

NEW ORLEANS CALL TO ACTION

At the request of Congresswoman Maxine Waters, SRP Development participated in a brain trust in Washington DC during the Congressional Black Caucus Foundation's 2006 Annual Legislative Conference (ALC). The focus of the brain trust was New Orleans and discussion was specifically addressed to how African American builders and developers could work with government officials (all levels – Federal, state, municipal) and local stakeholders in finding development solutions to put residents back in their homes and rebuild their communities to make them habitable.

DEVELOPMENT SOLUTION

It has been more than three years since Hurricane Katrina devastated the City of New Orleans by flooding approximately 80% of the City's land area and more than half its neighborhoods, including historic Pontchartrain Park. With only 30% of its pre-Katrina population back in their homes, the Pontchartrain Park community is experiencing a slower rate of recovery than every other neighborhood except the more highly publicized Lower 9th Ward. Despite those challenges, the Pontchartrain Park Community Development Corporation (CDC), working in partnership with SRP Development Ltd Partnership (SRP) has developed a bold vision for the repopulation/redevelopment and future of the Park with an eye towards its present demographics as well as anticipated needs and possible areas of growth. The CDC is committed to redeveloping the Pontchartrain Park neighborhood as a mixed-income, multigenerational, multi-ethnic, single-family home community with enhanced services for the elderly and for new, young families seeking a fresh start.

Specifically, the CDC has a plan to:

- Address a specific need or barrier to housing development.
- Contribute to the capacity of government, nonprofit and/or for-profit developers to produce equitable, high quality, mixed-income housing at scale (at least 50 units per year).
- Increase expertise and/or capacity within the housing development industry.
- Deliver important information and/or technical expertise on best practices in housing and community development.
- Collaborate across the public and private sectors to create innovative financing programs or housing policy that will increase the pace of the City's repopulation

This multi-year effort will require the support of community residents, local government, the philanthropic community, a development team, and the private sector, to name a few.

ABOUT THE ORGANIZATION

The Pontchartrain Park Community Development Corporation (CDC) is a newly formed Louisiana nonprofit corporation, established for the express purpose of protecting and restoring New Orleans' historic Pontchartrain Park community. The CDC was formed by former Pontchartrain Park residents whose parents still reside in the Park, and is led by former resident and acclaimed actor Wendell Pierce.

As the CDC's Executive Director, Wendell has used his influence to gain national media attention and support for the project. The goal of the CDC is to innovatively address the needs and concerns of the community, while also incorporating new ideas and conveniences to attract both first-time homeowners and returning New Orleanians still exiled in other cities. To accomplish this goal, the CDC desires to garner the highest level of resident participation and input possible in order to facilitate the residents' collective and individual right of self-determination.

PROJECT BACKGROUND

Pontchartrain Park, built during the Jim Crow era of racial segregation in Louisiana, is one of the first suburbs in the United States developed for middle- and upper-income African Americans. It was built around a golf course and park designed by one of the country's top golf course designers, Joseph M. Bartholomew, Sr. – an African American. The original houses were tidy, slab-on-grade, modern, suburban style homes between 1,100 and 1,700 sq ft. Black veterans returning from World War II purchased the houses with \$10 deposits and GI loans. During the same decade, the neighborhood was built out and occupied by other working, middle-income African Americans. Over the years, starting in the mid-1970s, other neighborhoods with bigger houses and fancier recreation facilities attracted the Black middle class, leaving Pontchartrain Park to evolve gradually into a neighborhood of (primarily) aging empty nesters.

Of its 2,600 residents pre-Hurricane Katrina, 97% were Black. Nearly all of those occupants (92%) owned their homes, almost double the rate citywide. Moreover, very few residents were impoverished – only about 10% lived below the poverty line, compared with 28% parish wide. Three-quarters of Pontchartrain Park residents had lived there since at least 1989 with most of the homes in multigenerational families passed on from parents to their adult children. Perhaps because few of the original homebuyers had left, the neighborhood has a higher percentage of elderly residents than most. This is one of the main contributing factors to the slow recovery rate of the neighborhood post the Hurricane Katrina disaster. While most of these homeowners are fiercely passionate about and instinctively protective of their community, its history and recovery, few have the strength, energy and resources to navigate the complex political landscape to produce any scalable, widespread results.

Other issues complicating the neighborhood's (and the City's) recovery are: (i) many individuals lack adequate financial resources, including insurance proceeds, to renovate or rebuild their damaged homes at current construction market rates; (ii) the glut of independent construction contractors working in the area, combined with the lack of a City-coordinated distribution of contractor-related information to residents, has led to contractor fraud; (iii) lack of fully-staffed, general contracting operations in the area has forced inexperienced residents into managing their own home renovations and rebuilds, which has led to many jobs being underfunded and unfinished; and (iv) without seeing full-scale redevelopment efforts planned or underway in their neighborhoods, many residents with resources will be hesitant to (or will not) reinvest in their properties.

PROJECT DESCRIPTION

The CDC's primary initial objective, after setting up its general operations and formulating key partnerships with its development team members, is to, on a large scale, make single-family residential units available for purchase on acquired lots. After canvassing current residents of Pontchartrain Park over the past several months, it is clear that the majority want the community to remain a single-family home neighborhood made up of owner-residents. The first step in achieving that objective is acquiring the land. To that end, the CDC is engaging in a public/private partnership with the New Orleans Redevelopment Authority (NORA), the agency responsible for eliminating and preventing the spread of slums and blight in the City of New Orleans. NORA is responsible for packaging parcels of land within the Pontchartrain Park neighborhood that have been turned over by the Louisiana Land Trust (LLT) for redevelopment by the CDC. Title transfer of the initial group of about 100 LLT properties from NORA to the CDC should begin by the end of October 2008. Another NORA initiative, the Real Estate Acquisition and Land-banking Mechanism (REALM), will enable other blighted properties in Pontchartrain Park to be turned over to the CDC on an expedited basis through expropriation.

Other short-term and long-term objectives of the CDC, whether implemented simultaneously or in subsequent phases of development in the Pontchartrain Park community are: (i) Restore and maintain green space for parks and community-based recreational activity, including the Joseph M. Bartholomew, Sr. Municipal Golf Course; (ii) Develop marketing plans and outreach initiatives in order to inform returning residents and first time homebuyers of the affordability and benefits of living in Pontchartrain Park; (iii) Provide support services for elderly residents, as needed; (iv) Facilitate job training, commercial revitalization, business financing and technical assistance; and (v) Deliver any necessary social services, including support of community schools from pre-kindergarten to post secondary. Fundamentally, all activities of the CDC will link back to the very reason for its inception: to enable Pontchartrain Park to become a thriving, robust multi-generational neighborhood once again, with all the conveniences and comforts for a balanced, fulfilled family life.

Rebuilding Pontchartrain Park is necessary to preserve its history, to provide a prosperous community for its current residents and to guarantee its future as one of New Orleans' prominent, multi-generational neighborhoods. As one of the first communities in New Orleans to provide African Americans with the ability to own homes, Pontchartrain Park's original place in history can be "renewed" to provide a new generation of first-time homebuyers as well as returning New Orleanians still exiled in other cities with the ability to own homes - at home. In addition, the majority of those who have returned to the Park are elderly citizens in need of assistance to rebuild their homes and bring back their neighbors.

ANTICIPATED RESULTS

The CDC's pioneering partnership with NORA in the redevelopment of Pontchartrain Park will contribute to the capacity of government, nonprofit and for-profit developers to produce equitable, high quality, mixed-income housing at scale. The CDC anticipates being able to provide 100 – 200 units per year. The planned timeframe for the project is four years, with the initial year focused on setting up operations, formulating partnerships with development partners, and completing pre-development work (including

a variety of community outreach, government relations, media relations, and contractor recruitment and management activities). By the end of Year 2, we expect to have 100-150 completed units available for sale and occupation. In the final two years of the project, we anticipate maximizing construction output to reach full capacity on completed residential units per year. We will rely on aggressive marketing campaigns both locally and nationally for returning residents to create interest in re-homesteading the Pontchartrain Park neighborhood. The CDC also plans to conduct first time homebuyer programs in the cities and states with the highest concentration of New Orleanians who have yet to return to the City on a permanent basis. We will continue to seek positive coverage through various media outlets, highlighting the project generally, showing our incremental progress and maintaining a buzz about what is happening in the Park.

SPECIFIC ACTION STEPS TO ACHIEVE DESIRED OUTCOMES

In its first year, the CDC will focus on: (i) planning and design for the project, (ii) site acquisition from NORA; (iii) fundraising and financing for the project; and (iv) engaging general contractors capable of constructing the new homes in accordance with the CDC's design criteria and within the CDC's project budget parameters. The CDC will engage SRP Development to establish a development plan and to manage in-house resources, and will retain local architects to assist in designing single-family homes consistent with the character of the Pontchartrain Park neighborhood and which are acceptable to the neighborhood organizations from an aesthetic perspective. The new homes must also meet the base flood elevation requirements in a manner that will allow the units to blend in with existing properties that have already been renovated at the prior slab on grade elevations. One approach to addressing this problem is to elevate the grade of the lots and use retainer walls on each side to maintain the architectural feel of the Park while using different elevations for the new homes. The CDC is actively working with NORA to acquire the sites within Pontchartrain Park that were sold to the State of Louisiana through the Road Home Program. Additionally, NORA is also planning to transfer to the CDC other properties in the community that are obtained by NORA through other means, including by purchase or expropriation. NORA has already started the process of purchasing homes along the golf course, and those homes will be transferred to the CDC for redevelopment.

The CDC will also seek contributions from national, regional, and local foundations to supplement the cost of homes so that they can be affordable to working class families. The CDC will seek to leverage existing governmental programs (i.e., the "soft second" funding from the State of Louisiana and the City of New Orleans for first time homebuyers) to expand the pool of potential purchasers of the newly developed residential units produced through this project. The CDC will work with national and local lenders to secure construction loans and to offer federally insured mortgages to qualifying potential purchasers of the new homes. Once the financing is committed, SRP, on behalf of the CDC will contract with one or more local and national contractors to construct housing units in accordance with the approved designs. Special consideration will be given to contractors that incorporate green building techniques that are designed to reduce energy consumption and use renewable and sustainable building

materials. In fact, the CDC is committed to ensuring that each new build home is constructed to LEED¹-certified building standards.

By incorporating these state-of-the-art building practices in all of the homes that the CDC develops, having construction contractors working with the SRP Development team, and through marketing the benefits of the green-built homes to homebuyers, green building expertise and knowledge will be transferred to the local development community and to residents. Hopefully, this will have the overall effect of helping the community to understand, and fight for, sustainable development throughout the City.

COLLABORATION WITH OTHERS

The CDC will collaborate with NORA on site acquisition and infrastructure improvements, including the golf course, community center, streets and landscaping. The CDC will interface with the neighborhood association during the planning and design phase of the project. We will also work together with the State and City to leverage funds available to potential homebuyers. The CDC has already begun joining forces with other nonprofit organizations that are willing to assist in rebuilding homes in the Park, including, but not limited to, Project Home Again (PHA) and Humanitas, Inc. (Humanitas). PHA is a nonprofit development arm that was created by the Riggio Foundation to spend \$20M within New Orleans for the purpose of constructing affordable homes for Katrina victims. PHA has entered into a Memorandum of Understanding with the CDC to negotiate the development of residential units over three years in Pontchartrain Park. Humanitas is a local faith-based nonprofit developer with a \$1M award of HOME funds from the City's Office of Recovery and Development Administration to conduct a homeownership program that will produce affordable housing in Pontchartrain Park.

The CDC is also working in collaboration with an exceptional team of experienced professionals in their respective areas: SRP Development Ltd Partnership (SRP), Davillier Law Group, LLC, and Henry Consulting, LLC. SRP Development is a 100% Black-owned for-profit affordable housing developer based in Columbus, Ohio, with over 25 years experience in delivering economic resources and construction development to urban and rural communities across the country. Davillier Law Group is a local, Black-owned and operated law firm with extensive experience in real estate law, project financing and local governmental relations. Davillier's founding partner is a former resident of Pontchartrain Park. Finally, Henry Consulting is a local, Black-owned and operated management consulting firm with expertise in project management services. Two Partners and the Managing Director of Henry Consulting are former residents of Pontchartrain Park. Henry Consulting played a key role in the development of the Unified New Orleans Plan (UNOP), and they are committed to working with the CDC to redevelop the Pontchartrain Park community.

¹ The Leadership in Energy and Environmental Design (LEED) Green Building Rating System is a third-party certification program and the nationally accepted benchmark for the design, construction, and operation of high performance green buildings.

AFFORDABILITY

The PPCDC, with assistance from NORA, will work together to show the benefits of this development through mortgage workshops that will be designed to pre-approve applicants during the workshop. In addition to the workshop, NORA will assist the PPCDC in securing soft second mortgage commitments from the City that could range from \$50,000 up to \$80,000 per housing unit. The average projected sales cost will be \$195,000. The soft second program will allow homebuyers to reduce the first mortgage money to \$115,000 to \$145,000 depending on the amount and other requirements of the soft seconds. The soft seconds are a forgiveness grant based on the time of occupancy. SRP Development will use its Community Centered Banking Program[®] to link the lending bank to consumer-based retail banking products. This strategy is designed to be affordable for households with incomes of at least \$48,000 (for a family of four).

DISSEMINATION OF LESSONS LEARNED

The CDC is embarking on the City's *first* collaborative project with NORA to rebuild a high profile, severely devastated neighborhood in New Orleans. The project is intended to provide a model that can be used to rebuild other communities in the City. The CDC will work in partnership with NORA to develop an outline of this process that can be disseminated to other organizations for use both locally and nationally in other communities affected by wide-ranging natural disasters. In addition, much of the redevelopment will be documented in the press and media, which have already proven to be interested in the project. We will also encourage some of the many academics, who have been tracking the recovery since days after the storm, to study and write about the process that is bringing about the revitalization of this historic neighborhood.

MEASURES OF SUCCESS

The CDC has developed a multiple-phase timeline that identifies dates by which certain milestones should be attained. Monthly meetings will be held with various stakeholders to discuss and track progress and to adjust benchmarks, as needed. Specific parties have been designated to lead each phase of the project. Such parties will have monthly reporting obligations to the CDC. If any particular party or function is not performing satisfactorily without reasonable justification, the CDC will be able to adjust and adapt to ensure that overall project success is not jeopardized. Performance measures and milestones will be incorporated contractually into written agreements with key parties (i.e., the architect, the development manager, the project managers, and the general contractors). Ultimately, the CDC will know that it is succeeding by the number of new homes constructed in the Park and the number of families moving into those homes.

We will also measure our success by monitoring macro changes in the community, i.e., a dramatic reduction in vacant lots and houses, an increase in property values, an increase in population and tax base, and the restoration of the community's strong voice and political power.

HOME DESIGNS

Nine home models have been selected for the Pontchartrain Park golf course community. Two of these models have an additional variation available from which purchasers may choose. Each model includes a garage.

The home designs incorporate a number of exciting green features including energy-saving appliances, high efficiency HVAC systems, and optional solar panels. The homes are built on elevated ground to prevent flooding. They have termite protection incorporated into the design and an airtight envelope that prevents mold growth while saving energy.

The floor plans selected will provide a modernized look and enhance curb appeal for Pontchartrain Park. There are several two-story models available. The rooflines have been designed to create an attractive street view when a ranch style home is built next to a taller two-story home.

Eighteen additional models (nine each) will be developed for the neighborhood housing and for the workforce housing market segments.

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