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Report Highlights

Administration of Affordable Housing Programs and Organizational Culture Follow Up

Louisiana Housing Corporation

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Why We Conducted This Audit

We evaluated the Louisiana Housing Corporation (LHC)'s administration of affordable housing programs and LHC's organizational culture during calendar years 2019 through 2025. Our audit focused on multifamily rental housing funded by the United States (U.S.) Department of Housing and Urban Development (HUD)'s HOME Investment Partnerships (HOME), HUD's Community Development Block Grants for Disaster Recovery (CDBG-DR), and Low-Income Housing Tax Credits (LIHTC) provided by the U.S. Internal Revenue Service (IRS). We conducted this audit because Louisiana has a shortage of affordable and accessible housing and to follow up on concerns with agency culture identified in our February 2022 audit of LHC.

What We Found

Objective 1: To evaluate LHC's administration of affordable housing programs and their associated outcomes.

- **While LHC produces housing for low-income households as required by state law and federal regulations, LHC could better target affordable housing production to households at lower income levels to better assist households with the highest need.** For example, during calendar years 2019 through 2025, 5,853 (29.1%) of 20,138 funded housing units targeted households classified as very low- or extremely low-income, but these households made up 94.8% of Louisiana's estimated housing shortage.
- **LHC needs to improve its project management processes. For example, LHC operations are often fragmented, project documentation does not contain consistent project tracking numbers, and LHC's use of technology does not always track projects through their complete lifecycle.** Project management inefficiencies limit LHC's ability to effectively manage affordable housing projects.
- **LHC does not systematically track or analyze LIHTC project data, such as project costs or development timelines.** As a result, LHC cannot always ensure that cost increases are reasonable or that projects are delivered timely, which can lead to delays in access to housing for vulnerable populations. The exhibit on the following page shows the change in costs between application estimates and final certified costs for 168 LIHTC projects placed in service during calendar years 2019 through 2025.

Continued on next page

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What We Found (Cont.)

- LHC does not have an effective process for managing and tracking long-term compliance activities to ensure properties are inspected according to federal regulations and LHC policy. As a result, LHC does not always conduct all inspections as required.** In addition, LHC has inspected fewer properties since calendar year 2019, even though the

Cost Changes by Cost Type for 168 Completed LIHTC Projects Calendar Years 2019 through 2025*					
Type of Cost	Application Estimates	Final Certified Costs	Change in Costs (\$)	Percent Change in Cost Type	Percent of Total Change in Costs
Hard Costs (e.g., construction costs)	\$1,122,900,801	\$1,369,248,990	\$246,348,189	21.9%	72.7%
Contract Costs (e.g., builder overhead and profit)	166,833,246	199,869,105	33,035,859	19.8%	9.7%
Soft Costs (e.g., financing costs, developer fees, professional fees, etc.)	649,502,734	715,052,262	65,549,528	10.1%	19.3%
Acquisition Costs (e.g., purchase of buildings and/or land)	322,908,101	316,952,964	-5,955,137	-1.8%	-1.8%
Total	\$2,262,144,882	\$2,601,123,321	\$338,978,439	15.0%	
<p>*Based on 168 LIHTC properties placed in service during calendar years 2019 through 2025 that have completed final cost certifications. Source: Prepared by legislative auditor's staff using LIHTC applications and audited final cost certifications provided by LHC.</p>					

number of properties needing inspection has grown, which increases the risk that tenants are living in unsafe housing or that ineligible tenants are living in rent-restricted units.

- LHC does not always report health and safety violations identified during LIHTC inspections to the IRS, as required by federal regulations. For example, of a selection of 24 LIHTC property inspections conducted during calendar years 2019 through 2024, LHC did not report identified health and safety violations to the IRS for 22 (91.7%) properties.** If LHC does not report instances of noncompliance to the IRS, the IRS cannot enforce penalties against developers who do not comply with health and safety standards.
- Improved planning would help LHC better meet its mission and goals. While LHC has a strategic plan, it does not include measurable goals to track and measure success.** In addition, LHC has not developed a comprehensive statewide housing plan, as required by state law, which would help integrate state and local housing efforts.

Objective 2: To evaluate staff perceptions of the organizational culture at LHC and its impact on the administration of affordable housing.

- LHC has not had consistent leadership, with five of the eight executive directors serving between calendar years 2019 and 2025.** As a result, LHC has a history of challenges with change management and facilitating communication within the agency. Results from our 2025 LHC staff survey indicate that these challenges are ongoing.
- The 2025 staff survey results indicate that most LHC employees are passionate about the work they do, but LHC needs to address other ongoing issues with its organizational culture, including improving employee morale and increasing transparency.** Survey results indicate that morale is low within LHC as a whole, and staff report low levels of job satisfaction. In addition, survey responses indicate that low levels of job satisfaction stem from staffing issues, increased workloads without adequate compensation, and staff feeling undervalued.

We made 25 recommendations. LHC agreed with 22 of them and agreed in part with three. See Appendix A in the report for LHC's full response.

View the full report, including management's response, at www.la.gov.