: A given block group or census tract is included as part of that 113th Congressional District in which its center-most point lies.

Table 3: Poverty and Race

Congressional District	Persons in poverty	District's share of statewide persons in poverty	Non-white persons in poverty	District's share of statewide non-white persons in poverty	Percent of population that is non-white	Percent of persons in poverty who are non-white	Percent of population that is African American*
1	88,356	11.3%	39,677	8.0%	24.7%	44.9%	13.9%
2	158,919	20.4%	136,327	27.6%	69.4%	85.8%	62.9%
3	127,284	16.3%	68,899	14.0%	30.1%	54.1%	25.7%
4	142,988	18.3%	92,429	18.7%	39.4%	64.6%	34.9%
5	162,066	20.8%	102,194	20.7%	37.5%	63.1%	35.9%
6	100,746	12.9%	53,605	10.9%	30.3%	53.2%	23.6%

Source: 2007-2011 5-Year U.S. Census American Community Survey Tables (at the census tract level)

* The source of the figures in this column is the 2010 U.S. Decennial Census.

Method: A given tract (block group data for poverty by race were unavailable) is included as part of that 113th Congressional District in which its center-most point lies.

Table 4: Low-Income Housing Tax Credit Allocations

	Number of Projects		Amount of Tax Credits	
	2011-2012	2013	2011-2012	2013
Greater New Orleans applications	11	7	\$10,281,136	\$4,011,655
Total statewide applications	93	51	\$76,514,433	\$25,445,284
Greater New Orleans' share of total applications	12%	14%	13%	16%
Greater New Orleans awards	6	4	\$5,776,523	\$2,376,000
Total statewide awards	26	23	\$19,975,781	\$10,419,323
Greater New Orleans' share of total awards	23%	17%	29%	23%

Source: Louisiana Housing Corporation