



**Ms. Cheryl Breaux, Director
Department of Housing and Urban Development
Hale Boggs Building
500 Poydras Street, 9th Floor
New Orleans, LA 70130**

June 2, 2011

Re: Amendment #7 to Neighborhood Stabilization Program 2 (“NSP2”) Application

As part of its stabilization strategy in its NSP2 Application and as emphasized in the City of New Orleans Master Plan and Recovery Plan, the New Orleans Consortium identified the revitalization of critical corridors as an essential strategy to the recovery of New Orleans. Oretha Castle Haley Boulevard is a historically significant corridor that runs through the southern portion of Central City. It was once a premier shopping destination during the segregation era, but fell into tremendous disrepair during the seventies and has significantly contributed to the surrounding blight, crime and vacancy in the surrounding neighborhoods.

As part of its NSP2 application, NORA included three census tracts (80, 84, and 85) along this boulevard and made it one of the seven target geographies for the program. At the time we submitted our application, we understood that both sides of boundary streets for a given census tract would count as eligible for the NSP2 program. On April 27, 2011, we broke ground on the first of our major NSP2 investments along Oretha Castle Haley, a NSP2-supported senior rental building for households making less than 50% of AMI. This project is located on the 1400 block of Oretha Castle Haley and is entirely within census tract 80.

To complement this activity, NORA has identified additional sites that are located in the immediate vicinity of Oretha Castle Haley and across the street from our existing project. These sites would be redeveloped as mixed income housing with a mixture of rental and sales units. Together with our existing investments, these sites would further anchor the boulevard and ensure its continued revitalization and stability. They would also support the investments by NORA and our NSP2 developers in other parts of the neighboring tracts. These neighboring projects also have all of their funding identified and are ready to begin immediately.

To facilitate these projects, we would request an amendment to add census tract 68 into our NSP2 application. We think that amendment is justified for the reasons described above as well as the following:

- Census tract 68 has a foreclosure/vacancy score of 17 and would bring the average of all the census tracts in our NSP2 program to 18.25. This is a less than 1% change in overall score and still places our collective tracts substantially above the minimum threshold.

- Census tract 68 is directly adjacent to our existing cluster of census tracts and faces the same challenges of blight and disinvestment as the neighboring tracts.
- Adding this census tract supports the New Orleans Consortium’s existing NSP2 activities and increases their impact by further alleviating blight and creating energy efficient, affordable housing units in the neighborhood.
- Adding this tract allows projects that are shovel-ready to begin and helps ensure that overall NSP2 spending requirements and low-income targeting requirements are met.
- The proposed redevelopment activities have significant public support and redevelopment of this corridor has been enshrined in multiple public documents including the Unified New Orleans Plan and City of New Orleans Master Plan.

<u>Factor</u>	<u>Sub Factor (from NOFA)</u>	<u>Basis for Amendment</u>
1 – Need	Target Geography	Census Tract 68 has a Foreclosure/Vacancy Score of 17. Averaged together with our remaining tracts the collective tracts we applied for would have a score of 18.25 compared to 18.30 in our current program.
1 – Need	Market Conditions	The census tract in question is directly adjacent to the tracts we originally applied for and shares all the same income characteristics, demand, sources of blight and other relevant market conditions.
2 - Demonstrated Capacity	Past Experience	These changes will not require any changes to our consortium and NORA has already initiated its first major development in this immediate area under NSP2 and has a number of additional projects in vicinity that will break ground shortly. NORA has also selected its development partners for these activities and they all have extensive CDBG experience in multiple markets.
2 - Demonstrated Capacity	Management Structure	See original application re: NORA
3 - Soundness of Approach	Proposed Activities	The proposed additional census tract is located within walking distance to downtown and multiple streetcar and transit lines. While severely disinvested, it has numerous anchors and pockets of surrounding stability from which it can grow. Adding additional high quality rental and sales units will, in addition to alleviating blight, draw families back to the neighborhood and support a number of investments being made in the commercial projects along the boulevard.
3 - Soundness of Approach	Completion Schedule	The key development sites within the proposed census tract have been optioned and have all other funding identified. Projects can start construction this year and will be completed within the NSP2 schedule.
3 - Soundness of Approach	Income Targeting	The proposed tract would allow the provision of mixed income housing and help ensure that the overall neighborhood was a mixed income area. Without the project proposed for this tract, our earlier investments would be exclusively in below 50% AMI activities and this

		might lead to an over-concentration of poverty and not foster broader stability at the heart of NSP2 program.
3 - Soundness of Approach	Continued Affordability	All units built in the proposed tract will be kept affordable for at least 15 years and 20 where required by applicable rules.
3 - Soundness of Approach	Consultation & Outreach	The revitalization of Oretha Castle Haley Corridor is heavily featured in multiple planning documents that were subject of extensive public participation. Both of the proposed projects also have significant public support.
3 - Soundness of Approach	Performance Monitoring	All activities will be subject to same performance monitoring approach described in original application
4. Leverage	Leverage \$	We expect the additional development activities in the proposed census tract to leverage over \$10 million in additional financing beyond the amount proposed in our original application. No leverage will be lost.
4. Leverage	Rubric	The Rubric will remain the same
5. Sustainability		Both proposed census tracts are located along major corridors that have frequent bus service and are slated to have growing transit connections over the next 3-5 years. In particular, the forthcoming streetcar expansion will only be a few blocks away and the sites are also very close to the St. Charles streetcar line. In addition, the proposed projects will comply with Enterprise Green Communities Criteria and NORA's Hazard Resilience Standards above and beyond the City of New Orleans' Building Codes.
6. Neighborhood Transformation		All intended projects in this additional tract are consistent with the UNOP plans and other recovery plans for the city and are located adjacent to substantial public investment like the Muses mixed income apartment building and Streetcar expansion, in addition to significant NSP2 investment by existing development partners.

I appreciate your consideration of this request to modify our definition of blighted structure so that the New Orleans Consortium can more efficiently meet our goals for NSP2.

Sincerely,



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