

Action Plan

Grantee: New Orleans, LA

Grant: B-08-MN-22-0002

LOCCS Authorized Amount:	\$ 2,302,208.00
Grant Award Amount:	\$ 2,302,208.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 45,662.90
Total Budget:	\$ 2,347,870.90

Funding Sources

Funding Source	Funding Type
Program Income	Program Income

Narratives

Areas of Greatest Need:

Unlike other parts of Louisiana which experienced a proliferation of sub-prime mortgage products leading to a rise in delinquencies and foreclosures, New Orleans, with its devastation and loss of assets, was not a sub-prime target. Prior to Katrina, New Orleans was considered an "FHA town". But the devastation from Katrina resulted in loss of jobs, family, homes and dislocation. Without income and located far from their homes, many people in New Orleans saw their properties go into foreclosure. Unfortunately, the City believes that the number of homes currently owned by banks, or in the process of foreclosure, is a small percentage of the number of delinquent, potentially foreclosable properties. The City has numerous properties in substantial disrepair for which banks are unwilling to foreclose upon due to fear that they will not be able to dispose of them. New Orleans has seen an increase in foreclosed properties. In September 2008, Orleans Parish ranked 200th in a RealtyTrac survey of foreclosure filings in comparison to 3,141 U.S. counties. In July 2008 alone, Orleans Parish foreclosure filings were reported on 239 properties an increase of 241 percent from June 2008 and a 123 percent increase from July 2007. The relatively high rate of foreclosures stands in stark contrast to previous months of relatively low foreclosure rates for the City of New Orleans and could signify that the city may be less immune to the effects of the national housing crisis than real estate experts previously thought. However, the major problem facing New Orleans is the large number of vacant and abandoned properties which exist in the City along with the need for affordable homes for the low, and very low income sector. The most current data exhibits the need for increased affordable housing in New Orleans. The Greater New Orleans Community Data Center and The Urban Institute's Housing Production Needs study completed in November 2009 states "New Orleans area renters overall were more likely to pay at least half of their income on housing in 2008 than renters across the nation ... Federal standards classify households that pay more than half their income for housing as "severely cost burdened." (In 2007), 31 percent of metro area spent more than half of their before-tax pay on rent and utilities, compared with only 25 percent of renters nationwide. This problem was most serious in Orleans Parish where 41 percent of all renters spent the majority of their pre-tax income on rent and utilities than renters in high priced cities like New York." The affordability crisis also affects those renters who were "housing cost burdened" (those households that pay more than 30 percent of their income on housing). "The biggest increase in post-Katrina housing cost burdened was among renters earning \$20,000 to \$35,000." For those who earned less than \$20,000 the percent increased from 2007 to 2008. The report further states that "(I)n New Orleans itself the market is unable to deliver affordable rentals (by federal standards) for nearly all households earning less than \$20,000 and 86 percent of households earning between \$25,000 and \$35,000. Fulltime year-round workers in these salary ranges represent more than one quarter of all workers in the New Orleans area." There are a number of multi-unit properties that were occupied prior to Hurricane Katrina that may aid in alleviating the problem of high housing costs. Some of these properties had received federal assistance from various sources but are now vacant, abandoned or foreclosed. The City's amended Neighborhood Stabilization Program will explore these properties to determine the best method to bring them back into commerce. Thus the City of New Orleans is amending its approach to addressing the problems of housing units thro



Distribution and and Uses of Funds:

The City proposes to use NSP funds to support the acquisition and redevelopment of vacant, abandoned or foreclosed multi-unit properties, and demolish structures that are a public nuisance. In addition, 25% of funds will be allocated to support development of supportive housing for tenants below 50% AMI with special needs. The areas in which the City will focus its NSP funds correspond to foreclosure rates, vacancy rates, sub-prime mortgage rates, and the future risk of housing foreclosures. (Please refer to appendix A)

Katrina literally wiped out much of the City’s housing assets – the same assets looked to by the banks as security for their mortgage loans. As such, the City was not attractive to sub-prime lenders, and servicers report that subprime loans are not a factor in New Orleans’ foreclosure problems. The reasons for foreclosure are more traditional, but at greater scale: loss of job, dissolution of families, sickness and death. It is difficult in New Orleans to determine the areas of greatest need. In some areas there is virtually no base on which to calculate and compare rates of foreclosure. Certainly, the areas we selected have a high number of foreclosures, as high as any other area in the City. It is also difficult to determine if these areas will face a significant rise in the rate of home foreclosures. Lenders have offered forbearance to borrowers who expect to receive Road Home payments and insurance proceeds. If their borrowers use the payments as expected to repair their homes, lenders indicate they will be more likely to restructure the loan given the higher asset value stemming from rehab or redevelopment. The City also expects the rate of foreclosure to perhaps even decrease as very soft second mortgage funds are made available for housing repairs and filling the gap between Road Home proceeds and bank financing.

The City examined those areas designated as greatest need for foreclosure risks (see attached maps). Within these boundaries there are a number of single family foreclosed properties which can be addressed and we anticipate that they will be through NORA’s NSP2 project. The City believes that a greater impact with these funds can be made through the redevelopment of foreclosed or abandoned and vacant properties.

Definitions and Descriptions:

(1) Definition of "blighted structure" in context of state or local law.

"Blighted / Public Nuisance Structures" in the Neighborhood Stabilization Program are defined as when the structure exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. A property can be considered blight if it is chronically vacant; there are unresolved code violations for unsafe, unsanitary or unhealthy conditions; it has been declared a fire hazard; it is lacking in facilities or equipment required by the Housing Code of the City of New Orleans; it is a vacant lot that is abandoned, does not meet the requirements of the City Code or has been adjudicated for non-payment of taxes; or there is a vermin infestation.

(2) Definition of "affordable rents." Note:

Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

For any rental activity undertaken pursuant to the Neighborhood Stabilization Program, "affordable rent" is defined as: the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or a rent that does not exceed 30 percent of the adjusted income of the eligible household occupying the unit. Fair Market Rent (FMR) will be determined according to the applicable FMR for the community in which the NSP

assisted activity takes place. Affordable rents will be required to be in effect for each rental property for no less than the affordability period of that property.

(3) Definition of "imminent danger"

Response:

Buildings which have been determined by Code Enforcement and the Department of Safety and Permits to be in imminent danger of collapse are eligible under this use. These are buildings that have partially or wholly collapsed, been declared for emergency condemnation and that are a threat to the public health, safety and welfare.

(4) Describe how the grantee will ensure continued affordability for NSP assisted housing. 7

Continued Affordability

of units produced under the NSP will be achieved by renting such units to income-eligible households and providing financial assistance appropriate to the household’s specific income. Owners of rental properties will be required to rent units to households whose incomes do not exceed 50 percent of area median income and limit rents charged to the amounts indicated above in C(2). The current HOME Regulatory Agreement for rental projects will be used to secure these requirements for a twenty year period of affordability.

(5) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Housing Rehabilitation Standards –



The standards applicable to the NSP will be the City's current Building Code, which is the International Residential Code, and the Section 8 Housing Quality Standards.

Low Income Targeting:

The city will ensure that at least \$576,522.00 of NSP funds will be allocated to activities that provide housing to individuals and families with incomes at or below 50% of the area median income. The 50 percent median income families will benefit directly through two activities; the UNITY of Greater New Orleans/Malta Square permanent supportive housing complex and the redevelopment of vacant single family properties.

Acquisition and Relocation:

The City expects to only acquire or redevelop vacant properties and properties that were occupied prior to Hurricane Katrina. No low moderate, middle income dwelling units are anticipated to be converted to housing that will not be made available to low/moderate income households after rehabilitation or redevelopment. The City expects to make available 108 dwelling units for households whose income does not exceed 50 percent of the area median income.

The City expects to demolish 110 units of housing that is a hindrance to redevelopment and stabilizations of selected neighborhoods. The City's Placed-Based Development Strategy will ensure that adequate, affordable housing is restored throughout the City.

Public Comment:

All public comments received during the 15 day public comment period will be summarized to be included in the submission of the City of New Orleans' substantial amendment to HUD.

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance	<i>No activities in this project</i>	
Admin	OCD Administrative	NSP-1 admin	City Administration
BCKT	Bucket Project	<i>No activities in this project</i>	
NSP-B	B-Acquisition/Rehabilitation	NSP-B-1-LH25	B-Southwood Patio Homes
NSP-D	D- DEMOLITION	NSP-D-1	Demolition - Imminent Danger
NSP-E	E-Redevelopment	NSP-E-1-LMMI	E-3222 Canal Street
SL 2017	SL-CNO Supporting Leverage	<i>No activities in this project</i>	



Activities

Project # / Title: Admin / OCD Administrative

Grantee Activity Number: NSP-1 admin
Activity Title: City Administration

Activity Type:

Administration

Project Number:

Admin

Projected Start Date:

04/01/2010

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

Activity Status:

Under Way

Project Title:

OCD Administrative

Projected End Date:

12/31/2012

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 135,895.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 135,895.00

Benefit Report Type:

NA

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of New Orleans-OCD

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of New Orleans-OCD

Organization Type

Unknown

Proposed Budget

\$ 135,895.00

Location Description:



1340 Poydras Sreet 10th floor
New Orleans, LA 70112

Activity Description:

NSP Admiistration

Environmental Assessment: EXEMPT

Environmental Reviews: None

Project # / Title: NSP-B / B-Acquisition/Rehabilitation

Grantee Activity Number: NSP-B-1-LH25
Activity Title: B-Southwood Patio Homes

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP-B

Projected Start Date:

09/01/2010

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Activity Status:

Cancelled

Project Title:

B-Acquisition/Rehabilitation

Projected End Date:

03/21/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 0.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 0.00

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

of Households

Total

Low

Mod

Low/Mod%

0.0



Proposed Accomplishments

Total

of Housing Units

ELI Households (0-30% AMI)

of Properties

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Housing Systems, Inc.

Proposed budgets for organizations carrying out Activity:

Responsible Organization

Housing Systems, Inc.

Organization Type

Unknown

Proposed Budget

\$ 0.00

Location Description:

Activity Description:

Environmental Assessment: UNDERWAY

Environmental Reviews: None

Project # / Title: NSP-D / D- DEMOLITION

Grantee Activity Number: NSP-D-1

Activity Title: Demolition - Imminent Danger

Activity Type:

Clearance and Demolition

Activity Status:

Under Way

Project Number:

NSP-D

Project Title:

D- DEMOLITION

Projected Start Date:

03/01/2012

Projected End Date:

09/30/2012



Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget:	\$ 1,635,975.90
Most Impacted and Distressed Budget:	\$ 0.00
Other Funds:	\$ 0.00
Total Funds:	\$ 1,635,975.90

Benefit Report Type:

Area Benefit (Census)

Proposed Accomplishments

	Total
# of Housing Units	110
# of Properties	110

LMI%:	
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Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of New Orleans-OCD

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of New Orleans-OCD	Unknown	\$ 1,635,975.90

Location Description:

Greater New Orleans Area

Activity Description:

The \$1,590,313 funds will be used for the demolition of 110 properties which are in imminent danger of collapse and are a threat to human health, safety, and public welfare.

Environmental Assessment: UNDERWAY

Environmental Reviews: None



Project # / Title: NSP-E / E-Redevelopment**Grantee Activity Number: NSP-E-1-LMMI**
Activity Title: E-3222 Canal Street**Activity Type:**

Acquisition - general

Project Number:

NSP-E

Projected Start Date:

09/01/2010

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Activity Status:

Completed

Project Title:

E-Redevelopment

Projected End Date:

03/21/2013

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:****Total Budget:** \$ 575,000.00**Most Impacted and Distressed Budget:** \$ 0.00**Other Funds:** \$ 0.00**Total Funds:** \$ 575,000.00**Benefit Report Type:**

Direct (Households)

Proposed Beneficiaries

	Total	Low	Mod	Low/Mod%
# Renter Households	108	107	1	100.00
# of Households	108	107	1	100.00

Proposed Accomplishments

	Total
# of Singlefamily Units	108
# of Housing Units	108
# of Properties	1



Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

UNITY of Greater New Orleans

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of New Orleans-OCD	Unknown	\$ 1,000.00
UNITY of Greater New Orleans	Non-Profit	\$ 575,000.00

Location Description:

3222 Canal Street
New Orleans, LA 70119

Activity Description:

The rehabilitation of 3222 Canal Street will result in 108 units of affordable housing for participants who meet income eligibility standards. One hundred eaight (108) units will be set aside for persons who are formerly homeless and the balance of units are for persons earning 50% or less of the median income. This is a historic property.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Action Plan Comments:

Reviewer - Grantee must go in and setup projects and activities into the appropriate fields.



Reviewer - Added via data correction. This row should have existed

Reviewer - The New Action Plan does not describe the source of the unexpected Program Income nor the any additional accomplishment. Please also state whether the funds were public advertise(fourteen days) to allow for public input.

Reviewer - The Amended Action Plan describes the source of the unexpected Program Income (\$45,662.90)and describe the funds use for additional demolition.

Action Plan History

Version	Date
B-08-MN-22-0002 AP#1	09/01/2010
B-08-MN-22-0002 AP#2	09/17/2010
B-08-MN-22-0002 AP#3	05/01/2012
B-08-MN-22-0002 AP#4	06/26/2012
B-08-MN-22-0002 AP#5	03/18/2013
B-08-MN-22-0002 AP#6	03/22/2013
B-08-MN-22-0002 AP#7	11/13/2015
B-08-MN-22-0002 AP#8	09/19/2017
B-08-MN-22-0002 AP#9	06/05/2018

