

BUSINESS PLAN

2015



EAST BATON ROUGE
REDEVELOPMENT
AUTHORITY



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About This Project

In the first quarter of 2015, the East Baton Rouge Redevelopment Authority (RDA), with support from the Baton Rouge Area Foundation, engaged SSA Consultants to develop a business plan for the RDA. Over a period of several months, the consulting team reviewed RDA documents, financial reports, statutes, ordinances and Cooperative Endeavor Agreements. Best practice research and extensive interviews were conducted with over 30 stakeholders and subject-matter experts. The recommendations and financial analyses proposed in this business plan have been crafted to provide a roadmap for a financially stable, sustainable, independent redevelopment authority for East Baton Rouge Parish. Three additional options are provided to perpetuate some elements of the RDA; however, these adapted designs will necessitate significant changes to the original RDA model and could compromise the organization's ability to reach its potential.

About SSA Consultants

SSA Consultants (SSA) is an organizational development and management consulting firm based in Baton Rouge, Louisiana and founded in 1970. Today, SSA is a team of professionals with diverse academic credentials and complementary, real-world management experience. The expertise of this team enables SSA to provide the quality of consulting services that help organizations improve their performance.

SSA's consulting services are designed and delivered to meet clearly defined client needs. Our clients span both the public and private sectors and range from nonprofits to Fortune 500 companies. SSA utilizes a collaborative methodology – combining our insights and expertise with those of our clients – to create straightforward consulting services and simple organizational tools with the power to create new understanding and positive change.



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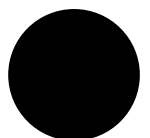
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Executive Summary

While many areas of the country have had redevelopment organizations for over a quarter of a century, the East Baton Rouge Parish Redevelopment Authority (RDA) has been in existence for less than a decade. Created in 2007 by state statute with enabling legislation that is considered best in class by many nationally recognized subject-matter experts, the RDA deployed and leveraged approximately \$67,394,000¹ in its first three years of existence creating projects across the parish.

Despite the fact that the RDA has been very successful attracting and leveraging significant funding for projects and programs, most of those funds passed through the RDA, building little equity for the organization itself. Research conducted as part of this study revealed that most successful redevelopment organizations across the nation have predictable, dedicated funding streams that offset the investment that must be made to return blighted properties to productive use and stimulate redevelopment.

The types and actual amount of funding varies greatly from one community to another, however, experts recommend that the sustained commitment of support (dedicated funding) should be proportionate to the scope and scale of blight and revitalization that the organization is expected to tackle.² Given the tremendously broad scope and nature of the RDA's publicized program of work, significant dedicated funding streams, approaching \$7 to \$10 million annually for the first few years, would have been required to ensure success.

Most redevelopment authorities pursue a more narrow focus upon start-up and build-up to the level of projects tackled by the RDA. However, even redevelopment authorities that simply pursue blight elimination through land banking are launched with dedicated funding that can be invested in staff and projects to create self-generated revenue over time. Best practice research reveals that the levels of funding vary from \$150,000 to a few million dollars and many receive dedicated taxes, fees, fines or penalties as opposed to competing annually for general fund dollars.

The lack of sustained and predictable funding streams at its inception contributed to the need for the RDA to pursue grant dollars and other one-time funding opportunities. Those dollars were often tied to specific projects and prevented the RDA from methodically building internal infrastructure to stand up the land bank and creating visible, tangible infill redevelopment in a few targeted areas of the community.

Nationally, urban areas continue to see a rise in vacant and abandoned properties and East Baton Rouge Parish is no exception. The increase in blight across East Baton Rouge Parish is certainly not due to a lack of effort or appropriated funding, as the City-Parish is spending millions of dollars each year on blight elimination and code enforcement. Without intervention however, this effort will eventually become a losing battle with more dollars spent on cleanup and maintenance of abandoned and vacant properties than dollars spent putting these properties back into commerce through the RDA.

1 "Beginning an Era of Progress: 2009-2012", East Baton Rouge Redevelopment Authority, 2013.

2 "Take It to the Bank: How Land Banks are Strengthening America's Neighborhoods", Center for Community Progress, 2014.

Creative funding mechanisms that will produce revenue for both the City-Parish and the RDA will reverse the cycle over time but this may be too little, too late for the RDA. Funding in the very near term and decisions about longer-term sustainability are needed and the RDA Board of Commissioners, the current Mayor-President and Metro Council, and community stakeholders must determine the most appropriate solutions to keep the RDA functioning through this period of transition.

In addition, the RDA Board of Commissioners, the next Mayor-President, Metro Council and other community leaders should use this business plan as a roadmap to develop collaborative implementation strategies for an effective RDA that improves and enhances the quality of life for all citizens in the City-Parish. This plan outlines four possible options or models for the future. These four options are as follows:

The RDA began its operations around the strategic focus “to address community needs while meeting its mission: leveraging real estate, financing affordable and mixed-income housing, stimulating the commercial sector through economic development, all while stabilizing neighborhoods through targeted quality of life improvements.”

from “Beginning an Era of Progress: 2009-2012,”
East Baton Rouge Redevelopment Authority, 2013

1. The RDA Remains an Independent Entity
2. An Integrated Model for Redevelopment with Three Aligned Entities is Created
3. An Integrated Model for Redevelopment with Two Aligned Entities is Created
4. The City-Parish Assumes the Role of the RDA

The first option that is presented, the RDA as an Independent Entity, is the recommended path forward. Under this model, the RDA remains an independent organization with a clear focus on community revitalization. The RDA will only be successful if the following recommendations are adopted and implemented.

1. The City-Parish must provide annual, predictable funding commensurate with the scope and breadth of their expectations for the RDA and its projected Return on Investment (ROI). Realistic projections for an effective restart of the RDA would require an annual operating budget between \$1.5 million and \$4.5 million. A layered funding model for the RDA could be crafted to include one or more of the following sources of funds.
 - a. Funding from the Office of Community Development can serve to supplement and assist the RDA to achieve redevelopment objectives in targeted areas of the community. Annual grants totaling \$1 million to \$2 million in flexible funding or Community Development Block Grant (CDBG) monies could provide needed resources that could be invested into targeted projects and neighborhoods.
 - b. The most effective redevelopment authorities across the country have strong partnerships with a local government department that is fully staffed and well funded. As the City-Parish grows, more inspectors and abstractors will be needed to keep up with the expanding caseload. This additional capacity would allow staff to be proactive in targeting “tipping point” neighborhoods and would shorten the time from code violation to correction or foreclosure by almost 50%. To fund this additional staff, the City-Parish Code Enforcement Division should capture their fully burdened rate and utilize that information to update their fines and fees.

- c. Increasing permit fees on new construction permits could provide dedicated new revenue that could be split between the RDA and the City-Parish office of Permits and Inspections. This marginal increase in revenue could be used to hire additional inspectors in the City-Parish Permit and Inspections and Code Enforcement areas reducing permit processing time and increasing capacity to deal with code enforcement and blight violations. Both Jefferson Parish and the City of New Orleans have higher permit fees than East Baton Rouge Parish. An increase of 10% on the projected number of permits to be issued in 2015 in the City-Parish would produce \$500,000 in additional revenue. Raising fees to match other jurisdictions could generate hundreds of thousands of dollars.
- d. Increasing property taxes by one mill across the City-Parish would generate \$3.65 million annually which could be dedicated to the RDA and City-Parish Code Enforcement for a defined period of years (three to five years) to enable them to ramp up efforts to remove blight and create tangible and visible signs of revitalization across the parish.
- e. An annual appropriation of general fund dollars would enable the RDA to rebuild its infrastructure and reconstruct its land banking staff and technology. A dedicated funding level of \$1 million to \$2 million dollars, codified through a renewable Cooperative Endeavor Agreement (CEA) with service level standards outlining the number of adjudicated properties to be transferred to the land bank and/or the scope of targeted redevelopment, would provide the RDA with a stable foundation for the future. If the City-Parish invests \$2 million per year in the RDA to offset the costs of the land bank, the RDA should be able to put 1,800 – 2,200 properties back into commerce on an annual basis for an average cost to the taxpayer of approximately \$1,000 per property. Without the assistance of a functioning land bank through the RDA, the City-Parish becomes the responsible party of last resort for blighted and abandoned properties. The City-Parish currently spends approximately \$2 million per year on maintenance of these adjudicated properties.
- f. A dedication of taxes recaptured from returning properties to commerce would provide a modest but ongoing revenue stream and would incentivize the RDA to build an effective land banking operation to assist the City-Parish to lower their costs of maintenance and clean-up activities as a part of blight elimination.
- g. It is difficult to estimate the revenue that would result from a 5/50 mechanism, meaning that the RDA would receive 50% of the property tax revenues generated from each property that the land bank sells to be returned to the land bank for five years after the property is sold. While it is unlikely that this option would yield a substantial funding stream in the near term, the new funding could grow over time and become more significant in the future.
- h. Long-term funding from Tax Incremental Financing (TIFs) can be layered on to the revenue mix, but this type of funding stream utilized in economically challenged areas will take years to produce substantial revenue.



2. The RDA should pursue ordinance and statutory changes to streamline the blight elimination process and speed up the process of putting properties back into commerce from the moment the City-Parish issues a citation until property is returned to productive use through the RDA's land bank. By mirroring language in the state statutes and Constitutional Amendment passed in 2014, the City-Parish could reduce the redemption period on vacant, blighted or abandoned properties sold at a tax sale from three years to 18 months after the sale is recorded. Additionally, the City-Parish Maintenance Code must be rewritten and all blight and code enforcement related ordinances should be grouped together to enable better compliance and enforcement.
3. The new City-Parish Department of Development must invest in additional staff and technology to transform the code enforcement process in East Baton Rouge. By raising fees to cover their fully burdened costs for handling blighted, abandoned and/or adjudicated properties they will be able to invest the marginal return in the Code Enforcement Division and the RDA. If the City-Parish can hire additional inspectors, abstractors and case managers, and engage the Parish Attorney's office, the RDA will be able to eliminate or substantially reduce the utilization of outside legal counsel and provide properties at a nominal cost to nonprofits and generate more revenue on properties that are returned to commerce through private individuals or developers.

4. The RDA's organizational structure should include a two-division operating model – a land bank division and a redevelopment division – with separate experienced staff dedicated to each division and a shared administrative support staff. Unlike the blended, cross-functional organization model used previously, this new model ensures that staff in each division will be able to focus on the unique needs and processes of their division. A shared administrative support staff will ensure reduced overhead costs, while assisting the division staff in their work. The new RDA staffing model when built-out to full capacity is projected to require 10 to 12 employees, given a slow-growth program of work.
5. The RDA should limit land bank acquisitions to properties located in strategic areas as part of community improvement or redevelopment plans. Every property acquired must have a specific property disposition plan. Former community improvement plans should be placed aside until additional funding becomes available.

New, realistic community improvement plans incorporating micro loans to expand neighborhood small businesses, grants for façade improvements, and nearby community and nonprofit involvement should be developed and implemented in three targeted areas of the City-Parish. Experts believe that the Mid-City area, tipping areas around downtown, Nicholson Drive-Old South Baton Rouge and north Baton Rouge starting with the entry points to Southern University should be considered high priorities for reinvigoration and community revitalization.

6. Investments should be made in a three-pronged technology improvement strategy at the RDA:
 - Modernize the Property Evaluation Tool (PET) to maximize functionality and land bank division productivity and investigate linking the PET to the City-Parish GIS-based systems;
 - Develop staff expertise to maximize the PET's functionality; and
 - Connect PET to the RDA's accounting/financial system.
7. A robust partnership should be created between the RDA and Capital Area Finance Authority (CAFA) to leverage funding and work in collaboration with the City-Parish and other governmental and nonprofit organizations on joint projects in targeted areas of the community. The RDA should also work collaboratively with Baton Rouge Area Violence Elimination (BRAVE) to capitalize on the knowledge of the community residents and law enforcement officials to eliminate blight and eradicate crime in targeted areas of the community.

Given the current status of the RDA and the opportunity to immediately rebuild the organization with redefined priorities and focus, the RDA Board of Commissioners and Mayor-President Melvin "Kip" Holden are encouraged to collaboratively review the recommendations offered in this business plan and determine which of the proposed programs and elements could be adopted immediately. A strong, functional RDA in East Baton Rouge Parish can play an invaluable role in the continued growth and success of Baton Rouge.

The Evolution of the EBR Redevelopment Authority

The East Baton Rouge Redevelopment Authority (RDA) was created in 2007 by the Louisiana Legislature to:

“...formulate a workable program or programs for using appropriate private and public resources to eliminate and prevent the development or spread of slums and blight, to encourage needed rehabilitation, and to provide for the redevelopment of slum or blighted areas, or to undertake other feasible parochial activities as may be suitably employed to achieve the objectives of such workable program.”³

A complete copy of the RDA’s enabling legislation can be found on the Louisiana Legislature’s website.⁴

The RDA legislation established a governance model that utilizes a five-member Board of Commissioners who serve five-year terms. The East Baton Rouge Mayor-President nominates three members, the Baton Rouge Chamber of Commerce nominates one member, and the Baton Rouge Area Foundation nominates one member. The nominees are approved by the Metro Council. A single executive with the dual titles of President and CEO leads the organization. Currently, Gwen Hamilton serves as the RDA Interim President and CEO and the East Baton Rouge Redevelopment Authority 2015 Board of Commissioners are: John Noland, Chairman; Van Mayhall, Jr., Vice Chairman; Dr. James Llorens, Secretary; Susan Turner, Treasurer; and Rodney Braxton, Commissioner.

The RDA’s mission is “to transform the quality of life for all citizens who live, work and play in East Baton Rouge Parish by returning blighted properties to productive use, fostering redevelopment through facilitating partnerships, and creating a vibrant, globally competitive community while preserving character of place.”⁵

3 Louisiana Revised Statute 33:4720.151, www.legis.la.gov/Legis/Law.aspx?d=452710.

4 ibid

5 RDA website, www.ebrrda.org.

Timeline and Accomplishments

The RDA Board of Commissioners was convened for the first time in 2008. Operations began in February 2009 with financial support from East Baton Rouge City-Parish Government, the Capital Area Finance Authority (CAFA)⁶ and the Community Development Block Grant (CDBG) Neighborhood Stabilization Program. Organizational development support was provided by numerous other local, state and national expert partners.

The RDA established the following priorities for its first year:

- Organizational development;
- Funding;
- Project development; and
- Community engagement and partnership building.

Guided by these priorities, the RDA built a 12-person staff and conducted a broad needs assessment to gain a solid understanding of relevant visions, concerns and priorities.

The needs assessment identified five critical needs that became the focus of the RDA's first three years of effort. The five areas of focus were:

- Attainable housing;
- Gap financing;
- Home and small business rehabilitation;
- Brownfields redevelopment; and
- Neighborhood planning.

In 2009, the RDA entered into a Cooperative Endeavor Agreement (CEA) with the East Baton Rouge City-Parish government that facilitates the transfer of adjudicated properties to the RDA for land banking operations. It is important to note that only adjudicated properties requested by the RDA are transferred under this agreement. Holding properties in a land bank is an expensive proposition, due in large measure to the high costs of maintenance and insurance.⁷ The CEA, as crafted, wisely ensures that the RDA land bank will not be flooded with properties that cannot be easily transferred back into productive use.

In 2010, the City-Parish transferred 134 adjudicated properties to the RDA. To date, the RDA has transferred 105 of these properties to interested community partners for redevelopment: National Housing and Community Development Organization (54), LaFleur Industries (35), Mid City Redevelopment Alliance (7) and Habitat for Humanity (9). Two of the original 134 properties remain in the RDA land bank awaiting disposition and 27 of the properties have been returned to the City-Parish.

Key Terms

An *adjudicated property* is a property that has been placed in state or local government hands because property taxes have not been paid.

Land banks are generally public agencies or community-owned organizations created to hold, maintain and repurpose foreclosed properties that are vacant and/or abandoned.

⁶ In February 2009, the Capital Area Finance Authority was named the East Baton Rouge Mortgage Finance Authority. The organization changed their name in 2015.

⁷ Adjudicated properties definition from East Baton Rouge Government website, www.brgov.com.

In 2010, the US Department of the Treasury awarded the RDA \$60 million in New Market Tax Credits that were leveraged by the RDA to execute several projects, including:

- Hampton Inn and Suites;
- The EMERGE Center;
- ExxonMobil YMCA;
- Honeywell International Inc.; and
- Americana YMCA.

In 2012, the RDA released their “2012 Three-Year Report,” highlighting their accomplishments and what they were able to contribute to Baton Rouge during the prior 36 months. Their accomplishments noted from their first three years of operations included:

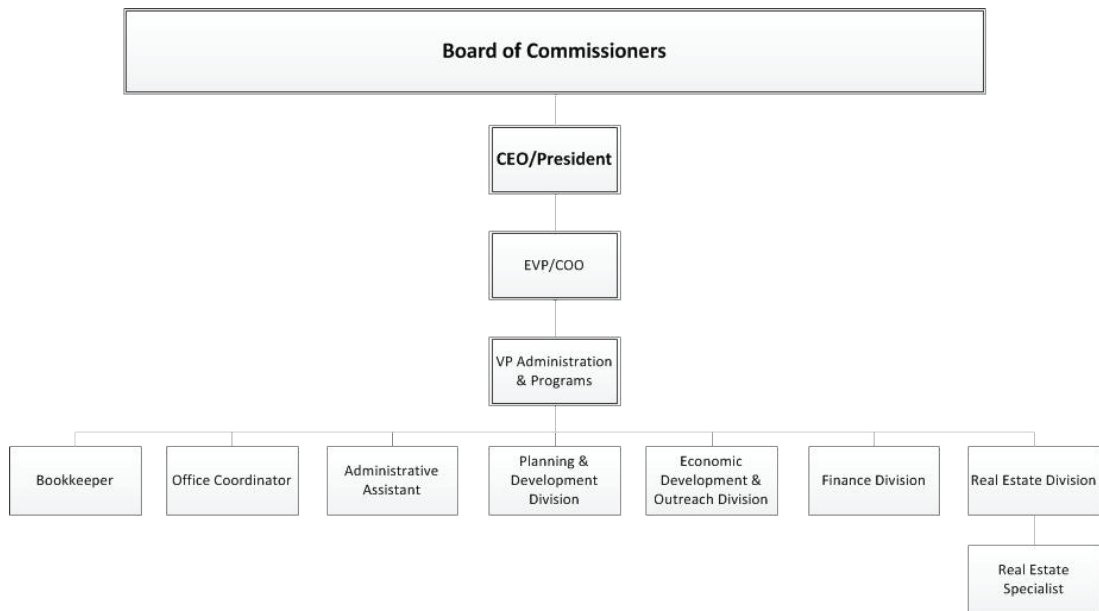
- 760 new housing units;
- 3,350 jobs created and retained;
- \$130,500,000 created in personal earnings;
- \$200,000,000 worth of projects;
- \$8,200,000 in net new local tax collections; and
- \$9,500,000 in net new state tax collections.

A full copy of the “2012 Three-Year Report” can be found in **Appendix A** of this report and at ebrra.org/report.

In 2012, the RDA operated with 11 staff members including the President and CEO. The organizational chart provided in **Figure 1** below illustrates the staffing model and structure at the time of the “2012 Three-Year Report.”

An analysis of the structure indicates a blended program model where land banking functions and redevelopment activities were both assigned to staff. Programmatic and internal operational staff reported to a Vice-President of Administration and Programs who reported to the Executive Vice-President and Chief Operating Officer. Annual operating budgets for 2011 and 2012 were \$1,352,000 and \$1,174,000, respectively.

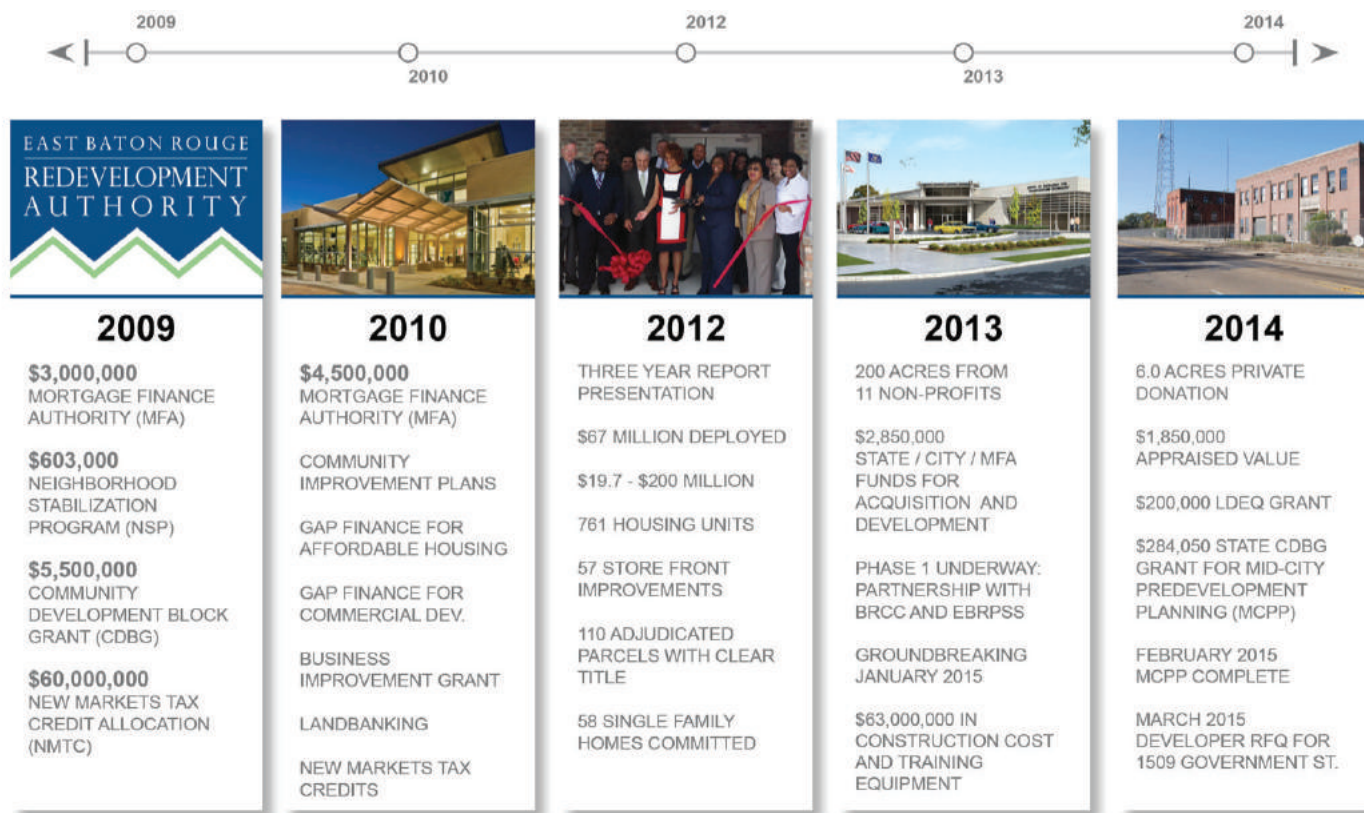
Figure 1. RDA Organizational Chart 2012



In 2013, the former Entergy site, located on Government Street, was donated to the RDA for redevelopment purposes. This donation represents a significant opportunity for the RDA to use the six-acre site as a catalyst for redevelopment in the Government Street corridor, connecting the important investments that are shaping downtown to the heart of Mid-City.

The following timeline ([Figure 2](#)) highlights the RDA's key activities and events from 2009 through 2014.⁸

Figure 2. RDA Activity Timeline, 2009-2014



8 RDA Funding Presentation, October 10, 2014.

Funding the RDA

The RDA received its initial funding from the following sources:

- Federal Neighborhood Stabilization Program funds totaling \$603,000;
- CDBG funds from the City-Parish totaling \$5,500,000; and
- CAFA⁹ grants of \$3,000,000 in 2009 and \$4,500,000 in 2010.

While many of the redevelopment agencies operating across the country received start-up funds and grants similar to the Federal Neighborhood Stabilization Program and CAFA grants, it is important to note that the most successful organizations began operations with at least one reliable annual funding source.

“... a significant source of reliable annual funding can allow a team to refine and perfect processes to achieve outcomes instead of chasing the next grant.”

“Take it to the Bank”,
Center for Community Progress

In researching the evolution and accomplishments of the RDA, it appears that the lack of a predictable annual funding source at the inception of the organization inhibited its ability to grow and eventually build alternative revenue sources of its own.

In 2013, the RDA received \$2,850,000 from the City-Parish, the state of Louisiana and the CAFA for the acquisition and development of the Ardendale property, 198 acres near North Lobdell and North Ardenwood. This vast tract of property will include the East Baton Rouge Parish Public School System’s proposed career and technical high school and the Baton Rouge Community College Center for Automotive Excellence. A new Baton Rouge Community College classroom building is also planned for the site creating significant potential for mixed-use development. While the acquisition may not create revenue for the RDA in the near term, the value of co-locating public education and training institutions on the site at no cost to those entities is both visionary and cost effective to the public. Long-term revenues from housing and retail development could be substantial; however, \$3 million to \$5 million of infrastructure needs remain unfunded.

Additional RDA revenues have been derived from interest payments on loans and fees from the provision of New Market Tax Credits and tax sale revenues.

⁹ The Capital Area Finance Authority was called the East Baton Rouge Mortgage Finance Authority at the time of the grants. The organization changed its name to Capital Area Finance Authority in 2015.

The RDA Today

Many stakeholders interviewed as part of this project felt that one of the greatest assets of the RDA was the broad power and authority established through its enabling legislation. The RDA's legislation is one of the strongest in the nation, allowing it to attack blight and spur redevelopment in an expedient fashion. Additionally, the CEA creates a powerful partnership between the RDA and the City-Parish allowing blighted and/or abandoned property to be placed back into commerce and productive use.

As of December 2015, the RDA has consolidated functions and has three staff members including the Interim President/CEO. While the annual operating budget for 2014 was \$1,102,000, the proposed 2015 annual operating budget was originally projected to be \$847,000. A mid-year budget analysis was conducted however, revealing the need for a more conservative budget for the remainder of the year until additional funding sources are identified.

The RDA is currently working on development plans for the former Entergy site and the Ardendale property, the organization's two major physical assets. Prospective plans for mixed-use development on the former Entergy site were released to the public in early 2015, and the RDA staff has recently selected Fregonese and Associates to craft a Request for Proposals (RFP) for future development of the property in the hopes of having a developer in place in early 2016. This property is positioned in the gateway connecting the Mid-City area with downtown Baton Rouge and can serve as a catalyst for development in this important corridor.

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Best Practices Across the Nation

In March 2015, a ground breaking was held for the Baton Rouge Community College's Automotive Training Center at Ardendale, the first phase of site development. The Ardendale Master Plan and Guiding Principles document is available on the RDA website.¹⁰ As the new career and technical high school and the Baton Rouge Community College buildings open, this site will become a focal point for workforce development bringing hundreds of students, faculty and staff to these campuses day and night. That type of traffic will attract restaurants and retail establishments and can ultimately spur the growth of affordable multi-family and single-family housing to the development.

The development of this business plan included the research and comparative analysis of selected relevant organizational and operational business models for redevelopment organizations. The purpose of this research was to identify organizational structures and operational practices that could prove useful in the crafting of strategic priorities and a recommended business model for the RDA.

There are many organizations in metropolitan and rural areas across the nation that act as economic redevelopment engines in the communities they serve. There is no singular organizational or funding model that fits all redevelopment organizations as they are each born out of the needs of the jurisdiction that they serve. By design, therefore, they are all adaptations of best practices. The organizational/operational designs and financial models of these organizations vary substantially, as do their established missions; however, common threads can be found across successful entities.

Best Practice Redevelopment Organizations

This report highlights five organizations that have been identified by various sources as "best practice" models and their major funding sources. The featured organizations are:

- Portland Development Commission;
- Cincinnati Center City Development Corporation;
- Invest Atlanta;
- Urban Redevelopment Authority of Pittsburgh;
- Boston Redevelopment Authority; and
- New Orleans Redevelopment Authority.

¹⁰ Ardendale Master Plan and Guiding Principles available at [http://modiphy.dnsconnect.net/~ebrra/main/uploads/File/Smiley%20Heights/Ardendale%20Design%20Code 6 25 14 low%20res.pdf](http://modiphy.dnsconnect.net/~ebrra/main/uploads/File/Smiley%20Heights/Ardendale%20Design%20Code%206%2025%2014%20low%20res.pdf).

Portland Development Commission (PDC)'s mission is to create one of the world's most desirable and equitable cities by investing in job creation, innovation and economic development throughout the Portland area. The PDC highlights five key goals in their strategic plan.

1. Strong Economic Growth and Competitiveness

This goal consists of supporting the City of Portland's Economic Development Strategy by prioritizing investment in industry clusters, nurturing innovation, developing predictable funding for economic development and advancing regional competitiveness through a variety of partnerships.

2. Healthy Neighborhoods

This goal consists of fostering economic and neighborhood vitality throughout Portland, particularly for communities of color and within priority geographic areas, by positioning local businesses, neighborhoods and their residents to connect to and compete in the regional economy.

3. Social Equity

This goal consists of implementing revitalization and economic development activities at both local and regional levels to create equitable access to living wage jobs and wealth creation opportunities, ensuring that all Portland residents and historically disadvantaged Portlanders in particular, experience increases in income.

4. A Vibrant Central City

This goal consists of increasing the competitive advantages of the Central City by directly promoting jobs, increasing urban innovation and nurturing its role as a regional asset. As part of this goal, PDC implements five urban renewal districts.

5. Effective Stewardship Over Resources and Operations and Employee Investment

This goal focuses on transparent and accountable stewardship of public resources by incorporating best practices in strategic planning, performance measurement, budgeting, accounting and contracting, and continuous process improvement.

For more information about PDC, visit www.pdc.us.



The mission of Cincinnati Center City Development Corporation (3CDC) is to strengthen the core assets of downtown by revitalizing and connecting three organizations under one umbrella development corporation. The three organizations are the Fountain Square District, the Central Business District and Over-the-Rhine. 3CDC combines the assets and operations of three distinct entities under one roof to achieve efficiencies and leverage resources for maximum effectiveness.

The 3CDC is a tax exempt 501(c)3 nonprofit corporation that manages the daily operations of the Cincinnati New Markets Fund and the Cincinnati Equity Fund, two funds that are geared toward downtown redevelopment and spurring economic development in distressed and struggling neighborhoods. The Cincinnati Equity Fund was established through donations of property and community redevelopment grants from local banks and Proctor and Gamble Corporation. Priorities of 3CDC include:

- Creating and managing great civic spaces;
- Preserving historic structures, improving streetscapes and building high-density, mixed-use projects; and
- Developing diverse, mixed-income neighborhoods supported by local businesses.

For more information about 3CDC, visit www.3cdc.org.



Invest Atlanta is a partnership between the Urban Residential Finance Authority, the Downtown Development Authority and the Atlanta Economic Renaissance Corporation. Invest Atlanta is the official economic development authority for the City of Atlanta whose vision is to make Atlanta the most economically dynamic and competitive city in the world. Invest Atlanta is a local governmental authority that implements programs in three main areas.

- *Business* – these programs consist of providing gap financing, start-up funding for entrepreneurs and small business financing.
- *Commercial Redevelopment* – these programs consist of the implementation of Tax Allocation Districts (TADs) and New Market Tax Credits to incentivize development throughout the city.
- *Residential* – these programs consist of providing homebuyer incentives.

For more information about Invest Atlanta, visit www.investatlanta.com.



The Urban Redevelopment Authority of Pittsburgh (URA) is the City of Pittsburgh's economic development agency, committed to creating jobs, expanding the City's tax base and improving the vitality of businesses and neighborhoods.

The URA is a city organization that achieves these goals by assembling, preparing and conveying sites for major mixed-use developments and by providing a portfolio of programs that include financing for business location, relocation and expansion, housing construction and rehabilitation, and home purchases and improvements. The URA oversees the implementation of 19 Tax Increment Financing (TIF) districts, as well as providing engineering and design services for developers, market value analysis and green development resources. The organization also leverages capital for business development and provides loan programs and mortgage products for homeowners.

For more information about URA, visit www.ura.org.

Spotlight: Whole Foods Development, Pittsburgh

An example of the URA development efforts includes their \$300,000 contribution to the Whole Foods Development in the East Liberty Neighborhood. Whole Foods' \$7.6 million expansion in the East Liberty area of Pittsburgh made news for its innovative approach. The city of Pittsburgh was able to attract Whole Foods, the mid to upper class grocery store franchise, to a blighted and often dangerous area of Pittsburgh. Leadership developed a plan to bring in other retailers and adjust traffic patterns to encourage residents from the more developed and upscale Shadyside area to patronize the new development.

Whole Foods opened in 2002 and began experiencing sales almost three times higher than projected. A developer quoted in an article by the Pittsburgh Post-Gazette stated, "In bringing retail to help revitalize a neighborhood ...one key is choosing stores that sell the kind of commodities both low and high income customers want. That and an insistence that retailers hire from the immediate area, help keep existing residents from feeling the changes aren't for them."¹¹ Since Whole Foods' opening, Trader Joe's and Target have followed suit by opening establishments in the East Liberty area.

11 Linderman, Teresa F., "What Drives East Liberty's Revitalization Efforts?", Pittsburgh Post-Gazette, 2014.



The Boston Redevelopment Authority (BRA) is the urban planning and economic development agency for the City of Boston. The BRA is charged with:

- Growing the tax base;
- Cultivating the private jobs market;
- Training the workforce;
- Encouraging new business to locate to Boston and existing businesses to expand;
- Planning the future of neighborhoods with the community;
- Identifying height and density limits;
- Charting the course for sustainable development and resilient building construction;
- Advocating for multi-modal transportation;
- Responding to the City's changing population;
- Producing insightful research on the City; and
- Ensuring Boston retains its distinctive character.

For more information about the BRA, visit www.bostonredevelopmentauthority.org.



The New Orleans Redevelopment Authority (NORA) was founded in 1968 as a public agency focused on the revitalization of underinvested areas in New Orleans. NORA's mission is to catalyze the revitalization in the City through partnerships in strategic developments that strengthen the City's neighborhoods and honor its traditions. NORA's work focuses on three core community needs:

- Affordable housing;
- Commercial revitalization; and
- Land stewardship.

For more information about NORA, visit www.noraworks.org.

Comparative Analysis of Best Practice Redevelopment Organization Financial Models

Each of the six identified best practice redevelopment organizations included in this report were created to address specific needs and priorities established by their local communities. **Figure 3** highlights the similarities and differences in the sources of revenue for each of these sample redevelopment organizations.

The contrast between PDC, where TIF proceeds are heavily utilized and URA, where the local general fund is the main source of funding, is significant. NORA, on the other hand, leverages significant federal funds, enabling their continued efforts to eliminate blight and rebuild post-Hurricane Katrina.

Two of the six organizations receive significant revenue from CDBG or HOME funds, and one receives almost half of their money through a direct appropriation from the local general fund.

It is important to note that most successful redevelopment entities begin operations with a dedicated and predictable funding stream, allowing the organization to concentrate on achieving its mission rather than chasing grants and one-time funding.

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Figure 3. Best Practice Organizations Funding Sources

| | EBR RDA | PDC | 3CDC | URA | IA | BRA | NORA |
|--|---------|-----|------|-----|-----|-----|------|
| TIF Proceeds | | 55% | U | U | U | U | |
| Local General Fund | | 5% | U | 49% | 11% | | 21% |
| Administrative Fees | 78%* | 14% | 7% | 4% | 26% | | |
| Sale on Property | | 13% | 0% | | 4% | 21% | 0% |
| Interest on Loans | 10% | 6% | 2% | 5% | 37% | 5% | |
| Government Grants (CDBG, HOME, Other) | 5% | 5% | 44% | 25% | 7% | 22% | 77% |
| Private Grants | | | 22% | | 6% | | |
| Parking Income | | | 15% | | | | |
| Event Income | | | 3% | | | | |
| Tax Sale Proceeds | 7% | | | | | | |
| Rental Property | | | 5% | 13% | 5% | 43% | 0% |

- U indicates the organization's use of the funding source category, but the actual amount or percentage of funding could not be determined.

- Yellow highlights indicate each organization's main source of revenue by percentage.

* EBR RDA Administrative Fees Breakdown:

- \$411,000 in management fees from New Market Tax Credit projects
- \$75,000 one-time fee to prevent a loan default
- \$52,000 in loan origination fees

Why East Baton Rouge Parish Needs a Redevelopment Authority

Although the RDA was created only seven years ago, the community, business and nonprofit leaders who were interviewed as part of this project clearly recall the community's desire to have an organization with a strong land banking (blight elimination) function and an arm for economic redevelopment.

The Cost and Significance of Blight

There are significant costs associated with blighted properties. In the June 2011 *Land Banks and Land Banking* report, vacant and blighted property associated costs include decreased property values of adjacent properties, decreased tax revenues from nonpayment of taxes and reduced tax revenues from declining property values of adjacent properties. At the same time, there are increased costs that local governments must absorb for police and public safety for surveillance and response, local government code enforcement activities, judicial actions¹² and an increased incidence of arson resulting in higher costs for fire prevention.

Numerous studies have been conducted across the nation for the purpose of quantifying vacant and blighted property costs. One of the most dramatic was undertaken in 2001 where researchers in Philadelphia were able to correlate an increase in the reduction of property values with the distance of the appraised property from the identified abandoned property. **Figure 4** illustrates this relationship.

12 Alexander, Frank, *Land Banks and Land Banking*, June 2011.

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Figure 4. Effect of Abandoned Property on Surrounding Property Values¹³

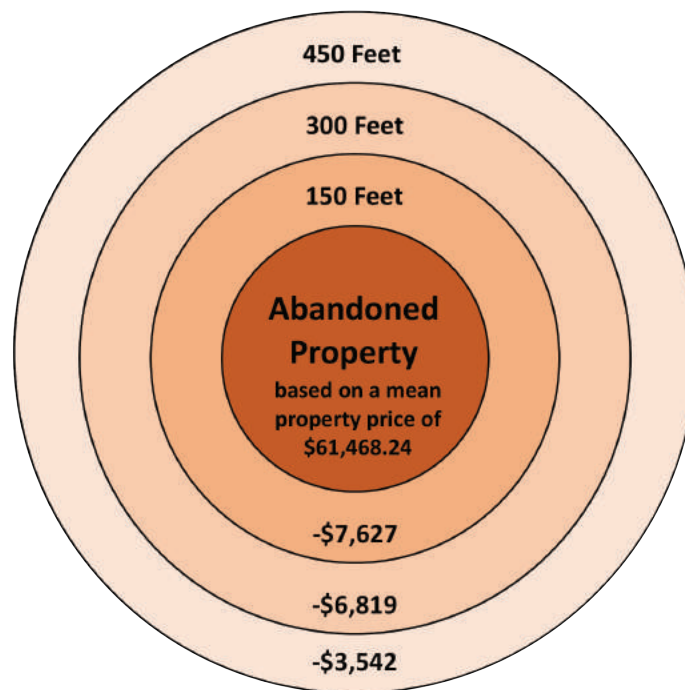


Figure 4 illustrates the negative impact that abandoned properties can have on the property values of surrounding properties based on proximity. The reduction in dollar value is based on a mean property price of \$61,468.24, indicating that an abandoned property within 300 to 450 feet of that property would reduce the appraised value by over 10% of its total value. In this illustration, a property valued at \$61,468.24 that is within 150 feet of an abandoned property would lose approximately \$7,627 in value resulting in a lower appraised value for the property of \$53,841.24.

The reduction in property value not only affects the owners of surrounding properties through decreased property values, but also negatively impacts the municipality through reduced tax revenues. Although the municipality may attach liens, fines or fees to the property, it is estimated that they are unable to collect approximately 83% of the overdue taxes and interest on foreclosed properties.¹⁴

Reversing the Downward Spiral of Blight

“We built 45 houses in a five block area of Scotlandville. The appraised value of one of these homes was \$80,000 when we started but the last one appraised for \$108,000 just 4.5 years later.”

– Lynn Clark, Executive Director, Habitat for Humanity

13 Temple University Center for Public Policy and Eastern Pennsylvania Organizing Project, “Blight Free Philadelphia: A Public Private Strategy to Create and Enhance Neighborhood Value”, 2001.

14 National Vacant Properties Campaign; *Vacant Properties: The True Cost to Communities*, August 2005.

Frank Alexander, Professor at Emory University Law School and co-founder of the Center for Community Progress, stated, "...failure of cities to collect even two or four percent of property taxes because of delinquencies and abandonment translates into \$3 billion to \$6 billion in lost revenues to local governments and school districts annually."¹⁵

Vacant and blighted properties tend to exact additional costs to communities and local governments through higher crime rates. A study conducted in Austin, Texas found that crime rates on blocks with abandoned buildings were twice as high as rates on matched blocks without vacant buildings. The same study also found that "blocks with unsecured buildings had 3.2 times as many drug calls to police, 1.8 times as many theft calls and twice the number of violent calls as blocks without vacant buildings."¹⁶

Abandoned properties have also been shown to suffer higher rates of fire and arson. The US Fire Administration reports that "...over 12,000 fires in vacant structures are reported each year in the US, resulting in \$73 million in property damage annually," and it is suspected that more than "...70 percent of fires in vacant and abandoned buildings are caused by arson."¹⁷ The National Fire Protection Association has estimated that 6,000 firefighters are injured every year in vacant or abandoned building fires.¹⁸

Vacant and blighted properties can also become unsafe public nuisances when used as dumping grounds. The burden of maintaining and cleaning up vacant and abandoned properties often falls on local government. A Philadelphia study estimated that "...the city and closely related public agencies spent \$1.8 million annually on cleaning vacant lots."¹⁹ The Public Affairs Research Council, PAR Guide to the 2014 Constitutional Amendments, notes that in Shreveport "officials estimate the city spends \$2.2 million a year on maintenance of adjudicated blighted and abandoned properties. That is money that could be spent on other, more needed city services."²⁰ The City-Parish has a dedicated unit and also spends significant time and dollars maintaining and clearing vacant lots and vacant and abandoned properties.

15 *ibid*

16 William Spelman, "Abandoned Buildings: Magnets for Crime?", *Journal of Criminal Justice*, 21.5 (1993).

17 National Vacant Properties Campaign; *Vacant Properties: The True Cost to Communities*, August 2005.

18 *ibid*

19 *ibid*

20 Public Affairs Research Council, "PAR Guide to the 2014 Constitutional Amendments", September 2014, First Edition, Publication 334.

Blight in East Baton Rouge Parish

An adjudicated property is a property that has been placed in state or local government hands because property taxes have not been paid.²¹ In the “2014 City Stats Report,”²² the total number of adjudicated properties in East Baton Rouge Parish was listed as 5,858 for 2013. The Open Data BR website currently lists a total of 7,825 adjudicated properties in the City-Parish.²³ The “2014 City Stats Report” also states “it is believed that thousands of troubled properties are not counted as adjudicated.”

Because there is no up-to-date analysis or database of properties in East Baton Rouge Parish, the exact number of blighted properties in the parish at any given point in time is difficult to determine. However, reasonable estimates can be developed utilizing available data sources. Available data sources would appear to support an estimate of 5,000 to 10,000 blighted properties in East Baton Rouge Parish – a magnitude of distressed properties that easily warrants a substantial, ongoing effort to identify, track, manage and ultimately return those properties to commerce. In fact, RealtyTrac estimates on its website that 9.8% of all properties in East Baton Rouge Parish are vacant.²⁴

21 Adjudicated properties definition from East Baton Rouge Government website, www.brgov.com.

22 Baton Rouge Area Foundation, “Baton Rouge CityStats: Indicators for Tracking Our Quality of Life”, 2014.

23 Open Data BR website, www.data.br.la.gov.

24 RealtyTrac local information on East Baton Rouge Parish, www.realtytrac.com/statsandtrends/la/east-baton-rouge-county.

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The RDA's Options for the Future

During this transitional period, the RDA Board of Commissioners and community leaders must realistically evaluate the potential options for future success. The RDA could proceed down four very different pathways based primarily on assumptions about the future. The four options include:

1. The RDA Remains an Independent Entity;
2. An Integrated Model for Redevelopment with Three Aligned Entities Is Created;
3. An Integrated Model for Redevelopment with Two Aligned Entities Is Created; and
4. The City-Parish Assumes the Role of the RDA.

The decisions that current elected officials will make in the near term and those that will be left for the next Mayor-President and Metro Council will indelibly shape the RDA and its ability to improve the quality of life in East Baton Rouge Parish. While each option listed in this section has significant pros and cons, the preferred option is one where the RDA remains as a strong and independent entity that can have a significant reach and impact across the City-Parish.

Recommendation

The RDA should remain an independent entity with appropriate support and sufficient funding to successfully accomplish its mission.

The RDA Remains an Independant Entity

The RDA remaining an independent entity is the recommended option for the future. This scenario can only be successful if certain critical success factors are in place ensuring that the RDA can operate with the tools (ordinances, technology, written agreements with partners, etc.) that they need. The entity will also require sufficient, qualified staff and a financial model based on funding that is predictable and sustainable. There are several critical success factors that must be in place to ensure an independent, successful and sustainable RDA, including:

- Funding and Operational Model Based on Annual Funding Stream(s) and Self-Generated Revenues;
- Ordinance Changes to Enable Efficiencies in Property Revitalization;
- Investment in the New City-Parish Department of Development – Code Enforcement Division;
- Update the RDA's Property Evaluation Tool to Provide Robust and Transparent Data; and
- Develop Strong Partnerships and Collaborations.

Critical Success Factor:

Funding and Operational Model Based on Annual Funding Stream(s) and Self-Generated Revenues

Fully operationalizing the recommended RDA organizational model presented in this plan will require a few years and an initial minimum annual operating budget of \$1.5 million. A significant portion of this funding will need to be provided through a dedicated external funding stream such as a general fund allocation, fines or fee increases. **In other words, revenue generated from RDA operations will not be sufficient to cover its operating costs in the short term.**

It is a commonly known fact in redevelopment authority circles across the country that land banking operations are not financially self-sustaining. Because the properties acquired and transferred through land banks most commonly have little or no market value and the transfer costs charged to the end property owner (by the land bank) should ideally be held to a minimum, the redevelopment authority must incur acquisition, holding and disposition costs that cannot be recovered as they would be on the open market.

By contrast, the RDA's redevelopment efforts as envisioned in this plan could, over time, become a substantial revenue generator. However, large redevelopment projects require fairly long completion cycles before revenue is generated and available to support overall operations and provide financial resources for future redevelopment projects.

Redevelopment Organizations' Funding Sources and Applicability to the RDA

Local redevelopment authorities across the nation generate revenue through a wide variety of funding mechanisms depending upon their mission and their particular mix of specific products and services. Some of the more common and effective funding sources are outlined below. Each source was analyzed as part of this study and a brief summary of the conclusions regarding relevancy and applicability to the RDA is provided below.

- **General Fund Allocation**

Many redevelopment authorities receive annual funding dedications from the general revenue of a state, county/parish or city and typically require an annual request by the authority for operational support. The amount of funding should be commensurate with that authority's expected mission and scope and is usually granted by the public sector organization that has been instrumental in the establishment of the redevelopment authority.

Because the work done by redevelopment authorities can directly and indirectly increase revenue and reduce expenses of local government, many public entities provide funding to offset or completely fund the operational costs of the land bank and even the entire redevelopment authority organization.

In East Baton Rouge Parish, this type of allocation would require the support of the Mayor-President and the Metro Council.

- **Tax Recapture**

A tax recapture mechanism is a process by which a portion of property taxes generated by land banking activities is dedicated to the land bank for a specified period of time. This type of funding mechanism allows the land bank to reap some of the benefits of returning the properties to commerce.

This funding mechanism does not produce revenue quickly. It may actually take a few years before the RDA sees any tax recapture revenue. Given the state of Louisiana's Homestead Exemption of \$75,000 and the low valuation of most blighted properties currently in the pipeline, this option is unlikely to yield significant revenues for the RDA in the near term.

This option should be pursued, however, assuming the City-Parish and the RDA choose to focus code enforcement activities in all areas of the parish including those with higher property values. Utilizing tax recapture as a funding source would require the consent of all entities currently receiving property tax revenues.

Genesee County Land Bank in Michigan, for example, is partially funded by a 5/50 tax capture mechanism. This mechanism allows 50% of property taxes generated from each property the land bank sells to be returned to the land bank for five years after the property is sold.

- **Delinquent Tax and Assessment Collections**

This type of funding mechanism dedicates to a redevelopment authority a portion of penalties and interest generated through the collection of delinquent property taxes. It does not redirect any tax collections to the authority, only penalties and interest assessed on delinquent property taxes.

This is an incredibly valuable funding source to the nationally-recognized Cuyahoga County Land Reutilization Corporation, commonly known as the Cuyahoga Land Bank, that was created in 2009, the same year as the RDA. Their land bank receives 700 properties each year and puts approximately 500 back into commerce. In contrast, the RDA has placed fewer than 200 adjudicated properties back into commerce during that same six-year period of time. One striking difference is the amount of funding provided to each authority. While the RDA does not receive any dedicated annual funding streams, the Cuyahoga Land Bank receives \$7 million per year from their innovative delinquent tax funding mechanism. This dedicated revenue stream enabled the land bank to float a revenue bond to fund a robust operation during its first few years of existence.

An analysis of the East Baton Rouge Parish delinquent tax collections as provided by the EBR Sheriff's Office revealed that overdue properties are assessed interest at only 1% of the tax bill per month overdue. In addition, a majority of overdue taxes are paid within six months of their due date. Due to the low interest rate and relatively short time period of payment the City-Parish expects to receive only \$90,000 from penalties and interest collected on overdue property taxes in 2015.

Unlike Cuyahoga County, it is clear that this would not be a lucrative funding source for the RDA. In addition, because these tax collections are currently allocated to a variety of public agencies in East Baton Rouge Parish, redirecting these funds would require the approval of each of the entities that would incur a loss of revenue.

- **Tax Sale Proceeds**

This funding mechanism allows a redevelopment authority to pay the entire amount of delinquent taxes on a piece of property to the local government. In exchange, the authority receives control of all delinquent tax liens, the right to enforce such liens, and most importantly, the interest and penalties on such liens. As noted earlier in this report, because the overwhelming majority of delinquent property taxes are paid prior to final foreclosure, the land bank receives the interest and penalties but rarely takes final possession of the property.²⁵

The RDA has done an excellent job of utilizing this funding source and even today receives revenue from these tax sales. At one point, this revenue source made up about 7% of the RDA's total revenue.

25 Alexander, Frank, "Land Banks and Land Banking", Center for Community Progress, June 2011.



- **Grant Funding**

Grant funding includes public and private grant opportunities. Examples of public grants include Community Development Block Grants, the HOME Investments Partnerships Program and Neighborhood Stabilization Program funding. Private grants could include community and family foundations, local civic groups and other nonprofit initiatives focused on community strengthening. Grant funding usually requires goal or mission compatibility between the grantor and the redevelopment organization. Grant awards almost always include stipulations and constraints on the use of funding.

Government grant funding and the CAFA grants were instrumental in the start-up of the RDA and helped to provide funding for valuable services such as gap financing for affordable housing developments, small business façade grants and funding to purchase the Ardendale property.

These funds are invaluable to assist with project development and support but provide limited operational support for redevelopment authorities. They are also sporadic and therefore make it difficult for a redevelopment authority to rely on these grants to grow their organization and make long-term commitments to staff and multi-year revitalization efforts.

- **Interest from Gap Financing**

Gap financing is a limited and temporary financing vehicle utilized to fill voids between traditional loan funds from senior lenders, developer equity, tax credits and other sources. Many affordable housing and redevelopment projects cannot succeed without this unique type of financing and a number of local revitalization leaders found this to be an invaluable resource provided by the RDA. A redevelopment authority can lend money from their fund balance or from other organizations (e.g. banks, CAFA) interested in participating in a lending pool. In exchange, the authority and contributing entities receive interest on the loaned money over time.

The RDA has provided valuable gap financing to a number of projects since its inception and continues to realize income from the interest on those loans. If the RDA had sufficient capital, gap financing could provide a small but steady and valuable revenue stream for years to come.

- **Mortgage Financing Proceeds**

Mortgage financing can be used on residential projects for owners or developers who may have problems receiving funds from traditional sources. This financing vehicle is similar to gap financing in that it provides a small funding stream from interest paid back to the authority that could build up over time.

This mechanism would require a reliable lending pool that could be provided by a number of sources or even jointly created with CAFA or private financial institutions. The RDA does not have this in place today.

- **Administrative Fees**

Administrative fees are generated through a variety of redevelopment authority services including but not limited to project plan development, the development of project Request for Proposals (RFPs) or Request for Qualifications (RFQs), arranging/providing project development funding and administrative services.

The RDA has utilized this category of funding and has received revenue through loan origination fees and fees attributed to the New Market Tax Credits program. They can potentially take advantage of this source of funds in the future through the services listed above, however this will require staff qualified to perform these functions and the capacity to accomplish these services.

- **Equity or Lease Revenue**

Real estate assets owned by a redevelopment authority can generate revenue through property leases and/or property equity sales.

This is a common revenue source for many authorities, but the RDA has not taken advantage of these opportunities to date. At this point, the RDA would need an infusion of capital to develop new projects that could provide equity or lease revenue. The upcoming development of the Entergy property presents a prime opportunity to generate revenue utilizing this funding mechanism.

- **Asset Management Revenue**

Asset management revenue is generated from continued participation in a completed redevelopment project. Specifically, this is revenue received through property maintenance and/or property management services.

To date, the RDA has not chosen to pursue this as a revenue source, however, it is one of the most common revenue sources utilized by redevelopment authorities and similar entities.

- **Tax Increment Financing (TIF) or Tax Allocation District (TAD)**

A TIF or TAD tax structure commits some portion of future property tax revenues generated by a particular development to the specified geographic area. The TIF/TAD concept argues that development results in greater assessed property valuation thus yielding greater revenues in the long run to the taxing entity.²⁶

Baton Rouge currently uses TIFs to assist the development of large projects such as hotels and historic redevelopments but has not utilized TIFs for redevelopment projects in underserved areas. Other communities with redevelopment authorities use TIFs and TADs to provide well-deserved revenue from catalytic projects conceived and built or financed by the authority that will attract additional development and taxes within a particular development area. Implementing a TIF or TAD in an area that is expected to see additional economic investment in the near future could provide an ongoing revenue stream to the RDA. This mechanism would require Metro Council approval.

To demonstrate the impact of and the revenue potential that could be realized through a TIF, Dr. James Richardson's report entitled "Revised Mid-City Urban Renewal District: Estimates of Tax Increments" released in December 2012 estimated a 70806 zip code sales tax TIF along Government Street could generate \$127,218 in its first year of implementation and \$662,046 after five years.²⁷ Clearly, this could be a valuable funding source for the RDA.

- **Incremental Fee Increases for Code Enforcement Liens**

A number of communities finance their redevelopment efforts through dedicating incremental fee revenue to fund their redevelopment authority efforts.

Due to the low revenue collected from property liens in East Baton Rouge Parish, this does not appear to be a viable funding alternative for the RDA at this time, but should be considered in the future.

- **Incremental Fee Increases for Construction Permits**

Increasing construction permit fees could provide a stable funding stream for redevelopment activities that could help to protect property values in nearby neighborhoods and across the City-Parish. (See **Figure 8**) Currently, East Baton Rouge Parish's residential and commercial new construction permit fees are lower than those in both the City of New Orleans and in Jefferson Parish.

- **Property Taxes Increases**

Increasing property taxes by one mill across the City-Parish would generate \$3.65 million annually based on the total assessed valuation of properties in the 2014 assessment. The revenue generated from this new funding source could be split and dedicated to the RDA and City-Parish Code Enforcement for a defined period of years (i.e., three to five years) to enable them to ramp up efforts to remove blight and create tangible and visible signs of revitalization across the parish. This funding option would need to be approved by the Metro Council as a parish-wide ballot proposition and be approved by a majority of voters in East Baton Rouge Parish.

²⁶ Alexander, Frank, "Land Banks and Land Banking", Center for Community Progress, June 2011.

²⁷ Richardson, PhD, James, "Revised Mid-City Urban Renewal District: Estimates of Tax Increments", December 2012.

Figure 5 presents a five-year financial pro forma for the RDA using a two-division organizational model and a slow growth assumption. If one assumes that the RDA is currently operating in FY1 (Fiscal Year) the model shows a revenue line for “Dedicated Funding Sources” with an infusion of \$150,000 in FY2 from an outside source and \$1 million in FY3. This model outlines the funding needed in FY3 to basically provide only minimal services with limited outcomes. FY4 and FY5 projections envision a more robust operation with dedicated funding from outside sources of \$3 million and \$4.5 million respectively. These funds would be needed for neighborhood revitalization through blight removal and other redevelopment activities such as gap financing for affordable housing, façade grants and development incentives. These levels of funding alone would not be sufficient for large-scale redevelopment projects that may require several million dollars in investment to be successful.

Figure 5. Five-Year Financial Pro Forma

| | FY1 | FY2 | FY3 | FY4 | FY5 |
|-------------------------------------|--------------|--------------|----------------|----------------|----------------|
| Revenue Sources | | | | | |
| Existing Revenue Sources | | | | | |
| Tax Sales Revenue | \$50,000.00 | \$50,000.00 | \$50,000.00 | \$50,000.00 | \$50,000.00 |
| Interest on Loans | \$60,000.00 | \$63,000.00 | \$66,150.00 | \$69,457.50 | \$72,930.38 |
| Net New Market Tax Credits | \$75,000.00 | \$75,000.00 | \$75,000.00 | \$75,000.00 | \$- |
| Projected Revenue Sources | | | | | |
| Gain on Property | \$10,000.00 | \$30,000.00 | \$90,000.00 | \$120,000.00 | \$150,000.00 |
| Equity | \$- | \$- | \$- | \$170,000.00 | \$170,000.00 |
| TIF Revenues | \$- | \$- | \$- | \$389,337.00 | \$524,341.00 |
| Grants/Other | \$30,000.00 | \$60,000.00 | \$45,000.00 | \$45,000.00 | \$45,000.00 |
| Dedicated Funding Sources | \$- | \$150,000.00 | \$1,000,000.00 | \$3,000,000.00 | \$4,500,000.00 |
| Revenue Sources Total: | \$225,000.00 | \$428,000.00 | \$1,326,150.00 | \$3,918,794.50 | \$5,512,271.38 |
| Expenses | | | | | |
| Staff – CEO | \$70,000.00 | \$120,000.00 | \$123,600.00 | \$127,308.00 | \$131,127.24 |
| Staff – CFO | \$- | \$- | \$75,000.00 | \$77,250.00 | \$79,567.50 |
| Staff – VP Land Bank | \$- | \$70,000.00 | \$72,100.00 | \$74,263.00 | \$76,490.89 |
| Staff – VP Redevelopment | \$- | \$- | \$70,000.00 | \$72,100.00 | \$74,263.00 |
| Staff – Paralegals/Case Mgrs (4-6) | \$- | \$- | \$120,000.00 | \$180,000.00 | \$240,000.00 |
| Staff – Accounting/HR | \$35,000.00 | \$35,000.00 | \$35,000.00 | \$35,000.00 | \$35,000.00 |
| Staff – Support (2) | \$25,000.00 | \$30,000.00 | \$30,900.00 | \$65,000.00 | \$66,950.00 |
| Benefits | \$39,000.00 | \$76,500.00 | \$157,980.00 | \$189,276.30 | \$211,019.59 |
| Computers/Software | \$6,000.00 | \$6,000.00 | \$6,000.00 | \$6,000.00 | \$6,000.00 |
| Maintenance | \$- | \$- | \$- | \$3,500.00 | \$3,500.00 |
| Office Supplies | \$2,500.00 | \$2,500.00 | \$2,500.00 | \$4,500.00 | \$5,500.00 |
| Telecommunications | \$- | \$- | \$- | \$7,500.00 | \$7,500.00 |
| Rent and Utilities | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$8,500.00 | \$8,500.00 |
| Marketing | \$1,500.00 | \$1,500.00 | \$8,500.00 | \$125,000.00 | \$125,000.00 |
| Legal Fees | \$6,000.00 | \$6,000.00 | \$8,200.00 | \$8,200.00 | \$8,200.00 |
| PET Development Expense | | \$25,000.00 | \$25,000.00 | \$- | \$- |
| Contract Labor | \$- | \$- | \$30,000.00 | \$30,000.00 | \$30,000.00 |
| Misc. Expenses | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$5,000.00 |
| Gap Financing, Loan Pool | \$- | \$40,000.00 | \$50,000.00 | \$750,000.00 | \$1,000,000.00 |
| Redevelopment Investment Incentives | \$- | \$- | \$500,000.00 | \$1,500,000.00 | \$2,500,000.00 |
| RFP Development | \$30,000.00 | \$- | \$- | \$150,000.00 | \$350,000.00 |
| Expense Total: | \$225,000.00 | \$422,500.00 | \$1,324,780.00 | \$3,418,397.30 | \$4,963,618.22 |
| Grand Totals | | | | | |
| Difference | \$0 | \$5,500.00 | \$1,370.00 | \$500,397.20 | \$548,653.16 |
| Cash Reserve | \$0 | \$5,500.00 | \$6,870.00 | \$507,267.20 | \$1,055,920.36 |

Explanations for the Sources and Uses of Funds are stated in **Figure 6** below.

Figure 6. Five-Year Financial Pro Forma

| Financial Pro Forma Sources and Uses of Funds |
|---|
| Existing Revenue Sources (real dollars expected from services provided) – The three sources listed: Tax Sale Revenue, Interest on Loans and Net (fees) from New Market Tax Credits are projected amounts based on revenue due to the RDA from services rendered. |
| Projected Revenue Sources (projections based on potential activities of the RDA) – Gain on Property would be net revenue due from reinvigorated land bank activities; Equity is projected from potential redevelopment projects; TIF Revenues are projections based on aggressive land banking and redevelopment activities; Grants/Other are generally pass through amounts that could pay for RFP development, as well as services such as gap financing and could come from foundations, Office of Community Development and/or other federal, state or local sources; Dedicated Funding Sources could come from the City-Parish General Funds, incremental revenue from fees or property tax increases, etc. |
| Revenue Sources Total – This business plan anticipates a gradual increase of self-generated revenue for FY1 and FY2 that would fund modest staffing and basic land banking activities. By 2017, a predictable and growing funding stream would allow the RDA to hire a full complement of staff and to pursue community revitalization activities that would be more visible and catalytic in nature. With these resources, the RDA would be able to process approximately 100 to 200 properties per month through its land bank assuming streamlined processes and a strong partnership with City-Parish Code Enforcement. |
| Expenditures – At full capacity, the RDA should be able to accomplish a significant program of work with 12 staff members. In the second year of this plan, the RDA would only have five staff members, but would be able to staff up to eight in year three when a dedicated funding stream would be realized. The addition of paralegals and case managers would be vital to building a robust land bank operation. By the fifth year of the plan, the RDA would have 10 staff members, six in programmatic and revenue producing areas with four in administrative support. Some expenses like Gap Financing and the Loan Pool would also produce commensurate revenue that would build up over time. Legal fees are projected to have slow to no growth due to proposed ordinance changes and more City-Parish staff to abstract and provide case management services on properties thereby reducing expenses to outside law firms. Legal fees associated with large-scale redevelopment projects would be included in individual project costs. Finally, building cash reserves and establishing a dedicated funding stream could enable the RDA to invest in important projects, develop needed infrastructure or float revenue bonds to make a significant contribution to blight removal and community revitalization. |

Recommendation

The City-Parish must provide annual, predictable funding commensurate with the scope and breadth of their expectations for the RDA and its projected Return on Investment (ROI). Realistic projections for an effective restart of the RDA would require an annual operating budget between \$1.5 million and \$4.5 million. A layered funding model for the RDA could be crafted to include one or more of the following sources of funds.

- a. Funding from the Office of Community Development can serve to supplement and assist the RDA to achieve redevelopment objectives in targeted areas of the community. Annual grants totaling \$1 million to \$2 million in flexible funding or Community Development Block Grant (CDBG) monies could provide needed resources that could be invested into targeted projects and neighborhoods.
- b. The most effective redevelopment authorities across the country have strong partnerships with a local government department that is fully staffed and well funded. As the City-Parish grows more inspectors and abstractors will be needed to keep up with the expanding caseload. This additional capacity would allow staff to be proactive in targeting “tipping point” neighborhoods and would shorten the time from code violation to correction or foreclosure by almost 50%. To fund this additional staff, the City-Parish Code Enforcement Division should capture their fully burdened rate and utilize that information to update their fines and fees.
- c. Increasing permit fees on new construction permits could provide dedicated new revenue that could be split between the RDA and the City-Parish Office of Permits and Inspections. This marginal increase in revenue could be used to hire additional inspectors in the City-Parish Permit and Inspections and Code Enforcement areas reducing permit processing time and increasing capacity to deal with code enforcement and blight violations. Both Jefferson Parish and the City of New Orleans have higher permit fees than East Baton Rouge Parish. An increase of 10% on the projected number of permits to be issued in 2015 in the City-Parish would produce \$500,000 in additional revenue. Raising fees to match other jurisdictions could generate hundreds of thousands of dollars.
- d. Increasing property taxes by one mill across the City-Parish would generate \$3.65 million annually which could be dedicated to the RDA and City-Parish Code Enforcement for a defined period of years (three to five years) to enable them to ramp up efforts to remove blight and create tangible and visible signs of revitalization across the parish.

- e. An annual appropriation of general fund dollars would enable the RDA to rebuild its infrastructure and reconstruct its land banking staff and technology. A dedicated funding level of \$1 million to \$2 million dollars, codified through a renewable Cooperative Endeavor Agreement (CEA) with service level standards outlining the number of adjudicated properties to be transferred to the land bank and/or the scope of targeted redevelopment, would provide the RDA with a stable foundation for the future. If the City-Parish invests \$2 million per year in the RDA to offset the costs of the land bank, the RDA should be able to put 1,800–2,200 properties back into commerce on an annual basis for an average cost to the taxpayer of approximately \$1,000 per property. Without the assistance of a functioning land bank through the RDA, the City-Parish becomes the responsible party of last resort for blighted and abandoned properties. The City-Parish currently spends approximately \$2 million per year on maintenance of these adjudicated properties.
- f. A dedication of taxes recaptured from returning properties to commerce would provide a modest but ongoing revenue stream and would incentivize the RDA to build an effective land banking operation to assist the City-Parish to lower their costs of maintenance and clean-up activities as a part of blight elimination.

It is difficult to estimate the revenue that would result from a 5/50 mechanism, meaning that the RDA would receive 50% of the property tax revenues generated from each property that the land bank sells to be returned to the land bank for five years after the property is sold. While it is unlikely that this option would yield a substantial funding stream in the near term, the new funding could grow over time and become more significant in the future.

- g. Long-term funding from Tax Incremental Financing (TIFs) can be layered on to the revenue mix, but this type of funding stream utilized in economically challenged areas will take years to produce substantial revenue.

With a budget of \$1.5 million, the RDA could support a core staff of 10-12 employees with some contract services. The majority of the RDA staff would be devoted to either land banking (blight elimination) or to redevelopment. Ideally, the RDA would have one or more staff members devoted to abstracting, title clearance and case management. A few administrative support personnel would handle accounting and administrative tasks and would support the programmatic staff members and the organization's CEO.

With this complement of staff in place, the RDA should be able to support a land banking operation that could place approximately 1,200 to 2,400 properties back into commerce per year²⁸ and limited redevelopment efforts with the assistance of outside experts who would support the RDA through contractual agreements.

This level of staffing and budget would not support robust blight elimination efforts and large redevelopment projects across the parish and would require leaders to choose only one or two areas of the City-Parish to revitalize in the course of a 12 to 24 month period.

28 At its peak, the RDA received 20 adjudicated properties per month from the City-Parish.

With an annual operating budget of approximately \$1.5 million in FY3, larger redevelopment projects such as the original community improvement plans that were developed through broad community input would still be difficult to pursue. It was estimated by more than one redevelopment expert that each of these plans could require millions of dollars for developer incentives, anchor tenants (such as grocery stores), gap financing and grant monies for affordable housing developments. Annual revenues of \$7 million to \$10 million would be needed for the RDA to pursue these multiple redevelopment improvement plans simultaneously.

Regardless of the amount of funding, how the RDA organizes its staff can have a profound effect on their success or failure, especially regarding the land bank. More than one expert noted that the lack of RDA staff dedicated solely to land banking operations was one of the main reasons for the decline in land bank transactions.

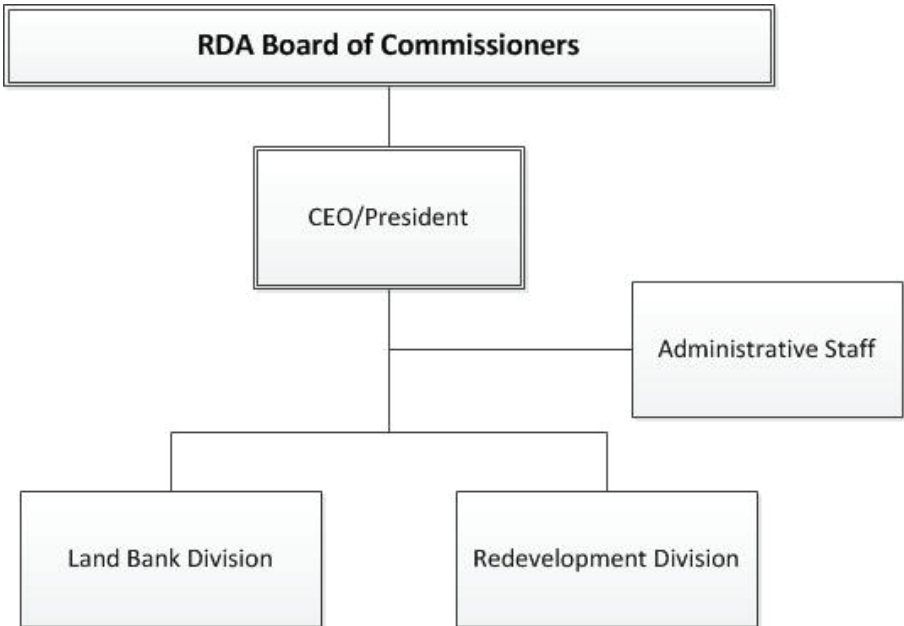
The recommended organization design is to set up the RDA with two separate but complementary operational divisions, one focused exclusively on traditional land banking activities and the other focused on strategic redevelopment opportunities. To maintain the integrity of this model, each division would require its own dedicated staff and sufficient funding for operations.

Recommendation

Reorganize the RDA into a two-division operating model that includes a land bank division and a strategic redevelopment division with separate staff and sufficient funding.

These two operational divisions would co-exist within the larger RDA organization, led by a President/CEO and supported by a small administrative group that would perform all support staff functions (bookkeeping, office administration, banking, etc.) for both divisions. **Figure 7** below illustrates the two-division model with the supporting administrative group.

Figure 7. New RDA Functional Organizational Chart



Land banks are public (state or local) agencies or community-owned organizations created to “acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties – typically the worst abandoned houses, forgotten buildings, and empty lots.”²⁹ There are approximately 120 land banks currently operating across the country.³⁰ **Appendix B** of this report contains a description of common land bank and redevelopment division functions.

Early supporters and leaders of the RDA underestimated the time, complexity and expense involved in operating a land bank and after a period of months, turned to redevelopment efforts as a primary driver in community revitalization. Despite the inherent challenges, there are many successful land bank operations in Louisiana and across the country that contribute to the vitality of communities they serve. With a few important changes in ordinances, the addition of abstractors and case managers on staff and the development of new processes within and between the City-Parish Code Enforcement Division and the RDA, a land bank in East Baton Rouge Parish can become quite successful and make a tremendous difference in the quality of life throughout the community.

Land banks acquire properties for which there is typically little or no market demand and facilitate the transfer of those properties into productive uses to strengthen neighborhoods and communities. Regardless of the process utilized to acquire blighted or abandoned properties, it is imperative that the RDA land bank limit their acquisitions to properties contained within strategic target areas of the community or for which there is a specific property disposition plan. Properties that fall outside of those categories should be donated by the City-Parish to adjoining property neighbors or nonprofits in order to reduce their holding costs.

Recommendation

Limit acquisitions to properties located in strategic areas as part of community improvement plans or to those properties where there is a specific property disposition plan.

To develop appropriate disposition plans, the land bank needs an accurate and robust data system to house the inventory of blighted, adjudicated and abandoned properties within the City-Parish. Experts believe that the Mid-City area, tipping areas around downtown, Nicholson Drive-Old South Baton Rouge and north Baton Rouge starting with the entry points to Southern University should be considered high priorities for reinvigoration and community revitalization.

29 US Department of Housing and Urban Development, Neighborhood Stabilization Program, “Land Banking Basics”, Part of the Neighborhood Stabilization Program Resource Toolkit, September 2010.

30 Center for Community Progress website, www.communityprogress.net.

The development of RDA land bank plans should be guided by specific strategies and critical criteria – for example:

1. The identification of “tipping neighborhoods” – one that is at high-risk for instability but could be stabilized through a focused land banking intervention;
2. The identification of “up-and-coming” markets – areas near large developments that are primed to be high growth and redevelopment areas; or
3. The acquisition of blighted or abandoned properties in targeted high crime areas to remediate properties that facilitate criminal activity and endanger public health and safety.

1509 Government Street • 70805 (Before)



Appendix C provides more detailed information on the two current ways that the RDA has acquired properties under today’s ordinances and practices. It is important to note, however, that the RDA’s Cooperative Endeavor Agreement (CEA) with the City-Parish provides for the elimination of all debt on tax sale properties acquired by the RDA should an owner not reclaim their property during the redemption period. In other words, the RDA does not have to pay back taxes, fees, penalties or interest on properties acquired through the Tax Sale Purchase Process.

The RDA has utilized the Tax Sale Process to purchase 39 tax sale certificates since it began operations in 2009. To date, 34 of those 39 properties have had the delinquent taxes paid and have been reclaimed by the owners. This process has resulted in revenues of approximately \$57,500 to the RDA. Tax certificates on five properties remain unclaimed as of October 2015.

As seen with other redevelopment authorities across the country that utilize this revenue source, most properties that are bid on during these tax sales have real and significant market value and are typically reclaimed during the redemption period. Therefore, successful bidders commonly receive revenue from their tax certificates, but seldom take final ownership of tax sale properties.

Tax delinquent properties that are not sold at the East Baton Rouge Parish Sheriff’s tax sales are adjudicated and become property of the City-Parish. These properties typically have nominal or zero market value and in fact will incur maintenance and insurance costs. The RDA’s current CEA with the City-Parish allows the RDA to request the transfer of any tax adjudicated property. To facilitate the property transfer and its return to productive use, the City-Parish cancels outstanding taxes and liens associated with the property.

The RDA has utilized this process to facilitate property transfers to nonprofit and for-profit developers interested in rehabilitating or redeveloping specific properties. The RDA determines the purchase price after appraisal. Current RDA policy requires that the nonprofit or developer pay the greater of the purchase price or the cost of clearing the property title. The RDA staff estimates the current cost of clearing a property title to be approximately \$8,500. This creates an almost untenable situation for a developer or nonprofit who will have to invest in property improvements and may not be able to cover their costs with the addition of this charge.

Based on information gleaned from best practice research and stakeholder interviews, the RDA has an opportunity to make changes in their governing legislation and City-Parish ordinances that would allow the administrative processes to streamline the title clearance process. In addition, if the City-Parish would add staff and make a few changes to their processes, developers and nonprofits would incur very low or no cost for property title clearance and would simply reimburse the RDA for other associated administrative costs.

The transfer process includes a series of individual steps and requires approximately six to 12 months to complete. The Tax Adjudicated Property Process Flowchart (developed by RDA staff) illustrates this process and can be found in **Appendix D**.

At its peak, approximately 20 properties a month were transferred from the City-Parish to the RDA land bank. As noted earlier in this report, initially 134 properties were transferred to the RDA with only two properties remaining in the land bank. In addition to the two properties that remain from the initial transfer of properties from the City-Parish, 25 additional properties have been transferred, for a total of 27 properties in the land bank.

Determining why this function of the RDA has not been more robust over the organization's five-year history is a complicated endeavor. Certainly the \$8,500 fee for title clearance charged to those who could acquire property from the land bank has had an alarming effect on demand. Additionally, as noted in interviews with land banking experts, without a dedicated staff or team focusing solely on land banking activities, it can be a real challenge to deal with the often tedious work of identifying, acquiring and disposing of properties.

There are also a number of misconceptions about the RDA's land bank that have contributed to this situation. Some policymakers and elected officials who were interviewed as part of this study believe that all adjudicated properties are transferred automatically from the City-Parish to the RDA. As noted earlier in this study, the CEA does not provide for that option, and in fact, that activity would simply flood the RDA with properties that have little or no value but must be maintained and insured. Many of those same leaders believe that the properties that have been transferred have clear titles and significant value on the open market as opposed to the stark reality that most of these properties have low or even in some cases no real value on the open market.

Other communities use redevelopment authorities' land banks to assist traditional governmental entities (municipality, county or parish, etc.) as they fight blight-related crime and lowered property values and work to stimulate reinvestment in economically depressed areas. These communities provide funding to the redevelopment authorities for these services, as most governmental entities are ill equipped to handle the real estate transactions that are needed to push the properties back into commerce.

1509 Government Street • 70805 (After)



The decrease in the number of properties that have been transferred to the land bank over the past few years can also be attributed to two interconnected factors – the lack of a database with up-to-date information on properties with code violations and the need for leaders from the City-Parish and the RDA to agree on where to focus their efforts. Although initially there were regular meetings between City-Parish Code Enforcement personnel and RDA staff to work through properties, these meetings trailed off and eventually stopped completely. There are currently about 1,500 adjudicated properties awaiting disposition in the Code Enforcement Division. Staff members in Code Enforcement who were interviewed as part of this study are most willing to assist with the disposition of those backlogged properties, as well as the proactive identification of properties in targeted areas of the parish with code violations.

Critical Success Factor:

Ordinance Changes to Enable Efficiencies in Property Revitalization

The envisioned transfer of properties to the RDA would be enhanced by the adoption of ordinance changes that would allow the City-Parish to mirror the well-respected code enforcement program in New Orleans operated by the New Orleans Redevelopment Authority (NORA).

Code changes should be made to EBR Ordinance Title 1, Chapter 4, Part II, Section 1:609 to 1:609.12 to match Louisiana Revised Statutes 13:2575 and 13.2576 which allows for the administrative adjudication of properties determined by a hearing officer to be “blighted or abandoned” and for failure to meet “building code and certain other ordinance.”³¹

The City-Parish and the RDA should pursue ordinance and statutory changes to streamline the blight elimination process and speed up the process of putting properties back into commerce from the moment the City-Parish issues a citation until property is returned to productive use through the RDA's land bank. By mirroring language in the state statutes and Constitutional Amendment passed in 2014, the City-Parish could reduce the redemption period on vacant, blighted or abandoned properties sold at a tax sale from three years to 18 months after the sale is recorded.

The second ordinance change would clean up outdated language and provide for a cross-agency team to develop priority areas to target for expanded Code Enforcement services. Title 12, Chapter 11, Section 12:650-12:657 of the East Baton Rouge Parish City Ordinance created a multi-agency task force within the City-Parish government known as the Blight Elimination Team. This group is composed of a diverse group of agencies that are all part of City-Parish government. Some do not even exist today, such as the Can Do! Office and the Office of Citizen's Services. This diverse group of agencies may have been designated by ordinance during Mayor President Tom Ed McHugh's administration as part of Operation Take Down.

It is recommended that amendments to this ordinance would call for a small group of City-Parish leaders from relevant entities to meet periodically with nonprofit and private organizations as part of strategic planning process to prioritize areas of focus and provide resources that can be targeted toward neighborhood revitalization.

31 LA RS 13:2575 and 13.2576 as amended by Act 223 of the 2013 Louisiana Legislative Session. Act 223 is available at <http://www.legis.la.gov/Legis/ViewDocument.aspx?d=857312>.

Many of the stakeholders interviewed as part of this study spoke of the need to have a diverse group of private and public organizations that would come together and set priority areas to target for blight elimination and community revitalization. Designees from these public entities would be essential participants and could be listed in the ordinance with the notation that non-public entities would be included in the process.

- Mayor-President’s Office
- Department of Development, Code Enforcement Division
- Metro Council Administrator’s Office
- Office of Community Development (OCD) of the City of Baton Rouge/Parish of East Baton Rouge
- Planning Commission
- East Baton Rouge Housing Authority (EBRHA)
- East Baton Rouge Redevelopment Authority

Quasi-governmental and nonprofit groups that were mentioned most frequently by those interviewed as part of this study that could be included in the prioritization efforts are:

- Capital Area Finance Authority (CAFA);
- Habitat for Humanity;
- Downtown Development District (DDD);
- Mid-City Redevelopment Alliance; and
- Urban Restoration Enhancement Corporation (UREC).

This ordinance calls for the designation of community improvement areas, specifically areas with large concentrations of blight. The RDA could work collaboratively with the other team members to identify and designate new community improvement areas to be assessed by the Department of Development, Code Enforcement Division and other government agencies for code violations and possible adjudication.

The City-Parish has a very detailed but antiquated Maintenance Code that was originally crafted in 1976. It is currently not enforced and needs both revision and reorganization. The Parish Attorney should be asked to help reorganize and consolidate the disparate sections related to code enforcement and the City-Parish should work to update language, descriptions and penalties for property maintenance violations. Once this project has been completed, the Code Enforcement Division can publish the new code and begin to use it to assist neighborhood revitalization throughout the City-Parish.

| Recommendation |
|---|
| <p>Pursue ordinance changes to streamline processes, reduce the redemption time from three years to 18 months and ensure that title insurance can be written for selectively acquired properties.</p> <p>Pursue ordinance changes to update the Blight Elimination Team membership and processes for neighborhood stabilization and revitalization.</p> <p>Pursue ordinance changes to update the Maintenance Code.</p> |

Critical Success Factor:

Investment in the New City-Parish Department of Development – Code Enforcement Division

When the voters of East Baton Rouge Parish, in the fall of 2014, approved the proposed changes in Section 5.02 of the Plan of Government, the authority and functions of the former Department of Public Works were transferred to six new departments in City-Parish government. One of these new departments is the Department of Development consisting of four divisions.

- Administration
- Subdivisions
- Permits and Inspections
- Blight Enforcement

The Budget Supplement Request Number 8424 outlines the four divisions, their staffing allocation and general fund dollars allocated to the new department. In total, the Department of Development has 108 employees and their budget is proposed as \$6,585,350, far more manageable and potentially more nimble than the former Department of Public Works' 691 employees and \$50,121,260 budget proposed in 2014.

The Department of Development includes a Blight Enforcement Division dedicated to enforcing code violations on blighted property. The efforts of this group result in either a voluntary correction of code violations by the property owner or a hearing in blight court whereby a property owner is compelled to correct the violation or risk losing the property.

There are currently 29 positions in this Division, 13 of the 15 (two vacant) are in the office and 17 (one vacant) are in the field with pay and benefits costing \$1,979,100. The most important addition to current staffing would be to add five abstractors and five additional inspectors to total 12 employees dedicated to inspection. The added capacity provided by new positions could be the single most important contribution that the City-Parish could make to improve blight reduction and provide a catalyst to the RDA's Land Bank operations. Currently there is only one staff member who is abstracting, and with his other responsibilities, he is only able to handle about eight to 10 abstracts per day. There is currently a backlog of approximately 1,500 properties in the queue. The Center for Progress recommended a staffing model for blight elimination based on their assessment of the City-Parish's needs. They recommended a legal section with 10 staff members including four case managers, four file clerks, two paralegals and one title researcher.³² According to their projections the City-Parish would break even on this additional investment in the fourth year of operations.

Currently, the Division's work begins when a complaint of a code violation is registered. The inspector is discharged to the property to conduct the inspection, record the violation and issue a report. These reports are brought back to the office where administrative staff members research the property owner information to give notice of the violation. A property owner is given 20 days from the date of the notification letter to correct the problem or appear in blight court. Should they correct the problem, no fines are paid.

32 Center for Community Progress, Presentation to the City of Baton Rouge: "Roadmap to Strategic Code Enforcement", June 20, 2013.

If the homeowner does not correct the problem, the case is heard in blight court where the property owner must pay a \$225 fee (\$100 court cost and \$125 administrative fee) for the proceeding. The Blight Enforcement Division mitigates the violation after the ruling and can charge the property owner the cost of correcting the violation. There is essentially no limit to how much can be charged for mitigation. However, in interviews with City-Parish division leadership, it was estimated that an average mitigation charge per property is estimated to be about \$1,000. An average of eight to 10 mitigations per day is a reasonable estimate given current staffing and capacity.

Today, the City-Parish responds only to complaints of code enforcement violations, creating a reactive climate scattered throughout the parish. A strong proactive code enforcement effort, targeted in predefined areas would be an excellent strategy to pursue. This proactive posture has been shown in other areas to reduce legal fees per property and can enable streamlined title clearance. This change is critical to the success of the RDA. As noted earlier, the legal fees involved in clearing titles that are currently borne by the RDA are unusual based on best practice research and cannibalize the revenue that the RDA should receive as properties are placed back into commerce.

Using an average legal fee of \$8,500 per property, if the RDA transferred 50 properties per month from its land bank back into commerce, this would cost the RDA \$450,000 per year. Today those costs are passed on to nonprofits and developers, creating a chilling effect on rapidly returning those properties to productive use. Curing this anomaly is essential to the RDA's future success.

New Revenue Opportunities to Offset Additional City-Parish Costs

There are two opportunities for the City-Parish to recoup its investment in additional staff and resources for Code Enforcement – fees and fines from code enforcement violations and raising construction permit fees.

A number of stakeholders recommended that the City-Parish Code Enforcement Division raise its fees and fines. Current fines that are \$1,000 could be raised to \$5,000 with the additional revenue dedicated to both additional Code Enforcement staff and a funding stream for the RDA.

Unfortunately, fines for mitigation are recorded on the property tax bill and are difficult to access. This is a common problem in cities and counties across the nation. In reality, a significant number of fines are never paid and data indicates that this may not be a productive revenue source for the RDA.

There is data available, however, to track the fees paid through blight court that return to the City-Parish general fund. It is estimated that between 500 and 600 blight court cases have moved through the system from January through August of 2015 and the City-Parish has received approximately \$7,500 in revenue. That equates to a 6% return rate. While that seems extraordinarily low, it is not unusual for communities to have only a 10-12% capture rate from fees and fines associated with code violations.

Based on this information, at full capacity, it is projected that the Blight Enforcement Division would levy fees and fines of approximately \$2.5 million annually. Utilizing a 6% capture rate, the City-Parish would collect about \$147,000. If the focus of code enforcement shifted more to a proactive model using targeted areas where market values for properties are higher, it is possible that the capture rate could increase from 6% to 10-12% yielding about \$300,000 per year. This would also improve the probability that fines would be paid at an increasing rate as property owners would view the value proposition of retaining their property differently.

A robust database and improved technology would help the City-Parish capture its true costs and fully burdened rate. Another area that could serve as a potential funding source is a funding stream created by the incremental increases in current residential and commercial fees for construction permits in East Baton Rouge Parish.

Today, these fees are based on the following guidelines:

- A. For valuations of less than or equal to \$100,000, the fee shall be \$3.00 per thousand dollars.
- B. For valuations of greater than \$100,000 through \$500,000, the fee shall be \$300 plus \$2.00 per thousand above \$100,000.
- C. For valuations greater than \$500,000, the fee shall be \$1,100 plus \$1.50 per thousand above \$500,000.

The minimum residential fee is \$60. The minimum commercial fee is \$70.

A comparative analysis of new construction permit fees indicates East Baton Rouge Parish's fees are lower than some of its neighboring areas, as shown in **Figure 8**.

Figure 8. Comparative Analysis of Neighboring Areas and Their Construction Permit Fees

| Fee Schedule | East Baton Rouge Parish | Ascension Parish | City of New Orleans | Jefferson Parish | St. Tammany Parish |
|-----------------------|--|--|---------------------|---------------------------------------|-----------------------|
| Base Fee | | | \$60 | Without Plans \$36 With Plans \$42 | |
| Up to \$100,000 | \$3 per \$1,000 | \$3 per \$1,000 | \$5 per \$1,000 | \$5 per \$1,000 | |
| \$100,000 - \$500,000 | \$300 fee + \$2 per \$1,000 above \$100,000 | \$300 fee + \$2 per \$1,000 above \$100,000 | \$5 per \$1,000 | \$5 per \$1,000 | |
| Above \$500,000 | \$1,100 fee + \$1.50 per \$1,000 above \$500,000 | \$1,100 fee + \$1.50 per \$1,000 above \$500,000 | \$5 per \$1,000 | \$5 per \$1,000 | |
| Minimum Permit Fee | Commercial \$70 Residential \$60 | \$25 | | | |
| Commercial | | | | | \$140 + \$.21/sq. ft. |
| Residential | | | | | \$105 + \$.10/sq. ft. |

Using the comparative analysis of new construction permit fees presented in Figure 8, it is apparent that at every level of new construction, East Baton Rouge Parish’s fees are lower than the City of New Orleans and Jefferson Parish. **Figure 9** illustrates some representative examples and commensurate additional revenue.

Figure 9. Sample of Representative Permit Cost Comparisons

| Project Size | East Baton Rouge Parish | City of New Orleans/ Jefferson Parish | Difference |
|--------------|-------------------------|--|------------|
| \$100,000 | \$300 | \$500 | \$200 |
| \$400,000 | \$1,100 | \$2,000 | \$900 |
| \$500,000 | \$1,850 | \$2,500 | \$650 |
| \$1,000,000 | \$2,600 | \$5,000 | \$2,400 |

As shown in **Figure 9**, making permit fees comparable to the neighboring jurisdictions could be a viable option to raise several hundred, if not thousands of dollars, per development.

It is also recommended that a portion of any additional funding that is generated should be utilized to create a Hardship and Home Repair Fund. Many communities develop pools of funds for hardship cases and home repair grants to assist owner-occupied residences who are not able to comply with the minimum housing standards. Criteria must be established for proving hardship. However, this type of program allows elected officials and policy makers to support a more proactive code enforcement process.

Recommendation

The new City-Parish Department of Development must invest in additional staff and technology to transform the code enforcement process in East Baton Rouge from a reactive to a proactive process.

The City-Parish should investigate raising fees to cover their fully burdened costs for handling adjudicated properties and to build a robust revitalization program through the investment of the marginal returns in the Code Enforcement Division and the RDA.

Spotlight: Blight Elimination Through Code Enforcement, Baltimore

Seven years ago, the City of Baltimore began to implement a new program designed to use code enforcement as a proactive, strategic and revenue-positive force to tackle the city's blight issues by leveraging Homeland Security funds to expand operations and build up staff to generate additional funding. The solution involved key changes in four major areas within the city's Housing Code Enforcement Department and the results were excellent. Baltimore also combined permits and inspections functions to streamline operations. Their ordinance is much broader and includes maintenance. The following illustration depicts the four major areas and associated changes within each area.



With these changes, the time it took to clean and board vacant properties was reduced from 245 days to 10 days, even as these requests more than doubled from 15,000 to 35,000 annually. The number of inspections done by the department increased from 141,000 inspections annually to 252,000 over a period of three years. Blight enforcement times were reduced from 14 days to four, and a new e-citation system cut out nearly 70,000 written citations. The department began to proactively clean areas with code violations and assign liens on the properties in the form of higher-dollar citations, which helped to avoid lengthy, time-consuming litigation and resolve code violations at the citation stage, not the litigation stage – a Clean and Lien philosophy.

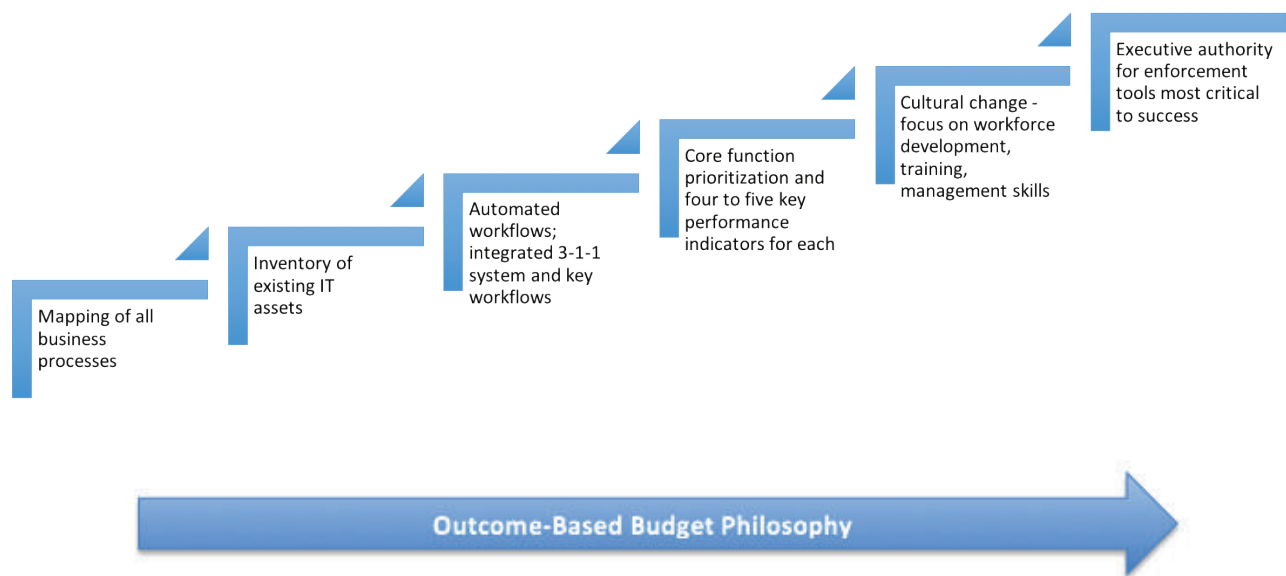
The Mayor's administration focused on the following key elements to produce change.

- Hired managers with private-sector experience to fill senior leadership gaps and created new positions with new job descriptions focused on managerial skills and expertise
- Provided training, training and more training
- Emphasized cultural change to drive performance

The director of Baltimore’s Code Enforcement proudly provided this description of his newly-revamped organization: “the Housing Section looks like the NASA Command Center and just like NASA, we work to the mission, not the clock.”

Cultural improvements helped create an empowered workforce. This was coupled with strong management, accountability and performance metrics that were utilized as a basis for organizational advancement. These significant improvements came even as staff was reduced from 99 inspectors to 82 inspectors. The net new revenue gain for the city as a result of its new code enforcement program was nearly \$12 million over a five-year span.

Housing Code Enforcement Reorganization Process Map



Critical Success Factor:

Update the RDA's Property Evaluation Tool to Provide Robust and Transparent Data

Effective land banks have strong property management systems in place to facilitate the movement of properties through the land banking process. This information management system typically includes data about each property acquired by the land bank and a description of where each property is in its specific disposition plan.

This system should be tied into the land bank's accounting/finance system so that all spending, such as title clearing, acquisition or maintenance costs can be easily organized into useful categories for analysis and reporting. Ideally, the property management system includes current real estate market data for targeted neighborhoods. The property management system supplies real-time operational and cost information about the land bank's inventory that can be easily used for operational and strategic analysis. The RDA currently owns a robust property management system called the Property Evaluation Tool (PET) which was accessible from the RDA's website, but was taken down and unfunded in the fall of 2015 as part of the RDA's cost cutting measures.

The PET combines property data with geospatial analysis to help pinpoint what properties are available and could be acquired. The PET also has the capability of tying in accounting data to track spending on individual properties. This information is vitally important to land banks so that all expenses can be included when calculating property costs. Effective use of the PET requires regular data updates, functional connection to the accounting/finance system and well-trained staff capable of accurately managing and interpreting PET data. This GIS-based system will provide tremendous information and data analytics for the RDA and outside stakeholders who can monitor available properties and mine significant data about each property, enhancing the potential for property sales to the private sector.

It is recommended that the RDA build the system in a targeted and deliberate manner. One City-Parish staff member noted that the entire Mid-City area had been mapped and photographed through a "windshield tour" of the area. This information would be very valuable to have uploaded into the PET system so that basic characteristics could be noted for each parcel. Tax delinquency information can be uploaded and those databases merged for targeted areas.

To further enhance the PET and its value to East Baton Rouge Parish, it is possible that the City-Parish GIS-based systems can be linked to the PET, ultimately allowing for a true picture of each and every property as it moves through the system.

Spotlight: Cuyahoga County Land Reutilization Corporation's Database

Cuyahoga County Land Reutilization Corporation, or Cuyahoga Land Bank, is a land bank located outside of Cleveland, Ohio. It is a relatively young land bank, only having been in business since 2009, however it is often noted as one of the most active and successful land reutilization organizations in the country. The 28-member staff performs the duties of acquisitions, programs and property management, dispositions and development, IT and research, finance, administration and compliance. Currently, Cuyahoga Land Bank processes between 700 and 800 blighted properties a year with an average time to quiet title of 28 days.³³ Cuyahoga Land Bank receives approximately \$7 million a year from a Delinquent Tax and Assessment Fund³⁴ that supplies a consistent and reliable funding stream to support the land bank operation.

One of Cuyahoga's keys to success is their proprietary property management system called the Property Profile System (PPS). This system aggregates data supplied by Case Western Reserve University's Northeast Ohio Community and Neighborhood Data for Organizing into a database for making strategic acquisition decisions. The PPS can also be used to track daily operations, aid in real estate portfolio management, and track financial management and accountability. The Cuyahoga Land Bank displays this information through an online portal for transparency purposes. The PPS is the key to Cuyahoga Land Banks's ability to strategically acquire and dispose of properties in a quick and efficient manner.

Recommendation

Invest in a three-pronged technology improvement strategy:

1. Modernize the Property Evaluation Tool (PET) to maximize functionality and facilitate land bank division productivity and investigate the opportunity to link the PET to the City-Parish GIS-based systems.
2. Develop staff expertise to maximize the PET's functionality.
3. Connect PET to the RDA's accounting/financial system.

33 A special legal proceeding to determine ownership of real property. A party with a claim of ownership to land can file an action to quiet title, which serves as a sort of lawsuit against anyone and everyone else who has a claim to the land. If the owner prevails in the quiet title action, no further challenges to the title can be brought. From Cornell University Law School, Legal Information Institute [online].

34 Authorizes a redirection of excess penalties and interest generated by collected delinquent taxes. From Center for Community Progress, "Take It to the Bank: How Land Banks are Strengthening American's Neighborhoods", 2014.

Critical Success Factor:

Develop Strong Partnerships and Collaborations

The RDA's vision for redevelopment in Baton Rouge can only be realized through strong collaborations and partnerships with key community agencies and private organizations. Some examples of appropriate partners include the following:

- Downtown Development District (DDD);
- Mid-City Redevelopment Alliance;
- Baton Rouge Area Foundation (BRAAF);
- Real Estate Developers (nonprofit and for-profit);
- Capital Area Finance Authority (CAFA);
- Urban Restoration Enhancement Corporation (UREC);
- Louisiana Housing Corporation (LHC);
- The Planning Commission;
- Office of Community Development (OCD) of the City of Baton Rouge/Parish of East Baton Rouge; and
- The East Baton Rouge Housing Authority (EBRHA).

The Baton Rouge Area Foundation and other nonprofit organizations and leaders who work to improve the community through redevelopment can and must collaborate in order to ensure the sustainability and future success of the RDA. Certainly these organizations and their leaders were instrumental in the creation of the organization and will need to continue their support through this transitional period. Again, collaboration on identifying a few carefully selected target areas of the community can result in additional property donations, shared talent and resources, and technical assistance that will be invaluable ingredients to successful economic revitalization in key geographical areas.

The Mayor's Office, the RDA and CAFA: A Collaboration to Transform the Community

Each of these three entities, the Mayor's Office, the RDA and CAFA, has unique authorities and resources that can be leveraged for redevelopment throughout the community. With the ability of a municipal jurisdiction to tell a property owner to "fix up, pay up or give up" their property, a particular governmental entity can inspect then contact an owner to allow them to voluntarily eliminate code violations (fix up their property), clean up the property and levy a fine for code violations or fees for cleaning up the property (pay up) or at some point realize that the property owner cannot or will not eliminate the code violations, in which case the government is able to proceed through a process to clear the property title and dispose of the property. This is a function of government in its role to protect the health and safety of its residents and the power to proceed through this process is vested and exclusive to government.

CAFA was created through a Trust Indenture in 1974 and was instrumental in the original funding of the RDA, providing \$1 million per year from 2009-2011. In 2010, CAFA committed \$4.5 million over five years to the RDA to be drawn down and used for land banking, gap financing and small business façade improvements. This investment proved to be crucial to the ongoing success and viability of the RDA. However, the relationship between the two organizations resembled that of a grantor/grantee rather than equal partners with aligned missions and a shared vision.

In fact, while CAFA has a long history and a strong brand associated with home ownership, according to its website, it now offers financing for qualified economic and commercial development projects that benefit communities and neighborhoods in their multi-parish area. As stated, projects could include, “new construction or renovation, public works projects, water and wastewater infrastructure, industrial facility development, civic center/social services facilities, historic preservation, hospitals, healthcare facilities and nursing homes.”³⁵

Clearly, the RDA and CAFA have interlocking missions to develop and fund catalytic projects to improve the City-Parish. Both entities can benefit from collaborative planning and development projects where net revenues can be shared by both organizations based on an entity’s contribution to the project outcomes. Bringing in City-Parish leaders and the leadership of Code Enforcement in the early stages of a plan or project can also help to provide focus and expedite efforts to ensure project viability. **Figure 10** illustrates this relationship.

One example of such collaboration would be to jointly target a particular geographic area in the City-Parish. Working with the City-Parish Code Enforcement and Permitting staff, the RDA/CAFA team can target problem and abandoned residential or commercial properties that could move through the legally established process to quiet title and either have an owner mitigate the code violations or adjudicate the property. Either the RDA or CAFA could acquire a given property or they could work jointly to create property improvements, for example, hire a developer to build single-family housing and then sell the property, splitting the profits. In a similar fashion, they could develop affordable multi-family housing and share the rental income based on the contributions each made to the project. The potential for revenue and neighborhood revitalization is enormous and offers the community a collaborative model leveraging off of each organization’s unique strengths and statutory powers.

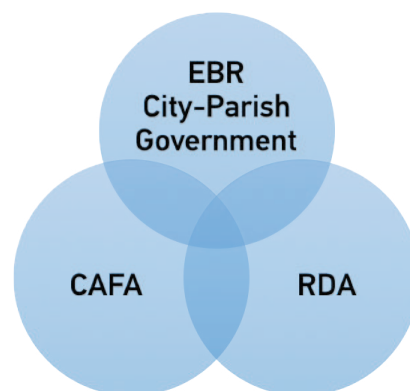


Figure 10. Three Entities with Aligned Missions for Redevelopment and Community Revitalization in East Baton Rouge Parish

Catalytic Economic Redevelopment Aligned with FUTUREBR

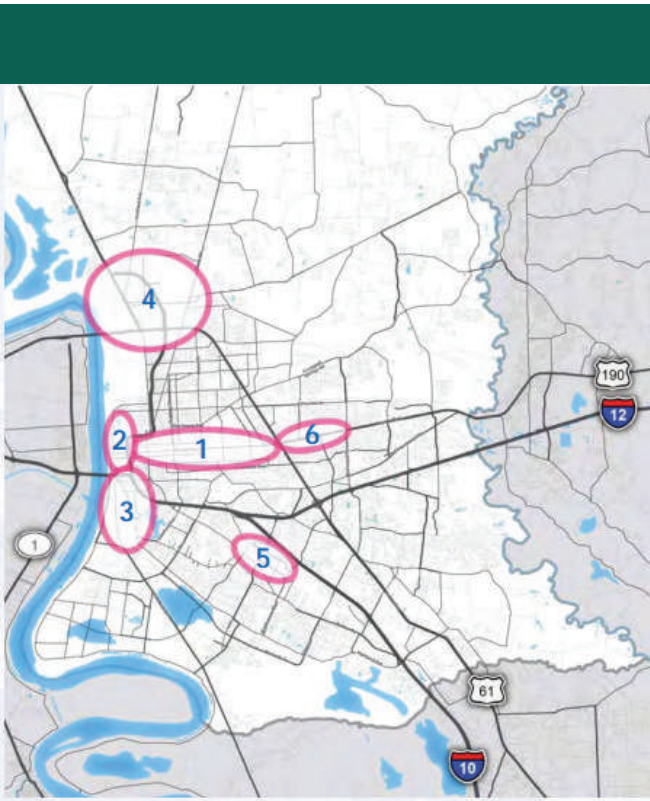
The RDA’s redevelopment function is designed to concentrate on strategically selected projects and programs that would encourage additional private and public investment in areas that would otherwise remain blighted and/or underdeveloped. As the RDA becomes reinvigorated, any future redevelopment efforts must be aligned with the strategy and geographic areas promoted for redevelopment by FUTUREBR.

FUTUREBR was created in 2011 through the collaborative efforts of East Baton Rouge City-Parish government and community organizations and is the recognized strategic plan and vision for the City-Parish. A copy of the FUTUREBR plan is available on the FUTUREBR website.³⁶

³⁵ Capital Area Finance Authority website, thecafo.org.

³⁶ FUTUREBR: A Vision for East Baton Rouge Parish, available at <http://brgov.com/dept/planning/pdf/FBRVisionE.pdf>.

The Redevelopment Division of the RDA would work collaboratively with the property data analysis experts in the Land Bank Division of the RDA to identify “tipping neighborhoods” and “up-and-coming markets” that align with FUTUREBR. This analysis is the first step in identifying target project areas and potential project partners.



FUTUREBR identifies six key areas in East Baton Rouge in need of improvement because of their “redevelopment potential, growth pressures and likelihood of areas to capitalize on future transit options.” **Figure 11** depicts a map of the six key areas.

1. Mid-City
2. Downtown
3. SSU, Old South Baton Rouge, Nicholson and Northgate Area
4. Southern University/Scotlandville, Zion City and the Airport Area
5. South Medical District
6. Broadmoor Shopping Center and Cortana Square Area

As noted by more than one expert, the DDD and the Mid City Redevelopment Alliance are logical partners for the RDA for a number of reasons. At the most basic level, there is clear alignment between the missions of the three organizations and the opportunity to leverage talent and resources between them. More importantly, there is an opportunity to collaboratively identify target areas where revitalization would improve the tax base and property values for both residents and the relevant organizations charged with the missions of redevelopment.

Figure 11. FUTUREBR’s Six Targeted Areas for Redevelopment³⁷

37 FUTUREBR Vision for East Baton Rouge

Pooling the knowledge of specific properties and zones of opportunity within the geographical footprints of the DDD and Mid-City with the resources and tools of the RDA would bring tremendous benefit to the community.

The RDA and BRAVE, A Natural Partnership

It is almost intuitive to conclude that reducing the number of blighted and vacant properties in a neighborhood would significantly reduce crime in the area. What is less obvious is the effect that blight elimination has on reducing the incidences of arson, which would be reduced by a factor of two to three.³⁸ A robust system of blight elimination would also complement existing collaborative community improvement initiatives in East Baton Rouge Parish including the Baton Rouge Area Violence Elimination (BRAVE) program.

The BRAVE program was implemented in the fall of 2012 when Mayor-President Holden brought together a coalition of relevant public officials and agencies. BRAVE’s overarching goal is to reduce or eliminate violence in Baton Rouge by targeting high crime areas of the city. BRAVE began working collaboratively with local partners in the 70805 zip code to change community norms and to make Baton Rouge a safer place for everyone.

38 National Vacant Properties Campaign; “Vacant Properties: The True Cost to Communities”, August 2005.



The combined authority and resources of the City-Parish and the RDA could make a tremendous difference in the reduction of vacant and abandoned properties in the neighborhoods in the selected zip codes and ultimately reduce the crime rate in that area. The advantage that the RDA has as an independent and nimble entity is that they can easily and rapidly partner with other organizations and programs that dovetail with their overall mission to transform the quality of life for citizens of East Baton Rouge.

While this plan has been prepared to create a roadmap for the next Mayor-President and Metro-Council, Mayor-President Holden has expressed strong interest in leveraging the resources of the RDA land bank and BRAVE partners to revitalize the neighborhoods that fall within the selected zip codes.

Recommendation

Create a robust partnership between the RDA and CAFA to leverage funding and work in collaboration with the City-Parish and other governmental and non-profit organizations on joint projects in targeted areas of the community.

Work collaboratively with BRAVE to capitalize on the knowledge of community residents and law enforcement officials to eliminate blight and eradicate crimes in targeted areas of the community.

Other Options for the RDA's Future

This business plan presents four possible options for the RDA's future. The first option presented, the RDA remains an Independent Entity, is the recommended path. However, there are three alternative options for the RDA's future. These three should only be considered if there is no infusion of funds available to help the RDA stabilize and grow their operations. The three alternative options are reviewed in this chapter and include the following:

- Option 2: Merging the RDA, the Office of Community Development (OCD), and the East Baton Rouge Housing Authority (EBRHA) to Create an Integrated Model for Redevelopment;
- Option 3: Merging OCD and the RDA; and
- Option 4: City-Parish Assumes the Role of the RDA.

Option 2: Merging the RDA, the OCD and the EBRHA to Create an Integrated Model for Redevelopment

The second option presented in this report is the creation of an organization that combines the missions, goals and authorities of redevelopment and housing functions currently delineated to the RDA, the Office of Community Development (OCD), and the East Baton Rouge Housing Authority (EBRHA) .

This consolidated agency approach has been utilized by a few notable communities with the goal of better coordination, collaborative strategic planning and more efficient allotment of funding sources to fulfill their community needs.

Norfolk, Virginia is an example of a metropolitan area that has used an integrated model. The Norfolk Development and Housing Authority is described below. An example of an integrated East Baton Rouge model is also provided in this section.

The information contained in this section was graciously provided by Christopher Odinet, Assistant Professor of Law at Southern University Law Center and Chair of the East Baton Rouge Housing Authority. The information has been adapted with his permission from the 2015 "Under One Roof BR: Imagining a Single Housing, Redevelopment, and Community Development Agency for East Baton Rouge Parish."

About the Norfolk Redevelopment and Housing Authority

The Norfolk Redevelopment and Housing Authority (NRHA) is a city government entity and the largest redevelopment and housing authority in Virginia. The NRHA has the mission to provide quality housing opportunities that foster sustainable mixed-income communities. That mission is fulfilled through four goals:

1. Quality Housing Opportunities for All

This goal highlights NRHA's commitment to providing a continuum of housing options for households of all incomes seeking housing.

2. Sustainable Mixed-Income Communities

This goal highlights NRHA's commitment to creating a healthy physical and social environment that appeals to a wide range of incomes.

3. Strategic Business Approach

This goal highlights NRHA's commitment to meet changing requirements and to make the best use of resources.

4. Community Support and Engagement

This goal highlights NRHA's commitment to work to become a trusted partner that works collaboratively with key stakeholders and partners.³⁹

NHRA serves a dual role as a builder and operator of housing for low-income families and as a purchaser of blighted properties for resale to private developers. NHRA offers programs in three areas.

- *Home Ownership* – These programs consist of providing homeowners with the education and tools they need to become homeowners.
- *Rental Assistance* – These programs consist of implementation of rental assistance programs.
- *Redevelopment* – These programs consist of blight elimination programs and neighborhood improvement loan and grant programs.⁴⁰

NHRA employs 350 staff members and receives annual operating capital of approximately \$90 million.

Figure 12 provides a breakdown of the FY2015 operating budget by income source.

39 Information about the Norfolk Redevelopment and Housing Authority (NRHA) is available online at the organization's home page: www.nrha.us.

40 ibid

Figure 12. Norfolk Housing and Redevelopment Authority FY2015 Revenues⁴¹

| Sources | Actual | Percentage |
|---------------------------------------|--------------|------------|
| HUD Grants | \$53,943,144 | 64% |
| Tenant Income | \$17,709,725 | 21% |
| City Grants | \$9,795,312 | 12% |
| Appropriations from Program's Reserve | \$2,171,472 | 2% |
| Other Income | \$931,726 | 1% |

An Integrated Model for EBR

A combined agency could be created in East Baton Rouge Parish by consolidating the RDA, EBRHA, and the OCD into a single agency. EBRHA's neighborhood revitalization efforts and OCD's blighted neighborhood improvement strategy would compliment the RDA's blight elimination and economic redevelopment missions.

East Baton Rouge Housing Authority

The East Baton Rouge Parish Housing Authority (EBRHA) is a government agency created in 1941 by the Louisiana State Legislature. EBRHA has the mission to provide and develop quality affordable housing opportunities for individuals and families while promoting self-sufficiency and neighborhood revitalization.

The EBRHA has a governance model that consists of a seven-member Board of Commissioners appointed to five-year terms by the Baton Rouge City-Parish Metro Council. It serves approximately 5,000 residents through its public housing opportunities and Housing Choice Voucher (formerly Section 8) program. Additionally, EBRHA is managing the Kenner Housing Authority until the agency hires a new executive director.

The EBRHA is primarily funded through federal grants issued by the Department of Housing and Urban Development (HUD) and self-generated funds.⁴²

⁴¹ Odinet, Christopher, "Under One Roof BR: Imagining a Single Housing, Redevelopment, and Community Development Agency for East Baton Rouge Parish", 2015.

⁴² Information about the East Baton Rouge Parish Housing Authority is available online at www.ebrpha.org.

Office of Community Development for East Baton Rouge Parish

The Office of Community Development (OCD) is a City-Parish office headed by the Mayor-President. It has the mission to provide housing opportunities, improve living environments and expand opportunities for persons of low and moderate income. OCD is primarily funded through grant programs, including:

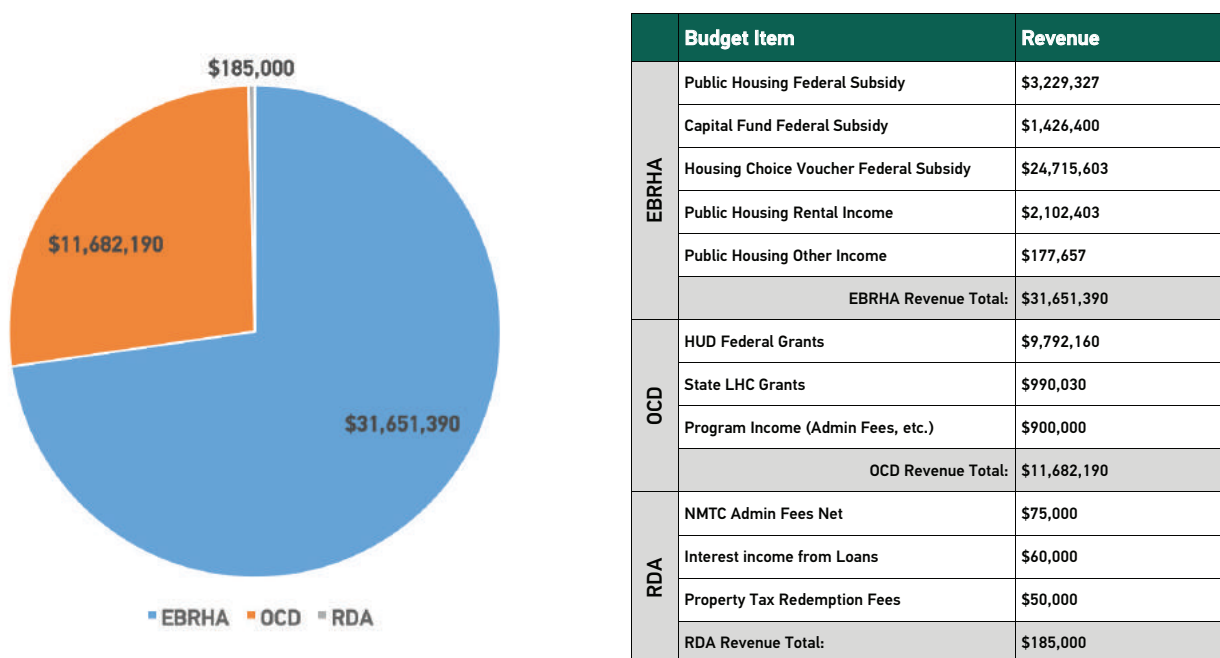
- HOME Investment Partnerships Grants (HOME);
- Community Development Block Grants (CDBG);
- Emergency Solutions Grants (ESG);
- Housing Opportunities for Persons with Aids (HOPWA);
- Supportive Housing Program (SHP);
- Housing Choice Voucher Program (HCVP);
- Louisiana Office of Community Development Disaster Recovery Unit (OCD-DRU); and
- Louisiana Housing Corporation.

OCD's most recent Consolidated Plan and Strategy Year 2014 Action Plan states, "The strategies and projects in this plan are intended to benefit low and moderate income residents, improve distressed and blighted neighborhoods with high concentrations of low and moderate income residents and positively impact the city as a whole."⁴³

The EBR Consolidated Agency

A consolidated agency would benefit from the combined funding mechanisms of all three agencies. A unique opportunity that this model would provide is the ability to utilize a portion of EBRHA's Housing Voucher funding to cover administrative expenses for the consolidated agency. An example consolidated agency budget for the first fiscal year is shown in **Figure 13** below.

Figure 13. Example Consolidated Agency Budget: Total Operating Revenue \$43,518,580⁴⁴



⁴³ The City of Baton Rouge and Parish of East Baton Rouge Office of Community Development, "Consolidated Plan and Strategy Year 2014 Action Plan", 2014.

⁴⁴ Adapted from Odinet, Christopher, "Under One Roof BR: Imagining a Single Housing, Redevelopment, and Community Development Agency for East Baton Rouge Parish", 2015.

The RDA would benefit from participating in a consolidated agency in the following ways.

1. Strategic Disposition Opportunities

The Housing Division of the consolidated agency could fulfill the Community Development Division's need for strategic disposition of land bank properties. The Community Development Division could acquire properties needed for the Housing Division's low-income housing development projects, thus reducing time and cost of completing these projects.

2. Funding

The Community Development Division of the consolidated agency would automatically have dedicated funding mechanisms. This dedicated funding could be used to support land bank and redevelopment operations until the Community Development Division secures additional project funding.

3. Improved Coordination and Efficiency

A consolidated agency would better serve the residents of East Baton Rouge Parish by combining all redevelopment functions into one agency. This agency would have the ability to combine funding sources in innovative ways for the development of large-scale mixed income developments. Additionally, the consolidated administrative department would have lower staffing and funding requirements than that of independent agencies.⁴⁵

The RDA would experience some significant drawbacks by participating in a consolidated agency such as the one described.

1. Dilution or Misdirection of Core Focus

A consolidated agency would have three core areas of focus including blight elimination, economic redevelopment and housing development. This dilution or misdirection could substantially limit the agency's efficacy in fulfilling its statutory purpose.

2. Loss of Independent Status

A consolidated agency would replace the three current independent agencies. The Community Development Division of this consolidated agency would be held accountable to a combined board with distinctive and possibly competing priorities.

3. Funding Requirements

A consolidated agency would largely rely on federal grant funding. These funding mechanisms often have limited usage due to legal requirements associated with the grant disbursement.

4. Larger Bureaucracy

A consolidated agency would be functionally and organizationally larger than any of the current independent agencies. This larger agency will have significantly more statutory requirements than those of the independent agencies. These requirements may require larger costs to maintain compliance.

45 *ibid*

Option 3: Merging OCD and the RDA

This option would have some of the same advantages and drawbacks as noted in Option 2. While some other communities completely merge their redevelopment authority and their community development functions, a slightly different model would be more appropriate in East Baton Rouge Parish.

A number of individuals who were interviewed as part of this project mentioned the concept of the RDA assuming most of the functions, funding and staff of OCD. Many noted that the compliance and program monitoring staff, however, should remain part of the City-Parish administration.

The majority of the \$11.6 million available to the OCD would be allocated according to the rules and guidelines associated with the particular funding stream. Funding could, however, be consolidated in priority areas of the City-Parish and even braided with other funding streams to create larger projects that would allow for greater visibility for these successful redevelopment efforts.

In addition, overhead costs for each organization could be combined and any savings realized from efficiencies could be redirected to programs and projects across the City-Parish.

Essentially, the potential dilution of focus, increased bureaucracy and loss of independence would still be possible risk factors to be considered.

Option 4: City-Parish Assumes the Role of the RDA

Redevelopment activities such as blight elimination, land banking and catalytic redevelopment are sometimes included in services provided by a political subdivision. Given the broad statutory authority granted to the RDA however, it would be difficult to transfer all of their powers to the City-Parish. For example, in the current model, when a property owner fails to pay his or her property taxes, the RDA is able to purchase or receive properties from the City-Parish without having to go through a public sale process.

Should the RDA's powers transfer to a governmental body, when a property owner fails to pay their taxes, one political subdivision would seize the owner's property, foreclose on that property, transfer title to another political subdivision and then dispose of the property in an expeditious manner. The potential for elected officials to be questioned regarding decisions that seem politically motivated is highly likely.

As noted in many studies that have been conducted over the past decade, transparency and trust are key factors in the success of land banks and redevelopment organizations. To push the broad powers granted to an independent organization (the RDA) with a board of community leaders providing oversight to a government agency whose actions might be considered political, will be challenging at best.

In fact, one of the only reasons to consider moving any functions of the RDA into the City-Parish would simply be to retain some of the RDA's unique tools and technologies in the fight against blight. The City-Parish would need to invest in more staff to take on the additional duties of clearing titles and disposing of properties should this move occur.

The loss of some of the current statutorily granted powers combined with the need for an additional investment from the City-Parish makes Option 4 the least preferred option and the move of last resort.

Conclusion

This business plan is designed to serve as a roadmap to address the long-term solutions and collaborative implementation strategies needed for an effective and sustainable RDA that improves and enhances the quality of life for all citizens in the City-Parish. While four possible options for the RDA's future are included in this plan, the first option – The RDA as an Independent Entity – is the recommended path forward. The RDA should remain an independent organization and can become strong and achieve its potential given the benefit of one or more reliable, dedicated funding streams, strong partnerships, and streamlined processes.

Appendices

Appendix A: RDA 2012 Three-Year Report

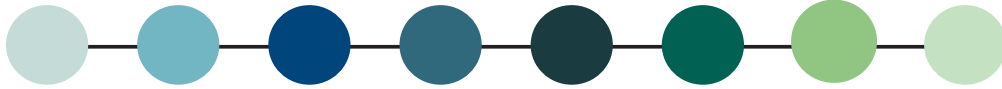
Appendix B: Land Bank and Redevelopment Division Functions

Appendix C: RDA Property Acquisition Methods

Appendix D: Tax Adjudicated Property Process Flowchart

Appendix A

RDA 2012 Three-Year Report





Beginning An Era of Progress



2009-2012





Ground-breaking for the Hampton Inn & Suites, a project that will bring the Baton Rouge area closer to achieving its goal of 1,000 hotel rooms downtown. The project received a New Markets Tax Credit allocation from the RDA.

Our Mission

To transform the quality of life for all citizens who live, work and play in East Baton Rouge Parish by returning blighted properties to productive use, fostering redevelopment through facilitating partnerships, and creating a vibrant, globally competitive community while preserving character of place.

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"The RDA has produced quick returns for Baton Rouge, expanding the tax base and securing tens of millions for projects that may not have been built otherwise. We expect the RDA to continue beating what others see as long odds, working with residents to reclaim communities so people of all means can live together as neighbors."

- John Davies, President and CEO, Baton Rouge Area Foundation

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The ExxonMobil YMCA at Howell Place represents the eighth facility for the YMCA of the Capital Area and the first for the North Baton Rouge community, located between two of the RDA's Community Improvement Plan areas (Scotlandville and Zion City & Glen Oaks). Funded by a RDA New Markets Tax Credit allocation, the YMCA, together with the Recreation and Park Commission for the Parish of East Baton Rouge (BREC), are improving the quality of life for over 1.8 million people per year.

Source: YMCA of the Capital Area

Our Accomplishments

In just over three years,
\$19.7 million of capital
investment by the RDA
in housing and economic
development projects
leveraged \$200 million in
total project costs.

\$1 : \$10

Every dollar provided
by the RDA results in
over ten dollars in total
project investment

Tangible investments.

\$60,000,000

in New Markets Tax Credits (\$12,296,550 equity) has been deployed or committed to help finance and stimulate developments in targeted low- income census areas, creating and retaining jobs.

\$75,600,000

total project costs

\$365,000

has been awarded in Business Improvement Grants, beautifying over 30 storefronts while providing jobs, goods and services to residents.

\$5,020,000

total project costs

\$4,800,000

in Gap Finance for Affordable Housing loan funds has been employed in projects producing over 760 units of affordable and workforce housing.

\$116,700,000

total project costs

\$2,229,000

has been allocated to land acquisition for development opportunities in our target areas, securing 218 acres.

Resulting in catalytic outcomes.

\$67,394,000

deployed by the RDA

3,350 jobs

created and retained

\$130,500,000

created in personal earnings

\$8,200,000

net new local tax collections

\$9,500,000

net new state tax collections

ON BEHALF OF THE CITY OF BATON ROUGE-
PARISH OF EAST BATON ROUGE

introduce this three-year progress report from the East Baton Rouge Redevelopment Authority. The RDA was born out of our community's vision to have an agency with the singular focus of making East Baton Rouge Parish a better place to live, work, and play. As a new partner in community revitalization, the RDA's accomplishments are astoundingly broad in scope, creating a positive, unique impact on the revitalization and growth of Baton Rouge.

The RDA's first, most significant achievement engaged residents and community stakeholders in the creation of five Community Improvement Plans. Through a year-long planning process, the RDA and its consultants worked to develop implementable strategies supporting the community's visions for a better environment. These plans were adopted as part of the City-Parish's new comprehensive plan, FUTUREBR, in September 2011.

In the housing development arena, the RDA deployed \$4.8 million through its Gap Finance Program to affordable and mixed-income housing developments. This funding brought over 750 affordable and workforce housing units to market – units that would have otherwise not been produced. The affordable and mixed-income housing projects supported by the RDA represent, in many cases, the first housing investment in some of our most historic neighborhoods in many decades.

Equally as important are the RDA's direct outcomes in economic development - creating and retaining jobs and enhancing small businesses. Through a partnership between the City-Parish and RDA, a \$60 million New Markets Tax Credit allocation allows for strategic investments in catalytic development projects. The 2011 grand opening of the ExxonMobil YMCA at Howell Place represents a milestone for North Baton Rouge. Without NMTC investment, the YMCA of the Capital Area was unable to secure traditional financing for this community facility.

As we move into implementation of FUTUREBR, the RDA will play an increasingly important role in directing investment back into our urban core. I commend the RDA Board of Commissioners and staff for their hard work over the past three years, and look forward to a bright future...for this organization and for East Baton Rouge Parish.

Sincerely,



Melvin L. "Kip" Holden
Mayor-President
City of Baton Rouge - Parish of East Baton Rouge



AS THE MAJOR DEVELOPMENT AGENCY

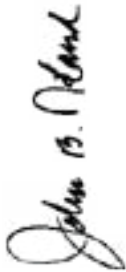
in East Baton Rouge Parish, the East Baton Rouge Redevelopment Authority is evolving into a strong local partner in economic development, housing, and real estate. To date, we have undertaken and supported projects that are recapturing the potential within our low-income target areas and are leveraging projects in support of community plans throughout the City-Parish.

As we look to the future, major development projects on the horizon suggest a larger role and greater responsibility in projects with catalytic impact. Adjacent to our Melrose East Community Improvement Plan Area and Bon Carre Business Center, the Smiley Heights land acquisition paves the way for an urban village development with anticipated collaboration between East Baton Rouge Parish Schools and Baton Rouge Community College. In the Old South Baton Rouge neighborhood, the historic Lincoln Theater project, under the stewardship of the RDA in partnership with the Louisiana Black History Hall of Fame, is restoring a community treasure to its former glory.

In its short time, the RDA team has shown its expertise and leadership in the field of financing and in management, a combination that will guide the organization and the City-Parish to achieve its goals of leading community building efforts, ensuring economic competitiveness for our urban areas, addressing hurdles to private investment and combating the causes of blight.

Our successes will only continue by identifying additional resources to carry on the significant work to revitalize our City-Parish. We come late to the game of redevelopment; other communities started twenty-five plus years earlier and are now enjoying the benefits of prioritizing these activities. The outcomes of the most successful redevelopment authorities around the country illustrate that this work will bear wonderful fruit if we are patient. In order to continue the work from now until then, this RDA needs a sustainable funding source to catalyze change.

Sincerely,



John Noland
Chairman
East Baton Rouge Redevelopment Authority





The ribbon-cutting for One Stop, a project by nonprofit Gulf Coast Housing Partnership, showcases innovative development supporting homeless individuals in Baton Rouge. The project received Gap Financing from the RDA.

Source: Gulf Coast Housing Partnership

HOW WE WORK

LEGISLATION

The East Baton Rouge Redevelopment Authority was created through legislation R.S. 33:4720.151. The essential purpose of the RDA is to eliminate blight and catalyze reinvestment in urban areas that would otherwise remain vacant, deteriorating, or underdeveloped.

GOVERNANCE

The RDA Board of Commissioners is comprised of five members: three appointed by the Mayor-President; one appointed by the Baton Rouge Area Foundation (BRAFA); and one appointed by the Baton Rouge Area Chamber (BRAC).

The East Baton Rouge Redevelopment Authority (RDA) fosters a proactive redevelopment environment designed to reverse the current patterns of disinvestment, abandonment, and outward migration contributing to the overall decline of the urban center. Leading the rebuilding effort, the RDA has established a framework for program delivery primed to produce successful outcomes of stakeholder participation, catalyzed economic activity, and public/private investment in underserved areas.

Leading community building efforts.

The RDA leads community building and revitalization efforts in blighted areas. We work with local organizations, developers and stakeholders to ensure that investment is driven by the wants and needs expressed by the community.

Ensuring economic competitiveness for urban areas.

In many cases, the private sector is the most efficient mechanism for redevelopment. We are utilizing unique powers and privileges to attract private investment to distressed communities, through land assembly, predevelopment, infrastructure improvements, and financing. Such private investment will ultimately yield new homeownership options, new and rehabilitated community-serving retail, job opportunities and catalytic development projects.

Addressing hurdles to private investment.

The necessary costs to beautify and restore a blighted area's desirability as a work, home, or recreational location are often too high for the private sector to undertake independently. Other potential hurdles to investment may include clouded titles, demolition or renovation costs, aging infrastructure, environmental remediation, and land assembly. Through our legislation and programs, we can address these potential cost burdens that cause urban areas to be less competitive for private sector investments.

Combating the causes of blight.

Assisting in ridding neighborhoods of crime, vagrancy, vandalism, vacancy, and other public nuisances is a public benefit. Attracting businesses to create jobs and retain consumer dollars locally maintains a community's economic strength and is also a public benefit. By using its own resources and working with other local organizations, the RDA helps address these market failures that leave areas blighted.

TARGET AREAS

The RDA is comprehensively approaching the redevelopment of Baton Rouge by leading the implementation of: FUTUREBR, the comprehensive plan for East Baton Rouge Parish; the RDA's five Community Improvement Plans; as well as supporting existing plans, such as downtown's strategic Plan Baton Rouge II and the Old South Baton Rouge Strategic Plan.

"What the RDA has achieved in such a short period of time exceeds the expectations we had when we funded the origination of this transformative organization. We are proud of our investment in the RDA and the partnership relationship that exists between us."

- Matt McKay, Chairman, East Baton Rouge Mortgage Finance Authority

Residents working together during one of the community planning meetings, held throughout the Community Improvement Plan process.



COMMUNITY IMPROVEMENT PLANS (CIP)

The RDA and its consultant team worked for one-and-a-half years to create Community Improvement Plans for five disadvantaged districts within East Baton Rouge Parish, including Choctaw Corridor, Northdale & Standard Heights, Melrose East, Scotlandville Gateway, and Zion City & Glen Oaks. The plans are community-driven with residents and other stakeholders having provided input for guiding the future reinvestment and development in their communities. This process was to ensure that redevelopment efforts are attainable and sustainable and in keeping with each respective community’s needs, character, and vision, as determined through meetings between the RDA, elected officials, and community stakeholders. In addition, the plans deliver action-oriented strategies that identify opportunities for reinvestment back into the community, while building upon the momentum of other revitalization efforts currently underway. As the RDA's first initiative, the Community Improvement Plan planning process helped us learn about the neighborhoods we would be supporting and working in. Over 600 residents, business owners, elected officials, and other stakeholders engaged in the community planning process.

“The RDA has really served as a catalyst to transform our community. Many of the projects that the RDA has been involved with, and partnered with other community members on, have brought to manifestation deferred dreams.”

- Sharon Weston Broome,
Louisiana State Senator, District 15



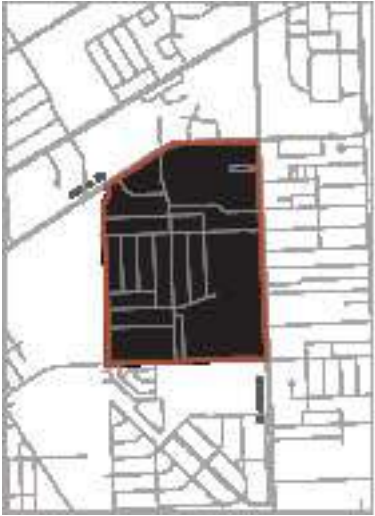
Choctaw Corridor CIP area follows Choctaw Drive between Foster Drive and the Interstate 110. The plan envisions a prosperous, sustainable, and vital community that embraces its legacy as a significant commercial and industrial area in Baton Rouge, while emerging as a contemporary center of commerce that physically and economically connects to East Baton Rouge Parish as a whole.



Northdale & Standard Heights CIP area frames these neighborhoods, established in 1956, and is bordered by the Kansas City Southern Railway, Interstate 110, and Choctaw Drive. The vision to reinterpret the area’s successful past into a sustainable future builds on enhancements to BREC Memorial Stadium complex and the Downtown Development District’s Greenway Plan to re-connect the area to surrounding communities.



Scotlandville Gateway CIP, an older community part of the larger Scotlandville area, serves as a gateway to both Southern University and the entire Scotlandville community. The vision is to build a flourishing, sustainable community for the future that embraces its legacy as a significant African-American commercial and residential area in Baton Rouge.



Melrose East CIP area, located north of Florida Boulevard and west of North Ardenwood Drive, retains the potential for renewal. Proximity to the surrounding community, including Bon Carré, Baton Rouge Community College, and Florida Boulevard corridor, will enhance the efforts of the RDA to bring about a renaissance in the area.



Zion City & Glen Oaks CIP area, located near the Baton Rouge Metropolitan Airport, Airline Highway, and Interstate 110, are close-knit communities containing some of the first subdivisions in North Baton Rouge. The vision is to emerge as a thriving residential community adjacent to commerce, located in the larger Howell Place development as well as future economic opportunities along Hooper Road and Plank Road.

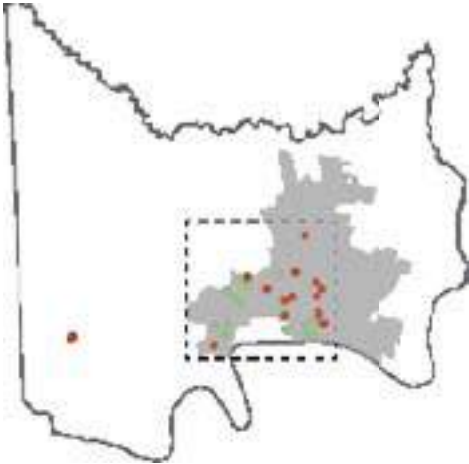
A re-envisioned Broadmoor Shopping Center helps incrementally transform the Florida Boulevard corridor, a major economic artery connecting diverse parts of the City-Parish.



WHERE WE WORK



CITY OF BATON ROUGE: AREA OF FOCUS



EAST BATON ROUGE PARISH
City of Baton Rouge (in gray)

- Active Projects
- Completed Projects
- Community Improvement Plan Area

COMPLETED PROJECTS

NEW MARKETS TAX CREDITS

ExxonMobil YMCA (\$6,100,000 RDA)
7717 Howell Boulevard
Hampton Inn & Suites (\$17,000,000 RDA)
462 Lafayette Street
Americana YMCA (\$11,400,000 RDA)
401 Liberty Way, Zachary, LA
Honeywell International Inc. (\$17,500,000 RDA)
2966 Lupine Avenue

GAP FINANCE - AFFORDABLE HOUSING

Autumn Place (\$500,000 RDA)
5656 McClelland Drive
Willow Creek (\$500,000 RDA)
5876 Quida Mae Drive
One Stop (\$158,900 RDA)
153 North 17th Street
Hooper Springs (\$450,000 RDA)
5150 Hooper Road
Renaissance Gateway (\$350,000 RDA)
650 North Ardenwood Drive
(formerly Ardenwood Apartments)
The Elysian (\$841,000 RDA)
Spanish Town Road & N. 12th Street
Wesley Chapel (\$500,000 RDA)
10008 Avenue L

BUSINESS IMPROVEMENT GRANTS

All In Favor (\$25,000 RDA)
8818 Scotland Avenue
Istrouma Mattress (\$7,500 RDA)
3538 Plank Road
College Barbershop (\$25,000 RDA)
1091 Swan Avenue
Tessier Building (\$7,500 RDA)
324 Lafayette Street
Ogden Park Market (\$52,500 RDA)
3001 Government Street

REAL ESTATE

Habitat for Humanity
Chinn Street, Scotlandville

ACTIVE PROJECTS

NEW MARKETS TAX CREDITS

Circa 1857/Model Block LLC (\$8,100,000 RDA)
Government Street, Mid City

GAP FINANCE - AFFORDABLE HOUSING

Elm Street Apartments (\$500,000 RDA)
4250 Elm Drive
Cypress Springs (\$1,000,000 RDA)
8200 Cypress Road

GAP FINANCE - COMMERCIAL DEVELOPMENT

Circa 1857 (\$700,000 RDA)
Government Street, Mid City

BUSINESS IMPROVEMENT GRANTS

JSale Properties (\$52,500 RDA)
2607 North 38th Street
Broadmoor Shopping Center (\$67,500 RDA)
9620 Florida Boulevard
Renaissance Center (\$7,500 RDA)
2783 Plank Road
Colonial Park Shopping Center (\$120,000 RDA)
5910 Airline Highway

SPECIAL PROJECTS

Smiley Heights
North of Melrose East CIP
Lincoln Theater
1305 Myrtle Walk

Autumn Place, a new forty-two townhome development in North Baton Rouge that received Gap financing from the RDA, represents a new vision for the Baton Rouge Housing Authority.

Our Operations

In order to most efficiently deliver mission-oriented programs and initiatives, the RDA operates several business lines: housing development, real estate, and economic development.

BUSINESS LINES

RDA operations began in 2009 and are strategically organized to address community needs while meeting its mission: leveraging real estate, financing of affordable and mixed-income housing, stimulating the commercial sector through economic development, all while stabilizing neighborhoods through targeted quality of life improvements.

Early in our operations, market analysis proved the need for additional financing to incentivize the rehabilitation or development of commercial and neighborhood retail in the RDA's targeted areas. Thus, the Gap Finance for Affordable Housing and for Commercial Development Programs, and the Business Improvement Grant Program were created to help meet these needs. Our programs work to reduce the cost of development and construction or rehabilitation in order to attract private investment to these distressed communities.



"The RDA is a significant and crucial element in the implementation of the FUTUREBR Strategic Plan and the five Community Improvement Plans in the urban core of our Capital City. Their expertise and ability can also serve to reinvent, repurpose and revolutionize many of our commercial corridors."

- Ronnie Edwards, East Baton Rouge Metro Councilmember, District 5



Community Development, Inc.
envvisions transforming Renaissance
Gateway from a dilapidated
development into healthy, safe and
affordable housing with assistance
of Gap Financing from the RDA.

HOUSING DEVELOPMENT

According to the U.S. Department of Housing and Urban Development “a family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States.” In East Baton Rouge Parish, the median household income is approximately \$46,000, yet within the target areas in the CIPs, median household income drops by half. Research found a deficiency of over 1,500 affordable units, especially concentrated in our target areas. This all presents a challenge to families and individuals seeking safe and affordable housing.

Supporting new construction and rehabilitation of affordable rental and owner-occupied housing remains a primary, mission-driven focus of the RDA. To date, we have successfully financed over 760 units of senior, family, and workforce affordable housing. Additionally, these projects have created an estimated 680 construction jobs and 30 permanent jobs.

“The biggest challenge as a developer is to get funding that matches what we need . . . the RDA was a perfect match.”

- Fred Cornforth, CEO
Community Development, Inc. (CDI)



In partnership with the Capital Area Alliance for the Homeless (CAAH), Gulf Coast Housing Partnership developed the One Stop Homeless Service Center and Housing project in 2011. This innovative project brings 35,000 square feet of new construction to Mid City Baton Rouge, comprising 36 single resident occupancy (SRO) units for very low-income individuals and approximately 15,000 square feet of community facilities. The project received a 2012 *Good Growth* Award from the Baton Rouge Growth Coalition.

RDA Gap Finance
\$158,900
Total Project Cost
\$9,900,000

RDA HOUSING DEVELOPMENT

\$4,800,000
TOTAL RDA INVESTMENT

760
TOTAL UNITS

\$126,600,000
TOTAL PROJECT COSTS

HOOPER SPRINGS

Zion City & Glen Oaks CIP
Developer: Community Development Inc. (CDI) & CDI-Baton Rouge, Inc.

RDA GAP FINANCING:
\$450,000

PROJECT COST:
\$6,900,000

UNITS
48



RENAISSANCE GATEWAY

Melrose East CIP
Developer: CDI-Baton Rouge, Inc.

RDA GAP FINANCING:
\$350,000

PROJECT COST:
\$23,400,000

UNITS
206



AUTUMN PLACE/WILLOW CREEK

Earl K. Long Hospital area
Developer: Baton Rouge Housing Authority (two projects)

RDA GAP FINANCING:
\$500,000/\$500,000

PROJECT COST:
\$15,100,000/\$14,800,000

UNITS
84



THE ELYSIAN

Mid City area
Developer: Gulf Coast Housing Partnership & Donnie Jarreau

RDA GAP FINANCING:
\$841,000

PROJECT COST:
\$14,100,000

UNITS
100



WESLEY CHAPEL

Scotlandville CIP area
Developer: Partners for Progress

RDA GAP FINANCING:
\$500,000

PROJECT COST:
\$11,200,000

UNITS
82



CYPRESS SPRINGS

Zion City & Glen Oaks CIP
Developer: CDI-Baton Rouge, Inc.

RDA GAP FINANCING:
\$1,000,000

PROJECT COST:
\$15,600,000

UNITS
144



ELM STREET APARTMENTS

Brookstown, near Prescott Rd. & Foster Dr.
Developer: IDP Housing, LP

RDA GAP FINANCING:
\$500,000

PROJECT COST:
\$15,600,000

UNITS
60



The RDA made available seven lots to Habitat for Humanity through the Community Partners Program. Habitat developed these seven parcels into a new community of single-family homes in Scotlandville.



REAL ESTATE

"Habitat for Humanity is proud to partner with the RDA to build homes and hope. This partnership has enabled us to make a difference in neighborhoods blighted with abandoned property, helping one more qualified family realize the dream of homeownership."

-Lynn Clark, Executive Director
Habitat for Humanity of Greater Baton Rouge

REAL ESTATE/ LAND BANK PROGRAMS

Adjacent Lot Program

An eligible property shall be physically contiguous to an adjacent owner-occupied lot, and shall be limited to no more than one lot capable of development. There are limits to transferring no more than one lot per contiguous lot.

Community Partners Program

Not-for-profit and for-profit entities are eligible to participate in this program. Development plans and construction timelines must be submitted, and all projects require RDA Staff and Board approval.

Major Project Program

Projects that require one acre or more of land area for development are considered Major Projects. These may include residential, commercial, recreational or mixed-use projects, and may be used for continuous and defined public use, such as infrastructure.

For additional information, please contact the RDA.

The RDA has been strategic in identifying and aggregating vacant and adjudicated properties within the five Community Improvement Plan and special project areas. To create critical mass for future developments, we will work with City-Parish government to accumulate acquisitions and maximize the positive impacts within each community. Vacant, adjudicated, tax-foreclosed, bank-foreclosed, blighted, and generally under-utilized properties have been targeted for acquisition within the selected areas. Each property held in the RDA's land bank is under contract to conduct ground maintenance, appraisals, surveys, title abstracts, and all legal work necessary to quiet title.

Whether working with a developer to assemble land to make way for new investment or partnering with non-profit organizations to fulfill its mission, the RDA is proud to participate in the reduction of blight. As proud partners of Habitat for Humanity of Baton Rouge, we have to date transferred twelve adjudicated parcels and are in the process of transferring four additional properties.

128

Adjudicated lots currently in the RDA land bank hold potential for larger ripple effects within the communities we serve. The RDA process takes the burden off the City-Parish and helps put these lots back into commerce. By transforming these lots into affordable housing or other community needs, this increases property value, stabilizes the block and restores neighborhood pride.

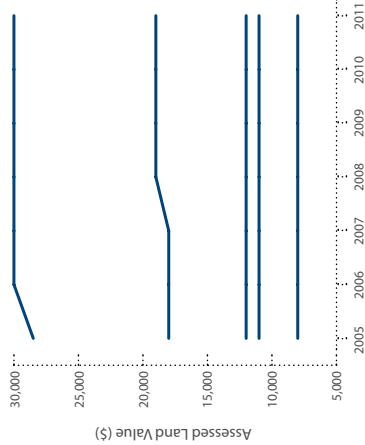
Vacant property in many of our low-income communities contributes to an accelerated rate of blight and disinvestment in East Baton Rouge Parish. Within the Parish, there are over 6,500 adjudicated properties, and these properties generally show trends of financial burden on our local government. Rising costs and sometimes insurmountable legal barriers are found on many parcels within the city limits of Baton Rouge. In efforts to address these issues, the RDA - through its legislation - maintains the ability to acquire and quickly clear title to tax sale and adjudicated properties.

Without a more stable environment, the City-Parish government is left to address the loss of revenues that should be generated by the payment of property taxes and must account for an increase of public service expenses to maintain these properties. Lots within the RDA land bank are maintained by the RDA, thus saving the City-Parish this direct cost, and costs associated with arson, police calls, dumping and court costs.

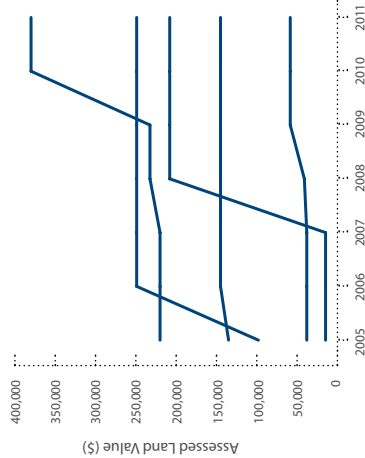
LAND VALUES

The charts below illustrate significant land value differences in low-income census tracts and in medium- to high- income census tracts. Each green line represents an individual parcel's assessed value tracked over a six-year period. What is notable are the stagnant growth trends within the low-income census tract/CIP areas compared to the other, more active markets. Limited transactions recorded within the low-income census tract/CIP target areas are one explanation.

LOW INCOME CENSUS TRACTS (RDA CIP AREAS)



MEDIUM TO HIGH INCOME CENSUS TRACTS



Data was calculated from the from the first quarter 2005 through the first quarter of 2012 (East Baton Rouge Parish Assessor's Office).

Returning Blight Back To Commerce

20 Adjudicated Lots: Judgments

112 Adjudicated Lots: Pending

132 Properties to Productive Use

A homeowner hammers the first nail on her Habitat for Humanity home on Chinn Street.

Using the MoPed installed on an internet connected device to conduct assessments while in the field.

"I am proud of the work and leadership of the East Baton Rouge Redevelopment Authority. The investments and partnerships that are being made, programs developed, and projects in place are exactly what the East Baton Rouge Parish needs to make a transformative impact on the distressed communities throughout the parish."

- Regina Ashford Barrow,
Louisiana State Representative, District 29

MODAD

The Mobile Damage Assessment Device, or MoDAD, provides an efficient data collection tool when communities need it most – after natural disasters like storms and floods. MoDAD works with a web-based reporting dashboard to locate and identify damage to public and private property in real time. Its simple form allows users to quickly collect critical information, including photos, which can be shared with other agencies and organizations. MoDAD replaces the antiquated collection and reporting methods used by most organizations with an efficient system that provides faster and more accurate responses to disasters. MoDAD is a public/private partnership between the RDA and Zehnder Communications. The technology is proprietary and commercially available in Apple and Android app stores.

Source: NOAA

168,679
lots inventoried through the initial data collection process

1,575
registered & pending users of the PET online information tool

PROPERTY EVALUATION TOOL (PET)

Early in its existence, the RDA realized the need to quantify the perceived problem of blighted and abandoned property in East Baton Rouge Parish, classify the condition of the property, and develop a property information system that could be used for reference, analysis, and benchmarking. With the cooperation of the City of Baton Rouge-Parish of East Baton Rouge, the RDA was able to obtain access to information concerning all of the property within the City of Baton Rouge, where the majority of distressed properties exist.

The RDA then engaged a local contractor, LEO LLC, and began assembling data and “filling the gap” of critical information by conducting property condition surveys on every lot within the City limits. This data is combined with other information, such as ownership, tax status, flood zone, property value, and other relevant information, in a web-based, user-friendly application referred to as the PET. The tool combines GIS mapping capabilities with simple custom queries that enable property information analysis and reporting. Setting up an account is free online at pet.ebrra.org.

MOPED

The Mobile Property Evaluation Device, or MoPED, is a handheld tool that provides an efficient data collection and measurement tool for community redevelopment initiatives. The app works with a web-based online reporting dashboard to identify and classify urban hotspots in disrepair through some internet connected mobile devices. Its simple data entry form allows users to quickly collect critical information, including photos, which can be shared with other agencies and organizations. MoPED helps bolster community revitalization efforts while replacing the antiquated clipboard and paper fact-gathering that requires redundant data entry. MoPED is a public/private partnership between the RDA and Zehnder Communications. The technology is proprietary and commercially available in Apple and Android app stores.



Screenshots from MoPED 2.0.

"The RDA has proven to be the best weapon in the elimination of blight, revitalizing depressed areas by placing properties back into commerce. The RDA is providing a service that Baton Rouge desperately needs."

- Michael Jackson, former Louisiana State Representative, District 61



Hampton Inn & Suites under construction at the corner of Lafayette and Main Streets, downtown Baton Rouge, made possible by an allocation of \$17 million in New Markets Tax Credits by the RDA.



Source: Windsor-Aughity

ECONOMIC DEVELOPMENT

Our efforts in economic development seek to improve the quality of life and economic situation of the East Baton Rouge community through stimulating reinvestment by investors and developers and by facilitating the renewal of the neighborhood retail and commercial corridors. In essence, we are fulfilling our mission as the Redevelopment Authority: to address market failures with resources that are otherwise unavailable in the community.

The program incentives in the RDA toolbox target low-income areas for economic development, and to date have assisted in creating and retaining over 800 jobs and in creating over 10 new businesses. There is also unquestionable opportunity for existing businesses to capture more of the sales dollar – which results in more tax revenue - through business development and growth, with the double impact of catalyzing the renewal of surrounding distressed neighborhoods.

9,496,167 s.f.

(218 acres) of land acquired for development activities in target communities for the Adjacent Lot, Community Partners and Major Projects Programs, and for Special Projects, such as Smiley Heights

YMCA OF THE CAPITAL AREA

The recent expansions of the YMCA are assisted through NMTC allocations which can fill funding gaps for the development of important community services when conventional financing does not always exist. The new 22,000 square-foot ExxonMobil YMCA at Howell Place serves over 1.8 million people annually in a facility shared by the YMCA and BREC. The newest YMCA to be built in Zachary will provide a 26,000 square-foot community facility; and as a targeted population NMTC deal, the project will be creating new jobs, with at least 40% to be filled by residents from low-income households. The RDA received the YMCA's Red Triangle Award in 2012 for assistance in the ExxonMobil YMCA.

"The partnership between the RDA and the YMCA has been incredibly successful. It has been well received by the community, and they have embraced it tremendously."

- CEO Bob Jacobs, YMCA of the Capital Area

Source: YMCA of the Capital Area

"The RDA has made significant progress in helping our city redefine and reclaim its urban core. Thanks to their efforts, we can have faith and hope in believing that our city truly has the potential to grow as a whole. I believe that a city that grows collectively is an abundant and prosperous place to live. The RDA gives us the opportunity to be our best!"

- Tara Wicker, East Baton Rouge Metro Councilmember, District 10

NEW MARKETS TAX CREDITS

As one of the most powerful tools in community revitalization, the New Markets Tax Credit (NMTC) program provides investors with federal tax credits for making investments in a wide range of redevelopment projects located in low-income communities. In December 2009, the East Baton Rouge Community Development Entity, LLC (EBRCDE), a partnership between the City of Baton Rouge-Parish of East Baton Rouge and the RDA, was awarded an allocation of \$60 million in New Market Tax Credits. At the time of publication, the EBRCDE had deployed its allocation.

\$60,000,000

deployed in New Markets Tax Credits

EXXONMOBIL YMCA
AMERICANA YMCA

community center and programs brings healthy living facilities to EBR families

\$6,100,000
\$11,400,000

HAMPTON INN & SUITES

new hotel rooms downtown, helping BR become stronger tourist and conference destination

\$17,000,000

HONEYWELL

development and production of green technologies keeps Honeywell in business in BR

\$17,500,000

CIRCA 1857/
MODEL BLOCK LLC

artist live/work, affordable housing & commercial rehabilitation

\$8,100,000

BUSINESS IMPROVEMENT GRANTS

Another tool in the revitalization toolbox, business improvement grants provide a financial incentive to small business owners and owners of commercial buildings to improve their retail settings. This reimbursable matching grant is available to improve the commercial corridors and neighborhood retail environment within any of our low-income target areas. We have awarded \$365,000 in matching grants to transform vacant or lackluster commercial sites into inviting retail spaces.

\$365,000

allocated in Business Improvement Grants

COLLEGE BARBERSHOP

\$25,000

ALL IN FAVOR

\$25,000

ISTROUMA MATTRESS

\$7,500

TESSIER BUILDING

\$7,500

OGDEN PARK MARKET

\$52,500

RENAISSANCE CENTER

\$7,500

JSAL PROPERTIES

\$52,500

BROADMOOR

\$67,500

SHOPPING CENTER

COLONIAL PARK

\$120,000

SHOPPING CENTER

FINANCIALS

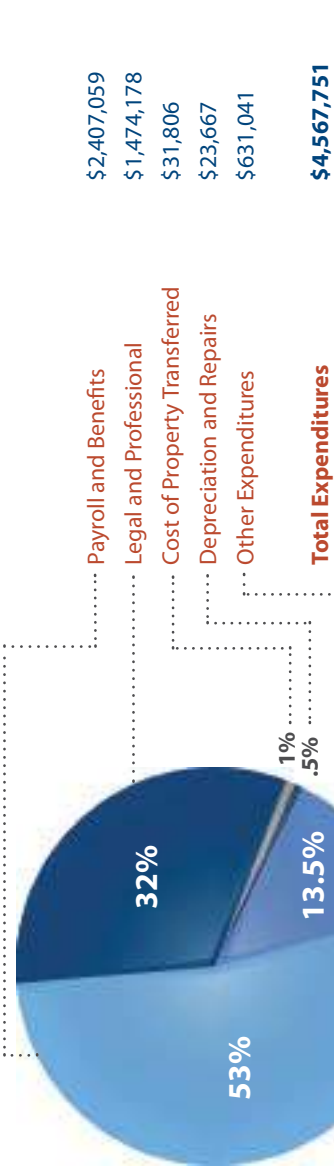
2009-2011

REVENUE SOURCES BY TYPE



Grants and Contributions include funds for use in programmatic activities and RDA operations. New Markets Tax Credit (NMTC) Fees derive from the enterprise fund which accounts for all activities of the EBR Community Development Entity. Transfer of Property is income realized from real estate activities. In-Kind Donations are donated land assets. Other income are miscellaneous sources of revenue.

EXPENDITURES BY AREA



Note: Through June 2012, expenditures for the Gap Finance for Affordable Housing program have been \$1,258,900 and expenditures for the Business Improvement Grant program have been \$64,941.

Payroll and benefits includes wages and indirect and non-cash compensation paid to staff. Legal and professional are fees paid for consultant services. Cost of Property Transferred includes costs related to transferring property. Depreciation and repairs reflects expenditures attributable to office maintenance. Other expenditures are miscellaneous expenditures.

Change in Net Assets **\$2,841,830**

Source: EBRRRA Audited Financial Statements 2009-2011

PEOPLE

| BOARD OF COMMISSIONERS | STAFF |
|--|---|
| Mr. John Noland Chairman | Walter Monsour President & CEO |
| Mr. Van Mayhall Vice-Chairman | Mark Goodson Executive Vice President & COO |
| Dr. James Llorens Secretary | Charles "Chip" Boyles, II Vice President, August 2012 - Administration & Programs |
| Ms. Susan Turner Treasurer | Susan Ludwig Vice President, 2011- July 2012 Administration & Programs |
| Mr. Rodney Braxton | James Andermann Project Manager |
| Mr. John Noland Chairman | Susannah Bing Project Manager |
| Mr. Van Mayhall Vice-Chairman | Marcelle Boudreaux Project Manager |
| Ms. Erin Monroe Wesley Secretary/Treasurer | Melissa Neyland Real Estate Specialist |
| Rev. Tommie Gipson | Rodney Richbourg Accountant |
| Dr. James Llorens | Rebecca Normand Office Coordinator |
| Mr. John Noland Chairman | Christy Leigh Administrative Assistant |
| Rev. Raymond Jetson Vice-Chairman | Interns Donovan Hobby Megan Roussel |
| Mr. Rodney Braxton Secretary/Treasurer | |
| Rev. Leo Cyrus | |
| Mr. Byron Turner | |
| Ms. Erica McGeachy Crenshaw | |
| Ms. Verni Howard | |

Our Future

Through targeted investments and partnership strategies, the RDA will continue its work improving the quality of life for all in East Baton Rouge Parish.



Hooper Springs, a new 48-unit affordable housing development by Community Development, Inc., is located within the Glen Oaks & Zion City Community Improvement Plan area.

"If we want to be truly effective in fighting crime and the other issues impacting the quality of life in Baton Rouge, we have to improve the blighted and underserved areas of our community. Revitalizing neighborhoods by bringing new housing and businesses into them gives rise to hope and optimism for a brighter future. It begins with the RDA."

- Raymond Jetson, Pastor, Star Hill Church & Vice-Chairman, EBRCDE Advisory Board

OUR FIRST THREE YEARS have brought to market substantial opportunity, an outcome not possible without the RDA program investment, strategic leadership and community vision. The next three will mirror the urgency in addressing our collective needs to direct investment into the core of the Parish, provide more and varied housing opportunities, expand transportation choices, preserve neighborhood character, enhance economic opportunity, and eliminate blight.

To continue to fulfill our mission and address community needs, we will focus on strategic initiatives that aim to construct high-quality, mixed-income housing units, improve the public realm and private storefronts along prominent thoroughfares, create job opportunities, and return problem properties to productive use.

The work of the RDA will encompass many areas, and some of the specific development and project areas include:

- implementing the urban renewal strategies of FUTUREBR, which include investing in North Baton Rouge, Mid City, and Old South Baton Rouge through the creation of Urban Renewal Districts;
- bringing fresh food options to underserved neighborhoods;
- collaborating with the City-Parish to develop a robust, market-based code enforcement program;
- beginning the development of Smiley Heights (*working title*), an urban village in the heart of Baton Rouge, anchored by a workforce development high school and the East Campus of the Baton Rouge Community College; and,
- managing the revitalization of the Louisiana Black History Hall of Fame’s historic Lincoln Theater, and surrounding area, in Old South Baton Rouge.

We are pleased with the progress made by the RDA in its first three years of existence. Yet, the needs of our community remain great. We look forward to addressing the complex challenges and providing innovative solutions that result in a better East Baton Rouge Parish over **MANY MORE YEARS.**



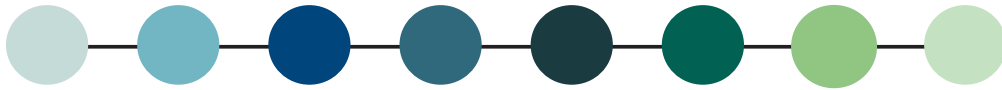
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Appendix B

Land Bank and Redevelopment Division Functions



Land Bank and Redevelopment Division Functions

Land banks operations can include some or all of the following functions:

- Property acquisition
- Property maintenance
- Property disposition

The RDA's CEA with the City-Parish provides for the elimination of all debt on tax sale properties acquired by the RDA if the property is not reclaimed during the redemption period. In other words, the RDA does not have to pay back taxes, fees, penalties or interest on properties it would acquire through the Tax Sale Purchase Process.

Land Bank Function: Property Acquisition

The first process by which the RDA can obtain properties (and/or generate revenue) is through the Tax Sale Purchase Process. East Baton Rouge Parish tax delinquent properties are available for purchase through a formal tax sale process conducted by the East Baton Rouge Parish Sheriff's Office approximately twice a year.

The Tax Sale Purchase Process is a competitive process that allows potential purchasers to offer bids for specific tax delinquent properties. Bids must include at least the taxes owed along with all fees and interest due. The tax sale purchaser assumes the title for the property. The former property owner has 18 months (redemption period) to reclaim their property by paying all taxes, fees, penalties, and interest due.¹

The tax sale purchaser receives 100% of the interest owed on the property when/if the property is reclaimed and takes ownership of the property in the event the property is not reclaimed during the redemption period. The Tax Sale Purchase Process Flowchart illustrates this process.²

Finally, the dual roles of redevelopment and land banking can and should be woven together so that properties can be amassed in targeted areas through donations or targeted acquisition. Future revenue can be derived through selling these properties

¹ In November 2014, Louisiana voters approved a constitutional amendment changing the redemption period from three years to 18 months.

² City-Parish's Adjudicated Property Process Steps, www.brgov.com

Appendix B: Land Bank and Redevelopment Division Functions

RDA Business Plan 2015

to developers or through the creation of taxing districts with a portion of the revenues dedicated to the RDA.

Land Bank Function: Property Maintenance

Land banks are responsible for maintaining, remediating, and insuring the acquired properties. Essential property maintenance activities include: property cleaning, litter removal, lawn maintenance, weed removal, securing structures, demolishing or renovating structures. These property maintenance activities can be performed by land banking staff, through contractors, and/or through arrangements with local government.

Land Bank Function: Property Disposition

Property maintenance can become a burdensome land banking expense if the land bank has to hold properties for significant periods of time. Therefore, it is imperative for the land bank to establish disposition strategies and plans that allow for timely transfer of properties into productive use. Common property disposition strategies include:

- Green space development – Properties may be cleared and turned into green space and public parks.
- Side Lot programs – Property is sold to the adjacent property owner for the purpose of increasing their lot sizes. These “Side Lot” programs, as they are often called, typically allow for quick property transfer.
- Housing development – Properties may be transferred to nonprofit or for-profit developers for the purpose of renovating or building housing.
- Redevelopment project support – Properties are strategically acquired by the land bank to support larger redevelopment projects.

Partnerships Vital to RDA Land Bank Division

Land banks can only reach their full potential through strong collaborations and partnerships with key community agencies and private organizations. Specifically, land banks require:

- Comprehensive contractual agreements and close working relationships with municipal government including law enforcement and public safety agencies,
- Cooperative trustworthy relationships with neighborhood groups,
- Sustainable connections with local nonprofit and for-profit real estate

Appendix B: Land Bank and Redevelopment Division Functions

RDA Business Plan 2015

developers, and

- Mutually beneficial affiliations with financing entities.

The RDA redevelopment division's role in revitalization efforts can include any or all of these functions.

- Planner

The redevelopment arm of the RDA could serve in the planning role for redevelopment projects. In this role, the RDA could facilitate the creation of project plans that showcase how individual redevelopment projects would come together in strategically selected areas to spur development and eliminate blight. Planner services may include master plan development, investigation of redevelopment viability, facilitate necessary Ordinance Code changes, and design incentives that promote project implementation.

- Lender

The RDA can and does serve as a lending organization to developers and businesses implementing redevelopment projects. Lending services may include gap financing for businesses or residents and project development loans.

- Developer

The redevelopment division can serve as the developer by leading the management and implementation of redevelopment projects. Developer services may include arranging project financing, hiring design architects/planners/engineers, hiring contractors and overseeing construction, and brokering deals for the implementation of projects.

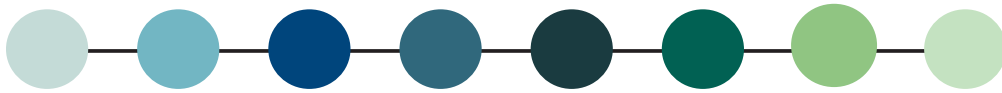
- Asset Manager

The RDA may elect to continue its involvement in a strategic redevelopment project after the project has been completed. In the asset manager role, the redevelopment staff could oversee asset maintenance and manage operations.

While each of these roles provides added value to a project or part of the community and therefore can create an opportunity for fee for service revenue, it is important to note that these fees cannot substitute for an adequate and predictable annual funding stream. Over a decade or more, the RDA can build up reserves from these revenue opportunities and use them to fund other redevelopment projects.

Appendix C

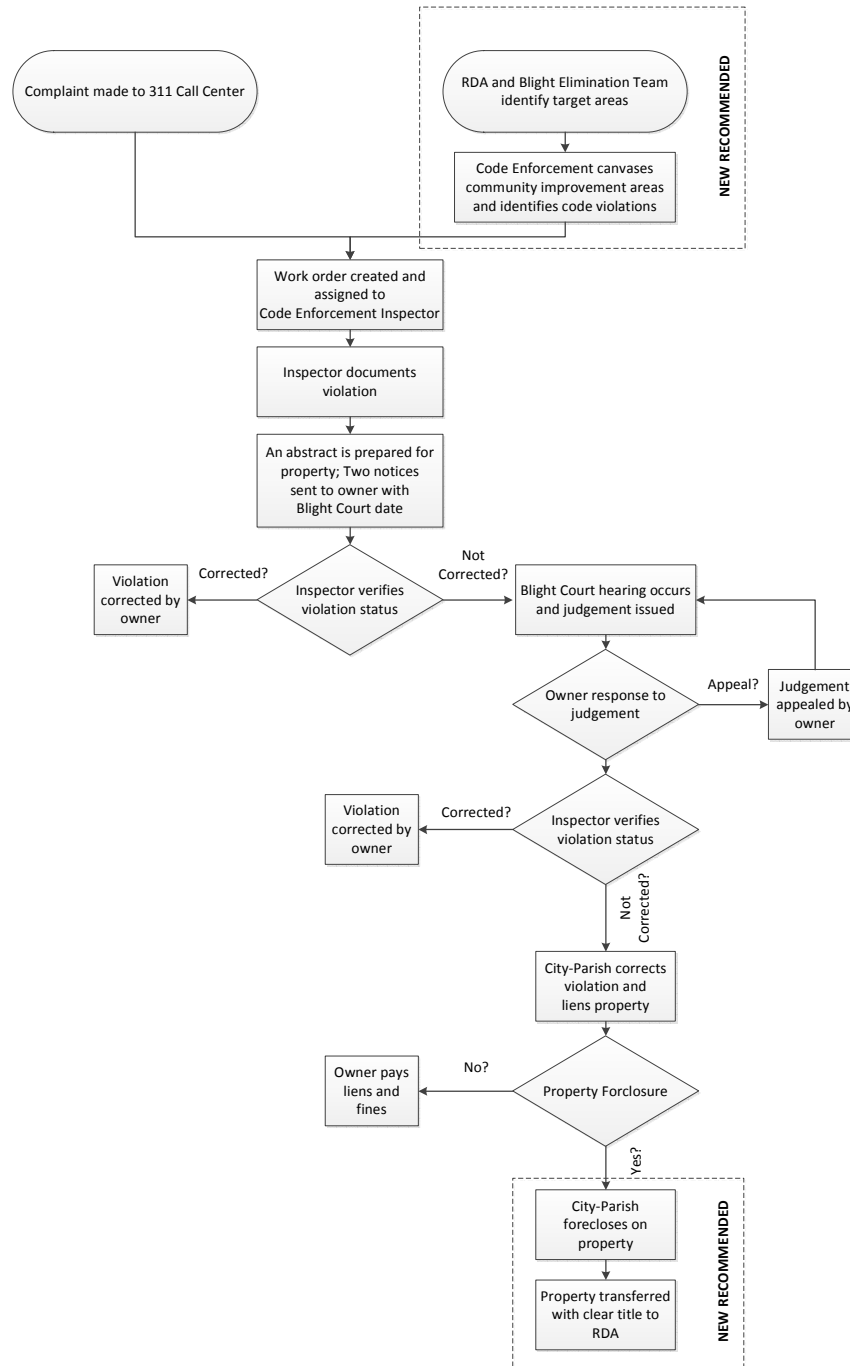
RDA Property Acquisition Methods



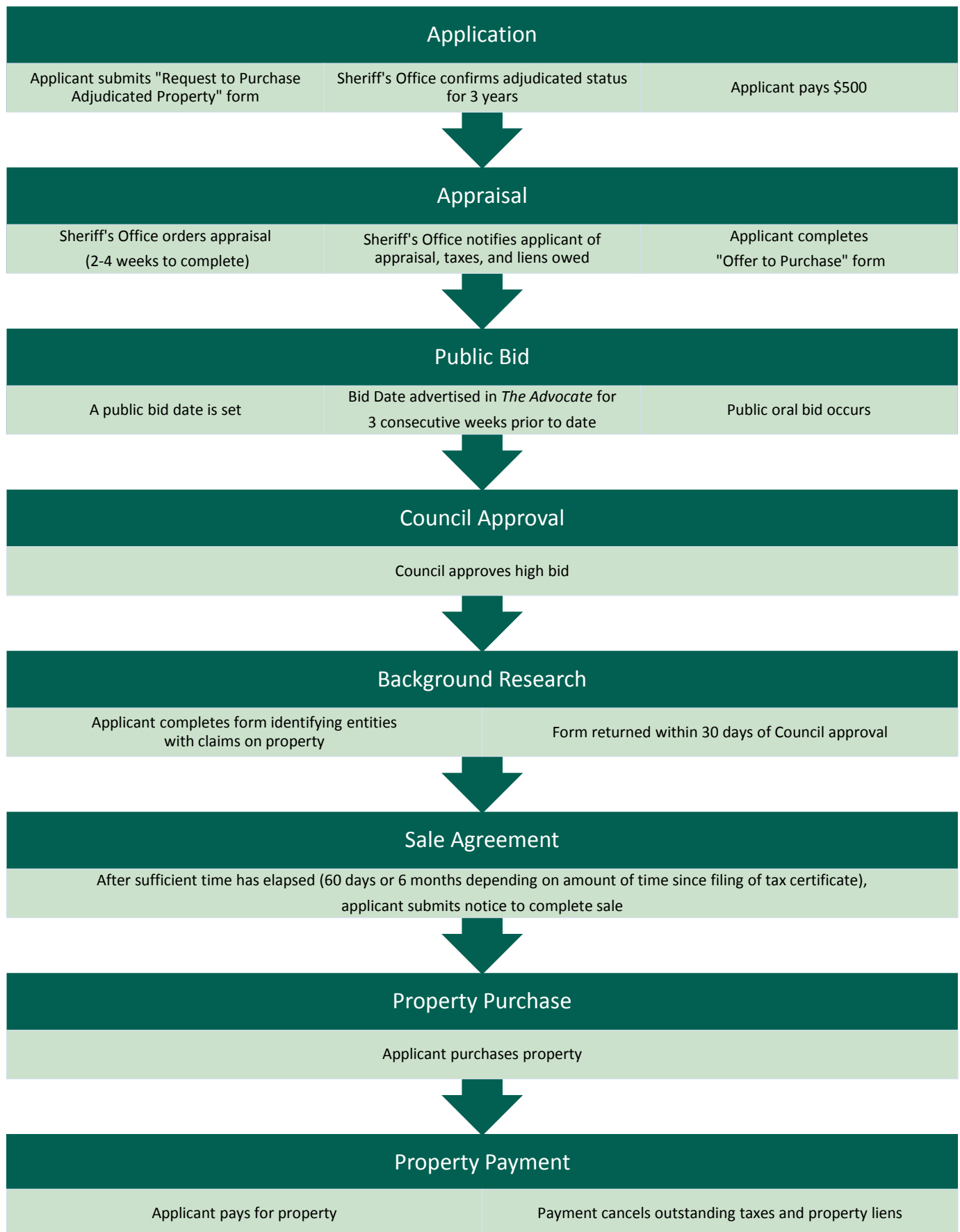
Appendix C: RDA Property Acquisition Methods

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Strategic Code Enforcement Flowchart

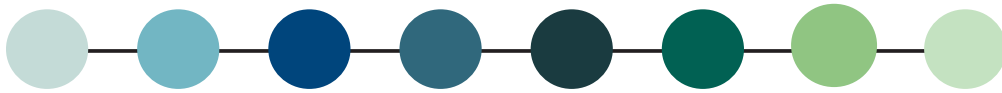


EBR Tax Sale Purchase Process Flowchart



Appendix D

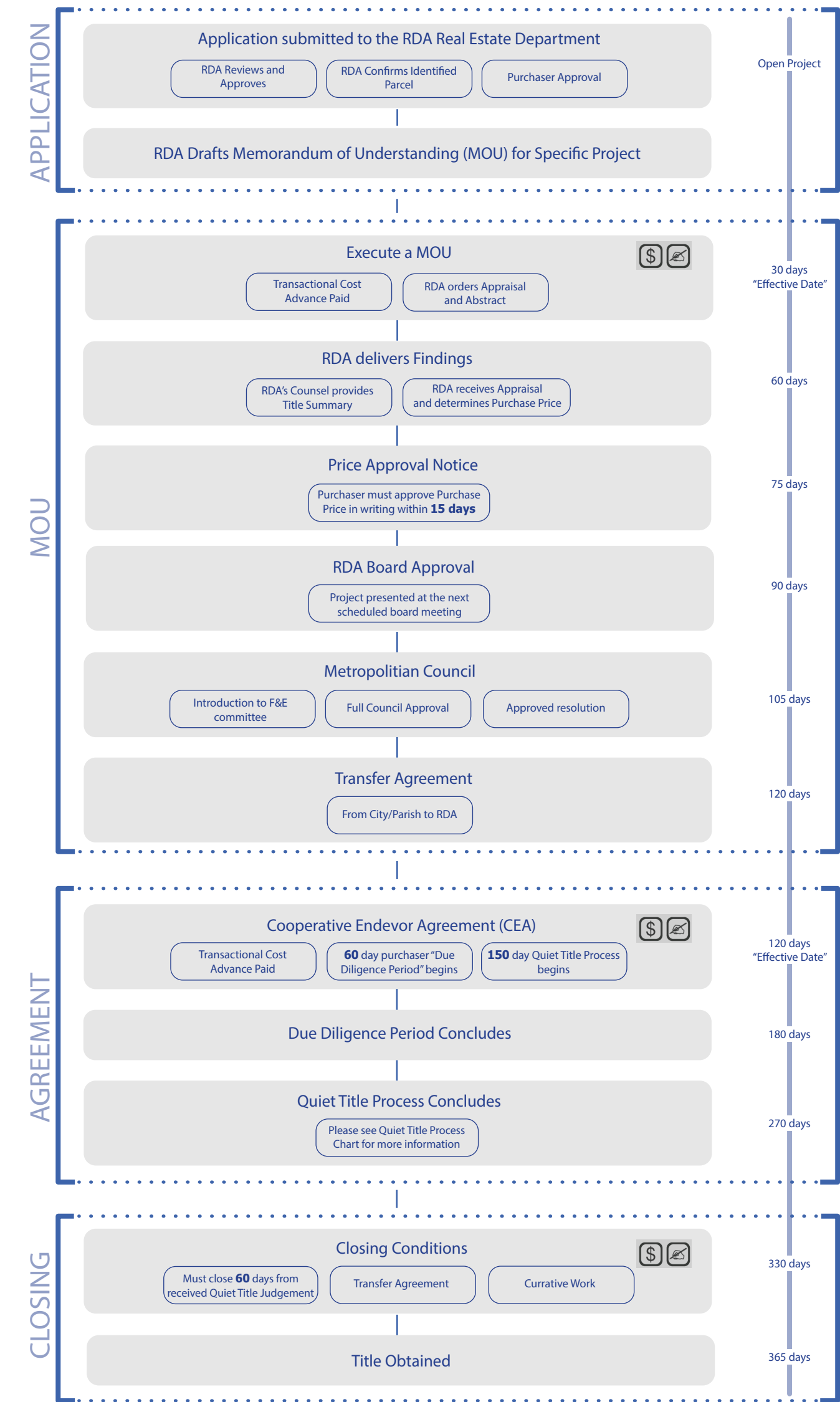
Tax Adjudicated Property Process Flowchart



Appendix D: RDA Property Acquisition Methods

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Tax Adjudicated Property Process Flowchart



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