



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0001

THE SECRETARY

December 13, 2007

The Honorable C. Ray Nagin
Mayor of New Orleans
New Orleans City Hall
1300 Perdido Street
New Orleans, LA 70112

Dear Mayor Nagin:

On Monday, December 10, 2007, the Historic Conservation District Review Committee (HCDRC) considered the Housing Authority of New Orleans's (HANO's) application for permission to proceed with the demolition, preparatory to redevelopment, of the Lafitte, B.W. Cooper, and C.J. Peete projects. The applications for B.W. Cooper and C.J. Peete were approved, but the Committee reached a tie (3-3) vote on HANO's application for the demolition of Lafitte. This tie vote had the effect of denying the Lafitte demolition application. This letter sets forth a number of reasons for favorable consideration of an appeal and reaffirms HUD's commitment to phased redevelopment at Lafitte.

HANO's objective in redeveloping Lafitte, which is but one of many projects to be redeveloped under a master plan that began in 2002, is to more effectively fulfill its mission to provide decent, safe, and sanitary housing to low-income city residents. HANO intends, through a phased approach, to replace 896 units of obsolete, dilapidated, and unsafe housing with 1,500 units of new rental and owner-occupied housing that will serve a range of income levels. The redevelopment program includes units that will be built on the existing Lafitte site and in the surrounding neighborhood. Of the 1,500 units planned, 276 will be public housing units. An additional 624 will be for low-income renters (project-based Section 8 vouchers) or low-income housing tax credit units. Thus, 900 of the housing units will be affordable housing, built either on the current Lafitte site or in the surrounding community. As described further below, this redevelopment will be phased, with a portion of the existing units rehabilitated for temporary occupancy, at a cost of \$3.5 million.

There are a number of urgent and important reasons why the City Council should immediately reverse the Committee's effective denial of HANO's application. They are:

- **Loss of Funding Already Secured for Redevelopment.** First, the redevelopment of Lafitte will be largely financed by an allocation of Gulf Opportunity Zone (GO Zone) low-income housing tax credits. HANO has

received an allocation of GO Zone tax credits from the Louisiana Housing Finance Agency (LHFA) that is specifically earmarked for the currently planned Lafitte redevelopment. By leveraging these tax credits, HANO is able to obtain \$110 million in investor funding for this project. HANO has also obtained a commitment for \$27 million in related Community Development Block Grant (CDBG) funding from HUD. To obtain the award of tax credits, LHFA made HANO commit to a detailed demolition and construction schedule. Among other things, HANO was asked to commit to issue a “notice to proceed” for the demolition of Lafitte by December 17, 2007. HANO cannot responsibly issue such a notice until its application with the City has been approved. If HANO fails to issue a timely notice to proceed and this failure results in any meaningful delay of the construction schedule, LHFA has the authority to recapture the tax credits awarded to HANO and to reissue them to another housing authority or private developer. This would also result in HANO losing the \$27 million in CDBG funding on top of the aforementioned \$110 million in tax-credit equity. As a result, without these crucial funds, the redevelopment effort would be stalled, if not stopped, thus denying low-income New Orleanians the opportunity to start a new life in a new home.

- **Loss of Tenant Protection Vouchers.** Second, HANO continues to provide housing or housing assistance to persons who were residents at Lafitte and other HANO projects prior to Katrina. Most former HANO public housing residents are currently receiving Disaster Voucher Program (DVP) assistance from funds appropriated to HUD. While these funds originally had to be obligated on or before September 30, 2007, Congress subsequently extended HUD’s ability to obligate those funds through December 31, 2007. After that date, former HANO public housing residents will continue to receive DVP vouchers until the obligated funding runs out. HUD projects that this will likely occur by June 2008. After that date, there is currently no other form of HUD or HANO housing assistance for these hurricane victims, except as described below, to which former HANO public housing tenants would be eligible.

The only other realistically available source of housing assistance for these individuals after DVP funds run out will be HUD’s authority to issue Housing Choice Voucher assistance, which is the usual protocol for any public housing residents anywhere in the country whose units are redeveloped through the HOPE VI or other federal programs. According to statute, “Of the amounts appropriated for tenant-based assistance under Section 8 in any fiscal year, the Secretary may use such sums as are necessary for relocation and replacement housing for dwelling units that **are demolished and disposed of from the public housing inventory...**” [Emphasis added].

These so-called “demo/dispo” or tenant protection vouchers will only be available to these former tenants only if their former housing, in this case the Lafitte project, is “demolished and disposed of from the public housing inventory...”. Absent a demolition and disposition, HUD has no legal authority to issue these

vouchers. Thus, any action that would prevent the demolition of Lafitte will deny housing assistance to the displaced tenants, which, absent using their own funds, would likely make it very difficult for them to afford to pay their own rent.

- **Commitment to Phased Redevelopment.** Third, I know that concern exists over the fact that HUD's demolition approval letter for the Lafitte project authorized the demolition of all residential units at Lafitte. However, the letter states that despite this approval, units will be repaired and temporarily reoccupied at Cooper and Lafitte. Please be assured that at Lafitte a minimum of 94 units and potentially up to 196 units, depending upon the results of an upcoming HANO survey, will be temporarily reoccupied. If the City authorizes HANO to move forward with the demolition of Lafitte, HANO will retain and refurbish 94 existing residential units at that site during a portion of the construction period and will endeavor to repopulate these units with former HANO public housing tenants. This action, based on a prior negotiation with Maxine Waters, Chairwoman of the Committee on Financial Services' Subcommittee on Housing and Community Opportunity, entails a cost of approximately \$37,000 per unit. This significant amount of money is a demonstration of our commitment to housing for New Orleans's citizens. Please note that if the remaining units are not demolished and no redevelopment occurs at Lafitte, these 94 units will not be refurbished, and HANO will have to locate returning public housing tenants elsewhere in the city.
- **Criteria of the Ordinance.** Finally, although the HCDRC did not explain the reasons for its vote, HANO's application to demolish the Lafitte project satisfies the criteria of the HCDRC's governing ordinance. Section 26-7(a) of the City Code sets forth those criteria. The appeal to the City Council highlights the serious health, safety, and other physical deficiencies at Lafitte, HANO's redevelopment plan, and the timetable, which could be severely jeopardized if demolition is not permitted forthwith. These serious concerns far outweigh any architectural or historical significance of the Lafitte buildings; their urban design significance, if any; or their contribution to the neighborhood context as a whole. If anything, in their current state, their contribution to the neighborhood is a serious detriment to the community. Accordingly, the City Council and/or HCDRC would be acting well within the criteria established by the City Council's own ordinance in approving the HANO application on appeal.

I hope that this letter clearly lays out the stakes for New Orleans if demolition for Lafitte is denied, as well as the adverse consequences to the city's overall recovery, and its citizens. I know that you like me, want what is best for the great city of New Orleans. I will await your decision on the next steps to be taken.

Very truly yours,



Alphonso Jackson

cc: Arnie Fielkow, President, City Council
City Council members