

UPDATE ON THE

**AFL-CIO GULF COAST
REVITALIZATION PROGRAM**



**AFL-CIO EXECUTIVE COUNCIL MEETING
CHICAGO, ILLINOIS • AUGUST 8, 2007**

PREPARED BY
AFL-CIO INVESTMENT PROGRAM

Introduction

One year into the seven-year AFL-CIO Gulf Coast Revitalization Program, the AFL-CIO Investment Program—consisting of the AFL-CIO Housing Investment Trust (HIT), AFL-CIO Building Investment Trust (BIT) and AFL-CIO Investment Trust Corporation (ITC)—has laid a foundation to help rebuild the City of New Orleans and other devastated Gulf Coast communities.¹ As announced by AFL-CIO President John Sweeney in June 2006, the Gulf



Standing with workers displaced by the Gulf Coast hurricanes, President John Sweeney announces the AFL-CIO Gulf Coast Revitalization Program in New Orleans last year.

Coast program focuses on union job creation, affordable housing development, and community and economic development to generate over \$1 billion in real estate activity. The program also includes strategies designed to improve the lives of residents of the low-income public housing community.

The ITC has opened and staffed an office in downtown New Orleans, under the leadership of Tom O'Malley, and continues to build relationships and capacity throughout the region. Since Hurricane Katrina, the HIT, BIT and ITC have devoted significant staff time and resources to implementing their strategies for the Gulf Coast. Over the past year, their staff have met with **more than 200 organizations and held or participated in 510 community meetings**. These efforts have been concentrated in five primary areas, each of which is described below.

Strategy One: Rebuilding New Orleans through Housing Production

As a result of Hurricanes Katrina and Rita, some 300,000 homes were lost or irreparably damaged in the Gulf Coast region. In New Orleans alone, more than 50,000 units of rental housing were damaged or destroyed. Prior to the storms, the local housing industry produced an average of 5,000 units of housing per year. Unless new methods for producing housing more quickly are implemented, neighborhood recovery of the City of New Orleans could take many years.

The AFL-CIO Investment Program has a two-pronged approach for addressing this problem. *First*, factory-built housing is identified as the key to accelerating housing production while providing union jobs for area residents. *Second*, the HIT, BIT and ITC network of labor, community, finance, and development leaders is being utilized to help build a pipeline of residential investment opportunities in the Gulf Region, including developments able to use factory housing product.

¹ The AFL-CIO Investment Program works in partnership with a number of union sponsored funds including Ullico's J for Jobs and the Amalgamated ULTRA Fund in the Gulf Coast area and around the country.

The ITC has been working for the past year to establish a panelized housing facility in the New Orleans area. Through a request-for-proposals process, ITC identified Housing International, Inc., as a factory operator with whom to work to establish production capacity in the New Orleans area. Housing International has opened a facility in Reserve, Louisiana, producing steel framed panels and modules for housing and other low-rise construction. The company entered into a neutrality and card check recognition agreement with the AFL-CIO Metal Trades Department, and employees at the plant subsequently voted unanimously to be represented by the New Orleans Metal Trades Council. When at full capacity, the plant is expected **to generate up to 300 on-site union jobs and additional union jobs in the field erecting houses.**



Workers erect a steel-frame panel at the Housing International Gulf Coast, Inc. panelized housing facility in Reserve, LA.

The Telesis Corporation, a Washington, DC-based development and investment company, and Morgan Stanley are in advanced discussions with Housing International to provide a working capital loan to cover operations for the next year. A loan commitment is expected in the next few weeks. At the same time, Telesis and Morgan Stanley are reviewing a more comprehensive equity investment proposal using New Markets Tax Credits with a decision expected by the end of the summer.

In 2006, the ITC and Providence Community Housing were awarded 196 adjudicated properties. Utilizing the city’s “quick take process,” 59 properties have been transferred to Providence Community Housing for development. Providence has agreed that **at least 100 scattered site properties will have homes constructed using panels from the Housing International plant.**

The pipeline for production includes orders for a 1,500-square-foot day care facility and for a 5,000-square-foot warehouse in Texas, as well as plans for a 210-unit development in New Orleans East, a 3,000-square-foot community center, and at least 200 other units of multifamily housing in the New Orleans region.

Strategy Two: Creating New Opportunity through Economic Development

The HIT, BIT and ITC are tracking a pipeline of development and rehabilitation projects throughout the Gulf Coast region. For example, the HIT and the BIT are actively pursuing two large-scale development projects being undertaken by Full Spectrum Development of New York City: the World Trade Center Redevelopment Project in New Orleans and the Old Capitol Green Redevelopment Project in Jackson, Mississippi.

- The World Trade Center site, at 2 Canal Street, will be the largest development opportunity available in New Orleans over the next five years, with **1.2 million square feet of development potential and estimated total development costs of \$300 million**. This project will include a 225-key hotel and 200-275 units of rental and for-sale housing.
- The Old Capitol Green master planned development in Jackson, Mississippi, is a **\$500 million, 10-year revitalization of downtown Jackson**. The project will include 4,300 units of both rental and condominium housing, 860,000 square feet of commercial space and a 165-key hotel.

Full Spectrum intends to comply with the HIT and BIT policies for union construction and operation of both projects. Together, **these two projects are expected to generate more than 3,000 union construction jobs as well as hundreds of full time jobs in the hotel and service industries**. The development team will be meeting in September with union-friendly investment funds to determine their level of interest in the financing of Full Spectrum’s Gulf Coast developments.

Strategy Three: Connecting People to Jobs through Workforce Development and Community Outreach

The Gulf Coast Revitalization Program reflects the AFL-CIO’s commitment to help rebuild New Orleans and other devastated areas through a “high road” strategy for economic recovery that emphasizes not just physical recovery but the creation of higher wage jobs and economic opportunity for residents. Creating high quality jobs through the housing factory and through housing and commercial development, as outlined above, is part of that strategy. Finding ways to ensure that community residents can take advantage of those jobs is equally important.

BCTD President Ed Sullivan announced plans for a new training and outreach program to prepare workers for union jobs in the reconstruction of the Gulf Coast region.



In November 2006, Secretary-Treasurer Richard Trumka launched the Young Men of Color Initiative in response to the findings of a report by the Joint Center for Political and Economic Studies’ Dellums Commission. The Young Men of Color Program is focused on creating opportunities for young men of color through workforce training, continuing education and community development. The first pilot city for this program is New Orleans.

Over the past year the Building and Construction Trades Department, AFL-CIO, has been focused on making workforce training in New Orleans a reality. Through the dedication of its New Orleans team, headed by Executive Director Art Lujan, it has launched the Gulf Coast Construction Careers Center, a one-stop center for fast-track training and job placement for

careers in the building and construction trades. In December 2006, the Careers Center received a **three-year, \$3 million grant from the State of Louisiana's Recovery Workforce Training Program** to support its three-week pre-apprenticeship course, *Introduction to Construction*. The first class of trainees graduated from the program in June, and **three classes totaling 62 individuals have now graduated, with the majority being employed immediately.**



Mike Arnold, Secretary-Treasurer, AFL-CIO Investment Trust Corporation, addresses the first class of 22 graduates from the Gulf Coast Construction Careers Center.

The ITC is working with Art Lujan to seek additional foundation funding for the program to serve more students and address additional training needs of the participants. A grant proposal to the Gates Foundation, now being prepared, will request funding to supplement the Careers Center's math curriculum as well as to cover transportation costs for the graduates to and from their new places of employment, including the Housing International plant.

The Careers Center and ITC have also worked together to seek a community center building to allow area residents to access Careers Center training and other supportive services at one centralized location. They are exploring acquisition of a building owned by the Housing Authority of New Orleans in New Orleans East that would meet these needs.

Strategy Four: Building Local Capacity by Partnering with the New Orleans Redevelopment Authority

In early 2007, the ITC and the New Orleans Redevelopment Authority (NORA) entered into an historic joint venture to form Building New Orleans CDE, Inc. (BNO) to be the leading community economic development financing resource serving the Greater New Orleans area. BNO will focus on funding high-impact, primarily mixed-use redevelopment projects that provide combinations of business, community facility and housing options that best meet the needs of low-income communities.

Through this newly formed entity, **ITC and NORA submitted a joint application to the U.S. Treasury Department for a \$150 million allocation of New Markets Tax Credits.** These tax credits could subsidize development projects in the New Orleans area with total development costs in excess of \$200 million, creating thousands of construction and permanent jobs.

The ITC-NORA partnership will be a critical component to the revitalization of downtown New Orleans. Recognizing the importance of having a city agency dedicated to redevelopment, pending federal legislation calls for NORA to receive \$50 million to assist it in acquiring contiguous properties in distressed neighborhoods in order to aggregate the lots into tracts of land suitable for development, further expediting redevelopment.

Several ITC staff members have extensive redevelopment authority experience and have been providing technical assistance and advice to NORA regarding the Authority's potential role in the redevelopment and recovery process. In May 2007, ITC President Stephen Coyle and Gulf Coast Program Director Tom O'Malley traveled to New Orleans to address a joint meeting of NORA and the New Orleans City Council. They discussed the role of a redevelopment authority in planning and developing cities. This has resulted in an ongoing dialogue about the goals and plans for redevelopment of New Orleans.

Strategy Five: Making the Right of Return Real by Assisting the Low-Income Public Housing Community

Prior to Katrina there were 7,400 units of public housing in New Orleans, 5,200 of which were occupied. The U.S. Department of Housing and Urban Development (HUD) has announced plans to demolish four of the largest public housing developments in New Orleans and replace them with only 2,500 units of public housing. At a time when affordable housing is the area's most critical need, the proposed mass demolition of serviceable public housing units has met with widespread criticism. The AFL-CIO Gulf Coast Revitalization Program has, among its central principles, a commitment to the right of return for all former tenants, one-for-one replacement of all units and the right of all former tenants to have meaningful input into the redevelopment process.



Sharon Jasper, a New Orleans tenant leader, expressed her opposition to the proposed demolition of the St. Bernard Housing development at a recent HIT Board meeting. Listening to her report is HIT Trustee and former New York Congressman Jack Quinn.

Earlier this year, former tenants of the St. Bernard public housing development formed a non-profit, the St. Bernard Housing Recovery & Development Corporation, which is focused on rehabilitating St. Bernard to allow all former tenants to return. **The HIT, ITC and St. Bernard HRDC are planning to collaborate with a private developer to submit a \$200 million development proposal to HUD for the redevelopment of the St. Bernard project.** The proposal will call for the development and rehabilitation of over 1,100 units of housing, including at least 866 units set aside for low-income families. The project will be structured as a limited equity housing cooperative resulting in tenant ownership and governance of the project, and a broader vision for the redevelopment of the surrounding neighborhood.

Acknowledgements

The AFL-CIO Investment Program would like to express its deepest appreciation to the men and women of the labor movement who are working tirelessly to fulfill the goals of the AFL-CIO Gulf Coast Revitalization Program. Special mention is due:

AFL-CIO Leadership

John Sweeney, President

Richard Trumka, Secretary-Treasurer

Linda Chavez-Thompson, Executive Vice President

Building and Construction Trades Department, AFL-CIO

Edward C. Sullivan, President

Sean McGarvey, Secretary-Treasurer

Bob Ozinga, Chief of Staff

Metal Trades Department, AFL-CIO

Ron Ault, President

and

The Officers of the New Orleans Metal Trades Council

Louisiana AFL-CIO

Louis Reine, President

Louisiana Building and Construction Trades

Joe Bertucci, President, Louisiana State BCTC; Executive Secretary, Southeastern Louisiana BCTC

Lance J. Albin, Secretary-Treasurer, Louisiana State BCTC

Donald Denese, President, Southeastern Louisiana Building and Construction Trades Council

Greater New Orleans Central Labor Council

Robert F. "Tiger" Hammond, President

Building Trades Gulf Coast Construction Careers Center

Art Lujan, Executive Director

Finally, a special word of thanks is due Arlene Holt-Baker, Assistant to the President, AFL-CIO, for her dedicated efforts on behalf of the working families of the Gulf Coast.