



## Small Rental Property Program Status Report April 21, 2008

### The Award Process

With the Conditional Awards that have recently been issued to owners from the [Round 2 Waitlist](#), the Small Rental Property Program (Rental program) has now made three sets of awards to eligible property owners.

- Round 1, which was strictly limited to small scale owners who owned their property before the storm (including owner occupants of three and four family units) and non-profits, accepted applications until April 15, 2007 and issued conditional awards in the summer of 2007.
- Round 2 which overwhelmingly served the same group of priority owners as in Round 1, but also included some “middle size owners” and some “new” owners who purchased storm damaged property after the hurricanes, received applications up until July 31, 2007, and conditional awards were issued in the fall of 2007.
- And lastly, early in 2008, after the State had received additional funds from Congress to close *The Road Home*'s critical funding gap, the Rental program was given the go ahead to make awards to owners from the Round 2 Waitlist, including applicants who submitted incomplete or contradictory applications in Round 2 and applicants whose score was not high enough to be to an award through the regular Round 2 process.

In fact, with the additional funding that was freed up, the Rental program was able to make awards to all eligible applicants on the Waitlist regardless of their scoring or ranking, with the exception of a limited number of applications from Calcasieu Parish where the demand exceeds the supply of funding for the parish and a “cut-off” score was established. In fact, all **eligible** owners that applied to Round 2 in the other 12 Parishes have now received a conditional award, including but not limited to those deferred due to scoring and ranking. This was a significant milestone with important implications for the Rental program and its ability to meet the demand amongst the target group of small owners.

This does not mean that any one who applied to the Rental program automatically received a conditional award, since some applicants were determined to be ineligible. To be eligible for the Round, owners were required to be a Louisiana resident or a corporation licensed to do business in Louisiana. Applicants were also limited to small and mid size owners (those with no more than 100 units). Finally, properties were restricted to one to four unit properties in one of the 13 eligible parishes that received severe or major damage from hurricanes Katrina or Rita and had at least one vacant unit. The only exception to the vacant unit rule was for owner occupants of three or four unit properties who were allowed to apply even if they had occupied units. As a result of these requirements, a significant number of applicants did not receive awards.



## Moving from Conditional Awards to firm Commitments

A conditional award does not guarantee that an owner will complete the process and receive the funds from the State. The term “conditional” is used because the funding cannot be formally committed to the awardees until the Rental program has had an opportunity to confirm the specific items in the owner’s application. For instance, the Rental program will verify that the property is in fact a one to four unit property and not a larger building. The Rental program must also verify that the owner does indeed own the property and that the owner was actually a Louisiana resident. The Rental program must also confirm that the property did receive in excess of \$5,200 worth of damage from the storms. If the information obtained through the verification process does not match the application or the owner fails to deliver necessary documents as requested, their conditional award is subject to recapture and they will not be able to proceed in the Rental program. In addition, because the Rental program is funded with Federal Community Development Block Grant (CDBG) funds, all properties must go through an environmental review and clearance procedure before the State can legally commit to provide the funds. Once all of the “due diligence” is performed, the Rental program provides the owner a binding Commitment to provide the funds. For a more complete explanation of the Commitment Letter process, review the [Rental Program Overview Chart](#).

Even after all of the important facts have been verified and a commitment letter has been issued, the award cannot be converted into cash until the owner provides a finished unit that meets the Rental program’s standards and until he has identified an income eligible tenant to occupy the unit. Again, this rule is required because the Rental program is using Federal CDBG dollars and there are explicit rules regarding what is, and what is not, an eligible use of these funds. Unlike *The Road Home* Homeowner’s program where it is legal to pay out funds to compensate a home owner for their loss, it is not legal to spend these funds on rental properties unless the owner actually provides an affordable rental unit.

## Active Awards

With the introduction of the Round 2 Waitlist awards and with the termination of other Round 2 applications who did not submit their packages by the December 31, 2007 deadline, there were 932 awards de-obligated, for nearly \$58 million of additional funding available to the waitlisted awardees, as of February 1, 2008.

All told, as of February 1, 2008, there are 6,835 active applications totaling nearly \$594 million in federal funds. The average award for all rounds is approximately \$86,000.

The awards are projected to help restore 12,792 rental units throughout the eligible parishes. Of those, 10,951 units will be required to be rented at affordable rates for low- to moderate-income working families. The other units will be home to owner-occupants (who live on the same property as their rental units) and market rate tenants in mixed-income buildings.

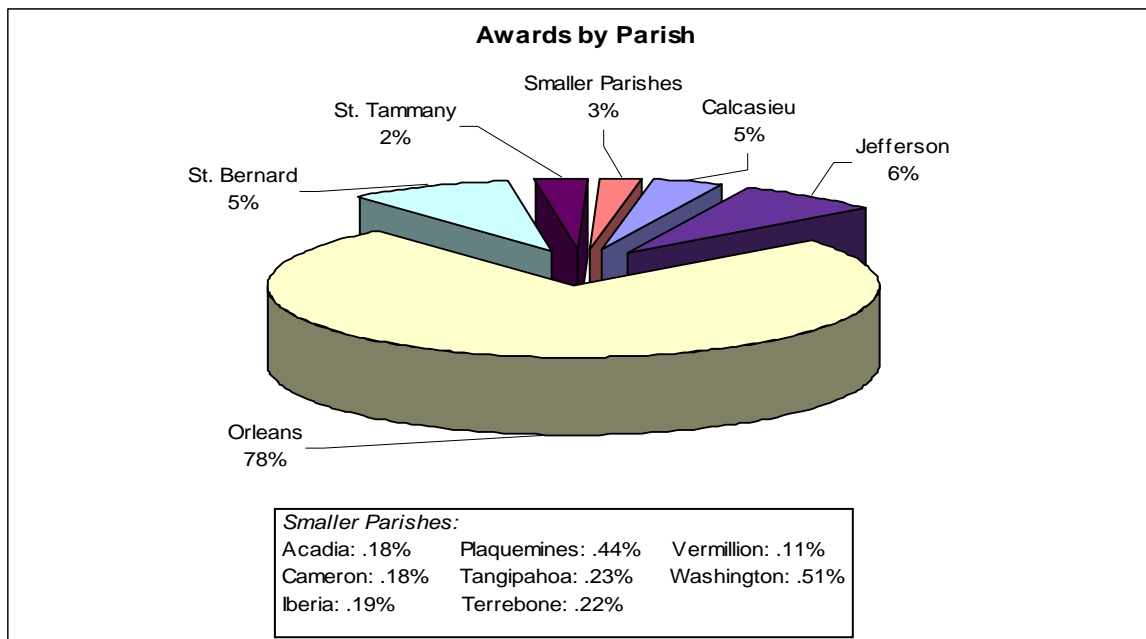
As noted above, there are a number of reasons why an owner who receives a conditional award may not be eligible to receive a binding commitment or ultimately to complete their restoration process and receive a cash payment. In addition, an owner can always self-elect to withdraw from the Rental program at any point in the process.

Consequently, the pool of conditional awards will gradually grow smaller as some applicants fall out. As they do, more funding will become available and the Rental program will make additional awards to new owner applicants. The active award totals above reflect the “net” number of applicants that have been able to confirm the representations they made in their application are in good standing as of February 1, 2008, and have elected to remain in the Rental program. In fact, many of the applicants from the Round 2 Waitlist who received conditional awards in February would not have been able to do so unless other owners had dropped out earlier because they failed to meet one or more of the requirements. Similarly, it is likely that a number of those Waitlist owners that just received their conditional awards will be determined to be ineligible for one or more of the reasons outlined above. This “recycling” of awards is an essential part of the process of ensuring that the Rental program funds are actually spent on the owners and the buildings that meet the requirements established by the Federal government and the State of Louisiana.

The tables below provide a description of the owners that have active conditional awards and their properties.

### Awards by Parish

The number of active awards in each parish closely matches the level of damage each parish sustained in the hurricanes. The chart below shows the distribution of awards by parish.



(Information as of February 1, 2008)



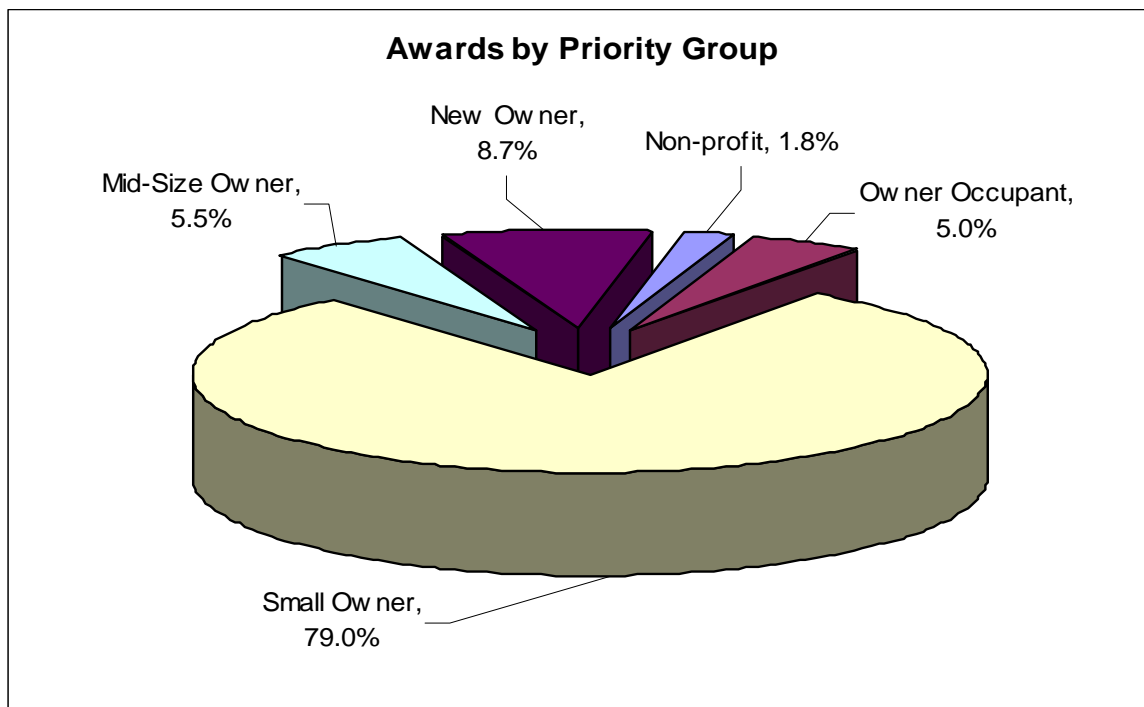
The awards will help increase the amount of affordable housing available for renters in each hurricane-impacted parish. The chart below shows the number of active awards in each parish, along with the number of affordable rental units the awards will make possible, and the total dollar amount awarded.

Parish	Number of Awards	Number of Affordable Units	Units Participating in the Program	Total Amount of Awards
Acadia	12	13	14	499,000
Calcasieu	252	287	318	12,081,750
Cameron	12	18	19	1,001,000
Iberia	13	17	18	590,000
Jefferson	517	848	1,082	46,744,299
Orleans	5,141	8,509	9,949	468,418,896
Plaquemines	30	21	45	1,293,000
St. Bernard	588	927	993	46,702,025
St. Tammany	193	226	255	13,519,141
Tangipahoa	16	20	23	659,200
Terrebonne	15	16	20	565,800
Vermilion	11	14	15	378,000
Washington	35	35	41	1,402,550
<b>Grand Total</b>	<b>6,835</b>	<b>10,951</b>	<b>12,792</b>	<b>593,854,661</b>

*(Information as of February 1, 2008)*

## Awards by Applicant Type

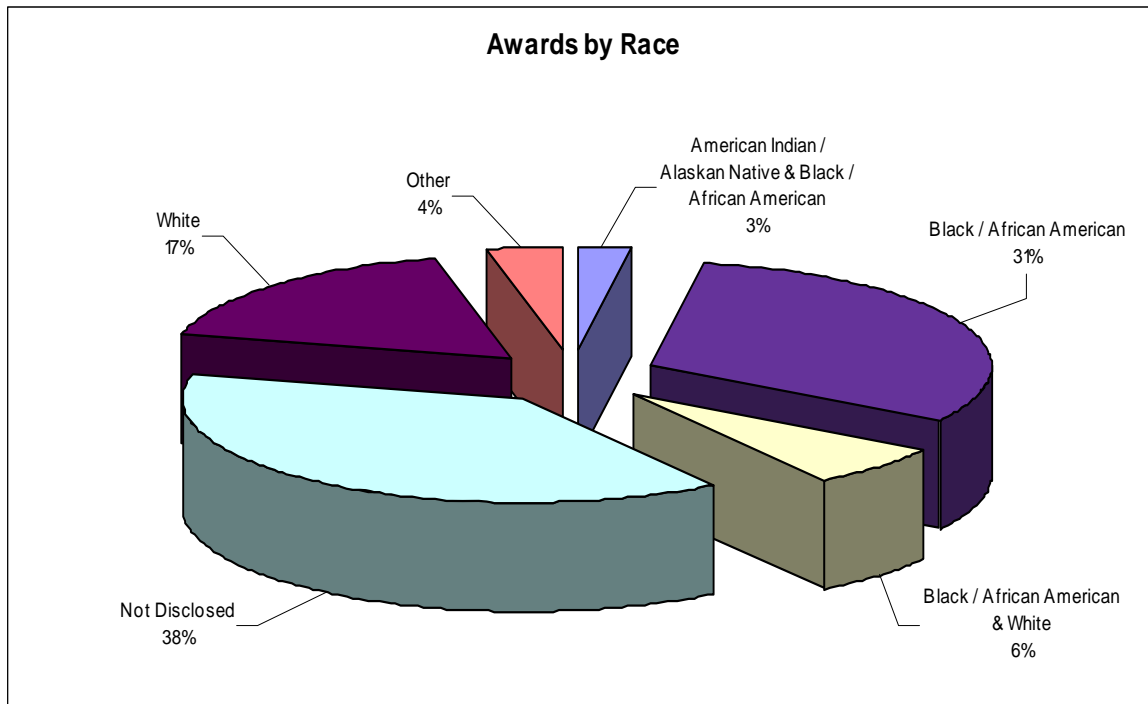
- Of the 6,835 active applications, 5% (341) are owner-occupants of three-and four-unit properties.
- While small-scale owners continued to receive priority, mid-size owners of up to 100 units at the time of the storms were eligible to receive awards in Round 2 and the Round 2 Waitlist as part of the “general pool” of applicants. Mid-size owners comprise 5.5% (376) of the active awards.
- Round 2 and the Round 2 Waitlist also allowed new owners, those that purchased rental property after the storms, to receive awards. 8.7% (596) of the active awards belong to new owners
- 79% (5,402) of the active awards belong to small-scale owners from the general pool.
- Non-profit organizations comprise 1.8% (120) of the active awards.



*(Information as of February 1, 2008)*

## Awards by Race

The chart below shows the active awards grouped by the race of the primary applicant.



*(Information as of February 1, 2008)*

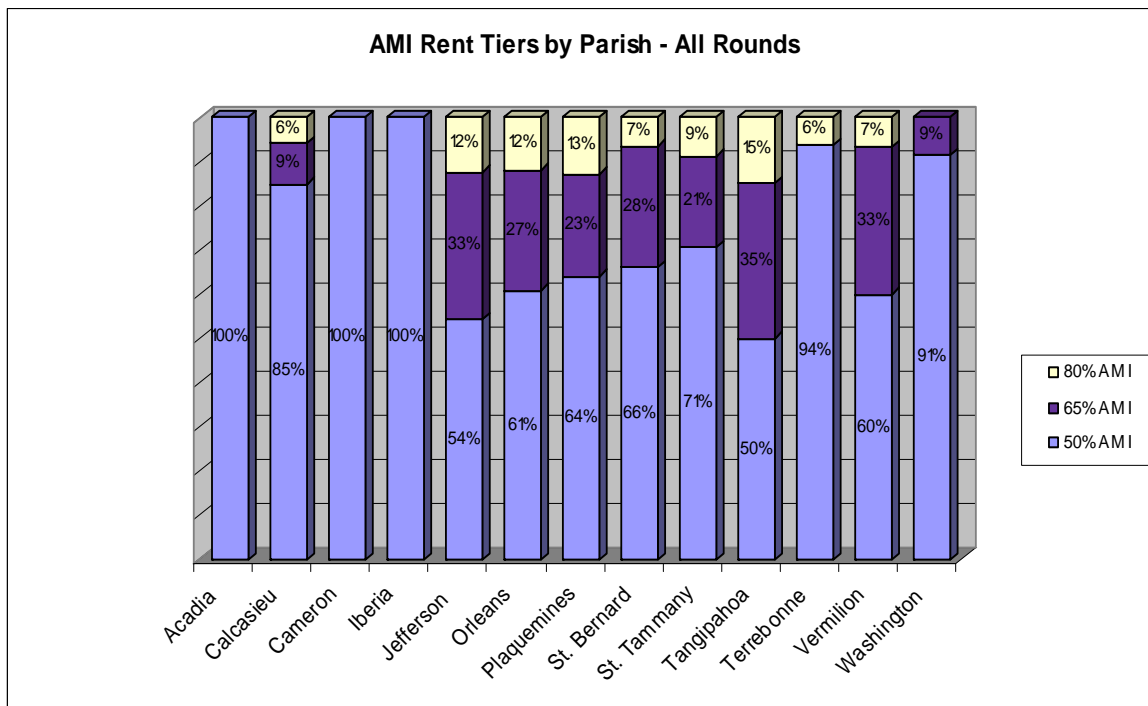


### Awards by Area Median Income (AMI Rent) Tiers

The charts below show the active applications grouped by maximum income levels by household size.

Parish	50% AMI	65% AMI	80% AMI	Total Affordable Units
Acadia	14	0	0	14
Calcasieu	246	27	17	290
Cameron	18	0	0	18
Iberia	17	0	0	17
Jefferson	456	279	104	839
Orleans	5,163	2,305	1,015	8,483
Plaquemines	25	9	5	39
St. Bernard	618	258	61	937
St. Tammany	161	47	20	228
Tangipahoa	10	7	3	20
Terrebonne	15	0	1	16
Vermilion	9	5	1	15
Washington	32	3	0	35
<b>Grand Total</b>	<b>6,784</b>	<b>2,940</b>	<b>1,227</b>	<b>10,951</b>

(Information as of February 1, 2008)



(Information as of February 1, 2008)



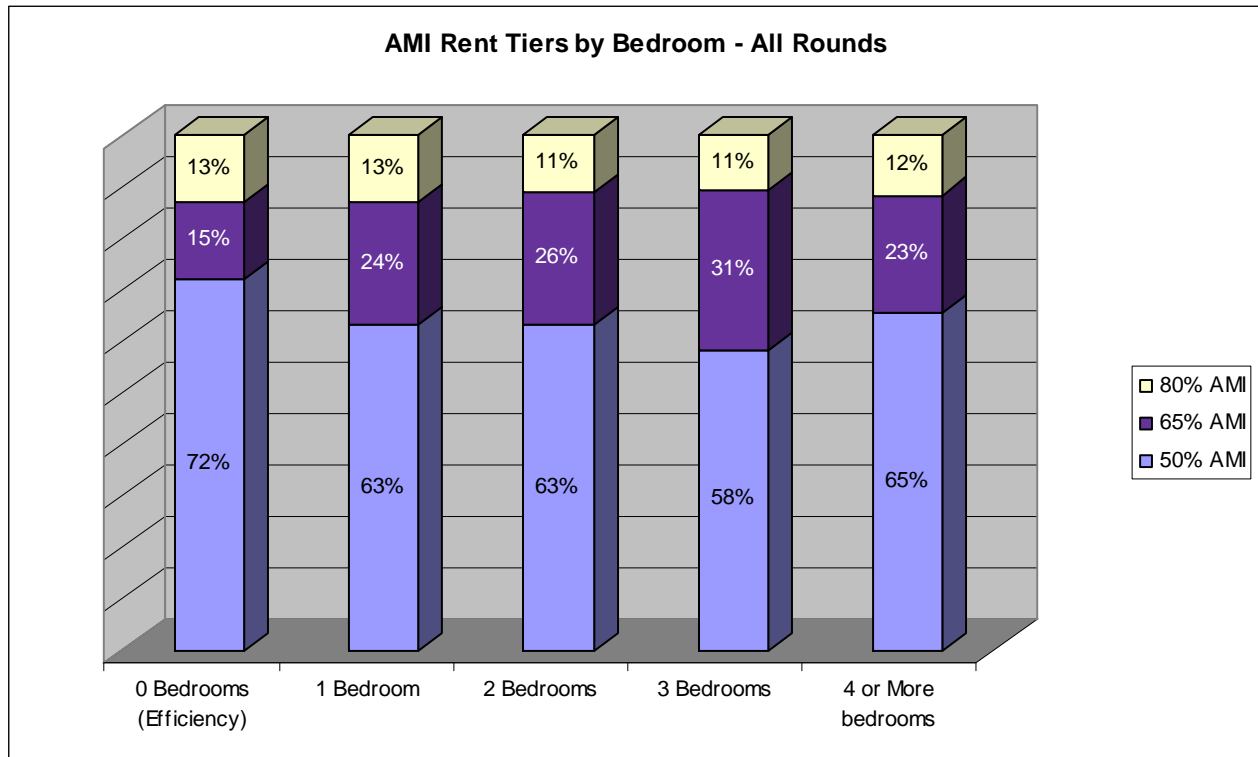
### Awards by Bedroom Size (AMI Rent) Tiers

The chart below shows the awarded applications grouped by AMI rent tier and bedroom size (0, 1, 2, 3 and 4 or more bedrooms) of the rental unit.

#### Active Awards

Number of Bedrooms	50% AMI	65% AMI	80% AMI	Total Affordable Units
0 Bedrooms (Efficiency)	106	22	19	147
1 Bedroom	905	341	182	1,428
2 Bedrooms	3,190	1,299	562	5,051
3 Bedrooms	2,046	1,089	369	3,504
4 or More bedrooms	537	189	95	821
<b>Grand Total</b>	<b>6,784</b>	<b>2,940</b>	<b>1,227</b>	<b>10,951</b>

(Information as of February 1, 2008)



(Information as of February 1, 2008)



BUILDING A SAFER, STRONGER, SMARTER LOUISIANA

### **Moving toward Completion**

Now that nearly \$600 million has been conditionally awarded to Rental program applicants, the Rental program's focus is shifting increasingly toward getting the greatest number of owners to receive their firm commitments and to complete their project within the shortest timeframe possible. Less than a year after the Rental program accepted its initial round of applications, the first affordable rental units have been completed, the first group of tenants has moved in, and the first group of cash awards has been disbursed to participating owners. These are the first affordable rental units in the Gulf to be restored using Federal disaster recovery funds. But obviously more units are needed as quickly as possible. In response, beginning on April 1, 2008, the Rental program set a goal of issuing at least 500 new firm commitments each month in order to help owners proceed toward completion. Beginning in May 1, 2008 the Rental program's Web site will provide monthly reports to measure its performance against these goals. These reports will include the number of commitments, and closings and the number of dollars that are associated with these projects.

### **Questions**

If you have any questions regarding your Rental program application, please visit <http://www.road2la.org/rental/faqs.htm> ([Frequent Questions](#)), email [rental@road2LA.org](mailto:rental@road2LA.org) or call 1.888.ROAD.2.LA(1.888.762.3252) and select the Rental program prompt (#1). TTY callers use 711 relay or 1.800.846.5277.

For information on rental properties available for prospective tenants, please visit [LAHousingSearch.org](http://LAHousingSearch.org).