

**To: Ms. Cheryl Breaux**  
**Department of Housing and Urban Development (“HUD”)**  
**Fr: Joyce Wilkerson**  
**New Orleans Redevelopment Authority**  
**Dt: April 09, 2010**  
**Re: Amendments to Neighborhood Stabilization Program 2 (“NSP2”)**

Dear Ms. Breaux:

Please find below NORA’s request for two minor amendments to our NSP2 application. These amendments would 1) add the State of Louisiana as a partner for the exclusive purpose of providing environmental reviews and 2) add two additional census tracts for the purpose of providing housing to families making less than 50% of AMI. We believe both of these changes are consistent with our original application and will help us implement the program more efficiently and successfully. Based on guidance from your office we have tried to outline the general policy reasons for making these changes as well as provide a chart showing why each of these changes is consistent with the 6 factors in the original application. Both of these changes are urgently needed and we appreciate your help with approving them.

**I. Add State of Louisiana as NSP2 Consortium Partner for providing Environmental Reviews under 24 CFR part 58.**

The National Environmental Protection Act of 1969 mandates that all proposed NSP2 activities must complete environmental reviews (“ER”) required under 24 CFR part 58 or part 50 prior to funds being disbursed. For NSP2 consortiums, these reviews can either be completed by HUD or by the State if they are partner to the application. We are requesting an amendment to add the State of Louisiana to our application for the limited and exclusive purpose of providing environmental reviews and serving as the responsible entity under 24 CFR Part 58. This change would provide the following significant benefits:

- The State of Louisiana has already completed ERs for more than half of the properties (for the same activities) upon which the Consortium plans on utilizing NSP2 funds.
- Based upon these prior reviews, a Supplemental Assistance review can be performed for many of the properties which are far and away the quickest approach to completing reviews.
- The State and NORA have worked together closely on many occasions and are familiar with each other’s processes and methods.
- Utilizing the State would significantly reduce the burden on HUD and allow them to better utilize their scarce ER resources.
- Utilizing the same responsible entity would avoid conflicting conditions and differing interpretations.

**II. Add Census Tracts 100 and 60 to the application to assist in providing housing for families making less than 50% AMI.**

The NSP 2 NOFA requires that at least 25% of funds provided be utilized to house families or individuals making less than 50% AMI. In coordination with our partners, NORA has identified two ideal sites (2101 Louisiana Avenue, 2201 Tulane Avenue) on which to provide housing for families making less than 50% AMI; however neither is located in a census tract that was included in the original application. We are requesting an amendment to add two additional census tracts exclusively to aide in the provision of housing to families making less than 50% AMI and believe that request is reasonable for the following reasons:

- Census Tract 100 has a foreclosure/vacancy needs index of 17 and Census Tract 60 has a score of 18. The average score of NORA’s original census tracts was 18.38 and adding these two tracts would change the aggregate score less than 1% to 18.30.
- The two census tracts we are requesting to add are located in the same geographic areas and neighborhoods in which the existing application proposed activities, Tulane Avenue Area and Broadmoor. In both cases the change will simply extend existing boundaries by a single tract.
- Identifying projects that can satisfy the deeply low-income requirement has proven extremely challenging in NSP1 and therefore additional flexibility to meet this goal is essential. The two sites we have identified have robust financial models, quality operators, central locations close to services and community support.
- Census tract 60 is being added to allow NORA to potentially use NSP2 funds on HUD owned building (2101 Louisiana Ave) that has fallen into disrepair. Repairing this building would provide 42 units of deeply affordable housing and eliminate a large blighted property on a major thoroughfare.
- Census Tract 100 is being added to support a permanent supportive housing facility that would generate over 60 units for families making below 50% AMI.

<b><u>Factor</u></b>	<b><u>Sub Factor (from NOFA)</u></b>	<b><u>Amendment 1 – Adding State for Environmental Reviews</u></b>	<b><u>Amendment 2 – Adding 2 Census Tracts to address below 50% AMI Families</u></b>
1 – Need	Target Geography	No Change created by Amendment	Census Tract 100 has a Foreclosure/Vacancy Score of 18 and Census Tract 60 has a score of 17. Averaged together with our remaining tracts the collective tracts we applied for would have a score of 18.30 compared to 18.38 in our original application
1 – Need	Market Conditions	No Change created by Amendment	The two census tracts in question are directly adjacent to the tracts we originally applied for and share all the same income characteristics, demand, sources of blight and other relevant market conditions. Census tract 60 is

			<p>somewhat <u>better</u> positioned in terms of demand since it is located adjacent to the proposed VA Hospital and would benefit from that job growth.</p>
2 - Demonstrated Capacity	Past Experience	<p>The State of Louisiana has performed tens of thousands of environmental reviews as part of the disaster recovery efforts in the State, and the quality and depth of those reviews has been commended by HUD. In addition, all of the LLT related reviews have already been screened by HUD.</p>	<p>These changes will not require any new consortium members and both developments will be led by UNITY/Common ground who is one of the foremost developers of deeply affordable housing and whose experience and qualifications were described in original application</p>
2 - Demonstrated Capacity	Management Structure	<p>The State Office of Community Development will house the review office and has extensive experience and internal controls</p>	<p>See original application re: Unity/Common Ground</p>
3 - Soundness of Approach	Proposed Activities	<p>The National Environmental Protection Act of 1969 mandates that all proposed NSP2 activities must complete environmental reviews (“ER”) required under 24 CFR part 58 or part 50 prior to funds being disbursed. Utilizing the State’s expertise will ensure this process is done quickly and accurately, both of which are essential to utilizing these funds in a rapid manner.</p>	<p>The NSP2 program requires that 25% of the funds be allocated towards individuals making less than 50% AMI. The two census tracts identified have buildings that can be immediately redeveloped for this population and both census tracts have all the necessary supportive services to assist a deeply low income population. Both are also proximate to transit access.</p>
3 - Soundness of Approach	Completion Schedule	<p>Involving the State to perform reviews will dramatically reduce delays in performing the Environmental Reviews and allow money to be spent immediately.</p>	<p>Both of the proposed census tracts, have buildings that can be controlled by a consortium member and start construction this year and be completed within NSP2 schedule.</p>
3 - Soundness of Approach	Income Targeting	N/A	<p>Both of these tracts are being added to assist in provision of housing to families making less than 50% AMI, and there are no comparable alternatives in our existing tracts.</p>
3 - Soundness of Approach	Continued Affordability	N/A	<p>UNITY has committed to keeping these units affordable for the longest possible duration</p>
3 - Soundness of Approach	Consultation & Outreach	<p>By using State we are collaborating with another important agency and performing reviews with a partner who is known for doing them.</p>	<p>Both census tracts and projects have been subject of public meetings and have adequate public support. Unity has a long track record of outreach and communication</p>
3 - Soundness of Approach	Performance Monitoring	<p>The State has an extensive track record and history of detailed monitoring and has robust controls over its Environmental Reviews</p>	<p>All activities will be subject to same performance monitoring approach described in original application</p>
4. Leverage	Leverage \$	<p>Using State will leverage all the funds previously spent to complete these reviews and help project implementation take place more quickly</p>	<p>In addition to the resources outlined in application, Unity will be leveraging nearly \$20 million in additional capital for both projects.</p>

4. Leverage	Rubric	The Rubric will remain the same	The Rubric will remain the same
5. Sustainability		N/A	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.
6. Neighborhood Transformation		N/A	All intended projects are consistent with the UNOP plans and other recovery plans for the city and are located adjacent to substantial public investment like the proposed VA hospital and redevelopment of the CJ Peete public housing complex.

Sincerely,

Joyce Wilkerson, Executive Director of NORA

cc: Cynthia Weatherspoon  
Hugh Allen