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Housing Authority of New Orleans
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Subcommittee on Housing and Insurance
“New Orleans: Ten Years After the Storm”
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Chairman Blaine Luetkemeyer, Ranking Member Emanuel Cleaver, Congresswoman Maxine Waters, Congressman Al Green, Congressman Garret Graves and New Orleans own Member of Congress, the Honorable Cedric Richmond. I am Gregg Fortner, Executive Director of the Housing Authority of New Orleans (HANO) and it is my privilege to appear before you today on behalf of HANO, the HANO Board of Commissioners, the City of New Orleans and, most importantly, the nearly 50,000 New Orleanians directly served by the housing programs administered through HANO.

On July 7, 2014, HANO was returned to local control after various forms of Housing and Urban Development (HUD) receivership since 1996. In partnership with HUD and the City, today’s HANO has continued and improved upon the reform and progress experienced during the 18 years of HUD receivership. Today’s HANO administers almost 18,000 Section 8 Housing Choice Vouchers and manages over 4,000 housing units on HANO owned sites throughout the City of New Orleans through direct service or contracts with 3rd party property managers from the private sector. As a result, today’s HANO provides affordable housing assistance to more than 10% of the total population of the City and 25% of all renter households in the City of New Orleans.

HANO is crystal clear in its mission to provide affordable housing opportunities for low-income residents of the City of New Orleans. Yet we realize that HANO has a vital role in the future affordable housing strategies for the entire City of New Orleans. This year on August 29th, the entire country remembered the 10 year anniversary and the devastating impact of Hurricane Katrina on the City of New Orleans. As we move forward in a City continuing to rebuild while preserving the rich culture that defines the unique flavor of New Orleans, we must also acknowledge that the affordable housing environment has experienced a dramatic change over the past 10 years since Katrina.

Recent studies report that, prior to Katrina, the average renter in New Orleans spent about 19% of household income for rent. Today, studies report that almost 40% of renters in New Orleans pay more than 50% of income towards rent. This is an especially tough burden for those households at 50% or below the area median income who live and work in our City, particularly those on fixed incomes. These numbers further illustrate the need for the comprehensive approach currently being undertaken by the City of New Orleans to ensure that the affordable housing needs of the current and future citizens of New Orleans are met through leveraging of existing and future resources, and partnerships involving the entire New Orleans housing and business communities.

On August 21, 2009, Congresswoman Waters held a Congressional Field Hearing here in New Orleans, through the Subcommittee on Housing and Community Opportunity, to discuss the progress of HANO's recovery efforts four years after Katrina. Today, I will share with you the on-going progress of those recovery efforts now 10 years after the storm.

Iberville Choice Neighborhoods Initiative (CNI)

In August 2011, HANO and the City of New Orleans as co-applicant were awarded a Choice Neighborhoods Initiatives (CNI) Implementation Grant of \$30.5 million for the redevelopment of the Iberville Public Housing Development. The initiative includes both an on-site and off-site component that expands well beyond the property's original footprint. The Iberville Plan is the most aggressive Public Housing redevelopment initiative in the history of the City with a total project cost estimated at over \$225 million for the on-site component alone. The initiative includes 821 replacement Public Housing/project-based voucher units integrated into hundreds of additional affordable and market rate units. The many funding sources involved in this aggressive endeavor include: City of New Orleans HOME Investment Funds; City of New Orleans Community Development Block Grant (CDBG); State of Louisiana CDBG; HANO Capital Fund Program (including Replacement Housing Factor [RHF] Funds); CNI; HANO program income; private bank loans; low income housing tax credit equity; tax exempt bonds; state historic tax credit equity; and federal historic tax credit equity.

The CNI on-site housing component consists of several phases. Phase I and II included 227 mixed-income units completed this fall 2015. 212 units are currently occupied as of November 2015. Phase III construction began in December 2014. Construction is almost 50% complete as of November 2015. Estimated completion date is April 2016. This phase includes 105 mixed-income units. Phase IV construction is scheduled to start by the end of 2015 and will include 164 mixed-income units.

The off-site housing component has several projects completed or in development, including the Marais Apartments with 112 replacement project-based voucher units completed last summer 2014 and an additional 64 replacement project-based voucher units completed throughout the CNI boundaries. An additional 164 units are in development and scheduled to be completed over the next 12 months.

Marrero Commons

Formerly Calliope/BW Cooper was originally constructed in 1942. The original number of units was 1,546. Redevelopment began in 2008. Funding included HANO RHF, CFP, HANO program income, HOPE VI, low income housing tax credit equity, State of Louisiana CDBG Piggyback and City of New Orleans CDBG. Phase 1A and 1B was completed in 2014 and included 410 units of which 143 are Public Housing. Cost of full redevelopment was \$158 million.

Harmony Oaks

Formerly Magnolia /CJ Peete was originally constructed in 1941. The original number of units was 1,403. Major redevelopment began in 2007 with a \$20 million HOPE VI revitalization

grant. Construction was completed in 2011. The current number of units is 460 of which 193 are Public Housing. Cost of full redevelopment was \$177 million.

Columbia Parc

Formerly St. Bernard was originally constructed in 1942. The original number of units was 1,464. Redevelopment began in 2007. Funding sources included HANO RHF, CFP, Section 8 program income, State of Louisiana CDBG Piggyback, low income housing tax credit equity, FEMA, New Market Tax Credits, and private bank mortgage. Phases I and II were completed in 2012 and Phase III Heritage Senior Residences was completed in 2013. The current number of units is 683 of which 228 are Public Housing. Cost of full redevelopment program was \$190 million.

Faubourg Lafitte

Formerly Lafitte was originally constructed in 1941. The original number of units was 896. Redevelopment began in 2008. Funding sources included HANO RHF, CFP, HANO program income, State of Louisiana CDBG Piggyback, low income housing tax credit equity and FEMA. Phases I and II were completed in 2011 and Phases III and IV began in 2014/2015. The current number of units is 365 of which 141 are Public Housing. Cost of full redevelopment program was \$162 million.

Florida

Initial redevelopment began in 2002, however, Katrina destroyed construction that was in progress at the time in 2005. The original number of units was 734. Redevelopment re-start began in 2013 through Capital Funds and FEMA totaling \$14 million. 52 units are about 90% complete and scheduled for occupancy within the next few months.

Guste

The original number of units was 993 including a 385 unit high-rise complex housing the elderly and disabled. Modernization of the high-rise complex totaling \$7 million was completed in 2012 through the Capital Fund Program. Redevelopment of Guste I and II was completed in 2007 and 2012 respectively. Guste III began construction in 2013 with delivery of completed units scheduled within the next several months. Funding includes HANO RHF, CFP, FEMA, low income housing tax credit equity and tax-exempt bond financing. Upon completion, the current number of units will be 638 of which 577 are Public Housing. Cost of redevelopment is \$81 million.

These are the major projects that make up the majority of the over \$1.2 billion in federal investment to rebuild Public Housing in New Orleans after Hurricane Katrina through HUD funding, FEMA, CDBG and other federal funding sources. Even with that tremendous commitment from the United States government, the 2,000 replacement units of pure Public Housing fall well short of the pre-Katrina numbers of over 5,000 occupied Public Housing units. Over the past 2 decades, the reduction in Public Housing operating subsidies and capital funds have dictated a new dynamic in redevelopment of this nation's 1.2 million Public Housing units. Communities with 100% Public Housing cannot be sustained. As a result, mixed income communities have become the mandate to produce revenue generating units that can support the funding challenges faced by the traditional Public Housing inventory.

Although the Public Housing inventory for the City of New Orleans has decreased by over 3,000 units since Katrina, the Section 8 Housing Choice Voucher (HCV) Program has increased by almost 9,000 vouchers allocated to the City of New Orleans. As a result, HANO is serving over 30% more households than before Hurricane Katrina. HANO operates the 15th largest HCV program in the country paying out almost \$150 million annually to Section 8 property owners on behalf of the nearly 18,000 HCV participant households in the City of New Orleans.

I would like to leave you with two innovative initiatives that HANO is undertaking to further its overarching mission to expand affordable housing opportunities for the people of New Orleans.

In the past year, HANO has developed and launched its Scattered Site Redevelopment Plan. Over the years, HANO acquired and developed properties on over 200 sites across the City of New Orleans. Katrina destroyed the structures on practically all of these properties. These lots ranged in size from 1,300 to over 400,000 square feet. Using the best practices learned from Public Housing redevelopment across the country and expanding the housing footprint across several properties in designated neighborhoods, HANO's implementation of this robust strategy will augment the City's affordable housing stock through a mix of Public Housing, other affordable and market rate rental and homeownership units. It will also build sustainable revenue streams for affordable housing reinvestment, promote economic opportunity, facilitate resident self-sufficiency, and serve as a platform for continued neighborhood stabilization.

Also, HANO is developing a plan to bring homeownership opportunities to one of the 1st Public Housing developments to receive HOPE VI funding in the early 1990s. The Desire Public Housing Development (currently called the Estates) originally consisted of 1,860 units in the upper 9th ward of the City. Through a series of misfortunes before and after Katrina, including inadequate funding, the community now consists of 425 units of which 283 are Public Housing. During the infrastructure construction phases over the years, 100 lots were planned for homeownership but those lots remain vacant today. HANO will seek out public and private partners to design a plan that will help this neighborhood realize the promise of homeownership from the original HOPE VI grant while adding a key revitalization component to the rebirth of one of the City's most historic communities. This initiative will add to the successful homeownership programs operated by HANO that has produced 363 homeowners since 2001.

As I conclude, I again want to thank the subcommittee for the continued commitment and interest in the on-going revitalization efforts by HANO and the City of New Orleans. HANO will continue to effectively and creatively utilize all its assets and resources in the furtherance of providing affordable housing opportunities to the citizens of New Orleans. We further pledge that we will be exemplary stewards of public funds and justify the public trust that HANO is committed to sustain.