

**Mr. Jim Tucker, Representing Tucker Properties Restore Louisiana
Public Comments June 9, 2017 LA state capitol**



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The Difficulties our For Profit sectors faced after the 2016 floods in Louisiana are best learned by listening to the for profit business owners. Can we in the long term afford to only grant funds to Opportunity Zones that have had 20 years failed growth

RESTORE LOUISIANA TASK FORCE
June 9, 2017
Louisiana State Capitol
House Committee Room 1

Task Force Meeting June 9, 2017 public comments

Mr. Jim Tucker, Representing Tucker Properties

Mr. Tucker: Thank you, Mr. Chairman, members. Thank you for this time and I listened to this fine lady and it brings back such memories of all the problems we had during Katrina. I really, having dealt with it in my district at the time, I really feel for you all, Representative James in particular. And Representative Pope, I know what you all are dealing with. It's very, very difficult and my heart goes out to you all and to your constituents it's very tough. I'm here today representing my company Tucker Property Management. I have a question that I'd like clarified. We began the process, let me back up, we own 136 unit apartment complex in Hammond, outside of Hammond and we're interested in participating in the Neighborhood Landlord Rental Program to build some additional units. We have ten acres there we've owned forever that we are ready to build, have plans, specs, designs. It was all ready to go in 2008 when the financial collapse happened and had to pull back, but everything is done, ready to go. And I prepared to participate in the Neighborhood Landlord Rental Program. And I went to the Baton Rouge meeting and I'd read all of the written materials without being able to participate in the program and so forth, it looked like we could probably fit, bring some affordable housing on the property that we have. I got to the Baton Rouge meeting where a member of the LHC staff noted that for the new construction for profit developers were being excluded. I couldn't find that anywhere in the documentation, and I will try to find out to confirm that that's the case. I heard this lady who

sat right here say, that that is the case. And I just like to confirm, A. that it is the case that for profits cannot participate in new construction in the neighborhood landlord rental program to build affordable housing in the affected areas. And if it is the case, can somebody explain to me why it's the case? Because that doesn't make any sense to me. The idea being the public policy being that we want to develop as much affordable housing as possible. And tapping the for profit development community to do so, is something that happened for time immemorial. So I don't know exactly, a, if it's correct, that is the primary reason. Even if it is b, is there some way or is that public policy that I think should be continued, or is that something that possibly this committee should consider altering?

Ms. Minor: Let me add some clarity to that, Charlette Minor, what I read in the policy is that it could go either way. By going to the Baton Rouge meeting and asked that question and they clarified that it was only for non-profit, but what I read it appeared to have some, it could go either way.

Mr. Tucker: I was saying, wait, this is what the flyer says right here, that a private for profit property owner who is eligible under the program.

Mr. Durbin: Good question. Mr. Forbes can you shed some light on this?

Mr. Forbes: Mr. Bizot is gone who may be able to answer this question better but I think I can hit it at a higher level at least. What's in the action plan and what is in the current policy can vary will be different. We'll write the as we have in may instance, write the action plan more expansively. So that as we figure out that we're not going to be over-subscribed, from the non-profit prospective. That we can still move to the for profit landlords without need of an action plan amendment. So it's entirely likely that the action plan doesn't exclude for profit landlords from the new construction, but that is the policy at this point. A policy that's subject to change, if we don't get enough subscription from non-profits. It's also my understanding that it is not for profit landlords are eligible for the program. But only for properties that flooded in the event, and that they owned and flooded in the event. Not for prospective work, not for something maybe that they bought and want to go rebuild. Subject to change, if we don't get this sort of affordable units that we need out of the programs that we have right now. But it's too soon to say whether that's the case.

Mr. Tucker: I think you are correct part on where it stands, but to me that policy still doesn't make any sense. If anything, it should be reversed, because at the end of the day, the for-profits pay taxes. I pay school taxes, I pay municipal taxes, and the non-profits don't. And I'm the head of a non-profit health company, so I'm not knocking non-profits, they do a great job in this case. But I think in the process, it would have been, and it should be changed, so that both can participate. At this point, people have to spend money to put these applications in place. I'm lucky, mine is pretty much done. I can do mine and maybe or maybe not fall at the bottom of that line, but still in the money. But you're eliminating for profit developers across this state who might come in and help build affordable housing for people who need it. And I don't understand the public policy of pre-empting the opportunity to non-profits. That doesn't make good policy to me. Public sense to me, public policy sense.

Mr. Forbes: And it's subject to change as I said, if we don't get the subscription through the non-profit. There are advantages to having nonprofits do it. We can get extended affordability time versus what we might buy from for profits. I probably can't articulate all of the reasons, advantages, at this point, but there are reasons for doing that. And in fact, I think for the multi-family, we can do for profits who flooded, and we buy that affordability going into the future.

Mr. Tucker: You can, but if the public policy is to build more affordable housing, why would the policy exclude anybody from contemplating building more affordable housing?

Mr. Forbes: Just because it was a shortage of funds. From a budgetary perspective, we don't have enough money to go do all the affordable rental that we would like to build. And so consequently, we have to focus on what we think is going to buy us the most economical for the longest affordability times. And that is the

way the program is designed at this point.

Mr. Tucker: Well, the affordability timelines is again somewhat who is a for-profit in that affordable arena in New Orleans. I have a thirty year affordable property. So the affordability doesn't change between for profits and non-profits. You can hold me to the same accountability. But if I can't participate in the program, I can build units and have them done before the end of the year, if you tell me go today. I don't understand, most for profits can move more quickly. I just, to me it's a bad public policy, and I would ask this committee to consider having it changed.

Dr. Richardson: Pat, whose public policy is this?

Mr. Forbes: We submitted the action plan to HUD that describes all the things we might do with this funding. If you recall, we also have a piggyback program in the action plan. That we've not rolled out as a funded program yet, but it's in the action plan if we decide to do that. The policies around each of the programs are done at Louisiana Housing Corporation.

Mr. Tucker: Well, they told us it was an OCD issue.

Mr. Forbes: Well, we certainly worked with them.

Mr. Tucker: I didn't believe that, quite frankly, I thought it was odd that you all would take that position.

Dr. Richardson: So, they've been telling us it's LHC, and Jim you are saying they tell you it is OCD.

Mr. Forbes: I'm not saying that we don't have any involvement in that policy development, but in the end, Louisiana Housing Corporation runs the program.

Dr. Richardson: So, where would we go if we want, and I also want to sympathize with Jim, he has property, wants to build apartments on it, I don't understand why that should be a negative.

Mr. Forbes: Right, it's not a negative. Again, I wish we had ten times the amount of money we got to build affordable rental housing, we would be engaging Mr. Tucker and every other for-profit developer.

Dr. Richardson: But the issue is not you having enough money, you have limited resources. If he can get it done right now, well, that's the issue.

Mr. Tucker: And with all due respect Pat, somebody made the report earlier. You've got 12 applicants today on \$36 million for maximum of \$500 apiece. That's \$6 million. At worst, or actually I should say at best, the policy that's in place today is delaying the ability for affordable housing to be built in the affected areas. Because in the folks who sat here earlier said, that they were asking for a delay in the deadline, so that more people could apply. Well there are people ready to apply, but they can't because they've been excluded, because they're for profit. That doesn't make any sense to me. It's delaying the entire recovery in this particular area.

Dr. Richardson: So, if we want to ask for a review of this policy, to whom do we ask, you, Pat?

Mr. Forbes: Yes, sir.

Dr. Richardson: And how long will it take you to review it? And then, who would have to make the final decision at that point?

Mr. Forbes: We could report back to the task force at the next meeting, we'd be glad to do that.

Mr. Tucker: With the deadline being the 16th of this month.

Mr. Forbes: Again, knowing that if we don't engage all the funds with the current eligible applicants that we can extend the deadline and expand the eligible applicant pool.

Mr. Durbin: Okay, so we can revisit this at the next meeting. Put it as a discussion and action item.

Mr. Forbes: Yes, sir.

Mr. Durbin: After you make your review and presentation?

Mr. Forbes: Yes, sir.

Ms. Minor: You know just to be, Charlette Minor again for the non-profits, for the 50% AMI to give consideration to at least fund that at the \$150 which you already have in place. So that if a non-profit has to go to the bank that they can show enough rental income to pay off the debt service.

Mr. Tucker: And I don't disagree with that at all. I think there are a lot of non-profits that are good participants in something like that. But that runs exactly counter to what Pat just said about leverage of the program and getting the most out of it. If you're going to put \$150 in one unit when I only need \$50 and can do three, where does that leave you?

Ms. Minor: But there are some, and I respect both the for-profit and non-profit, but for the non-profit, you definitely have some strong non-profit developers who could be able to go to the bank, get that money to get the take out, because what's required, whether you're a for-profit or a non-profit, is that you got to go to the bank to get their money and then LHC, through OCD, do the takeout.

Mr. Tucker: Unless you are going to build them for cash.

Dr. Richardson: I think, the element, this seems to be that these rules were developed when all the different aspects

Mr. Forbes: Over the course of several months, starting in, I don't know, December.

Dr. Richardson: Well, this might be a good time to review them all.

Mr. Forbes: This policy, just like most of the policies that we have in place, including homeowner policies, is driven by shortage of funds, and lack of data. And so we invest in the program, and set the eligibility as seems most fitting. Certainly, we're not going to leave the money sitting on the sidelines, if it's not working through the way that we've got it set up. So we've got a deadline coming. We'll know how many people are going to apply. How much per unit we're going to be spending on those and what adjustments we need to make. The same thing is true for homeowners, small business, all of them. We got people into the program, see what the costs are, see how many people apply, before we can make the next move of, okay, what's the next approach to, in this case, developing affordable rental housing.

Ms. Minor: And, may I say, it's an excellent product. Great application process, and it's being mostly accessible in the process and to access them has been very amendable.

Mr. Tucker: I too give them high marks on the website as far as the application is concerned. But, again, sometimes I have a hard time taking my public policy hat off. Somebody made the decision to prioritize non-profits over for-profits in a new construction program and that runs counter to what I think the overall goal is of developing as much affordable housing as possible as quickly as possible. The policy should be agnostic

as to who is doing the development. It's how and when the development can be done, in my opinion. And I appreciate and I know there are a lot of decisions to be made but this was one that just didn't make sense.

Dr. Richardson: I appreciate both of you coming here and bringing it to us because, obviously, unless you tell us we don't really know.

Mr. Forbes: And I'll just say the focus in policy development was looking at cost per unit and cost per year of affordability. And certainly we're going to spend that much money and more on developing as many units as we can and if we don't get applicants we'll have to decide how to expand the program.

Mr. Dartez: Thank you, Mr. Chairman. I appreciate Pat's willingness to review the policy. But I just want a point of clarification. I heard the date of the 16th as a deadline. I mean, are we going to review a policy that's no longer &ndash

Mr. Tucker: Yes, the deadline for submission of an application is June 16th.

Mr. Dartez: For a homeowner?

Mr. Tucker: No, for a multi-family developer to develop seven units under this program.

Mr. Dartez: I guess what I'm asking is, are we going to review a policy that is no longer open?

Mr. Forbes: In anticipation of understanding that maybe not all the funds get subscribed or that we get applications that aren't feasible. Like we said earlier, everybody's got to turn in their application with financial performers and the whole and there almost certainly will be people who apply but don't get accepted.

Mr. Dartez: Well, I guess I'm asking, if folks miss that deadline because they don't feel they're eligible, what can we do?

Mr. Forbes: Again, we are not going to leave the money sitting on the sidelines. We'll open the program again. Different eligibility criteria.

Mr. Dartez: And when you are reviewing that, is there a possibility of looking at something doable, process where you can do a joint effort between a profit and a non-profit? I mean, I don't know if you can do that.

Mr. Forbes: Certainly.

Mr. Dartez: I mean, to get these guys in the game. I'm like everybody else, let's get our bang for our buck, but if we can build three units at the price of one, I think we should look at that.

Mr. Tucker: Well and I would also say that, if there's not going to be a change in the decision today, that the deadline be hard, that the 16th be the deadline for the first round of people who are funded. So that is only fair then that the policy can be changed so that the second round people can all participate in a fair process. This has not been a fair process.

Mr. Dartez: I got you. I greatly appreciate both Pat, the speaker and you for being here.

Representative Pope: I'm sort of lost here, and I'm sort of elementary, but the whole purpose of this is to get people back into housing. Would that not be correct?

Mr. Forbes: Yes, sir.

Representative Pope: And anyway that we can do that within the guidelines of whomever makes those, and obviously they're made by us, you, me, and whoever. Within those guidelines, we need to do that yesterday, not tomorrow, not next week. And what I'm going to suggest, Mr. Chairman, is that we do have a drop dead date on the 16th, I think that was the date that we don't extend it beyond that until we do have a review of these policies.

Mr. Forbes: Yes, sir. I'll be glad to get that to you. I want to ensure the task force that the policies are designed around maximizing the number of affordable units we can get for the amount of money we have. And we'll continue to do that, I'm glad to go back and review the policies. And report back to you about what that review demonstrates and we'll go from there as to what's the best path forward.

Mr. Durbin: I'd like to recognize Representative Pope's request and we adopt that as a request to OCD to visit that issue after the deadline of the 16th and report back to this committee at the next task force meeting.

Mr. Forbes: Yes, sir.

Mr. Faulk: With recommended policy changes, as needed.

Resources:

- Task Force Meeting Minutes + online [meeting video](#).
[2017.07.13.17.10.38-RLTF 7-14 Meeting Materials.pdf](#)

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