FEDERAL HOUSING RESPONSE TO HURRICANE KATRINA

HEARING

BEFORE THE

COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

FEBRUARY 6, 2007

Printed for the use of the Committee on Financial Services

Serial No. 110–1

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FEDERAL HOUSING RESPONSE TO HURRICANE KATRINA

Tuesday, February 6, 2007

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 2128, Rayburn House Office Building, Hon. Barney Frank [chairman of the committee] presiding.

Present: Representatives Frank, Waters, Maloney, Velazquez, Watt, Ackerman, Sherman, Meeks, Capuano, Clay, McCarthy, Baca, Lynch, Scott, Green, Cleaver, Moore of Wisconsin, Davis of Tennessee, Sires, Ellison, Klein, Wilson, Perlmutter, Donnelly; Bachus, Baker, Castle, Gillmor, Jones, Biggert, Miller of California, Capito, Feeney, Hensarling, Garrett, Pearce, Neugebauer, Blackburn, Bachmann, and Roskam.

Also present: Representatives Taylor, Jefferson, Boustany, and Melancon.

The CHAIRMAN. This hearing of the Committee on Financial Services will come to order. I want to begin with an apology to members of the public. It was not the decision of this committee to expand the committee. You may note that there is a row of seats facing the audience that ideally should be part of the audience, but the committee has grown in size, and that has taken up some of the room that would be for the public. We apologize for this. We do have another room where people can listen. We promise not to be too interesting, so those who only listen will not be too deprived, and I welcome the witnesses.

This is a very important hearing. There are few areas in the judgment of many of us on this committee where Federal policy has failed to meet its responsibilities more clearly than in helping respond to the terrible tragedy that hit people in Louisiana and Mississippi with Hurricane Katrina. There was, of course, a lot of controversy about the response of the Government, particularly the Administration here in Washington, and other governments at the time. It is one thing for people not to be able to respond in a terrible emergency in a period of a few days. It is, in my judgment, inexcusable that this much later—a year-and-a-half after those events—so little has been done. No one can use the justification of an emergency or of unpreparedness. What we have is a conscious decision not to remedy terrible conditions in which people should not have to live.

The purpose of this hearing is not simply to document that failure, although documenting failure is an important part of any ef-

fort to move forward. People say that we should ignore the past and just look to the future, forgetting that dealing intelligently with the future requires an understanding of what went wrong in the past. Our intention—and I speak here for myself and the Chair of the Subcommittee on Housing, the gentlewoman from California who has been very much concerned with this since the day of the terrible hurricane—is to listen, to elicit information, and within a fairly short period of time, certainly by March, come forward with legislation which we believe will begin to address problems that have for so long been unaddressed. This committee has particular jurisdiction over housing. There is shared jurisdiction. Insurance is shared with the Committee on Homeland Security, and flood protection is shared with other committees.

But our jurisdiction is completely in the area of housing, and we have a terrible problem in that a large number of housing units were destroyed. The information we received was that in Louisiana, 204,000 homes were destroyed or suffered severe damage; in Mississippi, 61,000. Of those, 82,000 homes in Louisiana and 20,000 in Mississippi were renter-occupied, and we have two related problems: The ability of homeowners to rebuild and get back into their homes; and a shocking neglect of the need for rental housing. The absence of that rental housing is not simply a social problem, but it is an economic problem, as well. An article in the New York Times about a month ago reported the decision by the Oreck Company to shut down a factory that they had reopened in Mississippi after the hurricane to great praise, and one of the reasons they gave, and there are always a lot of reasons and people can be for or against a decision, but one of the reasons was that they had a hard time getting workers because there was no place for these workers to live. The economy of New Orleans, a service economy with hotels and restaurants, requires housing where people who work in those occupations can live. They will be renters to a great extent. We have seen a complete failure on the part of the Administration here in Washington to respond to that crisis, and indeed, there have been efforts by the Administration to oppose things that we have put forward that would provide some of the resources.

Now, let me just say, obviously a lot of governments are involved. Our primary responsibility as a committee of the Congress of the United States is to look at our responsibilities as part of the Government of the United States. People will be commenting and there will be testimony from State officials from Mississippi and Louisiana. And that is part of the mix, but the remedies we control, the measures we will propose will deal with the Federal Government's response because it is the Federal Government for which we bear responsibility, and in my judgment it is the Federal Government which has failed completely to meet its responsibilities and, indeed, to live up to the promises that were made by the President and high officials of this Administration in the days immediately after Hurricane Katrina. We have given out some paper that makes that clear—that contrasts the President's promises with the failures.

And finally, let me say, people will say, why are you now getting to this? In the period after the hurricane—

I apologize for my condition, but unlike the condition of the people in Louisiana, it will take care of itself. A cold goes away. A lack of housing for people does not take care of itself, and it perpetuates until action is taken.

The gentlewoman from California, when she was the ranking member of the Subcommittee on Housing, and I was the ranking member of the Full Committee, we spent as much time in this past 15 or 16 months in trying to sort out the problems in Louisiana as anything else. She has been there. She plans to bring this subcommittee there later this month. We tried very hard to sort this out, and we were frustrated in our ability to do so. But now as members of the majority, it is our intention to insist on answers, including from the people who live there and the people who have been trying to deal with it, as to how we can improve the situation, what we, the Federal Government, can do to begin to meet a need that should have been met 15 and 16 months ago, to help people rebuild their homes and come back to their homes, and we then plan to have a legislative package.

We have consulted with other committees, the Committee on Ways and Means, which has jurisdiction over the tax credits and others, and we will have a package. I believe that it is appropriate for those of us in the Federal Government to apologize to the people of the Gulf area, of Louisiana and Mississippi, to apologize for having done so little to alleviate the pain that was inflicted upon them through no fault of their own. I can't undo the past 15 months, the past 16 months, but we can commit ourselves to doing everything that is within the power of this committee to start to do what we should have done a while ago.

I now recognize the ranking member of the committee.

Mr. BACHUS. Let me start by thanking Chairman Frank for scheduling this hearing and for his leadership of the committee. This committee has a long history of working together effectively in a bipartisan way, and I appreciate the positive working relationship that we have established and look forward to building on that relationship. Let me welcome my former Congressional colleagues. You will be introduced in a very short time. I would also like to welcome the folks from the affected States, as well as Deputy Secretary Bernardi. We are all aware of the tremendous cost wrought by Hurricane Katrina.

Most Americans recall the stark images that were broadcast by the news media during that last week of August 2005, images of suffering, devastation of neighborhoods, communities, dreams and fortunes swept away in a very short time, and unfortunately, yes, human lives swept away. A great American city, New Orleans, reduced to near primitive conditions. Along the Mississippi coast, century old homes that had withstood storm after storm were no longer there; they were lost forever. As frightening as all that was for those of us who viewed Katrina's wrath from a distance, via television or news reports, only those who experienced it firsthand can truly appreciate the devastation and anguish left in Katrina's wake. I remember Gene Taylor saying that if you are a Member of Congress and you haven't been there, you need to go there because it is worse than it is portrayed on TV. Those of us who went there—and most Members of Congress did—found that to be the

case. And it was in December of that year that Congress first appropriated money for hurricane relief only a few months later. Then in February, you will recall that President Bush, after consulting with the Governors, put forth his budget recommendations. I know for Louisiana it was $4.2 billion, and at that time all the news reports said they thought that would be sufficient. So I know there have been failures, but I know that at least in February there was an agreement in this body shortly after the hurricane as to what amounts of money were needed and were appropriated.

While many never lived to tell their stories and experiences of Katrina, some did, and I understand that some of the people testifying today actually went through the hurricane from start to finish. After the storm finished, here are some of the things that we found. One is that it devastated an area of 90,000 square miles. Now people, what is 90,000 square miles? Well, it is the size of Great Britain. It is an area bigger than Utah, closer to the size of Oregon, so imagine how widespread that is. That is historic. 770,000 Americans were left homeless, 1,464 deaths in Louisiana alone. Almost 700,000—645,000, to be exact, people in Louisiana displaced without a home. About 67,000 in Mississippi. A smaller number in Alabama, my home State.

From a personal standpoint, I am particularly interested in hearing the stories of those who continue to wrestle with the storm's difficult and frustrating aftermath, to learn how effective the billions of dollars in Federal aid have been in supporting the relief, recovery, and rebuilding efforts.

Further, and I think this is most important, I hope that from this hearing and others we will reach a consensus on some of the critical questions facing this Congress relative to this Nation's disaster response preparedness, such as determining which Federal agency should lead the national response, in developing a strategy for dealing with uninsured losses. I know that particularly in Louisiana, people who thought they were fully covered found out that it was flood insurance or that it was wind insurance and it didn't cover flooding. Once we determine an appropriate agency, it is of utmost importance to determine its role and its primacy. Does the State lead or does a Federal agency lead? Who supports? Who has final authority? Katrina not only left physical devastation in its wake, it left behind a reservoir of anger, strong emotions, and painful experiences. Our challenge is to channel those experiences and those emotions into an appropriate response.

You have heard the chairman talk about his anger. We must not let our anger and the anger of our witnesses today, a rightful anguish, inspire us only to more legislative anger. The people addressing us today as well as thousands of affected Americans depend on us, Republicans and Democrats alike, not to get angry but to get it right. So do those families who in the future may themselves experience a Katrina-like tragedy. In the past few years, we have viewed the Middle East and events there and we have all, I think, questioned and hoped that people there would set aside age-long hostilities and grievances and come together and build a new society, one founded on cooperation and brotherhood, not on revenge.

We face a similar challenge in this country. The natural inclination is for us to continue to criticize and denigrate the Katrina relief efforts, but what is needed is altogether different, and that is an honest commitment to come together and avoid the mistakes of the past. In summary, Mr. Chairman, it is imperative that we not waste our energy in concentrating on past mistakes, but rather focus on ways to avoid them in the future. Thank you.

The CHAIRMAN. The next speaker will be the Chair of the Housing Subcommittee, who has devoted more time and energy to trying to deal with this problem, I believe, than any Member not from the affected area and, now that we are in a position to do something, will be taking the lead in our efforts, in fact, to provide that long-needed relief, the gentlewoman from California.

Ms. WATERS. Thank you very much, Mr. Chairman. I want to thank you for holding this hearing, and I must admit that I was skeptical about holding yet another hearing. We have held countless hearings in various committees of Congress, and there have been so many visits both from the Senate side and the House side. Members of various committees have gone to the Gulf region, including, of course, New Orleans and all of the other cities, only to find ourselves here today understanding that with all the money that we have appropriated, and it looks as if it is $19.3 billion to FEMA, $16.7 in Community Development Block Grant funds alone and other moneys, that we still have displaced persons who do not know what the future holds for them. They are living outside of their home States, they are—some of them—their rents are being paid by HUD and they are paying market rate rents for these temporary quarters, some of which are not really habitable, worse than some of the public housing that people are being told they can't return to, and some of those folks who are being taken care of by FEMA do not know from day to day whether or not FEMA will continue to provide the rental assistance for them, despite the fact that they have no permanent housing.

What is very interesting about the situation is that, on one of my five visits to New Orleans, I discovered there were many businesses that could not operate properly because they didn't have the personnel. And as a matter of fact, some of the big companies that got demolition contracts were bringing in people from all over the country, paying rental rates at hotels for them to stay to get involved to be doing some of the work while, in fact, the residents who were living in Dallas and Houston and all of these other places wanted to come home, wanted jobs, but there was no housing for them. I have visited these public housing projects, and I am amazed at the number of public housing projects that have minimal damage that could have been repaired. HUD again is paying market rate for many of the public housing tenants to live in other States, and these tenants all thought that they would be able to come back home after these units were repaired. Because some of the housing only suffered minimal damage, 2 to 3 feet of water at the base of the project, many people thought they would be able to come back home. They have since been told, "Oh, no, we are going to tear them all down, and we will provide an opportunity for you to be eligible for a unit in 5 to 6 years." The residents are very upset, not only can they not wait 5 to 6 years to expect to come

back to affordable housing, but they don't trust HUD. And most of the whole six projects, they have lost two-thirds of the low-income housing in these mixed developments where there is an attempt to have market rate plus homeownerships and some public housing units. They have lost again two-thirds of these public housing units, and many of these people believe that not only does HUD not want them back in public housing units but even some of the city fathers and officials want to get rid of poor people, and this is a convenient way by which to do it.

So the public housing residents have gotten with pro bono lawyers, and they have filed a lawsuit, and the judge has been telling HUD and the residents to work it out. HUD has insisted that it must demolish many more units than the residents believe need to be demolished. As a matter of fact, what is interesting about HUD is that some of the units that they now include in demolition have been approved since 1997, and they did not demolish them and replace them. The other thing that we are discovering about the housing authority in New Orleans, for example, is that it has not been maintained, that little money has been put into maintaining these properties. In addition, since HUD made the decision that it was going to demolish the units, they have done nothing to secure them.

I walked through a number of these developments just a week ago last Sunday. I spent a day looking and walking through, and what I saw was this—some are in great disrepair. Much of what happened is as a direct result of Katrina, but because the doors have been left open, the vandalism has been great: copper piping has been stripped out and the roofs in some of them are in disrepair. The rain has come in because there has been no attempt to secure and maintain these developments. And so we have public housing that is standing there, and even that public housing that could have been unboarded and used to let people return was not repaired to enable people to come back.

Now, let me just say a word about the homeowners; they are in just as bad a shape. This Road Home Program in Louisiana is a joke. We have given all of our CDBG money, over $16 billion I believe in CDBG money, to Louisiana and then come up with a state-directed program out of the Governor's office, supposedly to help provide subsidies to homeowners, up to $150,000, and we find that somewhere between 228 and 400 homeowners have been assisted and not all with the full $150,000, out of 100,000 applicants. And we find that there is a program that is not designed to really help people but rather to keep people from getting the money because they think somehow they may be involved in fraud.

Mr. Chairman and members, this subcommittee and this committee must undo this mess and undo it quickly, and I think we can. The CDBG money is Federal money, and the States don't get an opportunity to take our money and do whatever they want to do with it. In Mississippi, Mr. Taylor, they have done a little better with over 10,000 units, homeowners who have been assisted, but still I don't think it is good enough, and then you will tell us a little bit more about that. We intend to hold our hearings. We are going to go to New Orleans. We are going to work with the tenants as well as HUD and we are going to get some units opened back up.

You are going to hear a lot about phased development and how we can do this.

I welcome the opportunity to engage everybody today but the bottom line, Mr. Chairman, is we have to move it. We have to do something, and we have to guarantee that not only public housing residents but homeowners are going to be treated fairly and our money is going to be spent properly.

I yield back the balance of my time.

The CHAIRMAN. Pursuant to the agreement, I am now going to recognize members of the minority and instead of 5 minutes, I will make it 7 minutes to accommodate the extra, and pursuant to the instruction from the ranking member, I will first recognize the gentlewoman from Illinois for 4 minutes and then the gentleman from New Mexico for 3 minutes, if that is acceptable. The gentlewoman from Illinois is recognized.

And I should at this point make it clear that all members are entitled to submit written statements for the record without any objection. The gentlewoman from Illinois.

Mrs. BIGGERT. Thank you, Mr. Chairman, and thank you for chairing this hearing. By all accounts, certainly Hurricane Katrina was the most destructive and costly natural disaster in U.S. history. It led to the evacuation of a major city and the surrounding areas and it destroyed housing and infrastructure on an unprecedented scale. During the 109th Congress, the Financial Services Committee was at the forefront, I think, of the hurricane relief efforts with three hearings and four briefings, with approximately 80 witnesses participating. In the months that followed this disaster, the committee shepherded needed relief legislation to the Floor, helping not only families in the immediate hurricane-ravaged areas, but those who suffered in the aftermath due to flooding. But the task of recovery and rebuilding in the Gulf Coast region continues to be monumental. We are 18 months removed from Hurricane Katrina, yet the challenges seem unending. To many of those affected, the recovery has been, to say the least, slow and unending. Rebuilding has been hindered by the severity of the damage, the need to limit future flood damage and the need to coordinate the recovery among many levels of government. There are still too many people who are without permanent housing, jobs, and infrastructure. How best to go about the reconstruction of the region and the problems facing the mortgage and financial services industry are all issues that must be addressed.

One thing that is certain is that disasters will continue to happen. We need only to look at the devastating storms in Florida this past week as a reminder. We in Congress need to learn from our mistakes in the Gulf Coast. We must ask the difficult questions about how the $110 billion has been spent in the localities, could it have been spent more efficiently and cost-effectively? What accountability should there be? What Federal organization should be in charge of the Federal Government response? And what should be done about uninsured losses? These are difficult questions, but we must figure out how to get it right.

As the new ranking minority member on the Financial Services Subcommittee on Housing, I certainly have a deep interest in this. Clearly the availability of affordable housing is critical to the over-

all recovery after such a devastating storm. If there is no housing, there are no businesses. If there are no businesses, there are no jobs, and without jobs and businesses, residents will fail to return and provide the economic base that will spur the economy for the New Orleans metropolitan region.

I hope that today's hearing will shed light on the issues that Congress should consider in order to better plan for future disasters and how to improve the capability of all levels of government to respond to disasters effectively. And with that, I yield back.

The CHAIRMAN. I thank the gentlewoman. At this point the gentlewoman from California would ask unanimous consent to be able to insert some material into the record, some newspaper articles. Is there objection? The Chair hears none. The gentlewoman may proceed to insert those materials. And the gentleman from New Mexico is now recognized.

Mr. PEARCE. Chairman Frank, I appreciate this hearing. Like all Americans, I was deeply shocked and saddened by the events surrounding Hurricanes Katrina and Rita. Hurricane Katrina's impact was of historic and devastating magnitude. Thousands of active duty troops and National Guard forces all deployed to assist and search in recovery efforts and to provide logistical and medical supports to supported areas. The President ordered the Department of Homeland Security through the Federal Emergency Management Agency to organize efforts between the Federal, State, and local authorities. And we all watched while it had less than spectacular results.

Last year Congress held hearings and introduced several pieces of legislation in light of the Federal Government's response to the disaster. These included efforts to make the Department of Housing and Urban Development the primary Federal agency responsible for coordinating housing assistance in connection with major disasters resulting in long-term housing needs. We learned a great deal from those efforts and their position not to rehash old criticism but to constructively utilize lessons that we have learned.

As of this year, Congress has passed a series of supplemental emergency spending bills totaling $81.6 billion. These relief packages came at a cost greater than any our country has ever seen in the face of natural disasters. It is important to know that Congress exercised oversight in these dollars to ensure that they are wisely spent and truly reach those most in need. We must also understand why portions of this funding has yet to be spent and what impediments exist that may encumber the efficient use of these funds.

On a personal note, I watched as Hurricane Rita circulated 3 days over the Cancun area of Mexico. Shortly after that disaster, a friend of mine visited in order to see what the condition of the coast was for travel purposes. I will tell you that without billions of dollars spent, the people began to clean up the mess, they began to understand that their livelihood was dependent on tourism, and there was a concerted effort to cure the problem.

Yes, I agree that we have underfunded and have not directed funds properly, but the tremendous cost is being borne by people in New Mexico who have had parts of their community burned by forest fires and no national effort to help them. In my own town

last year, a prairie fire pushed by 50- and 60-mile-an-hour winds raced across 70 miles, burning right up to the edge of town, burning several businesses, and burning houses. The wind changed or the entire town may have burned down, and yet we are being charged in order to pay for people who lost possessions in a different natural disaster. We face tornadoes, we face other natural disasters, and never is the Federal Government standing by to help these people in New Mexico who have modest incomes averaging in the $20,000 range. So as we rush to spend the Federal dollars and to browbeat ourselves for not spending enough, remember the tremendous cost is being borne by people who are being charged flood insurance and yet they live in a portion of New Mexico that will never see a flood, not in 500 years, not in 1,000 years, but they are being charged higher rates in order to rebuild houses along the Gulf Coast and sometimes those houses are not just primary domiciles, sometimes those homes have been rebuilt multiple times, and we need to ask serious questions about why we are doing what we are doing.

I agree with the chairman of the subcommittee who found great unsettlement at the minimal damaged apartments that were simply closed off and allowed to be stripped out. I, like most Americans, would share the outrage that such practices were allowed to happen in the aftermath of the hurricane. We will be happy to participate in the oversight, and we will be happy to hold the government accountable because that is what the Americans expect us to do.

Thank you again, Mr. Chairman, for holding this hearing, and I yield back.

The CHAIRMAN. Let me now explain—this is a little unusual with this hearing. It is a very important subject and we want to make sure that a wide range of people are heard. The gentlewoman from California will be heading the Subcommittee on Housing for this committee to New Orleans for a field hearing in February. We will be focusing today, and then, on specific ideas about what we can do to make Federal resources available and make them available in a way that leads to their being used efficiently.

We are now going to hear from four Members from the affected areas, and I would ask unanimous consent at this point that the four Members from the affected area subsequent to their testimony be able to join us in participating in the hearing if they wish to do so. Is there objection? The Chair hears none. They will get a chance to question at the end of the regular membership if they wish to do so.

Next, we will hear from a panel of government witnesses, after which we will take a break. That is an unusual thing, but I don't want people to be rushed. I don't want people to be sitting around and the audience to dwindle. So, when we finish the government panel, we will break; it will probably be around 1:00. We will break for about an hour, and we will come back at 2:00. This will be a late day for some. We will have two panels of witnesses, and I hope as many Members as possible will stay. These are important matters for us to air. I don't think a day out of our lives, given what has been taken out of the lives of so many in the Gulf area, is too much to ask. The gentlewoman from California.

Ms. WATERS. Yes. I would like to submit several articles, two from The Washington Post and one from the Wall Street Journal. These are articles that have been written about the "Road Home: Where is the Money?" I would like to submit these for the record and to pass them out to our members.

The CHAIRMAN. Is there any objection? Hearing none, the permission is granted. I will now introduce our colleagues. We have the gentleman from Mississippi, Mr. Taylor, who represents the area in Mississippi that took the brunt of the hurricane. The gentleman from New Orleans, Mr. Jefferson, who represents New Orleans and on the Democratic side, the gentleman from Louisiana, Mr. Melancon, who represents the area adjacent to New Orleans, also very heavily hit by the flood. The gentleman from Alabama.

Mr. BACHUS. I want to yield to the gentleman from Louisiana, who is heading up the Water Resources Committee with the Corps of Engineers, who has taken that position, the gentleman from Louisiana, who has really led our efforts on Katrina.

Mr. BAKER. I thank the ranking member for yielding. I just wanted to introduce Dr. Boustany to the panel. Most of you know him as the Seventh District of Louisiana Republican. He came here by way of a career as a thoracic surgeon, so I believe he has elevated the Louisiana Congressional delegation's abilities rather significantly, for which we take all the credit.

The CHAIRMAN. We will now begin the testimony with the gentleman from Mississippi.

STATEMENT OF THE HON. GENE TAYLOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. TAYLOR. Thank you, Chairman Frank, for calling this hearing. I want to thank you and all of my colleagues for the help you have provided to me, and more importantly to the people of south Mississippi, since Hurricane Katrina.

The flood insurance buy-in bill that you and Chairman Watt drafted to help homeowners who had homeowner's insurance but not flood insurance eventually led to the Mississippi and Louisiana homeowner assistance programs that were funded through the CDBG. Although the House Republican leadership in the Bush Administration blocked that bill, Senator Cochran was able to gain approval for the homeowners assistance use of CDBG funds. The Mississippi program is very similar to our bill except that it took a year for HUD and the State to create and implement this new program. Our bill would have provided relief more quickly to allow homeowners to file flood insurance claims up to the amount of their homeowner's policy that would be funded with disaster appropriations. We are very grateful for the CDBG funds, but HUD and State created a slow bureaucratic procedure where the situation called for expedited action. Homeowners had to wait for insurance while the State tried to verify every detail with insurance companies, lenders, FEMA, SBA, and other agencies. Those companies and agencies did not have the extra personnel or motivation to quickly verify each claim. Homeowners should have been able to provide copies of the documents, sign affidavits, and then get their checks with the clear understanding that any fraud would be prosecuted to the full extent of the law.

While the State was treating every disaster victim with suspicion, the Mississippi Development Authority, the State's economic development agency, saw no problem in giving the contract to the State Senate Finance Committee Chairman and two other State legislators. I am sorry to report that the State Ethics Commission said it was okay for a State agency to award a contract to a legislature who has influence over that agency so long as only Federal funds and not State funds were involved. I hope your committee will pass language to prevent this in the future.

In addition to the housing assistance grants, Mississippi is using CDBG funds to build water and sewer infrastructure, to rebuild public housing units, to rebuild utility infrastructure, and to temporarily subsidize homeowner's insurance in the State wind pool. While I agree that these are important needs on our coast, I want to ensure that homeowners receive all of the assistance that they should from the grant program. For that reason, I ask the committee to require a full accountability of the grant program. There should be a list of who was paid and how much they were paid. These are Federal tax dollars, so we need to know that they were spent fairly and appropriately.

Seventeen months after Katrina, south Mississippi's recovery is still delayed by the refusal of several insurance agencies to pay fair wind claims. I wrote to Chairman Frank asking the Financial Services Committee to conduct investigative hearings about the denial of thousands of Katrina wind claims, wherever insurers could blame flooding. I am very grateful that Chairman Watt, the chairman of the Oversight and Investigation Subcommittee, has scheduled a hearing for February 28th. I intend to present a case at that time for a full investigation of the actions of insurance companies and the engineering firms, adjusting firms, and the contractors that they used to deny claims.

For thousands of destroyed properties in Mississippi, insurers assigned all damages to flooding covered by the National Flood Insurance Program and none to their wind storm policies. The Mississippi Gulf Coast suffered several hours of very destructive hurricane winds before the inundation by a storm surge. Insurers paid billions of dollars of wind claims inland where they could not possibly blame flooding in the 79 counties north of the coast. Insurers paid more than 250,000 claims totaling $3.5 billion. Claims were paid in every county as far as 300 miles inland. Insurance claims data from three coast counties show that the National Flood Insurance Program in the Mississippi wind pool paid much more than did private insurers. NFIP estimates it will pay approximately 18,000 flood claims in three Mississippi Gulf Coast counties for a total of $2.6 billion. That is an average of about $142,000 per claim where the average policy was $148,000. HUD will pay an additional $3 billion to CDBG funds to assist homeowners who did not have flood insurance. I am convinced that the insurance adjusters billed the flood program for some damage that should have been covered by private wind insurance.

Last year Chairman Frank and Mr. Oxley helped make sure that I could offer an amendment to the flood insurance reform bill to have the Inspector General of Homeland Security investigate these claims. This amendment passed by a voice vote. Although the Sen-

ate did not pass the flood insurance bill, Senator Lott was able to pass that provision to the Homeland Security Appropriations Act. The Inspector General is required to report his findings by April 1st.

Insurance companies have a conflict of interest when we allow them to decide whether to assign damages to the Federal Flood Insurance Program or to themselves. The Flood Insurance Program does not provide sufficient oversight to protect our Nation's taxpayers. The contract between NFIP and the insurance company requires an adjuster to represent the flood program as well as the insurance company. The Federal regulations require the adjuster to make a proper adjustment and to apply the same standards to a flood claim as to a wind claim.

That certainly did not happen in Mississippi. There is documented evidence of cases in which insurance companies or their contractors pressured engineers to revise their reports or ordered a second report if the first report concluded that the damage was caused by wind. Once they learned that they could not control all of the engineers, State Farm simply stopped ordering engineering reports. Instead the company issued a wind water claims processing protocol from its headquarters in Illinois, instructing their adjusters to pay nothing on a wind claim if any damage could be caused by flooding. State Farm used Haag Engineering and adjusters from E.A. Renfroe to justify denials of wind claims. Both companies have a history of questionable actions, including a 2006 decision against State Farm's denial of 1999 tornado claims in Oklahoma. The Oklahoma jury found that State Farm—

The CHAIRMAN. The gentleman will have a chance to go into the insurance issue in great detail in the February 28th hearing, and we do have a fairly packed day. So I would ask him to come to a close.

Mr. TAYLOR. One page, Mr. Chairman. The Oklahoma jury found that State Farm acted with malice and relentlessly disregarded the duty to act fairly and in good faith by employing Haag Engineering and Renfroe. In the February 28th hearing, I will ask Mr. Watt's subcommittee to investigate State Farm, Haag, Renfroe, and any other partners that conspired against consumers and taxpayers.

Later this week, I intend to introduce a bill to create a multiperil insurance option to the National Flood Insurance Program. That bill will create a new program to provide wind and flood coverage in one policy in order to be fiscally responsible and honor our commitment to pay-as-you-go budgeting. The premiums would be based on actual risk with no subsidy. If this bill is enacted, property owners will be able to buy insurance and know that the damage will be covered. They will not have to hire lawyers, engineers, and adjusters to try to prove what damage was caused by wind and what damage was caused by water. If insurance companies get away with placing the burden of proof on homeowners to prove that the damage was caused by wind, I am afraid a lot of people would not evacuate the next time a major hurricane approaches the Gulf Coast. I have had friends tell me that they plan to stay behind next time with a video camera so that they can document the damages. There is an urgent need for a wind and water insurance policy for the 53 percent of all Americans who live in coastal communities.

In recent months insurance companies have canceled wind policies—

The CHAIRMAN. The gentleman has to conclude.

Mr. TAYLOR. Mr. Chairman, thank you very much.

The CHAIRMAN. I appreciate it. I understand that there is some unfairness in the word-per-minute standard, but we do have to stick to some overall time limit.

Mr. TAYLOR. I appreciate that, Mr. Chairman.

[The prepared statement of Representative Taylor can be found on page 148 of the appendix.]

The CHAIRMAN. The gentleman from Louisiana, Mr. Jefferson.

STATEMENT OF THE HON. WILLIAM J. JEFFERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. JEFFERSON. I am grateful to you, Mr. Chairman, and to the members of this committee, particularly subcommittee Chairs Waters and Watt, for the attention they are already paying to our recovery. This hearing is just another example of the commitment of this committee to rebuild the great City of New Orleans and the towns and cities surrounding it.

I want to make two important points that I think should be made from the start. First, the Federal responsibility of our recovery in New Orleans is different from that of any recent disaster. The drowning of New Orleans was not caused by Hurricane Katrina itself. Were it so, it would rightly be described as a disaster caused solely by an act of God. Rather, according to the Interagency Reforms Evaluation Task Force, IEPT report issued by the U.S. Army Corps of Engineers, the Corps admits that its negligence in the design, construction, and maintenance of our levees was the cause of the destruction of the homes, businesses, and lives of hundreds of thousands of our people. Thus, ours is principally, by the Corp's own admission, a manmade disaster or a Federal Government agency-made disaster.

Second, this Federal Government agency-made disaster had been made worse by the failure of the Federal response from Congress and the President to use real numbers that match up to the scope of the devastation of our area and that would actually pay the true cost of recovering. This is not to say, of course, that we are not deeply appreciative of the $110 billion that has been made. That has been enormously helpful. In our area, $26 billion of this has been used for the recovery of buildings and homes, schools and libraries, and so on out of $110 billion, and the rest has been spent on other things. But the point is that the help that has been given has not matched up to the help that is needed to, in real terms, fully rebuild and to recover. And these numbers have largely been just put together as a matter of what is possible as opposed to what was actually necessary to get the job done.

Against this backdrop there are four things in the short term that I would like to ask this committee to work with us on, which are tactical and long-term larger problems. The first is affordable housing. Before the storms, around 60 percent of New Orleans' population rented housing. According to a survey of 680 randomly selected evacuees in Houston's shelters, conducted by the Kaiser

Family Foundation, 64 percent of evacuees forced into shelters were renters and 93 percent were African American. The affordable housing units lost in Katrina represented about 30 percent of destroyed or severely damaged rental housing. As of December 2006, more than 4,000 families that reside in public housing had not returned because their developments remained closed. Some of them have made their way back to the city, only to find that their units were boarded up, padlocked, and surrounded by fencing, despite demands by residents who hold leases that these units be reopened.

Additionally, 32 percent of renters paid less than $500 a month for rent before the storm. Post-Katrina, the average rent has risen more than 70 percent. In 2005, prior to Katrina, there were 5,100 families residing in public housing units. Currently, fewer than 1,000 families have been able to return. And in June 2006, HUD announced plans to demolish 5,000 salvageable units. This represents a discriminatory and an illogical policy of destroying homes during a housing crisis. Moreover, many of these units proposed for demolition can be repaired and modernized at a fraction of the proposed cost. Demolition of these homes would cost approximately $450 million more than simply repairing the units, and most repairs are stemming from slight water damage and vandalism.

The second is the effect of the Flood Insurance Program. As Mr. Taylor has alluded to, many of the homes in our area weren't protected by flood insurance because the FEMA map said that they didn't have to be, that the levees would take care of it all, and they would require—in many places like in the lower Ninth Ward we have heard so much about, 66 percent of the homeowners living there owned their own homes, and they had owned them for many years, they had been passed down from generation to generation, had no mortgage on them for the most part, and therefore had no flood insurance requirement. The flood comes, they are relying on FEMA estimates of risk, and their homes are lost, so they are penalized unfairly. We talked earlier about how to remedy this.

Mr. Taylor proposed some time ago and I think this committee ought to still look at this whole issue of permitting people to retroactively get involved in the Flood Insurance Program. The Road Home Program you heard Ms. Waters describe this morning and others describe—we have gotten $10 billion of the CDBG money to provide home rebuilding in our area. The State has chosen to administer this program through what is called the Louisiana Recovery Authority, the LRA, with the help of an administrative contractor called ICF. To date, as she has stated, over 100,000 applications for assistance have been made. Only about 300 people have actually received Road Home grants. And while the creation of bureaucracy by the State and the Administration's program in order to ensure against improper payment is laudable and necessary, guidance from this committee with respect to the use of banks to disperse these funds, deadlines for the disbursal of these funds and permissible use of funds for administrative costs and grants to business would be very helpful.

And finally, I would just like to mention the HUD disaster assistance and voucher and rental assistance program. These programs were designed for shorter term recovery periods than is the reality for Katrina victims. The maximum assistance amount allowable

per family of $26,200 should be revisited with a view toward lifting it to meet present needs, and the deadlines that are being arbitrarily set for the cutoff of rental assistance is further stabilizing the already disrupted lives of Katrina survivors. This is a particular problem for the elderly, for the disabled, and for families with children.

I would like to thank this committee for this opportunity, and I look forward to having us work on these four discrete issues as we work on the larger issues which I think have to do with whether or not we actually have met our Federal responsibility overall because I believe this number that we have talked about, this $110 billion, was a whole lot of money, was simply picked out of the air, and was not based on any real assessment of what the needs are for a full recovery. So I thank the chairman for this opportunity to present to the committee.

The CHAIRMAN. The gentleman from Louisiana, Mr. Boustany.

STATEMENT OF THE HON. CHARLES W. BOUSTANY, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. BOUSTANY. Thank you, Mr. Chairman. I appreciate the opportunity to testify before the committee, and I thank the members of the committee as well. And I ask unanimous consent that my full written statement be—

The CHAIRMAN. Without objection.

Dr. BOUSTANY. Mr. Chairman, the official title for this hearing, "Federal Housing Response to Hurricane Katrina," suggests that there was only one storm that hit the Gulf Coast in 2005. In fact, my southwest Louisiana district was directly hit by Hurricane Rita on September 24, 2005, a second storm. The total damage from this storm is estimated at approximately $10 billion, making Rita the third most costly natural disaster in U.S. history. It is also called the forgotten storm in my neck of the woods. The southwest Louisiana parishes of Vermilion, Cameron, and Calcasieu are critical components of our Nation's energy security, including oil refineries, pipelines, and petrochemical plants. Vermilion Parish is home to the Henry Hub, the pricing point for natural gas futures contracts, and the West Hackberry Strategic Petroleum Reserve in Cameron holds about one-third of the U.S. strategic reserve. Furthermore, this area will remain vital in the future as 25 percent of all natural gas consumed in the United States will eventually come through just one parish in my district, Cameron Parish, in the next few years. In Calcasieu Parish, 75 percent of the roofs in the parish were damaged or destroyed. About 13 percent of the nearly 20,000 properties in Vermilion Parish sustained major or severe damage, with the remainder incurring roof damage, flooding, or both from the storm surge. Cameron Parish was hit the hardest; 3,241 homes sustained damage, 90 percent of the homes in Cameron Parish; 2,000 of those homes were completely destroyed and need to be rebuilt. Based upon percentage, the damage in Cameron Parish exceeds the damage in Hurricane Katrina-hit areas in Louisiana, and is about equal to the damage seen in the district of my colleague from Mississippi.

I have said from the very beginning of the recovery and rebuilding process that the Federal Government cannot micromanage this process, but it must provide support for local decisionmakers to create the environment for vital partners, small business owners, homeowners and others to rebuild, to return, and to become success stories. The Congress has done a good job of providing money, but the second part of our function is oversight, and that is why I am pleased to hear that we are having this hearing. We need to see why the money that has been appropriated is not getting into the hands of those who actually need the money.

There are three issues that the Federal Government can have an impact on, and these will be housing for workers, insurance for homeowners and businesses, and looking at the Go Zone legislation. The unemployment rate has been around 3 percent since the spring of 2006, coming down from a high of around 16 percent in my district. Wages have increased by as much as 25 percent. The demand for labor remains high and the shortage has been one of the chief factors cited by local leaders as prolonging the rebuilding effort.

I urge my colleagues to consider the impact of the housing shortage on additional workers needed to do the rebuilding, and we need to look at policies that will help bring this about. Homeowners and small business owners are having difficulty obtaining insurance or retaining policies after Rita. Homeowner premiums have increased 100 percent if they can find the policy to purchase and similarly insurance for business owners has increased by as much as 75 percent in 1 year.

I think the Federal Government can aid homeowners, families, and small businesses by looking at ways to enhance the ability of insurance companies to obtain reinsurance, which is a significant problem, and to allow insurance companies to set aside tax deferred reserves to pay for future large catastrophes like this.

In December 2006, Congress approved legislation to extend certain Go Zone provisions to the most heavily impacted areas. I want to thank my colleagues for their support of this legislation and hope that they will continue to support such measures to aid in the economic recovery and rebuilding of the region.

I want to leave the committee with one last thought. After Hurricane Rita I was driving, shortly after the flood waters had receded, and I was driving through Vermilion Parish and came across a home and there was a gentleman out there cleaning debris. The yard was a mud flat with all kinds of debris, it smelled awful, and I walked out to talk to this fellow to find out what had happened, if this was his home. The fact of the matter was that it was his wife's home and she had returned to work and he was just trying to start the recovery process with his sleeves rolled up, on his own.

I saw where floodwaters had come in 6- to 7 feet high, blew out windows in this home, blew out doors, and when we walked into the home there was 8 inches of mud and debris everywhere, furniture, large pieces of furniture were thrown about, and you could really appreciate the full effect, the full magnitude of what happened.

But, you know, when I walked into the living room, everything was destroyed in that room except for one picture of the family on

the mantlepiece right above. It was splattered with mud but it was still there. And that symbolized to me what the strong-willed people of southwest Louisiana are all about. They are not waiting for the Federal Government, they are not waiting for the State government. They are rolling up their sleeves and actually trying to get the work done and the least we can do at the Federal level, and State level is to provide some assistance.

Again, I thank you for allowing me to testify here and look forward to any questions that might arise. Thank you.

The CHAIRMAN. The gentleman from Louisiana, Mr. Melancon.

STATEMENT OF THE HON. CHARLIE MELANCON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. MELANCON. Thank you, Mr. Chairman. I want to thank the Congress first of all for the appropriated moneys that they have sent to the Gulf Coast region. While it is a good effort, there is still a lot to be done. Mr. Chairman, I would like to thank you for holding these hearings. This is one element of a recovery, the housing element, and there are many other elements that have to be addressed that have not been addressed.

I would like to thank the Speaker for allowing the committees to begin the process of looking into the problems that we have and looking for ways to resolve those problems. I would like to echo also the comments made by my colleague, Mr. Boustany, and the fact that this is not just Katrina, this is Katrina and Rita, two of the most devastating storms to hit the coast of the United States, causing the most damage. And a lot of the people who are outside of New Orleans, and we feel for New Orleans, and we want to help New Orleans, and we will help New Orleans in spite of it not being our district, but we need for people to understand that it is the entire Gulf Coast, from the Mississippi line at Alabama to the Texas line at Sabine River and actually somewhat into Texas and somewhat into Alabama.

It has been 18 months since Hurricane Katrina made landfall, and almost 17 months since Hurricane Rita, and it feels good to know that my colleagues remain committed and supportive of seeing the Gulf Coast rebuilt. As you are all well aware, Katrina made history as one of the most devastating storms our Nation has ever witnessed. Rita followed with just as much devastation.

The destruction wrought by the storms was unprecedented. Hundreds and thousands of homeowners and renters were left without a place to live, and sadly so many of the people are still in the same position today. I have often heard figures citing a Federal response totaling $118 billion for rebuilding of the Gulf Coast but the problem the Gulf Coast residents are facing is that they aren't seeing this money on the ground back at home.

This problem persists because of a litany of issues that continues to expand. Among some of the most pressing Federal policy needs is reform of the Stafford Act, which cannot currently deal with a Katrina-sized catastrophe. Insurance policy reform. Private insurance companies have given up on coastal Louisiana and other places where it appears that they can't make an easy buck. An underfunded and behind schedule comprehensive hurricane protection

system. This is critical to defending ourselves from the next big storm. SBA disaster loan reform saw small businesses can revive an economy that desperately needs the extra staying power. Further extension of the Go Zone tax credits that include all areas severely damaged by the storm. And of course an inadequate housing policy, the purpose of this hearing today.

The current system is failing us. Public housing remains shattered and low income rental housing is next to impossible to find, or, for the lucky ones who can find it, they are finding it next to impossible to afford. The longer it takes to provide this housing, the longer our recovery will take and the more widespread the damage to our economy will be.

I commend you, Chairman Frank and Ms. Waters, for turning over the first stone in this recovery process. We have a long journey ahead of us but from what you will all learn from these witnesses today, and from what will continue to reveal itself under close scrutiny across-the-board in the recovery process, I am confident that this Congress will allow the Gulf Coast to rebuild, in the words of President, bigger and better than ever before.

I will keep this succinct as you have more important witnesses to hear from, but again I appreciate the opportunity to be here and I appreciate this Congress taking the necessary steps to help get my constituents and other residents of Louisiana back in their homes. Thank you.

The CHAIRMAN. The chairman now recognizes the gentleman from Texas, Mr. Green, who has a major interest in this because his district has been, and continues to be, a quite gracious host to many of those who have been displaced. Let me say to the gentleman, Mr. Boustany, I accept your point, and it is true that we did mistitle this hearing, but as you can tell from your presence here, we got the casting right, which is important. We did implicitly acknowledge that and we will make sure that in the future we correct the title.

The gentleman from Texas had a unanimous consent request.

Mr. GREEN. Yes, sir, I would like to submit two letters sent to the Director of FEMA concerning the termination of Section 408 housing assistance, and with unanimous consent, I would like for them to be entered into the hearing record.

The CHAIRMAN. Is there any objection? The Chair hears none.

The Chair will ask unanimous consent to enter into the record a letter just received February 5th from the Chair of the Federal Reserve, the Chair of the Federal Deposit Insurance Corporation, the Chair of the National Credit Union Administration, and the Director of the Office of Thrift Supervision. Several of us, the gentlewoman from California, the gentleman from North Carolina, the gentlemen, Mr. Jefferson and Mr. Melancon, from Louisiana, the gentleman from Mr. Mississippi, Mr. Taylor, and the gentlewoman from New York, Mrs. Maloney, wrote to these regulators asking them to reaffirm their encouragement to financial institutions to show forbearance for the people who are trying to pay off mortgages. What we have, I am very pleased to see, is a letter from all of the regulators reminding banks that they are encouraged in a responsible way to show forbearance and essentially make it clear that no financial institution needs to fear being penalized because

they show unusual flexibility as long as they say there is an ultimate target towards loan repayment. They acknowledge your effective loan workout and recovery may involve protracted resolution.

We appreciate the regulators making that clear, and I ask unanimous consent that this correspondence be put in the record. With that we will begin the questioning. I would ask the members to try to keep the questioning of our colleagues brief. Let me just ask, to begin, and some of you have done this and I don't ask you to do it now, but we plan to legislate, and this committee's jurisdiction is in housing, it is also in insurance, and we will be dealing with the insurance matters in separate issues, but we would welcome from you specific proposals as to what we can do, partly to make more resources available, and partly to free up resources. We have been told, for instance, that we need to extend the time when tax credits can be used.

The gentlewoman from California, who has been on top of this, raises questions about some of the matching requirements. Are they too onerous for governments that are financially burdened? We would welcome your recommendations as to that. We have, we believe, money that will be coming as part of the bill dealing with Fannie Mae and Freddie Mac in the first year that will be money available for affordable housing. How we distribute that, that issue will be before us.

I am going to cut off my time right now, but I do invite my colleagues to continue, as they have been, to share with us. We have, of course, the gentleman from Louisiana, Mr. Baker, who has played a major role and we want to work with him.

The gentleman, Mr. Jefferson.

Mr. JEFFERSON. Mr. Chairman, if I might, the first thing that I think this committee ought to pay real attention to is the issue of public housing. It is so obvious that this is a wrong-headed policy. It is keeping people out of town for no good reason, and these are people who had their leases paid up, who actually had leases, legal agreements to rent and to occupy space, and the Mayor announced that the water was on, the lights were on, and they came back to town and couldn't get in the houses.

I think to the extent this committee can do it, you really ought to direct HUD to revisit this whole area and to not engage in demolition that will keep people out of town. Everyone is for improving the housing developments down the line, and I think we can do that. But we ought not as almost a penalty for folks trying to make it back home, to not let them back in until we get everything just right.

The second thing is you mentioned that the Gulf Opportunity Zone legislation needs to be extended for the low income housing tax credit and the GSA reform program that you talked about so much that we want to see done as quickly as possible to provide, I think you said, $4- or $5 million in assistance for rental units and for the homeowners.

And the last thing is the HUD disaster voucher and rental assistance programs. As I mentioned, some people, some families are approaching the $26,200 cap because it was designed for much shorter periods of disaster recovery than we are experiencing now and the reality is that it is taking a long time because it has been

such a devastating proposition for people. That needs to be lifted, there needs to be some guides as to under what circumstances it should be done, but it needs to be done.

And the other thing is that on the rental assistance program, what happens there is that you keep getting these deadlines for people who move out, they have nowhere to go, and what is the point of that. There ought to be a more humane way to deal with this whole set of issues than they are being dealt with now.

Finally, on the flood insurance issue, we have people penalized back home because they had no flood insurance, but it was because FEMA said they didn't need to have it; it was okay. And they are being penalized. As the folks back home who make up the Road Home Program, they are saying to people, "You didn't have flood insurance, you get penalized for not having had it", when of course this doesn't make any sense because FEMA said that they didn't need it.

So those specific three or four areas, I think, we can do a lot of good in a hurry if the committee will take those up in the next few months and get something passed in that regard.

The CHAIRMAN. Just two points. One, the gentlewoman from California and I have talked, and we intend to try to legislate, we have spoken to Mr. Thompson from Mississippi, the chairman of the Homeland Security Committee. The relationship between HUD and FEMA is hopelessly tangled up and we need to straighten that out.

Mr. JEFFERSON. The last thing I forgot to mention was the Community Disaster Loan Program, the forgiveness issue. We did for the first time in this Congress require our local governments to pay back these community disaster loans. We have never done that before in the history of this Congress. We did it, I don't know why we did it, but it was done.

The CHAIRMAN. We can undo some of that, and that is one of the specifics we will be examining. We plan to sort out the responsibilities between FEMA and HUD, along with the Homeland Security Subcommittee. My own initial view is that FEMA ought to be the emergency provider, but at some point very soon after that HUD ought to be involved because we do agree that there have been some problems there.

Mr. Baker.

Mr. BAKER. I thank the chairman for this time. Mr. Jefferson, I am going to be pretty brief because I want to get to my other two Louisiana colleagues, and I don't mean to intentionally ignore my Mississippi friend, but this is so unusual to get the delegation at a meeting like this and to talk through where we are. Am I correct in assuming Road Home for you in your district is not working well?

Mr. JEFFERSON. That is a correct assumption.

Mr. BAKER. If you were to look at the Road Home balance, I understand, as of the most recent data, and it can be updated later by other witnesses, there are about $31 million worth of awards to 506 families, averaging $62,000 per home. That means of the $7.5 billion for Road Home we probably have somewhere around $7.45 billion not yet actually contractually obligated.

This is the hard part. If we were to take advantage of the chairman's kind offer on the GSE bill, which could generate $500 million to $1 billion more, given the HUD, FEMA, State government, local government, everybody's problems in communicating with each other, would you welcome a more direct line of expenditure coming from the Federal Government to identified professional recipients to, for example, go build a pilot project in a community which is affordable housing somewhere else, maybe a model community which would have a grocery story location, or a school location, not just housing locations?

If I am assessing your view correctly, the Road Home, even if it were implemented perfectly, is not community restoration, it is about helping individual homeowners, and that, my friend, I don't believe will work. Do you agree?

Mr. JEFFERSON. I agree with you as long as we make the proper resources available to do it; I agree that you have to restore communities.

Mr. BAKER. It is more about getting it done than how we do it at this point, isn't that correct?

Mr. JEFFERSON. I think—I hate to concede how we do it but I do think what is most important now is to get it done. I will agree with this also, that there are lots of problems I have with the way the Road Home is structured, you may have some too. I don't know if it was a good idea to have the LRA and ICF and all of these other people doing things. I don't know if it wouldn't have been better to have the money go to parishes and having the four parishes that were involved.

Mr. BAKER. I am not ready to jump to a specific remedy today. All I am trying to get is conceptual agreement among us that what we have now isn't working, we still have resources technically available, and maybe we can have a different course. May I jump to that?

Mr. JEFFERSON. I agree with that. I go back to the Baker bill, which has some of these concepts in it.

Mr. BAKER. Now you are really cooking.

Mr. JEFFERSON. I think it was a very good idea and after we all negotiated it turned out to be a wonderful program that never got implemented. Several of the features in that bill, I think, were good features.

Mr. BAKER. Quickly, Doctor, do you have any comment? Do you believe that Road Home is working for Rita?

Mr. BOUSTANY. I would agree with all the comments that my colleague here just mentioned and we are experiencing the exact same thing in my district.

Mr. BAKER. Mr. Melancon.

Mr. MELANCON. Obviously the outward appearance is that they are struggling with it. There are going to be some representatives of LRA and I think they would probably be the best people to address the questions of what the problems really are.

Mr. BAKER. My last comment. At one point along the way, for the rest of our members of this committee, a great deal has been said about $110 billion. We have not seen $110 billion. And in fact, when you look at some of the FEMA's own accounting numbers, in one-quarter of all money sent to the State for recovery, 24.9 per-

cent in one quarter went to FEMA. I think those numbers are still north of 20 percent.

So when we are haranguing about the inefficiency of Louisiana State government, let's not look past Washington ourselves. We are doing a pretty bang-up job of eating up a lot of the money on our own.

Mr. MELANCON. If I could, one of the things, and I think the people with the LRA will be here, and I will be happy to give this to the committee to take a look at it. The $110 billion that is being touted as spent just in Louisiana has been $59 billion that is allocated to Louisiana. Of that, $18 billion was handled by the government for debris cleanup, housing for the employees, and transportation back and forth or whatever, $14.7 billion was for NFIP flood insurance which was for premiums paid by people who had a policy, not because we gave them money. Then the rebuilding effort is $26.4 billion. I think roughly $10 billion was to be for the Road Home Program.

The CHAIRMAN. If the gentleman would submit that. Without objection, we will make it a part of the record.

Mr. TAYLOR. Mr. Chairman, if I may. As you know, I serve on the Armed Services Committee, about 100 yards down the hall from here. The generals and the admirals all tell us that within our lifetimes, we will see a weapon of mass destruction attack on the United States, and the thing that really hit me after Katrina, in addition to everything else, is that a weapon of mass destruction attack on the United States is going to look a lot like south Mississippi looked after that storm; no electricity, no water, and no food. The vehicles did not operate either because they had been under water; they had no fuel.

And so it is important, whether it is called the Road Home, whether it is through CDBG or Federal flood insurance that we do have a national program to try to get people back in their houses, that the mistakes that were made in Mississippi and Louisiana are not repeated, and that this is the proper forum to correct them.

The CHAIRMAN. I thank you. I should add, too, that there was a reference to the Community Disaster Loan Program; primary jurisdiction of that is in the Small Business Committee. Fortunately, the Chair of the Small Business Committee sits on this committee, and I know that she is eager to work with people in correcting that. We will get to her.

The gentlewoman from California.

Ms. WATERS. Let me say that Mr. Baker has left but I agree with him that you can't rebuild communities in the way that is anticipated by the Road Home Program, and I also would like to say to our members that despite the fact that oftentimes it is said that the Federal Government should not try to administer local programs, I am going to push very, very hard for the feds to redesign how to get the money to the homeowners.

We will not simply sit back and say that—we can't point fingers and let the past bygones be bygones. We are not going to continue and cannot continue to allow our CDBG money to be mismanaged in the way that it is with the Road Home Program and any other program that is supposed to be getting money in the hands of the people.

Now, having said that, I think that I have—and the chairman has—basically made it very clear that we are very concerned about the Road Home Program and we are going to move very aggressively on it. Let me talk about public housing now. This is a serious issue that can be resolved. It is my belief that the judge in this case is waiting on both sides for us to get together and work this out and make it work. And I think we all need to hone in on this problem and let the judge and everybody know that we are for returning everybody back to public housing who want to come back. And we have to do it immediately and we have to get those units rehabbed.

Secondly, we also have to think about the waiting lists that have been there for years with people wanting to come into public housing who have not been able to get into public housing. We also have to ask why haven't the units that were approved for redevelopment been done after all of these years, and why is it now we have to take a broad brush and talk about tearing down all of these units and redevelopment.

I would like to know if the four of you and anybody else representing the area could possibly get together in support of the public housing residents and sign off on letters that would urge precisely what we are talking about in getting people back quickly into units that can be rehabbed and use phased redevelopment so that you get the rehab units. Then we can get people back and they can go on with some kind of redevelopment for the future and not wait to tell people you can come back in 5 or 6 years. Will everybody agree to something like that?

Mr. JEFFERSON. Absolutely.

Mr. MELANCON. I agree, and my only regret is we are 17 months after the fact that we are talking about so I commend you for bringing it to the attention not only of the Congress but to the people of America.

Mr. BOUSTANY. This is an issue in Calcasieu Parish for me in my district and I would be happy to work with the committee in any way possible to see what we can do to come up with a reasonable solution. We are way beyond the time that steps should have been taken, but I agree, better late than never.

Mr. JEFFERSON. Absolutely, it is a great initiative, and I would fully support the community's work in that regard.

Mr. TAYLOR. The same.

The CHAIRMAN. She didn't ask me but I just want to join in on that. It is absolutely essential. It is going to be the policy of the committee to the extent that those of us in the majority can make it, please do not do poor people the favor of tearing down the places they now live in so 7 years from now they can have better places to live in. It is going to be our policy that it is very nice to promise poor people better houses than they now have, and after you have built them you can displace them from where they are living, but the promise of a nice house by and by is no substitute for a place to live right now, and we will be insisting on one-for-one replacement with rare exceptions and the replacement has to precede the displacement.

Ms. WATERS. Mr. Chairman, yes. Let me just say that the one-for-one replacement is extremely important and the reason I ask

our members today if they can agree on basically what I have proposed even though it is not specific yet is because it is going to be important to try and get the local elected officials, State elected officials, and the Members of Congress all together on this issue because the people think that there is an underlying effort to get rid of poor people and to tear down these units and send them off into the wild blue yonder without knowing where they are going to live. And I think to the degree that everybody gets together and sends this message, that HUD will bend over backwards. I have met with the Secretary and I have met with some other representatives of HUD and it seems to me that they have been moving and backing down a bit the more I propose, and so I think we can work this out, yes, sir.

Mr. BOUSTANY. I would just add, I agree with Mr. Baker's comments about building communities and I would ask the committee to look at my hometown of Lafayette, Louisiana, where we are doing some very innovative things with public housing and looking at programs that would enhance homeownership, programs that help build homeownership for those who are in public housing today, and the head of the housing authority is doing a wonderful job down there and I would ask the committee to perhaps look at that as it moves forward.

Ms. WATERS. Mr. Chairman, I was in Lafayette and I am aware of some of the things going on there, but what we have to focus on right now is getting people back into public housing. Most of the housing had been taken off the market in terms of being available for people, and one of the things we have to be very, very careful about with homeownership is reducing the number of units that are available to poor people in the interest of homeownership. We can have mixed use development, but we have to always have one-on-one replacement.

The CHAIRMAN. I would just say, too, that the Chair of the Housing Subcommittee has just articulated what will be the policy of the majority on this full committee.

The gentleman from Texas.

Mr. NEUGEBAUER. Thank you, Mr. Chairman, and I appreciate you holding this hearing. What I would like to do for the panel is to make a brief statement that these communities that you live in and represent so well were built by the private sector; they weren't built by government. I would tell you that your biggest friend, your biggest hope quite honestly in rebuilding your communities is not FEMA, not HUD. They always cut me off.

And so what I would hope we would do, and I agree with Ms. Waters in the respect that we don't need to go move people out and put them somewhere in a temporary holding pattern until we build them a new place, but what I do think we need to do is to be very strategic about the housing that we build.

And so my first question to the panel, and the gentleman from Mississippi, I am not going to leave you out, I am going to let you also be a part of this, tell me about the housing activity, the rebuilding that is going on in your district right now.

Mr. TAYLOR. I appreciate the gentleman's question. Let me start by saying that when it came to something incredibly important to people, which is insurance, our Nation led the way in being fair

with people. I didn't have one single complaint from one constituent about not getting paid from their Federal flood insurance plan. I have had thousands of complaints of people in the private sector.

And so when you talk about rebuilding, part of the problem with rebuilding is that the insurance industry didn't pay people's claims. So here is a person, I will start with myself, I will start with Senator Trent Lott, I will start with Federal Judge Lou Guirola, your house is gone and your insurance agent says that they don't see any wind damage, despite NOAA saying there were 5 hours of hurricane force winds before the water ever showed up.

So you take a school teacher, retired military, retired policeman, under those circumstances, they have just lost their house. They still have a mortgage. The insurance didn't pay it. So part of their rebuilding problem is no insurance.

The second thing that happens is one by one these are small communities, your insurance agent finds you and says, "Oh, by the way, when you rebuild we are going to quadruple your rates." That has been an incredible hesitancy for people to rebuild because gee, I didn't get paid last time, now you are going to charge me 4 times more money and you probably won't pay me then.

Again, when you are talking about rebuilding, you cannot ignore insurance, and it is the number one issue in south Mississippi right now, and again I would remind people it is cool to be down on the Federal Government but I want to tell you the only group that was fair with the people in south Mississippi was the National Flood Insurance Program. That is a program that needs to be refined but preserved.

Mr. NEUGEBAUER. To get back to my original question, is there building going on in your community?

Mr. TAYLOR. It is painfully slow because people didn't get paid and the second part is just the scale of what happened. No one could have imagined 20,000 houses disappearing overnight. And we are fortunate enough to be small town America where you know your contractor, you know your plumber, and you know your electrician. Well, you are going to wait.

I finally got a framer after 16 months to show up on my property. Believe me, I really do understand this. So that has been a huge part of the problem, but it makes, to Ms. Waters' point, it makes public housing that can be saved and saved quickly an extremely high priority because of the need to get labor in there to do the sort of things that need to be done.

Mr. NEUGEBAUER. I think the question about public housing, I have been in the homebuilding business and so one of the things—and I used to renovate housing. At some point in time, the economics of renovating something don't make economic sense and so I think what we have to be careful there is that we have the stewardship of the American taxpayers' money and so what I think we have to determine is: Is that money better leveraged with the private sector in other kinds of housing initiatives that would have a longer economic, long-term life than just going in and throwing good money for a quick fix that has very little long-term upside.

Mr. Jefferson.

Mr. JEFFERSON. Just to the public housing point, as I said in my statement, from all the evidence we have, to repair the public housing is $450 million less expensive than to demolish it and rebuild. The insurer for the Housing Authority of New Orleans has done its own little look-see and it found that 20 buildings in the. C.J. Peete public housing development back home would cost less than $5,000 each to repair most of the units, and a few would cost more than $10,000 each.

So these places were places where families lived before the storm. What is perplexing is why they aren't as good to live in now as they were before the storm. Nothing happened. Many of them weren't affected by the water because they are on the second, third, or fourth floor, so consequently people could move back in. We don't see why the policy is as it is except they just don't want to let folks back in town.

On the other part that you mentioned, I think there is a lot of self-help going on. People are really trying hard to get back in. They are waiting for insurance that doesn't come through. The SBA loan program isn't working for them properly. But they are still nonetheless coming in and trying somehow or other to get back home.

The last thing is the point I made starting out, that we ought to look at this in a different way than just an act of God. In our case, particularly in New Orleans where the levees broke, where the Corps comes back and does a study and concludes that yes, it is a reason why, the breaches in the levee that were the fault of the Corps in design and construction mainly was the reason why the city drowned.

In any event there is a larger Federal responsibility, it would seem to me, than in the ordinary case of just an act of God. So I urge the committee to look at it along those lines as well as we go through these difficult issues.

Mr. NEUGEBAUER. Mr. Chairman, I request an additional 30 seconds for microphone malfunction.

The CHAIRMAN. Mr. Boustany, then we will finish up.

Mr. BOUSTANY. Just very briefly. It has been important to recognize that you cannot separate the insurance issues from the housing issue and a labor shortage issue. The three are linked. And as we go forward in looking at how do we devise policies, we have to keep that in mind.

But secondly, I want to mention how important the GO Zone legislation was. It was tremendous. That was an example of a well-designed program that really spurred rebuilding in my district and it is impossible to underestimate or overestimate how important that was. It was a very important program and it is something that I think needs to be extended to a certain point in time when we know that we have completed this recovery.

The CHAIRMAN. Thank you. Ms. Velazquez.

Ms. VELAZQUEZ. Thank you, Mr. Chairman. As you know or maybe you don't know this, but the SBA Disaster Loan Program is the primary source of long-term financing for homeowners and small businesses and the problem that we saw throughout the whole Katrina, Rita experience is that SBA response was totally in-

efficient and ineffective, and that is due to the fact that for the last 5 years the Bush Administration cut SBA's budget by 50 percent.

So, given that reality, they didn't have the manpower to respond in an effective way to a disaster of this magnitude. So not only didn't they have the manpower, the computer system was not adequate, and what we found was that more than 50 percent of homeowners' applications and small business applications were declined, and when you compare that to the California earthquake, that was extremely high.

The other problem that we saw with the Disaster Loan Program is that out of the $8 billion that they approved in loans for the Gulf Coast, only 20 percent a year-and-a-half later has been disbursed. We will be conducting a hearing on Thursday and we are working on revamping the Disaster Loan Program for SBA, and I invite you to either—if you have any witness that could share with us their experience or if you want to come and participate in those hearings, you are welcome to do so. But we are going to be working on legislation to retool and revamp the whole Disaster Loan Program.

The other problem that we saw is that when it comes to homeowners and low-income communities their credit score is going to be very low so they do not have the collateral that they need. In that case a loan might not be the answer for those people; it might be a grant program. And we are going to be working in putting together a grant program that we assist the people to get some assistance, some cash to deal with the problems that they are facing in the Gulf Coast.

Mr. BOUSTANY. I would say, first of all, whenever you have a major disaster like this it is important not to turn your back on potential public and private partnerships. One of the great things that happened early on would have been the use of local talents in banks, because a lot of information was lost but there is local information that is still held by those who work in these banks, and partnering the SBA with local banks might have helped to get us around many of the problems that we experienced.

Ms. VELAZQUEZ. Since it was proven that they didn't have the manpower or the capacity to effectively respond, we are looking into the private sector, financial institutions to work with SBA.

Mr. JEFFERSON. Your point is exactly correct, back home without SBA authority there is no loan director, there is no public information director, and there is no director of technology. Because they make cuts, they eliminate these positions and the individual who is administering the program is doing these jobs and his job. So it is impossible to provide a real comprehensive service where these critical areas are left open because of underfunding, as you have pointed out, on an ongoing basis.

The second thing is these turn-downs have really helped to slow down this recovery. In our area, the attitude has been that we don't know when this place is going to come back, we don't know when you are going to be up on your feet again, therefore it is a turn-down. Somehow or another we have to look through this and figure out when a disaster of this magnitude takes place, how do we deal with it? Your point about the grants may very well be what we will have to look toward.

Ms. VELAZQUEZ. It is a lack of planning on the part of SBA. They didn't have a disaster plan in place. We do have resources out there like the small business development centers. They are trained, they can process loan applications in a timely manner, but they did not have a centralized effort to respond to a disaster of this magnitude.

Mr. MELANCON. If I could, Mr. Chairman, just quickly. Some of the problems we have run into, Ms. Velazquez, is that FEMA is asking—not asking but telling the homeowners who are getting any of the moneys from the insurance company, whether it is flood or property or from Road Home, as it comes they have to pay off the SBA loan. The Katrina effect has a price of rebuilding at about 150 percent of what it used to be to build anything. You have totally devastated homes that have to be torn down, which is one of the points I wanted to try to make to Mr. Neugebauer. You have water that stood for several months up to 20 feet. Those houses are uninhabitable. The integrity of those houses is not there.

But on the SBA situation, and they have programs that they could have used to put some businesses back, and I have one specific instance and they did not want to utilize that program.

The CHAIRMAN. Thank you. The Chair has—we are going to have to yield more closely to the 5-minute rule. We do have to move on.

Now the gentleman from Alabama.

Mr. BACHUS. Thank you. I am going to direct this question mainly to Congressman Jefferson, representing New Orleans, and Congressman Melancon, you represent the area outside New Orleans. This sort of demonstrates to me maybe a problem in what I have as a member trying to figure out the true picture.

I was told, and the figures we got, are that there were 7,379 public housing units in New Orleans prior to Katrina, so about 7,400. Now of those, only 5,100 had families in them. So I would suppose that meant that 2,300 were vacant, is that correct?

Mr. JEFFERSON. I think that is correct. I am not quite sure why they were vacant, because there was a big waiting list for them, but I think that is correct.

Mr. MELANCON. If I can speak to it. I think the problem with the public housing not being occupied has to do with the Section 8 housing program whereby private owners are—and so the money has been taken away from the public housing sector and put into the Section 8, and now what has happened too is that the rents are driven up so you are expending that money even quicker than it was expended before.

I don't represent New Orleans, so I don't profess to know about the housing situation, occupancy or otherwise.

Mr. BACHUS. I am saying at first blush you wonder about that. There are 10 major public housing communities other than you are talking about the Section 8, there are 770-some units scattered elsewhere, Section 8, so that accounts for 700-something, I guess. But of the 10 public housing units that were in New Orleans, obviously a large amount of those units were vacant, I would think.

Mr. JEFFERSON. As I said, I misspoke, there weren't 18,000, it was something like 1,800 on the waiting list. I suppose the units may have been in disrepair; I am not quite sure why they weren't open.

Mr. BACHUS. I think that is a wonderful question, why do you have a waiting list and a bunch of vacant units? At least that is the information we got.

Secondly, how many of those units were destroyed in Katrina, of the 7,400?

Mr. JEFFERSON. Remember, in some places the units weren't affected at all. In some places there was no effect. In other places it was only the first floor. The second, third, and fourth floors were not affected by the floodwaters. So the issue in most cases would be you go into the first floor areas, either make them available for people to live in right away or at least clear them so people can go upstairs.

Mr. BACHUS. I understand that. I am just trying to weed out, trying to kind of get to a number. 7,400 before the storm, how many after the storm that you could have moved someone back into? How many were not damaged? Does anybody know?

Mr. MELANCON. I would think maybe the LRA folks might have that statistic. I don't really know. I do know that in Orleans Parish, HANO runs the housing authority and that probably could be gotten from them directly, the exact number.

Ms. WATERS. Would the gentleman yield?

Mr. JEFFERSON. I am told by the folks who know that at least two of the public housing developments, C.J. Peete and Lafitte, largely could have moved in there.

Mr. BACHUS. How many are we saying?

Mr. JEFFERSON. I don't know.

Mr. BACHUS. Just give me a ballbark figure.

Mr. JEFFERSON. I am reluctant, but of the 5,000 families that were in public housing before, virtually all of them could have moved back is what I am being told here by folks who know more than I do about it. But I can't give you the answer. I would be glad to try to supply it to you specifically.

In any case, we are talking only about the ground floor apartments in every instance. That would be a fourth of what we had available—

Mr. BACHUS. Even the ground floor. One figure that I have indicates that maybe 4,300 of them could have been destroyed or damaged. Is that what they have proposed to replace? They say they are going to replace all of them.

Ms. WATERS. The problem is HUD has not agreed that any of them were—could be returned to because their decision to tear them down did not allow them to agree that any of them could be repaired for return.

Mr. BACHUS. Now they say they don't—they can't move back in them because they are going to replace them, but does that mean the undamaged units or just the damaged units?

Ms. WATERS. What the residents have done is they have gone through the housing developments and identified all of these units that are habitable that are not damaged, particularly as Mr. Jefferson said, where you only have minimum damage to the first floor and the units above are in perfect condition.

Mr. BACHUS. Down the line the question I am going to ask is why are you replacing units that have minimal damage? But I

guess my first question is I have had nobody that has been able to tell me how many units—

Mr. JEFFERSON. Remember, this is 18 months later so within the first 4, 5, or 6 months even those damaged on the first floor could have been straightened out.

The CHAIRMAN. We are going to have HUD in the next panel.

Mr. BACHUS. Only 1,000 families have returned so I am not sure that there is not another 1,000 units they could move back into right away.

The CHAIRMAN. We are going to have HUD and another group that might have something to say about this for tenants. So we will be getting in a later panel of people who know that. These are very important questions and they will be very central there. Let's move on. I would say to the members if members can forego asking questions now, we will give extra time later. We do want to move on. But we are not going to cut anybody off.

Mr. Watt.

Mr. WATT. Thank you, Mr. Chairman. I think I just want to make one point and I should be able to make it briefly by asking Mr. Jefferson whether in addition to the public housing that has not been occupied, there were several hospitals, I understand, where the first floors were substantially damaged. Can you just tell us what has happened with allowing or not allowing patients, medical patients to move back into second, third, or fourth floors of those hospitals versus what has happened with the public housing residents, allowing them to move back in the second, third, or fourth floor units?

Mr. JEFFERSON. I think the gentleman's question is a point for a very powerful argument; that is to say, if we could and we did successfully gut out and clean up the ground floor of hospital buildings and we have permitted people to go up on the second floors and so on and be treated, people who were actually sick and ailing, certainly the argument is profoundly for the notion we can do the same thing in public housing, do the first floors and let people live upstairs without any threat to them or their families.

And so we certainly did it back there because it was necessary to open up the hospital facility, particularly private ones where it didn't depend upon the Stafford Act to get them going, but they had private insurance, they used it, they came in and cleaned everything on the first floor and moved patients up and got back into business. Still can do that today. I thank the gentleman for his observation.

Mr. WATT. 17 or 18 months later has HUD done anything to replace the public housing units that they said they were going to destroy as opposed to allowing people to return? What steps, if any, have they made to build any new public housing units?

Mr. JEFFERSON. None that I know of. They have taken the occasion when people are out of town to talk about demolition, when before the storm there was no talk about replacing these units at all. One would have to ask why after the storm. I observe that it is convenient because people are not there to be at the table to fight for themselves and while they are away HUD is taking this action without input from the tenants and from the community. It

is a disaster that is happening there now, a second disaster on top of what they have already suffered.

Mr. WATT. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentlewoman from Illinois.

Mrs. BIGGERT. Thank you, Mr. Chairman. Dr. Boustany, you mentioned that there was some movement or progress since Katrina and Rita in moving more families towards permanent housing, towards homeownership versus rental of the public housing. Could you expand on that a little bit?

Mr. BOUSTANY. Actually, it wasn't since the hurricanes, it has been an ongoing program, which I think has some valuable lessons to offer. I was urging the committee to look at that as part of a comprehensive look at all of this.

Mrs. BIGGERT. Do you think that is a good goal after this with the lack of moneys involved that people would have?

Mr. BOUSTANY. I think it is an admirable goal and I think we have seen some success and also satisfaction upon the part of those who have been able to move on to homeownership. So simply I think it is part of the equation. It may not be the sole answer, but it is part of a comprehensive look at the housing issues.

Mrs. BIGGERT. Thank you. There is a disturbing AP story from today about how there has been so many—I will start out, it says that the U.S. Government gave $84.5 million to more than 10,000 households right after Katrina, but the census figure shows that there were fewer than 8,000 homes that existed there at the time, and then there is another story about a woman who—she has already been prosecuted, but she had an application over the Internet claiming damage to her home in New Orleans, and come to find out, she never lived in Louisiana. She received $65,000 in disaster aid, court records show.

In your areas have you experienced this and do you think that the government, whomever is responsible, FEMA, is trying to get back $300,000 from people who have fraudulently said they lived there.

Mr. MELANCON. If I could, there was, for example, a sex change operation, and Gucci purses paid for with this money by people who didn't live in the disaster zone. Anytime the government is handing out checks, there are people who are going to deceive, and I hope they get every dime of it back and prosecute those that they catch because it is a disservice to the American public and to the people who deserve it.

From a standpoint of what transpired, that was FEMA putting those dollars out. They didn't have a plan, obviously. They put out credit cards at first or debit cards and that was a whole other fiasco. People in Houston got them, people in Atlanta didn't get them, Dallas didn't get them, Alexandria, Lafayette, wherever. So there was supposed to have been a plan.

FEMA is supposed to be emergency response. They should know what they should be doing and shouldn't be doing, and they don't.

Mrs. BIGGERT. Do you think this is still a challenge or that there has been progress made? Mr. Taylor.

Mr. TAYLOR. One of the things that I mentioned, again, was that we are extremely grateful for the help we have received through our Nation. One of the things I hope this committee will pass is

a full public accounting of where the CDBG funds went, just for your reason. These are small communities. I think that is wonderful. We all know each other, we know whose houses are gone, we know whose houses got clobbered, and we know which houses didn't have any damage at all. The people will be the best judge of all as to whether or not these funds were spent properly if there is an accounting of where the money went, and I would welcome that as one of the things that come out of this committee.

Mrs. BIGGERT. Thank you. I yield back.

The CHAIRMAN. The gentleman from New York.

Mr. MEEKS. Thank you, Mr. Chairman. Let me ask Mr. Jefferson—and first let me join the gentlewoman from California, in that to me the public housing issue, and as I heard you testify, as I listened intently in my office, is the number one issue of getting those individuals back into their homes. Because it seems to me that until they get back, that gives all other excuses for not doing other things within those communities like the redevelopment of the schools, the businesses, and other businesses coming. They won't be there unless there are schools and other opportunities.

My question to Mr. Jefferson is: Is there any link that you see with reference to the overall economic development of those communities with the lack of individuals coming back to the public housing area?

Mr. JEFFERSON. Absolutely. The people in public housing, some would like to suggest, don't get up and go to work every day, but that is, of course, not true. Almost everybody there, there was a requirement, unless you had a child under such and such an age, you still had to be either actively looking for work for 20 hours or finding work or whatever, but everybody else had to be on a job, and they were. In fact a lot of the folks are working not one but two small jobs in hotels and restaurants. In a hospitality community like ours, the company cannot be expected to come back without the people who are low-income workers back in town, and a lot of these folks were in the public housing so it is critical to the recovery of our economy. A lot of business people right now are supporting the public housing tenants who are here for that very reason. They want to see them come back to town because they need their workers back in town, people need to be there, and of course the other things, a lot of the children who aren't in school yet, a lot of the hospital care that we have been looking to get back, it all depends on the low-income workers coming back to town. We hope it will be better than it was before, we hope the jobs will pay more than they did before, we hope we can create a new economy, more diversity and all that, but the truth of it is there is still a great demand for the workers who are out of town who lived in public housing before to come back, and it is a large number of people, 5,000 families, maybe 20,000 people who are not back and who could be back in town.

The reason we can talk about this so much is because when we talk about public, private, and all that, public housing is what it is, public housing built by the government, maintained by the government, people pay rent and all of the rest of it. It is the thing we can fix most directly, and the folks who are most vulnerable, and some of the public housing people are also senior and disabled,

and all of the rest feeds into this, and it is just a disgrace that we haven't fixed this problem yet.

The CHAIRMAN. The gentleman from New Mexico.

Mr. PEARCE. Thank you, Mr. Chairman. I will just make a couple of comments, and then I will yield back. First of all, it is amazing how eventually we all come back to the moral decisions; is it fair, is it right, is it just? I hear from your perspective that there are many comments of the lack of justice. Those things begin to be not quite so clear if we have other considerations. For instance, I heard the National Flood Insurance Program was the only program that worked properly. I will tell you, if we have a billion dollars a year income into that program, the losses were $21 billion we bailed out to the National Flood Insurance Program from the last Congress by $21 billion, maybe even $23 billion. I suspect if we had given a bailout to the private insurers, that they could have been more generous. So we have to ask ourselves, was that fair?

Also, the observation that insurance rates have gone up. I had a complaint last week from a guy who had a vehicle accident and his insurance went up. Is it fair to charge him a greater rate for his insurance or should that responsibility for his location at that time be borne by others?

And, again, I am bringing up the point that when I look through later documents, I see the William J. Fletcher housing, $83 million divided by 347 units, $239,000 per low-income unit. We don't live in $239,000 high-income units in New Mexico and yet we are asked to pay for these units to be rebuilt, and I ask about the fairness. That was not just in that one unit. If we go into the Lafitte section, it is $247,000. If we go into the B.W. Cooper units, it is $268,000. So these units are extraordinarily high priced for low-income units.

I am trying to make my comments and yield back to the chairman. You all can then respond if you like. The Section 8 moneys, yes, I agree that they are misspent, but I will tell you that last week the omnibus money was taken away from New Mexico in a rerouting of the Section 8 formula. We lost in one area of my State 100 people off of low income. That is what we are going to lose of low-income assistance. Another area described is going to lose 1 month of rent for everybody in the system.

And so yes, it is a question of fairness, but that fairness begins to, when you look nationwide, begins to have a different relevance. Mr. Chairman, I know that I have prompted many comments, but I yield back and if you want people to answer, I am more than happy to have the discussion. But it is your time. Thank you. I yield back.

Mr. TAYLOR. Mr. Chairman.

The CHAIRMAN. The gentleman yielded back. Briefly, the gentleman from Mississippi.

Mr. TAYLOR. In a question of fairness, I hope I made it very clear that I want our Nation to look into the policy that allows the private sector to adjudicate a claim and decide whether a private company is going to pay the claim or the Flood Insurance Program. Flood insurance lost $20 billion. The private sector made $45 billion in profits after paying Katrina claims. You want to look into fairness, look into that. If you want to look into fairness, should it be fair for those insurance companies to be exempt from the anti-

trust laws, to be able to call each other up and say, let's raise our rates. We all do it, nobody gets in trouble.

Is it fair for insurance companies to be able to say by the way, I am not playing my claims, how about you don't pay your claims and you don't pay your claims, and then there is no peer pressure for us to pay our claims.

That industry made $45 billion in profits after Katrina. They made $60 billion last year. I really hope this Congress will look into the fairness of the insurance industry.

The CHAIRMAN. Speaking of peer pressure, I will begin to get a great deal from my peer committee chairs if we continue to disregard jurisdiction entirely. So we do have to try to stick to the question of housing in Katrina. And let me now recognize the gentleman from Massachusetts.

Mr. CAPUANO. Thank you, Mr. Chairman. Mr. Chairman, I don't have any specific questions for this panel because the truth is over the last year-and-a-half these four gentlemen, particularly the three whom I have worked with the closest, have driven me absolutely insane with their commentary and pushing and shoving us to do the right thing. I will tell you that honestly, gentlemen, I would hope some day to be as strong an advocate for my constituents as you have been for yours.

I will also say—the only thing I have left to say honestly is as a Member of this Congress, as an American I am embarrassed by what we have done to your constituents or, more importantly, more precisely, what we haven't done for them. I think this entire mess, the fact that you are even here today is a black mark on the history of this country, of how little we have done for our fellow Americans when none of them asked for this. This was not a choice by anyone; it was a natural disaster.

The fact that we are here today talking about it, I know it makes you gentlemen angry, it makes me angry as well, and I would only hope that this Congress does what it can to make your constituents whole, so that we can move forward. This issue does raise lots of questions of what we should be doing in the future.

That is separate from what we should have done for people on the ground who got hurt. And again, I just want to thank you for being such strong advocates for your constituents, and I can only tell you your pushing me has prompted me to commit myself again to doing what we can to make this right.

The CHAIRMAN. The gentlewoman from Minnesota, Mrs. Bachmann.

Mrs. BACHMANN. No, Mr. Chairman. Thank you.

The CHAIRMAN. You were next on the list that I was given. The gentlewoman? No? Okay.

Then did the gentleman from New Jersey wish to be recognized? Oh, well, the Chair is pleasantly surprised.

The gentlewoman from Tennessee.

Mrs. BLACKBURN. Thank you, Mr. Chairman.

I just have a couple of quick comments. I want to thank the four panelists for their testimony, and I would note for the record that my parents live in the Jones County, Mississippi, portion of Mr. Taylor's district, and so I had the opportunity to be down there right after Katrina hit.

Just two quick comments. First of all, the four of you have each mentioned the importance of public-private partnerships in housing initiatives going forward, and my question to you is do you have a list of best practices that you would recommend or guidance that you would suggest that literally would have to be included?

And then the second thing you mentioned, the ineffectiveness of Road Home, and I wondered if you had—to the gentleman from Louisiana—a specific reason for what you thought was the reason for that ineffectiveness.

And, Mr. Chairman, that is the only two questions I have, so I will go ahead and yield back and then whatever they would like to add to the discussion.

Mr. BACHUS. Would the gentlewoman yield any additional time she has left?

Mrs. BACHMANN. I yield to the ranking member. Yes, thank you.

The CHAIRMAN. The gentleman is recognized. The gentlewoman yielded. The gentleman from Alabama.

Mr. BACHUS. If they would answer the question.

Mr. MELANCON. To the Road Home, I think you will have that opportunity in the next panel or the panel after to ask what the difficulties and the problems are, to explain why they are not moving any faster.

From a standpoint of the public-private partnership, I think that is where the community that is out there, the bankers, the Fannie Maes and whomever else, ought to be bringing it to the people of jurisdiction and saying, this is something we can do. I am not a banker, I am not a homebuilder, so I don't know where to start, but I do know—and we talked about the cost of units, Mr. Pearce did. The cost of units is an element of the Federal Government doing it, saying that is what it is going to cost. I don't have a clue. I don't have jurisdiction on it, but I do know—and I regret to see anybody lose housing anywhere in this country for any reason; however, if we didn't have a deficit, we wouldn't be looking at this problem. We would have been able to probably appropriate without the need to worry about disadvantaging people in other parts of the country.

This whole thing from the get-go has kind of been backwards. The FEMA trailers should have been for the people to live in to go back and reconstruct after the water finally got out. Instead, FEMA was paying for hotel rooms, apartments, trailers, and anything that was available in the disaster area to put FEMA contractors in, the FEMA people in and everybody who is going to make some money or oversee what is going on, while they wanted all the disaster victims to live 10, 20, 40, 50, or 60 miles out in these makeshift camps that they have put up. And we should have been putting those workers there, making them commute in, putting trailers in the communities where the people want to get back and rebuild.

You can't go back and work, you can't go back and rebuild, unless you have someplace to live. And then, of course, the utilities, the law enforcement, the health care, the schools, that is a hindrance to anybody coming back that has a family. There are people who want to come back. The living conditions with 5,000 miles of sewer lines just in the city of New Orleans that have to be tested

and figured out what is good, what is not good. So if that is the case, then that probably equates to gas lines, water lines, telephone lines, and power lines, you know.

So it is very complex, and I wish we could address it all and say, yes, we will do it, and we finish. But it is not that way.

The CHAIRMAN. I thank the gentleman.

The gentleman from Missouri.

Mr. CLAY. Thank you, Mr. Chairman.

Two quick questions, one to Representative Taylor. Representative, what percentage of residents have returned to your district since the hurricane? And have the businesses reopened and been properly staffed? Does Mississippi have a similar setup as Louisiana, like the Louisiana Recovery Authority, and if so, how does that work?

Mr. TAYLOR. The State of Mississippi—I think it is fair to say that in the southernmost part of Mississippi, the Fourth Congressional District, that the population has not changed much. What has happened is that people who lived right on the coastline might now live 30 miles inland. People who lived 10 miles inland might live 40 miles inland.

In my home county, 90 percent of all the homes were either destroyed or substantially damaged. That is a huge housing deficit to accomplish in a short amount of time, and it has not been accomplished. So you still have a heck of a lot of people—starting with myself, I am living off the generosity of my brother and his family—a heck of a lot of people living on other people's couches or in a FEMA trailer.

We had—at the high point we had 35,000 south Mississippi people living in FEMA travel trailers. That number is probably still close to 30,000, and it is not their will to rebuild that is the question, it is the ability to rebuild. They didn't get the insurance money. It is hard to find a contractor. Businesses, for example, Northrop Grumman shipyard, a major supplier to the Nation, has a 1,000-worker deficit at the shipyard, and a lot of it is due to housing. People who might be handy might be rebuilding their own homes before they go back to work at the yard, or they might take a job building homes until they decide to go back to the yard. Another major shipbuilder has brought in 1,000 people from overseas, I regret to say, and actually had to put up the housing for them onsite because there is no housing in the private sector.

So to Ms. Waters' question, housing is just an enormous problem. It is going to be a challenge for probably the next decade to get people just back to where they were the day before that storm.

Mr. CLAY. Thank you for your response. I look forward to working with you on meeting those housing needs.

Let me ask Mr. Jefferson, and this will be my final question. I read recently in the New York Times about the Army Corps of Engineers' decision to—whether to restore and rebuild the levee that protects the east bank versus the west bank. What kind of impact will that have on the people who want to resettle both areas? And do you agree with the decision of the Army Corps?

Mr. JEFFERSON. No, I don't agree with the decision of the Army Corps. The Army Corps is talking about a better way—it almost sounds like a public housing discussion here—a better way to do

a more comprehensive plan, and some other part down the river, that will do away with the need to build the west bank levee, whereas before they had plans to do that because they thought it was necessary for short-term flood protection.

There is still a need for that, and there will be a need for it this next hurricane season, so we are urging the Corps to finish the job where it started the levee system and then go to the more expensive, wonderful thing that will happen down the road 6 or 7 years from now. But it shouldn't leave people unprotected as it goes about its work. As it now develops a better idea, we ought not to penalize until we wait, because the next hurricane season isn't going to respect that observation of the Army Corps.

The Corps, as I said to you earlier, has to be held more accountable for what it does here. Anytime—for 84 years the Corps has had immunity. I haven't talked with Chairman Frank, but I know it is not in the jurisdiction of this committee, but for 84 years, part of that time, it only had to deal with rivers and building levees for rivers, which is a lot less of an issue than protecting against hurricanes. And they had that responsibility now since the late 1960's, and they are treating it without the sort of urgency that you need to treat this, this situation with, the idea that they can actually themselves be the cause of major disasters. And they have now determined that they were the cause of the disaster that drowned our city, because the day after the storm, of course, people were willing to go back, pick up the branches, and do some other things, and get their roofs fixed and go back to work, and then the levees broke, and the place was flooded.

The CHAIRMAN. I do have to—we are having enough trouble covering housing. I need some restraint here. Anything further?

Mr. CLAY. I yield back.

The CHAIRMAN. The gentlewoman from New York. I do urge Members to stay on our topic.

Mrs. MCCARTHY. I thank my colleagues for the testimony, but I have no questions at this time. A lot of the questions I have will actually go to the next panel.

The CHAIRMAN. Thank you.

The gentleman from California.

Mr. BACA. Thank you very much, Mr. Chairman. Thank you for holding this hearing.

First of all, my question is to the general body, and I would like to have Congressman Jefferson probably lead off the original question. In light of FEMA's—I would like to give FEMA credit. I can't help but notice its quick response to the assistance of families who were impacted by the recent tornado in Florida. It was a quick response in that area.

How would you compare FEMA's response to the recent disaster in Florida to its failure to respond to families displaced by Katrina? It is a concern that I have. I mean, we immediately jumped on it, and it is to their credit that we did, yet we have not responded, and that impacts all of us. And it has been 18 months, and we are having a hearing right now. We are having you here to testify. Can you please get your general feelings and how your constituents feel about the lack of response?

Mr. JEFFERSON. Well, there is no comparison about the pace of response in Florida and the pace of response that we experienced with Katrina. I would hope FEMA figured out something about how to do this job better over this period of time. But for us looking back, there is a whole lot more that we can do to make this thing work better.

FEMA completely failed us in the rescue and recovery and—rescue and immediate rescue and I guess the debris pickup and all that sort of business, and now in the long-term recovery we are experiencing new and different problems.

If I might just say, one of the big issues now with FEMA on our recovery side of it is this—I guess this falls under this committee's jurisdiction because it relates to housing. The infrastructure part of it, the facilities part of it, you can't—as Mr. Baker said, whole communities have to be recovered. You have to have a police station and this and that, hospitals up, and libraries. You have to have all of those things working. FEMA is fussing with our city about what valuations are ours, a huge set of issues. The city says it takes $100 million to build back a sewer system. FEMA says it takes $10 billion. They never get together on it. And so we are experiencing very different issues now with FEMA, wholly apart from the quick response to when folks just get hit by the storm. Down the line they are making some very critical, bad decisions now that we ought to take a good look at and figure out how we can do a better job. Thank you.

Mr. BACA. I hope race didn't play a part in part of it. Do you feel that race played a part in any of this? It seems like we reacted now—

Mr. JEFFERSON. Race and poverty are always suspect categories in this country, and we certainly—as I told you earlier that 94 percent of the people who were displaced in Houston were African American, and 64 percent of our folks who were living in affordable housing. So you have to kind of look at these things and see whether or not there is some connection. I think it is an important question to ask and an important question to get a real solid answer to, response. We don't have an answer to it yet exactly, but we have our suspicions about what happened.

Mr. BACA. Any other Member want to respond?

Mr. TAYLOR. I think FEMA treated everybody equally bad. It was nondiscriminatory.

Mr. BACA. Thank you.

The CHAIRMAN. The gentleman from Georgia.

Mr. SCOTT. Thank you, Mr. Chairman.

You know, I represent the Atlanta area in my district, which represents the counties around Atlanta in the metro area, and we are home to the second largest group of evacuees from the New Orleans area, next to Houston. So we are very concerned about this failure, and it is a failure. It is an astounding catastrophic failure of leadership at the national, State, and local levels.

And there are two things that really symbolize this failure to me. One is the fact that in the President's State of the Union message last week, not one time was the word "Katrina" mentioned. That is astounding to me. And the other one was that evacuees were kicked out of motel rooms when they needed them most while

FEMA had trailers in a cow pasture in a place called Hope, Arkansas. How ironic, Hope. Those two things, very symbolic.

I just wanted to ask a quick question about housing though. And I want to try to get at this issue of getting money down into the area, getting additional funds as soon as possible. And many of the funds that we have already appropriated here in Congress require, for example, significant matching grants to programs such as community development block grants.

My question is to each of you. Are the requirements for local governments to provide matching funds holding up the projects? And if that is the case, should not Congress waive the matching fund requirements? And then secondly, I would like to go back and get at some assessment of the status of those trailers, manufactured housing, that are sitting in those cow pastures in Hope, Arkansas.

Could either of you respond to just those two issues on the funding and what is going on with those trailers in Hope, Arkansas?

Mr. TAYLOR. To give you some idea, the trailer contract in Mississippi was let, cost-plus noncompete contract, to an outfit called Bechtel. We put a pencil to it, and it turns out Bechtel was paid $16,000 per trailer by the time you averaged it out, to haul the trailer about 60 miles, plug it into an electrical outlet, hook it up to a water hose, and find a sewer tap. People do this every weekend when they go on vacation. $16,000 per trailer. I realize it is not the jurisdiction of this committee, but it is the jurisdiction of Congress to look into that.

On the second part, in the case of Waveland, Mississippi, the city hall, the fire station, every store in town was gone, and cities live on sales tax. And so absolutely, to the greatest extent possible, the Federal share has to be waived for these communities on a case-by-case basis. Some cities actually did okay, because if they still had stores, they had a lot of revenue from sales tax. But certainly there ought to be some flexibility on a case-by-case basis for those communities that were absolutely clobbered to have the fee waived.

Mr. JEFFERSON. There is an exhibit prepared by some of our folks from Louisiana which shows that for every major storm in recent times, we have had waivers, except you see our block is an empty—there is no check there. And at a time when it costs more than any other case, $6,700 per capita, to try to work on recovery here, there has been no waiver. And in our City of New Orleans, we have had restored about 25 percent, a little bit more of that, of our tax base. And so we have no way on God's Earth to make this work, and our State, of course, has had to carry a lot of new additional burdens.

I think it is only fair, because of the magnitude of the storm, and I said before, I repeat myself, because of the participation of the Corps in bringing about this disaster, that it would be a good response now to permit—at least for the time that it will take for our city to restore itself to the full taxing authority—to have a waiver on the Federal level to make it possible for our recovery to take place fully.

The CHAIRMAN. The gentleman from Texas.

Mr. GREEN. Thank you, Mr. Chairman. And I would like to, if I may, address initially, Mr. Chairman, the question of razing—that would be R–A–Z–I–N–G—thousands of units of public housing rather than raising, R–A–I–S–I–N–G, these same units at a time

when thousands of persons are in need of housing. A future promise seems to be the carrot.

Well, we have a saying in my church, "Pie in the sky by and by is fine, but there is nothing wrong with something sound on the ground while you still around." A lot of the folks who are in Houston, Texas, some 20,000, I am told, will probably not be around by the time we raise, we elevate, and we construct public housing in New Orleans.

With reference to those who contend that free enterprise and morality should be the acid test, let me remind my good friends that when 9/11 occurred, we allowed free enterprise and morality to be the acid test, but notwithstanding this, we still find that each of the families received about $3.1 million. $3.1 million, 42 percent of that coming from the Federal Government, pursuant to the RAND Institute for Social Justice.

We cannot treat people in New York better than we treat people in New Orleans. People deserve the same treatment when they have been hit by a horrific disaster comparable to what happened in 9/11, and I support what happened in terms of compensating those victims. We have to do a similar thing for the people in New Orleans. And I think that this Administration has failed miserably, because we had an opportunity to develop a paradigm for going forward, a paradigm for all time, if you will, that would deal with when people are displaced, that would deal with resettlement of those persons who are on public assistance who have been displaced in terms of their immediate shelter, their long-term shelter, their intermediate shelter, health care, and counseling.

We have students in the schools in HISD who have not had sufficient counseling. They have not been given the assistance that they need to adjust to their new environment. Their parents, many of them, have not been counseled.

There must be a way for us to revisit all of this and to develop a paradigm that is going to help us in the future because it is my belief that this is not the last disaster that we are going to have to contend with. We ought to have a national disaster insurance program, national disaster insurance, regardless as to whether it was a tornado or hurricane or earthquake. When you are hurt and you are living in the richest country in the world, there is nothing wrong with expecting your friends and neighbors to be of assistance, as was the case with 9/11. We need national disaster insurance.

And finally, I want to compliment both the chairman and the subcommittee chairwoman for the outstanding job done, and I look forward to visiting New Orleans again.

I will just mention this in closing. When we went to Louisiana the last time, we had one person from the other side with us, and that was the then-chairperson of the Housing Subcommittee. I am inviting my colleagues, please, let's go to Louisiana together, and let's work together to do something to help the survivors of Katrina and Rita.

I yield back, Mr. Chairman.

The CHAIRMAN. Any witnesses wish to comment? If not, the gentlewoman from Wisconsin.

Ms. MOORE. Thank you, Mr. Chairman. Thank you for this distinguished panel of my colleagues.

I actually have been perusing the testimony of the other panels who are to come before us, and some of the things that they have said really do—really are appropriate for me to ask this political panel what is their take on that. In particular, I have been reading the written testimony of the chairman of the Louisiana Recovery Authority, and it is very—the conclusions that I have reached have been very disturbing to me, and I am wondering if you all would comment on it. And I would appreciate a bipartisan response, perhaps Mr. Boustany as well as Mr. Jefferson or Mr. Taylor.

The public law authorizing dispensing of some of these housing funds that President Bush—Public Law 109–148 was signed by President Bush on December 30, 2005, and Mississippi received full funding of its program in December, and it was 6 months later before Louisiana received any funding. There was—the legislation capped funding for any one State at no more than 54 percent of the total appropriated, even though Louisiana received 75 to 80 percent of the total damage from both Katrina and Rita. So it would appear to me—and it is a conclusion that I would welcome for you all to dispel—that assistance was rendered to folks on a partisan basis. And we have heard a lot about race being involved and so on, but this is clearly—at least I have concluded that there is some partisanship involved, and I would love for any of you to rebut that.

You know, why would Mississippi get full funding 6 months—I mean, right away, right after the storm, and it was 6 months later? Why would the funding be capped at 54 percent for any one State, even though—I am sorry Mr. Chairman. Okay.

The CHAIRMAN. No, that was an accident, but if the gentlewoman wants to have time to answer the questions, we should—

Mr. TAYLOR. Number one, Mississippi was hit with a hurricane.

Ms. MOORE OF WISCONSIN. I am sorry?

Mr. TAYLOR. Number one, Mississippi was hit with a hurricane. As horrible as it was, it was over in 24 hours. We knew how bad it was going to be. We knew what had to be done. And, yes, 83 percent of all of the homes that were flooded were in Louisiana, but we had a much higher percentage of homes that were destroyed outright. So you are comparing a hurricane in my district, a hurricane in Mr. Melancon's district, to a flood in Mr. Jefferson's district where it took several months just to drain the city.

Secondly, I cannot begin to thank Senator Cochran enough. One of the reasons Mississippi did very well is that, thank goodness, we had the chairman of Senate Appropriations on the day this horrible thing happened to our State, and I am grateful that he did it.

Ms. MOORE OF WISCONSIN. He was a Republican chairman.

Mr. TAYLOR. He is a good guy. I don't care which party he is in. He took care of my people. And we all know that being a chairman, it puts a person in a position to help people, and Senator Cochran was a hero of Mississippi in this instance.

But I hope that you would distinguish between the hurricane that hit Mississippi where, as horrible as it was, we knew Monday afternoon what had to be done. In Louisiana's case, that flood lingered on for months.

The CHAIRMAN. Mr. Jefferson.

Mr. JEFFERSON. Thank God for Senator Cochran and Mississippi.

Two things can't be right here. If the number in Mississippi was right, then the number in Louisiana is way wrong. I mean, I am not sure anybody sat down and tried to figure out exactly what it would take on a real-dollar basis to restore Mississippi, what it would take on a real-dollar basis to restore Louisiana, but if somebody did figure out that it took $5 billion in Mississippi's case and Louisiana had 4 to 5 times the loss of houses and 10 times the loss of businesses, then it would take at least another 4 to 5 times more then Mississippi's amount to get Louisiana straight.

So I don't begrudge Mississippi's money. I am sure there was a bunch of politics going on there. But I would just hope that right now we can revisit this whole matter of what does it really take to fund the recovery; that somebody for a minute take a little time and make a real application of the scope of our losses as against the money provided for our recovery and see whether or not they match up right. And they don't. I can tell you that right now.

There ought to be in the pipeline for Louisiana without regard to how well the local folks are at administering the money, if there is such a thing as that. There just isn't enough money starting out to match up to the scope of the damages even though it is a huge amount of money that we talk about here. As Mr. Melancon pointed out—I am sorry—the $110 billion, $26 billion goes to rebuild public facilities and housing and levees and roads and all that. So it is just not—it was never a realistic way to approach this, just numbers pulled out of the air, and it wasn't—sort of politics won out at the end of the day.

The CHAIRMAN. Mr. Boustany.

Mr. BOUSTANY. Thank you, Mr. Chairman.

There were two different supplementals that had community development block grant money. The first clearly was not enough for Louisiana. I am not sure why it ended up being what it was at that stage. After that, after that supplemental, there was an extraordinary degree of cooperation between the Louisiana Recovery Authority and Mr. Powell representing the Administration to come up with a figure that was deemed appropriate, and that is what we ultimately voted on. So basically, in effect, the LRA got what it asked for at the time, using Mr. Powell and his cooperation and the work—bipartisan work in Congress. And that is what happened.

Now, is that figure—I think an appropriate question is to ask at this stage, why isn't the money actually in the hands of the people? Because a lot of that money has not gotten into the hands of the people, and that is a question you should ask, and we all need to find out the answers. Thank you.

The CHAIRMAN. Does the gentleman from Missouri have questions?

Mr. CLEAVER. Thank you, Mr. Chairman.

I would like to thank my colleagues for their willingness to come before us. And I have had the opportunity to go into New Orleans and, with the committee chaired by the Chair of the Subcommittee on Housing, Maxine Waters, we had a chance to discuss some of the issues with FEMA. I have a thousand questions, but I will only ask one, because maybe some of you have gotten this concern expressed to you.

I received a phone call from Jessica, at Tennessee State, and Nora, who is out of a school in Missouri. They were students in New Orleans at Dillard University, which was completely covered with water. My son had just graduated from Dillard, but stayed there to do a play at Tulane, a summer Shakespeare series, so he was also there.

These students received money from FEMA, and most of them went out, purchased clothing, laptops, whatever they could, with the $2,000 to compensate for what they lost. About 4 months ago, students now in schools elsewhere are receiving letters from FEMA asking that the money be returned. Do any of you have any idea what is going on?

Mr. MELANCON. I think it is just government at its best.

The CHAIRMAN. We will have a chance to ask FEMA that question. The Members might not know.

Mr. CLEAVER. I have one of the letters from FEMA.

The CHAIRMAN. FEMA will be on the next panel, unless the Director of FEMA has left now.

Mr. CLEAVER. I can't wait. Thank you. That is all, Mr. Chairman.

The CHAIRMAN. I thank the Members. And it is unusual to have this degree of questioning with the Members, but it is also unusual for Members representing areas to have undergone this devastation. And I am sorry this is taking so long, but I don't see any way around it, and we are now going to proceed to the next panel. We will take a 5-minute break. I do ask for people's indulgence. This is worth a day of our lives. We will take a 5-minute break, and then we will have the next panel.

[Brief recess]

The CHAIRMAN. The committee will come to order. The next panel will consist of: Roy Bernardi, Deputy Secretary, Department of Housing and Urban Development; David Garratt, Acting Director of Recovery, FEMA; Walter Leger, chairman, Housing and Redevelopment Task Force, Louisiana Recovery Authority; and Gray Swoope, executive director, Mississippi Development Authority. We will begin with the Deputy Secretary. And you all have unanimous consent to submit your entire statements. So you may just proceed with your statement. There is no need to thank us for having the hearing or tell us what the hearing is about because we already know that. Let's get right to substance.

STATEMENT OF THE HON. ROY A. BERNARDI, DEPUTY SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. BERNARDI. Okay, Mr. Chairman. Today I want to share with you HUD's recovery efforts in the Gulf Coast following the devastation caused by the 2005 hurricanes. We have made great strides in the recovery effort, yet there are still many challenges that lie ahead, especially in Louisiana. This testimony focuses on three things: The $16 billion, $700 million in Community Development Block Grant supplemental funds for long-term recovery; the recovery of New Orleans public housing; and the continuing affordable rental housing challenges.

In response to the disasters, the Federal Government has committed more than $100 billion to help the Gulf Coast, including, as

I mentioned, $16.7 billion for the CDBG program, the legislation passed by the Congress for the CDBG program was clear in its intent. The Federal Government would not and should not dictate to local communities how to rebuild. Those closest to the ground should do that. That is why the Gulf States and their Governors were designated with the principal responsibility for the design, the implementation, and the performance of their rebuilding efforts, with HUD having an oversight role as good stewards of the taxpayer dollar. We understood the importance of approving those funds quickly and getting the money into the hands of State leaders as fast and as responsibly as possible. We will continue to offer guidance and ensure compliance with the law, including the prevention of waste, fraud, and abuse.

Recovery is taking time. States have only spent $1 billion, $200 million of the $10.5 billion in emergency CDBG funds that HUD has awarded. Leading the way has been Mississippi's Homeownership Assistance Program, which has disbursed more than 11,000—I understand 12,000 checks now to families to help compensate them for their losses so they can rebuild their lives. Mississippi has also used critical CDBG recovery funding to complete a master plan for infrastructure that develops long-term regional solutions to the water, sewer, and storm drainage needs of Gulf communities. While the task before Mississippi is a tremendous one, the task before Louisiana is substantially greater. Its homeownership program alone has over 100,000 applicants. Only a handful of loans have been closed to date, we believe, and we hope that the State will soon achieve a rapid escalation of program implementation over the next 6 months.

I would like to take this opportunity to explain the situation with public housing in New Orleans and its history. Mr. Chairman and members of the committee, even before the storms hit, public housing in New Orleans was in a difficult state. Some buildings were 70 years old and had not been kept up, they were crime-ridden, and in many circumstances the units were health hazards. In fact, the Housing Authority of New Orleans, or HANO, did such a poor job of managing their properties that HUD was forced to take them over 5 years ago, long before Katrina struck the city. Also before Katrina hit, a decision was made to redevelop some of these public housing units in favor of mixed income housing. For example, in Atlanta, the redeveloped areas there have borne huge social and economic improvements such as higher test scores for children in schools, less crime, and more livable communities, and we want to do the same thing in New Orleans. Despite what some may say, it is going to take more than just a little bit of cleanup, some spick and span, if you will, to make most of these units livable. That is why they were slated for demolition before the storm, and the storm made a bad situation even worse. That said, we are committed to bringing back public housing residents, and we are fixing units to allow residents to return in a phased-in manner until redevelopment moves forward.

As Secretary Jackson said in August of 2006 when he visited New Orleans, every family who wants to come home should have the opportunity to come back. We have always felt that way. We always will, and we will work on making sure that happens. We

will continue to work with the local community to redevelop New Orleans public housing so families will have an opportunity to return to better and safer neighborhoods.

We have also been aggressive in our efforts to provide rental housing assistance to displaced families and individuals. HUD has also worked to provide previously HUD-assisted families and homeless individuals who were displaced by the storm with housing during this period by paying rental subsidies to over 30,000 persons. We have also assisted close to 25,000 families in finding affordable rental units.

While New Orleans public housing is an important and viable piece to providing affordable rental housing in the region, it represents only a small number of the 112,000 rental units in the five-State Gulf Coast region that were seriously damaged by the storm. In total, 13 percent of the damaged rental stock in the Gulf region was subsidized housing. Before the storm, there was moderately affordable shelter in New Orleans but the situation has worsened dramatically since the hurricanes, as we all would have imagined. Not only are there 112,000 fewer rental units in the five States, there is also increased demand for nondamaged units. In response to the rent inflation, HUD has increased the fair market rents for New Orleans by 45 percent since the storm. In the immediate aftermath of the hurricanes, the Department's goal is to repair, rehabilitate, and rebuild the affordable housing projects to the greatest extent possible to ensure that the residents could return home.

At this time out of 82,000-plus units in the area impacted by Katrina, there has been a permanent loss of only 263 affordable rental housing units, and that is for the FHA multi-family portfolio. The path ahead for rebuilding affordable rental housing is daunting. The Federal Government has done a lot to help the States, and I am confident that the States are working to address the many challenges. It is a path, however, that is going to take longer than anyone would have anticipated, longer than anyone would like.

Mr. Chairman, members of the committee, people need help now. We remain committed to helping these families, using all the resources available to recover and stimulate economic development and restore hope to communities throughout the Gulf.

Thank you.

[The prepared statement of Secretary Bernardi can be found on page 162 of the appendix.]

The CHAIRMAN. Mr. Garratt.

STATEMENT OF DAVID GARRATT, ACTING DIRECTOR OF RECOVERY, FEDERAL EMERGENCY MANAGEMENT AGENCY

Mr. GARRATT. Thank you. Chairman Frank and members of the committee, I recognize that the committee's focus today is centered on the ongoing efforts to rebuild housing in the Gulf Coast region, so I will focus my comments on the FEMA recovery programs and initiatives that directly relate to this important and continuing effort. Under Section 408 of the Robert T. Stafford Disaster Relief Emergency Assistance Act, FEMA is authorized to provide housing assistance to individuals and households, a program which includes

rental assistance, home repair assistance, home replacement assistance, and direct housing. I will discuss each briefly.

Beginning with rental assistance, FEMA may provide rental assistance for eligible individuals whose homes have been made uninhabitable or inaccessible due to the disaster and whose insurance benefits do not cover alternative living expenses. In the case of Hurricane Katrina, the majority of this assistance has been provided to evacuees residing outside the damaged area. In total, more than $2.1 billion of rental assistance has been distributed to over 672,000 households. Currently 35,000 households continue to receive a form of rental assistance payment.

Under home repair assistance, eligible applicants from Hurricanes Katrina and Rita are authorized to receive up to $5,200 in home repair assistance. Repairing a home to make it livable where that option exists is a preferred remedy because it keeps people in their homes, in their communities, and is cost effective. However, in an event as massive and destructive as Hurricane Katrina, this is not always a viable option, as many families suffered major damage to or total destruction of their homes. However, for the many families that sustained minor or moderate damage to their homes, this is often the fastest and best housing assistance remedy. Today FEMA has provided over $318 million in home repair payments, helping make more than 129,000 homes habitable across the Gulf region.

Home replacement assistance. FEMA is authorized to provide up to $10,500 in home replacement assistance to eligible victims of Hurricanes Katrina and Rita. Thus far in the four Gulf States most heavily impacted, Alabama, Louisiana, Mississippi and Texas, FEMA has provided more than $329 million to over 29,000 households to assist them towards the purchase of replacement housing. It is important to note that neither the repair nor replacement assistance that FEMA provides is intended to substitute for insurance, nor can FEMA assistance duplicate any insurance benefits.

In most disaster settings, temporary housing needs can be adequately addressed by FEMA rental repair replacement assistance. However, as we are all acutely aware, Katrina was no typical disaster. Katrina destroyed or significantly damaged tens of thousands of housing resources, greatly limiting our standard temporary housing options. In such a situation where traditional fixed housing resources are not available, FEMA can provide direct housing assistance in the form of temporary housing units to eligible applicants. Direct housing assistance can be acquired from the Federal Government by purchase or lease, such as apartments, but most often through the provision of manufactured housing—travel trailers and mobile homes. Following Katrina, both options were employed. Direct leases were secured to house evacuees outside the impacted area and manufactured housing was provided within the heavily damaged areas of Louisiana, Mississippi, and Alabama, providing the option for many disaster victims to remain in their communities close to their jobs, families, friends, and their childrens' schools. In some cases families were able to remain on their own property.

At present, more than 91,000 applicants continue to receive a form of direct housing. Over the course of the last 17 months,

FEMA housed more than 120,000 households in temporary housing units. As a sign of progress, the total number of households currently living in temporary housing has decreased to 91,000 and 96 percent of the housing requests have been resolved. Eighty percent of temporary housing units are on private sites where individuals are rebuilding their homes. Direct housing is initially authorized by the Stafford Act for up to 18 months from the date of the disaster declaration, but the President may extend that period if he determines that due to extraordinary circumstances it would be in the public interest to do so.

President Bush directed FEMA to provide an extension of both direct housing and financial housing assistance programs. This new extension allows FEMA to continue to provide housing assistance through August 31, 2007. It also gives us additional time to continue our work with the disaster victims, Federal, State, and local partners, and volunteer organizations to transition victims to more permanent housing solutions.

Congress recently took some important legislative steps to help us address the challenges of disaster housing both for those affected by Hurricane Katrina and those who may be faced with similar housing needs in the future. In the 2006 supplemental, Congress appropriated $400 million to FEMA for a pilot program that could identify and evaluate new alternatives for housing disaster victims in the aftermath of a disaster. This legislation required that FEMA target the funding and assistance to these States most affected by the hurricanes of 2005. Accordingly, Alabama, Florida, Louisiana, Mississippi, and Texas were invited to submit applications as part of a competitive process to identify the most innovative and promising alternative disaster housing solutions. This competitive grant process was designed to ensure that those proposed projects that met the greatest number of selection criteria received first consideration.

The alternative housing pilot program grant guidance was released on September 15, 2006, and applications from the five Gulf Coast States were due on October 20th. Each of the five eligible States submitted applications which collectively contained 29 discrete proposals. The 29 proposals totaled almost $1.2 billion in requested grant money, well in excess of the $388 million made available for award, with the remaining $12 million reserved for necessary administrative costs and other costs. The Department of Housing and Urban Development, a key partner of ours in this pilot program, will lead a formal evaluation of all approved pilot projects. Five projects were selected by FEMA for potential grants across the four States that submitted competitive applications. Each project is being reviewed to ensure viability and upon successful completion of that review will move forward the funding.

The Fiscal Year 2007 homeland security appropriations bill also made broad changes to the Stafford Act, many designed to allow FEMA greater flexibility in meeting future disaster housing needs. Key changes include the requirement for a pilot program that will allow for the repair of pre-existing rental units under FEMA housing assistance as well as the requirement to develop a national disaster housing strategy. There are many other changes, and work on all of them is under way.

While finding housing for the many displaced households of Hurricane Katrina has been and will continue to be a challenge, FEMA remains committed to providing or coordinating continued assistance to these victims, together with our Federal, State, local, and private voluntary agency partners. We will continue to pursue assistance solutions that will effectively and compassionately help individuals and households recover and re-establish their lives in the Gulf Coast region.

Thank you. I am prepared to answer any questions you may have.

[The prepared statement of Mr. Garratt can be found on page 299 of the appendix.]

The CHAIRMAN. Thank you, Mr. Garratt.

Mr. Leger.

STATEMENT OF WALTER LEGER, CHAIRMAN, HOUSING AND REDEVELOPMENT TASK FORCE, LOUISIANA RECOVERY AUTHORITY

Mr. LEGER. Thank you, Chairman Frank, Congressman Bachus, Congresswoman Waters, and members of the committee. Good morning. My name is Walter Leger. Before August 29, 2005, I was a resident of Saint Bernard Parish. I now live on higher ground in New Orleans. My parish, my community, had 27,000 homes, all but three severely or substantially damaged. We are still looking for those three. A vast majority of our community is gone, has moved away, and many will not come back.

I thank you for allowing me to speak to you today in connection with Katrina and Rita, the first and third largest disasters in the history of this country. The Louisiana Recovery Authority was created as nonpartisan by Governor Blanco and coordinated recovery efforts related to the two storms. I am a volunteer or I should say, I guess, a draftee, having been asked by Governor Blanco to serve on the board and as chair of the board's Housing and Redevelopment Task Force.

Katrina and Rita caused an estimated $100 billion in damages in Louisiana alone. About $40 billion of these losses were covered by insurance. We are sincerely thankful for the estimated $26 billion Congress set aside to help us rebuild our homes and infrastructure and levees, but that still leaves a gap of $34 billion, or about $20,000 in unrecovered losses for every Louisiana household.

Your focus today is on how we are reinvesting the generous appropriations from Congress for housing. Like many of the other members of the LRA, I lost my home to 14 feet of water. More than 200,000 homeowners and renters in south Louisiana suffered the same, or actually a worse fate. They lost their photographs, their family albums, every single belonging, and everything that made their house a home. They also lost their dry cleaners, their dentists, their schools, and their churches.

The LRA developed the broad policies for the Road Home Program. We do not implement or enforce the policies. The State Department of Divisions Administration is involved in that. The Road Home Program is the largest single housing program ever created, providing eligible homeowners with a grant to cover the gap between insurance and the cost of repairs up to the pre-storm value

of their home with a cap of $150,000 and up to $50,000 in forgivable loans to low-income homeowners. We estimate more than 120,000 homeowners will benefit from this program funded by $6.4 billion in CDBG and $1.1 billion in Stafford Act housing mitigation funds, whether or not they had some insurance and whether or not they resided inside or outside a flood plain.

Let me outline the action taken since Congress fully funded this program in 2006, 7½ months ago. The same week we received program approval, the State's Department of Administration signed a private contract to implement the program. The company set up 10 housing centers throughout Louisiana and one in Houston, Texas. More than 105,000 applications have been received and recorded. Housing counselors have conducted over 72,000 in-person appointments with applicants, and nearly 30,000 homeowners have been notified of benefit awards, totaling $2.5 billion, a commitment and obligation of contractual $2.5 billion. While only 500 homeowners have received their actual awards, many more are in the pipeline. This is not fast enough. It must move faster. We in Louisiana got our full funding for our various programs 10½ months after the storm, 7½ months after Mississippi got full funding, but we are moving as quickly and as fast as possible, but there have been problems.

The CDBG funds came down to us wrapped in red tape. One particular area that should be addressed immediately is the SBA's failure to distinguish the difference between a grant and a loan. They are requiring homeowners to repay SBA loans with their Road Home grants; that is, take the $2 billion that we were given to help homeowners and give it right back to the Federal Government.

Another obstacle is the Federal requirement that we deduct insurance proceeds and FEMA payments from our awards. Verifying these deductions is time consuming and, worse, it requires the voluntary cooperation of dozens of insurance companies, of which Congressman Taylor spoke.

An additional area of concern relates to our use of Hazard Mitigation Grant Program funds as required by Gulf Coast Recovery Chairman Powell. The State did not want to use moneys in this way, but we were told that the Administration would not support additional funding that was negotiated, that was not all we asked for, unless we agreed to use these funds. As of today, FEMA has been unwilling or unable to approve nearly $1.2 billion of funding that is desperately needed for the Road Home Program. We ask for your assistance there.

Let me briefly, if I may, tell you about the rental programs. About 82,000 rental units received major or severe damage from the storms. In response, we set aside a total of $1.5 billion in CDBG funds, which will supplement the estimated $1.7 billion worth of private investments triggered by Congress' expansion of the low-income housing tax credit program in the GO Zone legislation. In total, with this $3.2 billion of investments we hope to create an estimated 35,000 units in a broad mix of deeply affordable units, mixed income development, and a one-to-four unit programs. Using approximately $667 million in CDBG funds, we hope to piggyback with the tax credits, and also while funding developers in these projects, we will be funding permanent supportive housing

for the elderly, deeply affordable units, and permanently supportable housing for the disabled and market rate units.

These projects have enormous potential, yet increased construction, labor, utility, and insurance costs have made some deals unfeasible. To ensure that the units at risk are successfully developed, we request that Congress extend the December 31, 2007, placed-in-service deadline to December 31, 2009, and extend the December 2008 placed-in-service deadline to December 31, 2010.

Briefly, the small lenders program, the LRA's small rental property program, will provide gap financing of $869 million for the repair of about 18,000 small rental units, landlords who own one to four unit properties and who owned it before. The incentive will be $18,000 or $72,000 no-interest nonrepayable loans, assuming that you agree to deep affordability on a competitive basis with others applying for the program. The funds aren't sufficient to comply with all of our rental needs, but we are being inventive in that regard.

One of the Congressmen asked about—and I will wrap up, sir—first-time homeowner program. A $40 million first-time buyers pilot program will soon be available to allow low- and moderate-income renters to purchase damaged properties.

One major aspect, you have asked for things that you could do, the cost share issue. $1 billion—we figure our cost share, the State cost share, local government's cost share will be about $1.5 billion. Many of the governments, my own in Saint Bernard Parish have zero, nada, nothing in terms of ability to repay loans. The CDBG funds you gave us will be required to do so. Accordingly, with respect to that 10 percent match, unlike any other major storms or disasters in modern history, we take—you send us the $1.5 billion, and we send it right back to you. So we lose those funds.

Gentlemen and ladies, I will be happy and look forward to answering any of your questions.

[The prepared statement of Mr. Leger can be found on page 327 of the appendix.]

The CHAIRMAN. Mr. Swoope.

STATEMENT OF GRAY SWOOPE, EXECUTIVE DIRECTOR, MISSISSIPPI DEVELOPMENT AUTHORITY

Mr. SWOOPE. Thank you. Good afternoon and thank you for the opportunity to come before you today. First of all, I will say thank you for your support, your funding and, most of all, your prayers for helping Mississippi recover from the worst natural disaster to hit the United States. I am Gray Swoope with the Mississippi Development Authority, and as you are aware, Mississippi has been allocated $5.48 billion in CDBG funding for disaster recovery.

Today, I want to give you an update on where the money is being spent. 30,000 in 41 owner-occupied homes received flood surge damage. 19,787 homes located outside of the 100-year flood plain received flood damage. 2,939 of those were uninsured. 10,254 homes located inside the 100-year flood plain received flood surge damage, 4,916 did not have flood insurance. Working with our Federal partners, local governments, and the private sector, the State of Mississippi is pursuing a comprehensive approach to rebuilding in the south of Mississippi. HUD approved $3.423 billion for the

Mississippi Homeowners Assistance Program Action Plan on April 1, 2006. The release of funds was approved by HUD on July 10, 2006, just over 6 months ago. The purpose of this program was to provide a one-time grant payment up to a maximum of $150,000 to eligible homeowners who have suffered flood surge damage to the primary residences on August 29 from Hurricane Katrina. Eligible homeowners are those who owned and occupied their home on August 29, 2005, maintained homeowners insurance on the property, received flood surge damage, and lived in homes located outside the 100-year flood plain in six Hancock, Harrison, Jackson, or Pearl River Counties along the Mississippi coast. To secure the grant, the homeowner agreed to place a covenant on the property, which provided that the rebuild and repair would be in accordance with applicable codes and local ordinance, that during rebuilding the home would be elevated in accordance with FEMA advisory flood elevations, and that the homeowner would attain and maintain flood insurance on the property.

MDA opened three service centers on the Mississippi Gulf Coast on April 17, 2006. Between April 17, 2006, and May 31, 2006, 15,850 applications were taken. To date, 17,654 Phase I homeowners applications have been received through these service centers. 84 percent of these applicants have indicated they would repair or rebuild. Of the applications taken, 3,447 have been deemed ineligible but will be considered during the second phase of the Homeowners Assistance Program. Currently 13,538 applicants have been notified that they are eligible to receive a grant and 12,142 of those have completed their grant closing. As of Friday, February 2nd, that was last Friday, 10,247 applicants have been paid a total of $681,456,302. That is 72 percent of the potentially eligible applicants for the initial Homeowners Assistance Program have been issued checks. And again I emphasize that is a little over 6 months since HUD released those funds. This also means that 10,247 properties located on the Mississippi Gulf Coast now have covenants attached providing for repair, rebuild, and accordance with applicable codes and ordinances that the homeowners have agreed to and will maintain flood insurance.

On December 19, 2006, HUD approved a modification to the Homeowners Assistance Program to redirect $700 million of the original $3 billion initially allocated to homeowners assistance grants to the Phase II program. The purpose of the Phase II program is to provide compensation grants up to a maximum of $100,000 to homeowners who suffered flood surge, damage to their primary residents as of August 29, 2005. Phase II eligible homeowners are those who owned and occupied their home on August 29th, received flood surge damage, have a household income at or below 120 percent of the area median income, and whose home was located in Hancock, Harrison, Jackson, or Pearl River Counties. MDA began registration for the Phase II Homeowners Program in July 2006. There have been 7,011 registrations received as of February 2nd of this year. In addition, 3,447 applicants deemed ineligible for Phase I will be considered in the Phase II program. A significant component of this program will be financial counseling for those homeowners to assist with their recovery plans. Applicants in both phases of the Homeowners Program may be eligible for a sep-

arate grant of up to $30,000 to defray the cost of elevating their homes out of potential danger areas.

To encourage homeownership, Governor Barbour has allocated $157 million in tax exempt private activity bond authority to the Mississippi Home Corporation to issue mortgage revenue bonds. Through the sale of these bonds, the Mississippi Home Corporation is able to reduce homeownership costs by offering below market interest rates and assistance, with closing costs equal to 3 percent of the mortgage amount. With this authority, more than 2,700 families statewide have received assistance since Katrina, with 400 of those being on the coast. These bonds are not general obligations of the State. Rather, they are repaid as homeowners pay their mortgages. Governor Barbour will continue to allocate additional tax exempt private activity bond authority to the mortgage revenue bond program to help more families achieve their dream of homeownership.

Hurricane Katrina destroyed or severely damaged 8,600 rental units in Mississippi, 95 percent of which were located in Hancock, Harrison, and Jackson Counties. The Gulf Opportunities Zone Act authorizes the Mississippi Home Corporation to allocate approximately $35 million annually in low-income housing tax credits in 2006, 2007, and 2008. The Mississippi Home Corporation awards these Federal tax credits based on a competitive scoring process, conducted according to the qualified allocation plan approved by the Governor.

In August 2006, the Home Corp awarded over $10 million of the tax credits that will facilitate the construction of over 1,000 units.

I will skip on here quickly.

The other factor on housing that you need to be aware of, in addition to the home tax credit, HUD has approved the action plan to amend the needs for public housing. The purpose of the amendment was to provide funding in the amount of up to $100 million to the five housing authorities that suffered damage to their families on August 29th. There were 2,695 rental units pre-storm. Of that, only 2,534 were damaged. Grant allocations have been made based on the percentage of the individual Housing Authority dollar damage to the five housing authorities. That program is now awaiting final application approval pending environmental assessments.

This are other factors that are considered with the business climate—we can talk more about that in a minute—such as insurance mitigation, ratepayer mitigation, and other ways that we have used the money.

The CHAIRMAN. Thank you.

[The prepared statement of Mr. Swoope can be found on page 374 of the appendix.]

The CHAIRMAN. Secretary Bernardi, the President, on September 15th, went to Jackson Square and in his major speech talked about his Urban Homesteading Act. He said that under this approach, we will identify property in the region owned by the Federal Government, provide sites to low-income citizens free of charge, etc. That was the major housing piece.

What have been the results so far under the Urban Homesteading Act that the President announced? Some of us were skeptical at the time.

Mr. BERNARDI. At the Federal Housing Administration, we have recognized a significant number of properties throughout the Gulf Coast that were obviously damaged due to the hurricanes. We have rehabilitated those properties, and we are offering them at a discount to individuals who have been affected by the storm.

The CHAIRMAN. How many have been put into the hands of homeowners?

Mr. BERNARDI. I believe there are a few thousand that have been, but I will get you the exact number.

The CHAIRMAN. A few thousand?

Mr. BERNARDI. We didn't have that many to start with, sir.

The CHAIRMAN. We had asked you, hadn't we—we had asked for that information. I am sorry to disappoint you, not to have it, but I would think, this being a major program that the President announced, you could give us some figures. This isn't a trick question. That was the President's major program. You can't tell us how much—somebody may be able to tell you.

Mr. BERNARDI. The fact of the matter is that the homesteading program can deal with raw land or it can deal with housing. As I mentioned, there is properties that HUD owns throughout the Gulf Coast area.

The CHAIRMAN. How many homes have resulted from this program?

Mr. BERNARDI. I will get you that.

The CHAIRMAN. Mr. Bernardi, frankly, that is very disappointing. This is a year-and-a-half after the President made a major speech, it is his major piece, and you can't tell me what, if anything, has been done. I think, frankly, that it is partly because very little has been done.

Let me ask you, we have heard a couple of specific proposals from the members and from the representatives, one is that we forgive the matching requirement in the CDBG. What is HUD's position on that specific request?

Mr. BERNARDI. HUD's position is that you can use the HUD funding to meet the match.

The CHAIRMAN. That reduces the HUD funding. They proposed abolishing the match. What is HUD's position on not requiring the match in this case, which they say is an unusual thing?

Mr. BERNARDI. It isn't the HUD match. It is the Stafford Act.

The CHAIRMAN. I understand that, sir, but we are the Congress, and I can vote on it. I am soliciting HUD's opinion as to whether or not we should do away with that matching requirement as a matter of public policy.

Mr. BERNARDI. As you indicated, that reduces, obviously, their CDBG dollars to use in other areas.

The CHAIRMAN. Thank you for restating the obvious, Mr. Bernardi.

Mr. BERNARDI. The position would be, obviously, whatever is in the best interest of the redevelopment of the areas.

The CHAIRMAN. Mr. Bernardi, please, let's not dance around. It is a simple question. We have asked for specifics. Does HUD support the specific proposal that we got from some of the members and others from the area that we rescind the requirement for the

match on the CDBG program? What is HUD's position on that matter of public policy?

Mr. BERNARDI. There is no match on the CDBG program, Congressman. That is not a HUD initiative. We don't require a match. You can use the CDBG dollars for the match.

The CHAIRMAN. I am not blaming HUD for the fact that it was in there. What is your position on whether or not—

Mr. BERNARDI. I would think it would be the position of the Administration.

The CHAIRMAN. What is the position of the Administration?

Mr. BERNARDI. You can talk to others who impose the match.

The CHAIRMAN. What was that again?

Mr. BERNARDI. The Stafford Act, where the match comes from, is where you would have to correct the situation.

The CHAIRMAN. Are you in favor or changing it or not?

Mr. BERNARDI. I am in favor of anything that will help. The answer is yes.

The CHAIRMAN. You are in favor of abolishing the match requirement in this situation.

Mr. BERNARDI. I would think, if abolishing the match indeed helps the areas—but, on the other hand, as you know, Mr. Chairman, we would like to have, obviously, the local communities participate in the process with other resources.

The CHAIRMAN. I understand that, Mr. Bernardi, but I am still trying to get an answer to the question. Should we abolish the matching requirement or should we not? What is HUD's advice on that subject?

Mr. BERNARDI. HUD's advice is to do what is in the best interest of the people that everyone is trying to serve.

The CHAIRMAN. That is "bureaucratese." So I can't get an answer on that one.

What about extending the tax credits? That shouldn't be hard. Are you in favor of extending the tax credit?

Mr. BERNARDI. Absolutely.

The CHAIRMAN. Thank you. What was the "if?"

Mr. BERNARDI. The answer is yes, absolutely.

The CHAIRMAN. I thought you had an "if." I was worried about the "if."

Mr. BERNARDI. What are we, one for two now? We are doing well.

The CHAIRMAN. One for two in getting an answer, not necessarily the right answer.

Let me ask you, in your closing comments, as I read them—I had to go outside for a bit—you say, even after housing is rebuilt, there will be far less affordable housing stock now than before the storm—talking about New Orleans now. There needs to be a long-term housing solution for them.

And here is the conclusion that we get from the Department that is in charge of this: The path ahead is daunting. The States are on the right path to addressing their challenges. It is a path that is going to take longer than we want.

I am not satisfied at that being the response of the Federal Government. You acknowledge that there is going to be far less affordable housing after the storm than before. You talk about some rental things. What is HUD's proposal for actually making up this def-

icit? Do you have any plans for building housing, creating more affordable housing than we would otherwise have so that we won't face what you acknowledge would be far less than before? What is HUD's view about increasing the stock of affordable housing?

Mr. BERNARDI. With the CDBG program and the moneys that are available to the respective States, they have plenty of action plans that we have moved on expeditiously and that address affordable housing as well as, obviously, business redevelopment, and infrastructure.

The CHAIRMAN. I am talking about housing now. I can only talk about one thing at a time.

I did hear that less than half of the units were going to be replaced, 82,000 lost, 30 some odd thousand replaced. Does HUD believe we should do something to make up that gap, less than half the affordable units being replaced with the use of the CDBG funds?

Mr. BERNARDI. Exactly. The CDBG funds—

The CHAIRMAN. The CDBG funds, according to Mr. Leger, are going to replace less than half of the housing, which will replace less than half of the units lost, 30 some odd thousand out of 80 some odd thousand. Does HUD have any plans for replacing more of those units other than the CDBG program which are going to replace less than half?

Mr. BERNARDI. Those units—those affordable housing units are coming back on line.

The CHAIRMAN. Mr. Bernardi, please, let's not play games. I understand they are coming back on line. There will be 30,000 of them, where there had been 80,000. So the question is, what do we do about that shortfall of about 50,000 less affordable units than before? The CDBG, yes, 30 some odd thousand. There were 80,000 destroyed. What about the other 50,000?

Mr. BERNARDI. There will be a need for additional resources.

The CHAIRMAN. Does HUD have any plans for providing those?

Mr. BERNARDI. We don't have the resources in our budget, no.

The CHAIRMAN. The last question, in the bill that we had voted on last year that I hope we will vote on again soon increasing the regulation of Fannie Mae and Freddie Mac, we have a proposal that would result in about $500 million being available, not in the Federal budget, not out of HUD's budget for affordable housing ongoing, but we have agreed at the initiation of Mr. Baker and others to put that all in the Gulf in the first year. Does HUD support a fund of about $500 million, assuming we can agree on how it is distributed, to help make up that defect? That would be $500 million not on the budget, not out of your allocation, to increase the stock of affordable housing and reduce that 50,000 drop. Does HUD support that?

Mr. BERNARDI. Mr. Chairman, I have read your proposal and how you prepare to do that with Fannie Mae and Freddie Mac. If you can get the resources, we will do the job.

The CHAIRMAN. Mr. Bernardi, why don't you answer questions? I don't understand why you play games. You are telling me if we tell you to do something, you will do it. I am asking you, as a matter of public policy, does HUD support putting the bill through in a way that makes that $500 million or so available for affordable

housing in the Gulf—does HUD support that as a matter of public policy?

Mr. BERNARDI. When you get it through, then, obviously, we will do what we need to do. You are asking me to make policy. I don't make policy.

The CHAIRMAN. You are the Deputy Secretary of HUD, and I am asking you to make housing policy, and you act like I am asking you to do something improper. If you don't make housing policy and the Secretary wouldn't come, who does in this Administration?

Mr. BERNARDI. The fact of the matter is that you dispose. If you go ahead and you can get that through the Congress, then we will do it.

The CHAIRMAN. I am sorry, that is disingenuous. HUD often comes up and makes recommendations. The notion that it is somehow inappropriate to ask the Department of Housing and Urban Development its opinion as a matter of public policy on an important question—you have acknowledged that we are going to have, even after the CDBG funds are spent, a shortfall in affordable housing. I am asking HUD's opinion. You are here as a representative of HUD.

Mr. BERNARDI. My opinion is yes. If you have the funding for us, we will do it.

The CHAIRMAN. Mr. Bernardi, please don't play that game. If we tell you to do it, you will do it. That is not the question I am asking you. As you well know, as a matter of policy HUD makes recommendations to policy all the time. Are you telling me HUD is not, for the rest of the years that the Administration is here, going to make any recommendations about what policy ought to be?

Mr. BERNARDI. To bring back affordable housing, we are in favor of using the resources.

The CHAIRMAN. So you would be in favor of including that provision for the $500 million?

Mr. BERNARDI. Yes.

The CHAIRMAN. Thank you.

Mr. BERNARDI. Hopefully, we will have it.

Mr. BAKER. I thank the chairman.

Mr. Garratt, I had a series of questions, but I am going to stipulate those in writing for a response later. They will include a comparative analysis of FEMA's administrative overhead charge certainly in excess of 20 percent in one quarter, 24.9, as contrasted with the State of Louisiana's administrative costs for disposition of CDBG grants in the amount of 1.5 percent. I find it very troubling that the administrative cost would be so excessive in the administration of public dollars in the face of an emergency response.

Also, I would like to have a better explanation of FEMA's planned deployment practices going forward for future disasters of this magnitude. It was, in fact, an observation that many FEMA employees, consultants, and contracting parties did displace evacuees from rental facilities and rental property in order for them to acquire a platform from which to work, as opposed to placing them in the trailers, which gets me into a question concerning trailer deployment.

I am not so much concerned about the Hope matter. I think that is hopeless. I am now concerned about an article appearing in a

weekend paper talking about the need for additional handicapped disabled trailers when we have 4- to 5,000 vacant, not utilized, in storage, and we are ordering additional trailers which are outright designed for disabled and handicapped, while modifications to the quite large inventory in Hope could be done for about $1,000 a unit, saving taxpayers considerable dollars.

Lastly, I will have a question concerning the Katrina cottage allocation, the most recent sort of discussion in the news, and how it was possible, given the scope of need represented for permanent housing response, that we found the Mississippi allocation to be so disproportionately large to the Louisiana settlement.

I will get those to you in writing.

Mr. Leger, I wanted to hit the quick high ground as best I can in the time available. Knowing that the Road Home is not a community restoration program but a housing recovery program aimed at individuals to help them make personal decisions about how to go forward, as I understand the technical circumstance we have had 506 closings, averaging $62,000, for a total of $31 million, but I do note on page 6 of your testimony that you have 30,000 offer letters out in some stage of consideration which represent a total of $2.49 billion, with an average award, if accepted, close to $80,000.

My point is, even if that is the accurate summation of our current condition and every applicant accepts the offer tendered, we still have $5 billion in the bank right now awaiting future action or disposition.

My first question is, has anyone actually received a check of $150,000 from the program yet?

Mr. LEGER. I am not sure who has received exactly what. I know that people have been awarded $150,000. I suspect among those 500 who have actually gotten their disbursals there may be some who have gotten $150,000.

Mr. BAKER. It would be great if you could help us to better understand the operative nature of the deployment of these resources, if you could provide to the committee some outline, without, obviously, personal information but just characterizations of classes of settlement and how they have been disposed over the most recent 8 months.

Has, to your knowledge, there been a decision made by the LRA or local government to preclude anybody from redeveloping or rebuilding in any area or has the general approach been if you want to rebuild, we will help you?

Mr. LEGER. Congressman Baker—and, again, thank you for your bill, which we all unanimously supported some time ago—the planning process in New Orleans is just completing with recommendations for patterns of redevelopment.

In Saint Bernard Parish, where I co-chaired the Citizens Recovery Committee appointed by local government, a plan was developed with recommendations with respect to green space and no redevelopment in certain neighborhoods about 10 months ago. Parish government unanimously supported that proposal and plan and are still working through the process of formally—

Mr. BAKER. The chairman is going to press me here in a minute, but has any of the hazard mitigation money been used for buyouts of individual homes to preclude redevelopment?

Mr. LEGER. No, sir. It is my understanding—and that is one of the points I made very quickly—about $1.2 billion of hazard mitigation money was directed to us to be used in this kind of deployment. FEMA has yet to approve our use of those moneys in the Road Home program. So, no, sir.

Mr. BAKER. None of the hazard mitigation money has yet been contractually obligated.

Mr. LEGER. It was always the concept and plan that the money would be adjusted in an accounting methodology.

Mr. BAKER. Let me get to my specific point using your Parish of Saint Bernard. There have been 5,105 people, according to your data, elect to keep their homes, 4,534 elect to sell but stay in the State, and 459 elect to sell and leave. That means 4,993 people have elected to take a settlement and leave town, with 5,105 electing to stay within the parish.

It would seem extraordinarily evident to me that using hazard mitigation funds for that purpose and those buyouts would serve us well going forward to reduce future flooding exposure. Is that something the LRA supports?

Mr. LEGER. Absolutely. Congressman Baker, that has been the concept all along. There will be certain neighborhoods, one right near mine, part of mine, which 90, 95 percent of the people will choose not to return.

Mr. BAKER. I will follow up for a little more detailed question and explanation on that.

I am also troubled that if you have half the parish sold out and can't be used for commercial or any other governmental purpose, who is responsible for keeping it and what is the future of that going forward? As I understand the hazard mit rules, you can't even put a baseball park on it. It is gone. If you have Jack O'Lantern sections of land isolated from commerce and the local government has no resources, it looks like we have a long-term problem going forward.

Mr. LEGER. Actually, Congressman, the short version of what is going to happen is, as properties are purchased by the State by a corporation created by the legislature, the local governments are notified of the densities of acquisitions and otherwise and the local—the property will eventually be passed to the local governments for their planning concepts and for planning development.

There will be some neighborhoods where one house or one lot is purchased, and those may be presented for—

Mr. BAKER. Let me summarize, because I know my time is limited here, and I assume we have votes pending.

There is great frustration, Mr. Leger, as you can understandably get from the hearing proceedings this morning. I think it is incumbent on us to do a thorough examination. I am also told the LRA is getting near the conclusion of its work, that the administration of these remaining grant applications is probably about it. Most all of the money, at least from your perspective, has been in some form or fashion obligated for some purpose and that the resources are running out.

My opinion looking in is that we have extraordinary vast regions of desolation with—whether it is affordable housing, privately owned housing, commercial business enterprises, across the economic landscape, the recovery, it is a great chasm between expectation and reality, and we are going to have to do something differently.

The CHAIRMAN. The gentlewoman from California. After the gentlewoman from California, we will break for votes.

Ms. WATERS. Thank you, very much.

Mr. Chairman, I would like to try and deal with several aspects of the Road Home program and the Mississippi Homeowners Grant program and, of course, public housing. Let me start with public housing.

Mr. Bernardi, you talked about the state of affairs of public housing and basically supported HUD's decision to tear them down. C.J. Peete, 723 units; in 1997, 202 units were approved for demolition. What happened? Why wasn't it done?

Mr. BERNARDI. It was slated for demolition in what year again?

Ms. WATERS. 1997. What happened to the 202 units that were approved for demolition back in 1997?

Mr. BERNARDI. As you know, the history of the Housing Authority, the situation required us to take it into receivership in 2001.

Ms. WATERS. I know. Who does the approval?

Mr. BERNARDI. The approval of the demolition?

Ms. WATERS. The approval of any housing units that are scheduled for demolition. Does HUD do that? Once you do it, what is your responsibility for oversight and follow-up? Why didn't it get done?

Mr. BERNARDI. The responsibility is to try to run—keep the units occupied as long as you possibly can, to repair them when you can.

Ms. WATERS. Since 1997, you had approval.

Let's go on to B.W. Cooper. 352 units were approved in 2003. Why didn't those get done?

Mr. BERNARDI. Pre-Katrina they were all slated to be taken down.

Ms. WATERS. Since 2003—first, 1997, 1996 in Saint Bernard, you had 45 units approved. Why didn't you do that?

Mr. BERNARDI. They were all slated for demolition.

Ms. WATERS. What it says to us is that if you wanted to do demolition, if you wanted to do new development—you have given the approval to HANO to do this. Nothing happened. And now you are telling us that not only do you want to demolish those units but you want to do them all. You are telling people you can do all of this and they can be back in their places in 5 to 6 years. Why would anybody believe that this could be done?

Mr. BERNARDI. The situation—as I mentioned earlier, pre-Katrina there were 7,000 units in the New Orleans Housing Authority; 2000 of those were vacant. They were vacant because they were uninhabitable.

Ms. WATERS. They were vacant because they were uninhabitable because the maintenance and care of the units was not done by the Housing Authority, and HUD didn't do oversight, didn't enforce it. You boarded them up, and you reduced the number of units that

were available to poor people. They were boarded up, and poor people—you had a waiting list.

What is HUD's responsibility when you have a waiting list? You have boarded-up units, and you have permission to demolish and to redevelop. What are we to think? Are we to trust you to talk about redeveloping housing and giving us one-on-one replacement and getting people back into their units?

Mr. BERNARDI. I know you have been on the site, Madam Chairwoman, yourself, and you have seen those units. They are in very, very difficult condition.

Ms. WATERS. They are.

Mr. BERNARDI. The proposal is to take those four complexes, those 3,900 units, to take them down to make a mixed community out of that.

Ms. WATERS. What are you going to do with the people who are waiting to come home in Dallas and Houston?

Mr. BERNARDI. Right now, there are 1,150 people who have been placed back into public housing.

Ms. WATERS. What are you going to do with the people who want to come back right now?

Mr. BERNARDI. We are right now contacting folks wherever they are located. We made 800 calls and contacted 200 people. It is very difficult to get ahold of many of the individuals. 150—

Ms. WATERS. Do they know they have transportation costs? Many of them left. All of their furnishings are still in those units just as they were when they were evacuated. They have nothing. What are they supposed to do? They are waiting to hear from you. You have money for transportation. You have units, and money to replace the household items and goods that were lost. You have all this down and you are ready to do it, is that right?

Mr. BERNARDI. They have a disaster voucher which they are utilizing right now. No one is without shelter. We are trying to bring them back.

Here is the response we are getting from many of them: We will talk to you in 60 days, maybe 120 days. Some don't want to come back.

The fact of the matter is, outside of those four complexes and even in one of those we are repairing units as we speak. 1,150 have come back, we have another 4- or 500 who are in the process and they should be back any time. And when we complete the demolition of these four complexes we will be adding not only 3,000 public housing units but 800 affordable units and also some individual housing within those complexes. We need to make that—

Ms. WATERS. I know about the plan, but there is a philosophical disagreement here, and it is this: If you have habitable units that could be repaired in a cost-effective way, and people who want to return to them, why should they be demolished?

Mr. BERNARDI. The inspections were done by the real estate and assessment section and they were deemed uninhabitable. I have heard other speakers here, folks indicate the only damage was on the first floor. The second and third floors are okay. Quite honestly, from a personal perspective and from also a policy perspective, we don't want to put anyone in harm's way. What kind of health concerns are there? What kind of safety concerns are there?

Ms. WATERS. There have been other assessments that have been done that talk about a cost-effective way to take some of those units at the first floor level that have minimal damage, clean them up, deal with mold or whatever problems that you have, and some of the units above that were not damaged, that they can be replaced, they can be repaired.

Mr. BERNARDI. I would respectfully say that is a stop-gap measure. What we would like to do here is everyone has a voucher they are utilizing. If we get the go-ahead to rebuild, they will have a tenant protection voucher that will take them to the day when they open and they will have—

Ms. WATERS. Why don't you just take the units that you have been approved of for all of these years and show us that you can do those. Let the people come back to all of the other units that we perhaps will not agree with you on demolishing and maybe take one like Lafitte, where you have enterprise with the demonstration project with all of the social services not only for Lafitte but for the entire community and see if that model can provide extended support and services just for Lafitte, the units that you already approved? Everything else gets rehabbed.

Mr. BERNARDI. Madam Chairwoman, as you know, you have met with Secretary Jackson, we are willing to listen and go over any ideas and proposals that you have.

The CHAIRMAN. We have to go vote. I would ask that we get answers to these questions in writing. I think these are very important questions. I know other members will have questions, but we really are going to need some answers in writing to the very specific questions the gentlewoman was asking.

We will now break to vote.

[Recess]

The CHAIRMAN. The hearing will reconvene. There will be no further votes today, so we will be able to proceed without further interruption.

The Chair now recognizes the ranking member of the Housing Subcommittee, the gentlewoman from Illinois, Mrs. Biggert.

I am sorry. We don't have everybody back yet. The gentlewoman will suspend.

Mr. WATT. Mr. Chairman, I am told there was a heated discussion in our absence. Maybe the residents of the Gulf chased the HUD representative away.

The CHAIRMAN. I trust that was not the case.

Mr. WATT. He is missing in action.

The CHAIRMAN. We should remind the participants that rudeness towards witnesses is the prerogative of Members of Congress.

Mr. WATT. I am joking, of course.

The CHAIRMAN. We will wait.

Mr. WATT. If he didn't answer questions any better for them than he answers them for the committee, maybe we will get better answers if he is not here, Mr. Chairman.

The CHAIRMAN. I appreciate the witnesses having spent a long time here. I know they were supposed to be up earlier, and so I appreciate them bearing with us, and I realize we didn't give a lot of notice.

The hearing will now resume with the gentlewoman from Illinois.

Mrs. BIGGERT. Thank you, Mr. Chairman.

Secretary Bernardi, in your statement, on page 2, you say that HUD has and will continue its role in offering guidance and assurance and assure compliance with the law, including the prevention of waste, fraud, and abuse. Could you elaborate a little bit on that, particularly in light of the AP story that talks about—and I would like to know how you connect with FEMA and HUD. FEMA has asked for 300 some thousand dollars back from those in housing where it has been shown that they received money that they were not entitled to, with fraud involved.

Mr. BERNARDI. When it comes to the monitoring of the resources, we have conducted monitoring in Mississippi and we are beginning monitoring in Louisiana. I think it was said earlier that just a little over a billion dollars has been actually spent, with almost a billion dollars in Mississippi and about a hundred some odd million dollars in Louisiana.

We monitor for oversight and compliance to the applicable Federal statutory and regulatory requirements, and we also include the oversight for waste, fraud, and abuse. We have people not only at headquarters but people in the respective Federal offices in New Orleans and in Mississippi, and whenever the action plan is approved and the money is being expended, we make sure that each entity abides by the regulations and rules that they have.

For example, I think the States have opted when it comes to procurement that they would follow, instead of the Federal guidelines, the State guidelines. So we just monitor to make sure the money goes to the people it is intended to and is spent for those purposes.

Mrs. BIGGERT. And then how do you work with FEMA?

Mr. BERNARDI. We work very well with FEMA. I am not really familiar with the $300 million. Is that what you mentioned?

Mrs. BIGGERT. Well, I will now go to Mr. Garratt.

The article in the paper, the AP story this morning, that you want $300 million in Katrina aid back, are you aware of the article that—

Mr. GARRATT. Yes, ma'am, I am.

Mrs. BIGGERT. Could you comment on that?

Mr. GARRATT. Certainly. As a standard part of any disaster, an unfortunate but standard part of any disaster, we inevitably need to recoup money that was provided improperly for a host of reasons to individuals who were not eligible for that assistance. That is the case here as well.

In this particular case, it was complicated or the amount of recoupment that we are going to have to end up doing was complicated by the circumstances of the event, both the scale of the event and by the fact that we implemented expedited assistance at the beginning of that event. We have identified just shy of $350 million that we expect to recoup.

Mrs. BIGGERT. I suppose you couldn't say that this was much more major, because this has been a major disaster that has occurred, but do you work with local authorities? Have you worked with HUD on this?

Mr. GARRATT. We don't typically work with HUD as part of the recoupment effort. That is done by our own disaster finance folks in conjunction with the Department of Treasury.

Mrs. BIGGERT. Why would you think you have the recoup, other than the fact that it was checked out before the money was given?

Mr. GARRATT. Again, back to the circumstance of this particular event, we implemented expedited assistance very early on into this, and expedited assistance, by its very nature, means that we are expediting assistance without going through the normal checks and balances and controls that we typically go through when we issue assistance.

Those typical checks and balances include sending an inspector out to someone's house and that inspector then verifies the damage, reports the damage that the individual is eligible for, ensures that the individual is, in fact, the homeowner, and then issues assistance. We have that. That exists in a normal disaster environment.

When we expedite it, we do that in advance of doing inspections. So we are basically taking the word of the individual who is calling up that they are who they say they are and they need the money that they say they need, and we issue that money. We then will go back at the end of that process and begin validating those payments. We do not want to validate them at the front end or we did not want to validate them at the front end and slow down getting assistance to victims who urgently needed it.

Since then, we have put protocols in place that now enable us to do identity verifications on all disaster applicants when they either call us or when they register online. Last year, we only had the ability to do that for individuals who registered online. We were setting up the ability to be able to do that for individuals who called us, but it wasn't ready to go yet. That is ready now, so we can now do identity verification. So in the future if we are faced with an expedited assistance situation, you will not see this level of recoupment activity.

Mrs. BIGGERT. Have you ever considered working with regional coalitions, preparedness coalitions? In Chicago, there is a financial preparedness coalition called Chicago First.

Mr. GARRATT. I am not personally familiar with Chicago First, ma'am. I cannot authoritatively say that FEMA or parts of FEMA are not working with Chicago First or potentially parts of DHS preparedness are not working with Chicago First, but I can't confirm that.

Mrs. BIGGERT. Thank you. I yield back.

The CHAIRMAN. I thank the gentlewoman.

The gentlemen from North Carolina, the Chair of the Oversight Subcommittee, which will be holding a hearing on the insurance aspects of this in a couple of weeks.

The gentleman from North Carolina.

Mr. WATT. Thank you, Mr. Chairman.

Mr. Leger, at one point, in response to a question of one of the members—I can't remember who—you said that none of the Road Home funds had been disbursed, is that correct?

Mr. LEGER. Oh, no, sir. Actually, we have obligated and made offers—I say "we", the State of Louisiana—to 30,000 homeowners totaling $2.49 billion. Five hundred grants or so this week have actually been disbursed.

Mr. WATT. What was it that you were saying that FEMA was holding up? I am trying to get that. I thought that was Road Home. Was it something else?

Mr. LEGER. There are several issues with FEMA, but particularly with respect to Road Home. The budgetary process involved our use of $6.3 billion of CDBG moneys, another $1.1-, $1.2 billion in hazard mitigation funds through FEMA, Stafford Act funds. However, FEMA has yet to—either been unwilling or unable to approve the use of those hazard mitigation funds to assist us in the Road Home program.

Don't misunderstand, though, sir. That is not slowing up the process at this point. But until those funds are allocated and approved—or rather approved by FEMA for us to use in the Road Home program, the financial viability of the program is severely at stake.

We didn't ask to do that. In the negotiations with the White House, we asked for a lot more. We got a disproportionate allocation of assistance in December of 2005 capped at 54 percent, and we got $6.2 billion. We were told by the White House, use $1.2 billion of hazard money.

Mr. WATT. I am trying to deal with what has been authorized.

Mr. Garratt, what do you say in response to Mr. Leger on this issue?

Mr. GARRATT. Mr. Leger is entirely accurate, sir.

Mr. WATT. What is the hold-up?

Mr. GARRATT. The issue—and we are working with LRA to try and resolve this issue—is a legal issue.

Mr. WATT. What is the issue?

Mr. GARRATT. Under HMGP, the funding has to be distributed impartially and equitably, and that is—FEMA believes that the protocols that they have in place to distribute that money and some of the restrictions that they have in place call into question both the impartiality and equitably as well as potentially raise issues of discrimination. Until we can resolve those issues—

Mr. WATT. How long has this money been authorized for this purpose?

Mr. GARRATT. Well, sir, we were—

Mr. LEGER. Seven, eight months.

Mr. WATT. This is not a trick question. I am just trying to figure out how it takes 7 months to resolve something that—I mean, you have people sitting there waiting on this to happen. Why does it take 7 months to resolve what is characterized as a legal issue?

Mr. LEGER. We have been asking for 7 months to help resolve this issue. HUD has no problem in using CDBG moneys with these issues. We have made an exception to help senior citizens get additional funding in the program. There seems to be some obstacle there.

Mr. WATT. How close are you to resolving this issue so that this money could be released, Mr. Garratt?

Mr. GARRETT. My understanding is we are not necessarily particularly close to resolving this issue, sir.

Mr. WATT. So FEMA and the local authorities and HUD have three different positions on this issue, is that what I am hearing, and it can't be resolved?

Mr. LEGER. It seems like there are two positions.

Mr. WATT. HUD and the local authorities on one side and FEMA on the other side, and you can't resolve it and not even close to it. It has been 6 months, and you are telling me you are not even close to resolving it. Is that what I am hearing? Is that correct, Mr. Garratt?

Mr. GARRATT. I would say we have issues that we have yet to resolve and still need to resolve and have no assurances at this point that they will be resolved.

The CHAIRMAN. Ever?

Mr. GARRETT. In the very near future, sir.

Mr. LEGER. We plead with this Congress for resolution.

Mr. WATT. Mr. Bernardi, I am looking here at a statement from the local Housing Authority which describes the damage at the C.J. Peete public housing project as minor flooding. I noticed that C.J. Peete is one of the public housing developments at the bottom of page 2 and the top of page 3 of your testimony which you indicate is in the process of being redeveloped to make way for a mixture of public housing, affordable rental housing, and single family homes.

Two questions arise from that. Number one, why would you be redeveloping something, a public housing community that had only minor flooding as described by the local Housing Authority; and, number two, in the redevelopment plan, assuming that it makes sense to redevelop as opposed to renovating and restoring, have you proposed one-for-one replacement of the low-income housing units in that particular development?

Mr. BERNARDI. The four developments—

Mr. WATT. I don't want to know about the four developments. I asked you only about one development, Mr. Bernardi.

Mr. BERNARDI. We are looking to do one-for-one replacement with those four developments.

Mr. WATT. I didn't ask you about four developments, Mr. Bernardi. I asked you about the Peete public housing redevelopment that you are proposing. That is the only one I asked you about.

Mr. BERNARDI. The answer is yes. One-for-one redevelopment.

Mr. WATT. This question—in your redevelopment plan, you propose one-for-one redevelopment of the Peete public housing. Is that correct?

Mr. BERNARDI. That is correct.

Mr. WATT. One-for-one replacement.

Mr. BERNARDI. That is correct.

Mr. WATT. Why are you proposing to redevelop, as opposed to renovate, when there has been only minor damage?

Mr. BERNARDI. Well, the inspectors from the Real Estate Action Center inspected those properties and the decision was made—redevelopment was scheduled prior to the hurricane and a decision was made to redevelop not only Peete but the three other entities as well to create 3,900—to create 3,000 new additional public housing units.

Mr. WATT. Thank you.

The CHAIRMAN. I would not only thank the gentleman for yielding back, but the decision was made, and no one appears to have

made it. When decisions are made impersonally, there are often some questions.

The gentleman from Alabama, the ranking member.

Mr. WATT. Can I just thank the chairman for saving me from myself?

The CHAIRMAN. The gentleman from North Carolina and his wife can both thank me for that.

Mr. BACHUS. Mr.—is it Leger? Can I call you Walter?

Mr. LEGER. You can call me Walter, yes, sir.

Mr. BACHUS. The Blanco Road Home program, that was—it will eventually make $7.5 billion available to property owners whose homes were damaged.

Mr. LEGER. That is correct.

Mr. BACHUS. There have been, I think, 100,000 applications for funding under the program. Can you tell me to date how many grants have been distributed out of that 100,000?

Mr. LEGER. Yes, sir. There have been offers and obligations of $2.49 billion, actual disbursements of 500 persons. There have been offers to 30,000 people, 30,000 accepted, 500 actual disbursements.

But, if I may, Congressman, we had a late start. We were delayed by the fact that we needed to seek additional funding to fully fund our program because of the disproportionate share we were given in December of 2005 relative to our needs. And the program has had—

Mr. BACHUS. You are talking about getting the program off the ground.

Mr. LEGER. To even be fully funded.

Mr. BACHUS. Now the first funding came in December after the hurricane.

Mr. LEGER. That is correct.

Mr. BACHUS. When were the first funds distributed?

Mr. LEGER. We were allocated about $6.25 billion; Mississippi was allocated $5.2 billion. We had to rapidly make a decision whether or not we would try to offer half of our people all of the benefits of the program or all of our people half of the benefits. Our legislature requires that it be approved by the legislature. They said, let's wait.

Mr. BACHUS. The legislature? The Louisiana legislature?

Mr. LEGER. The Republicans and Democrats alike.

Mr. BACHUS. That is what I was wondering. It wasn't a lack of Federal funding.

Mr. LEGER. It was a lack of Federal funding because we feel like we didn't get funded proportionately enough in December.

Mr. BACHUS. But you had billions of dollars of funding that you didn't turn loose in grants.

Mr. LEGER. We had billions obligated, but it was insufficient to meet our needs, and we thought it was most appropriate to attempt to get as much funding as we could get to meet the needs.

Mr. BACHUS. I understand you are seeking more funding, but there are hundreds of millions of dollars that you weren't distributing.

Mr. LEGER. That is right. As you may know, it takes time. What we were saddled with—and so was Mississippi—is what I call federalism with strings. The money was appropriated—

Mr. BACHUS. I understand.

Mr. LEGER. It was tied and red tape and strings back to Washington. We were told, and we designed, and when the White House agreed to support an additional $4.2 billion, we immediately released this full program. It took us until June to get funded. We could not move forward. Our legislature would not authorize us to move forward. We didn't think it was good policy to move forward until we knew we had the money.

Mr. BACHUS. You resubmitted the program, is that right?

Mr. LEGER. That is a good point. We submitted the program, but because of HUD regulations, which would have required on CDBG money, which would have required us to do an environmental impact study on every single one of the 124,000 properties, which would have taken 3 to 6 months and been very expensive, we had to redesign the program into what has been called the compensation program.

Mr. BACHUS. That wasn't anything new.

Mr. LEGER. It was new to us, that we were going to have to do an environmental impact statement on 124,000 individual properties.

Mr. BACHUS. To change that you had to have a Congressional fix, I think, right?

Mr. LEGER. No, actually, we didn't get a Congressional fix. Jan Opra and others at HUD worked very closely with us to maneuver around the regulations that required the complications and adjusted the program accordingly. That caused other difficulties.

Mr. BACHUS. How long did the inaction or whatever with the Louisiana legislature hold up funding?

Mr. LEGER. I don't think there was any inaction by anybody. We were waiting to be funded. The legislature and in our meetings with the Black Caucus, the Rural Caucus, Republican Caucus, the idea was that it might be irresponsible for us to offer a program that wasn't fully funded. Honestly, I think we also were concerned with that Congress—that if we started offering half of the money to people, they might—Congress might say, you guys have enough money.

Mr. BACHUS. Let me just—you received first funding in December, and then in February, the President submitted the request to Congress for additional funding.

Mr. LEGER. Yes, sir.

Mr. BACHUS. It was for the amount—at the time, you said it was sufficient.

Mr. LEGER. No, sir. We asked for more. That was a negotiated amount.

Mr. BACHUS. But you didn't move forward with what you had.

Mr. LEGER. Sir, we didn't ask for more?

Mr. BACHUS. You didn't spend the money you had.

Mr. LEGER. We are spending the money we have.

Mr. BACHUS. Now, but you didn't then.

Mr. LEGER. We put everything in motion to spend the money that we were allocated.

Mr. BACHUS. When did the first moneys get to Louisiana?

Mr. LEGER. The first moneys get to Louisiana? I understand most of the moneys are still here in Washington. That the moneys get to Louisiana after they are approved by the various programs.

Mr. BACHUS. It took HUD just a week or two to approve your second plan that you submitted.

Mr. LEGER. We were working with HUD for 6 or 7 months on this program. We unveiled the program on February 20, 2006, 5 days after the White House said they would support it. We put it out in the public domain, and, honestly, those months gave us some clarity. With all due respect to Mississippi—

Mr. BACHUS. I know you had mentioned that you are not getting as much as Mississippi, and there is a dispute over what you are getting. The money that got there was held up by State and local restraints.

Mr. LEGER. The money didn't get there. It was in Washington until the programs are approved. We didn't feel like and I still think it would be—in fact, I understand HUD would not approve a program that wasn't funded. So until—we could have offered a half program, a program for only half of our people, or we could have offered a program for all the people for half the money. We thought that was unwise.

Mr. BACHUS. Let me ask you about this. This will be my last question. This is Governor Blanco on February 15th when $4.2 billion—

Mr. LEGER. We were delighted.

Mr. BACHUS. You were delighted. It was a dark and almost frightful evening that evening in September in Jackson Square. It was a very quiet, eerie feeling in a place that had only known life and vitality until Katrina rolled through. But when the President of the United States stood there that night with lights beaming on him and I sat on a warm bench watching him commit to the Nation—and here is the key part—his making a commitment to Louisiana and the Gulf Coast region for its redevelopment, I sat there wondering and hoping this promise would become a reality.

Today, I know that he is fully committed to helping our people, and so, on behalf of the people of Louisiana, I have to say a very special thank you. Mr. President, you are committed. We know you are there. We know you care. You sent us Don Powell, who we have come to know, to say that these numbers didn't just come out of the sky, the $4.2 billion. They were carefully crafted, legitimate numbers analyzed after—analyst after analyst, evidence after evidence. We took it seriously. We didn't just make up a number. We know that just doesn't fly here in Washington.

So she said it was sufficient.

Mr. LEGER. No, sir. What she said was that we were thrilled to get the additional $4.2 billion—and we were—and it was carefully crafted based on mathematics and estimates of loss. It wasn't enough, but we were thrilled. Because that first allocation in December of 2005, we are not sure what it was crafted on, but it certainly wasn't relative to proportion of damage. We had 4 times more damage than Mississippi, and we were capped at 54 percent of the allocation. That $4.2 billion was welcome, and an additional $1.2 billion was assured to us and, by the way, we are thankful.

Mr. BACHUS. But you thought $4.2 billion was sufficient. I know you found out that Mississippi got a different amount.

Mr. LEGER. We already knew that. That is why we went after the additional $4.2 million. And we are thankful to the President and Don Powell and his office, but, again, that $1.2 billion of hazard mitigation money still has not been—and by the way, I correct myself. It was not 7 months ago. It was from February 20th that we announced we needed to use that $1.2 billion of hazard mitigation money, so it is 11 months.

Mr. BACHUS. Okay. Thank you.

Mr. LEGER. Thank you, sir.

The CHAIRMAN. The gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman.

Mr. Chairman, if I may, I would like to talk for just a moment about Houston. In the 19th Congressional District, we have approximately 20,000, I am told, survivors. And we have gone from deadline to extension to deadline to extension.

My question, Mr. Garratt, sir, is: With the 130,000-plus persons approximately, households, has the assistance for them been extended, Mr. Garratt?

Mr. GARRATT. Yes, sir. All of the evacuees in Houston who are eligible for assistance, rental assistance, and were receiving that at the end of the 18-month period will be extended—are for another 6 months.

Mr. GREEN. And have they been notified?

Mr. GARRATT. They have been.

Mr. GREEN. And of those persons, there is a cap of $26,200. Has that cap been reached by some of the these persons?

Mr. GARRATT. It has been, sir.

Mr. GREEN. Do you have some idea as to what percentage, please, sir?

Mr. GARRATT. It is a relatively low percentage at this point, sir. I do not have the exact percentage, but I can tell you that FEMA is continuing to assist those personnel through our direct assistance program.

Mr. GREEN. We are talking now about the persons who have exceeded the cap?

Mr. GARRATT. Yes, sir.

Mr. GREEN. And is there some longer term housing solution available to these persons, sir?

Mr. GARRATT. After the extension?

Mr. GREEN. Yes, sir.

Mr. GARRATT. Well, we are actually working on trying to craft just such a housing solution right now, and we are working with our partners in the Federal Government. We are working with our partners in the volunteer agency communities, and we have been working closely with Mayor White as well, to look at not only coming up with a long-term solution for that but improving our case management and making that more aggressive so that we can do better hands-on, door-to-door, face-to-face case management with those households and families who are finding it most difficult to make the transition from Federal assistance to self-sufficiency.

Mr. GREEN. In Houston, Mr. Garratt, sir, we, I think, performed fairly well. We entered into an agreement—and when I say "we," I mean the City of Houston—with, I believe, FEMA.

We entered into the agreement, we meaning the City of Houston, as a co-signer, if you will, of lease agreements with the understanding that this arrangement would have a duration of about 1 year. Shortly after entering into the agreement, there was an effort to set aside the agreement, if you will, and move from 403 to 408 housing. In so doing, this would leave a lot of the Houston apartment owners with tenants that they did not vet because they assumed that, by entering into a 1-year lease, they would have the opportunity to cover themselves, and without that 1-year lease, they felt that they might not have the opportunity to recuperate the emoluments necessary by virtue of entering into their arrangement.

So the question becomes: Why was there an effort after the agreement to diminish the time, the 1-year time frame?

Mr. GARRATT. You have characterized that quite accurately, sir.

Immediately after Hurricane Katrina struck—I think it was on September 7th—we issued a disaster-specific guidance that authorized 403 funding, which is public assistance funding, to be used to shelter individuals and place them in hotels, motels or apartments. Further, recognizing that it would be difficult to secure short-term leases, we authorized States to enter into up to 12-month leases, under 403 funding, with every intention of funding those apartments to the end of that 12-month period in those cities where they elected to do so.

However, it was subsequently determined that our use of 403 authority for that period of time was not legal. We, therefore, had to come up with the best method of transitioning individuals into what was an eligible, longer term housing program. The only program available to us was under the 408 program for individuals and households assistance programs. That program, unlike the 403 program, has eligibility requirements. So, as a result of that, we had to—or those individuals, those households who were in apartments under 403 and were not meeting any eligibility requirements other than they were legitimate evacuees, now had to meet certain eligibility requirements. They had to be the owners—it had to be their primary residence. They had to be U.S. citizens. As to those individuals or households who did not meet that eligibility criteria, we ended their assistance under the 403 program.

We began that process in February of 2006, and those individuals who remained eligible or were eligible under 408 were transitioned to that program, and many of them remain eligible and continue to receive assistance to this day.

Mr. GREEN. Thank you, Mr. Chairman.

The CHAIRMAN. I would like to ask one question. You said, Mr. Garratt, that it was determined that 403 use was illegal. Who determined it?

Mr. GARRATT. The General Counsel.

The CHAIRMAN. Of your agency? Of FEMA?

Mr. GARRATT. [Nods in the affirmative]

The CHAIRMAN. Nods do not make it into the record, Mr. Garratt. You must speak.

Mr. GARRATT. It was a Department decision.

The CHAIRMAN. It was the General Counsel of FEMA who made the ruling?

Mr. GARRATT. Officially, the General Counsel or Chief Counsel of FEMA made that decision. That is correct, sir.

The CHAIRMAN. How long after FEMA had been running the program did FEMA decide that it was running it in an illegal fashion?

Mr. GARRATT. We implemented that program in September, and I believe that concerns were raised either in late November or December. We worked through those concerns or tried to work through those concerns, were unsuccessful, and began trying to come up with a transition replacement solution for that.

The CHAIRMAN. Okay. The gentleman from Texas.

Mr. GREEN. Thank you for yielding, Mr. Chairman.

Just one additional question, sir. With reference to the apartment owners, have you made any overtures with reference to making them whole for having to have their leases terminated early?

Mr. GARRATT. Well, what we agreed to do was honor the early termination requirements of any contract that we terminated. So, as a result, if an apartment owner had—if we had a 12-month lease with an apartment owner and the termination clause said that we had to pay them 30- or 60-days' worth of rent as part of that termination, we did that.

Mr. GREEN. And I applaud you for doing that, but many of these owners entered into the agreement assuming that it would be for 1 year since they were dealing with the Federal Government, an honorable institution. And when it was terminated, the 3 months or the 1 month was not enough to compensate them for much of the damages that they suffered, and they are still complaining about this.

Mr. GARRATT. Noted, sir.

The CHAIRMAN. The gentleman from New Jersey, I believe, is going to be next, Mr. Garrett.

Mr. GARRETT. Thank you, Mr. Chairman, and I appreciate your holding this hearing today, and I thank the members of the panel as well.

You know, recently, I had the opportunity to travel to New Orleans and personally view the destruction and also the recovery in certain areas and the lack thereof in other areas; I walked the area; I rode in a bus; I had the opportunity to take a helicopter tour of the area; and I also had the chance to sit down with the people who lived there and, actually, the people who are no longer living there—some business people, some civic people and also contractors as well—to discuss with them what problems they are experiencing. And one of their comments was, as we have already laid out today, there are certainly problems on the Federal level—and I will be getting into that as well—but they also were frustrated with the red tape that they were experiencing, even at the early stage, both from a local level, whether you want to define that as "city" or "local," and at the State level as well.

To one of those points, following up the ranking member's comment, Mr. Leger, when I was there your organization was still in the founding process, and I think you said—correct me if I am

wrong—it took 10 months from the date of the disaster to the time that, actually, the legislation and everything was established.

Is that the correct period of time?

Mr. LEGER. Well, we were actually created and appointed by the Governor in October of 2005, 2 months after the storm.

Mr. GARRETT. Okay.

Mr. LEGER. It took 10 months for us to get full funding after the storm—

Mr. GARRETT. Okay.

Mr. LEGER. —or, you know, what was said to be full funding.

Mr. GARRETT. Was everything up and running, though, during that period of time as well? Because when I was talking to local folks, they got the idea that all of the appointments and everything necessary from the political nature of it had not yet been completed, even when I was down there going into it.

Mr. LEGER. Well, you have to understand. I was a rookie in government, I guess, and I was a volunteer to begin with, but I appreciate there were like two or three special sessions in the fall, and at some point, the legislature confirmed the creation and the appointment by the Governor, but nonetheless, we were functioning pretty much full time, without staff, for many months until we were fully funded. That is why many of us volunteers became like staff.

Mr. GARRETT. I guess you can appreciate, maybe, where the ranking member was questioning and where there was probably frustration from the folks who lived there when they probably turned on the TV and said, "Hey, there is $4.2 billion that is coming down from Washington. We are going to start getting relief, if not tomorrow, then next week or next month," and then from your point of view, you wanted—or from the legislative point of view, not your point of view—you can understand the frustration of the people not seeing the dollars there.

Mr. LEGER. I am one of those people—

Mr. GARRETT. Yes.

Mr. LEGER. —and we were delighted in February—that is what I was telling Mr. Bachus—about the name we know well in New Orleans—but I was telling Mr. Bachus we were delighted to hear of the additional $4.2 billion that would be supported by the White House and are grateful for it, but it took until June for it to be confirmed. And I have to admit I was reminded, as I was thinking about it afterwards, we were defending that $4.2 billion the whole time. You know, surrounding States were trying to get a little piece of that $4.2 billion of additional moneys during that time. That is another reason why, you know, we were reticent to develop the program, but we did.

Mr. GARRETT. I appreciate that.

Now, I was one of the few who held off my vote initially, right after this, and said that before we start allocating any dollars to this program—we initially allocated $10 million. I think it was in a Thursday session, if I am not mistaken, and then there was an additional $53 million. I was the one who withheld the additional $53 million because I said that there did not seem to be all of the checks and balances in place on the Federal level and on the State level in order to get these things done. And now we seem to find

out that—we are finding that both on the local level, State level, and the Federal level, there were no checks and balances because, you know, my point of view is that a dollar does not do anybody any good that we appropriate up here if it does not actually land in the pocket of somebody, actually, to build their house, or for the Federal Government to make sure that the State level gets the job done.

It sounds to me, from the testimony we have had so far today, that we see a mix of responsibilities there.

Mr. LEGER. Yes, sir. And I would suggest to you, having become, I guess, a veteran now in government after a year, that what we saw initially was maybe not fear that there were not enough checks and balances and hearing of $1.6 billion being lost to fraud by FEMA. We thought every $1 billion of ours was very precious, and we could not afford to lose any. We built a lot of checks and balances in, and now we found the checks and balances to the Federal, State, and local levels are often at cross purposes. We have tried to eliminate some of them.

Mr. GARRETT. I just have limited time. I thank you. I have just two final questions—one for Mr. Garratt and one for Secretary Bernardi.

If you could, just fill me in a little bit more so I get a better picture of what the existing housing stock in that area was. My understanding, if I heard the testimony right, is that you are looking at 50- or 60-year-old housing stock that, if I heard you right, went into receivership basically, and HUD had to step in to deal with it.

So, if you can, just give me a little more information on the picture of what the situation was there beforehand. It sounds to me from your testimony, if I heard you right, that there was not a directed, concerted effort to make sure that the folks in town actually had adequate housing before the disaster came and that HUD was responsible a year or so before you stepped in. So, if you could answer that.

Also, Mr. Garratt, my final question is with regard to—if I may, my final question is—well, I see my time is up.

So, Mr. Bernardi, if you can answer that.

Mr. BERNARDI. Pre-Katrina, of the New Orleans Housing Authority, there were 7,000 units; 5,000 of those were occupied, 5,100. The fact of the matter is that the New Orleans Housing Authority has been a troubled authority for a considerable period of time, and in 2001, HUD took over the Housing Authority of New Orleans' receivership. And what we are looking to do, and what we have been doing is, outside of the four complexes that I mentioned, we have been able to rehabilitate and restore close to 2,000 units, and folks are coming back to those. We are in the process of putting forth a plan. Right now, it is in legal limbo, if you will, to redevelop those four complexes—about 3,900 units—and take them and make them a better situation.

I just chatted with some of the good folks who reside in public housing here during your vote, and I sympathize with them, and I understand the feelings that they have. That is home. They feel they can claim them.

The fact of the matter is that our inspectors tell us that those should be displaced, and new housing should be constructed, and

within 18 to 24 months, they would have a voucher to continue to reside, and then they would have the first choice of those units, the people who actually had a unit. And then after that has been exhausted, the people who came from those complexes would utilize those vouchers, and then it would be open to people who need assistance. It is a very difficult thing to put forth, but we feel strongly that we want to—you know, you do not want to have it the way it was. I mean the way it was was not good, and there are a lot of reasons as to why it was not good. Some people are going to say, well, HUD did not take care of it in the previous Administration or this Administration.

The fact of the matter is, you know, in all of this dire circumstance, there is an opportunity to do something better, and all it takes is cooperation. And we at HUD plan to cooperate not only with HANO but with the good folks and, hopefully, this committee to be able to bring some conclusion to this, not add a moratorium on the demolition. That would just set things back even further.

The CHAIRMAN. The gentleman's time has expired.

I will note that Mr. Leger noted the familiarity of the name of the ranking member, but having known the ranking member for some time, please do not expect him to throw you any beads.

Next, we will go back to the regular order, but the gentleman from Missouri has been faithfully here all day, so I recognize the gentleman from Missouri, Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman.

I am hoping this is not televised on C–SPAN, because I can imagine the frustration of people all around the country when they hear that two Federal agencies have an issue and that a representative of one of the agencies says that we do not think we will ever resolve the differences. That is why people hate their own government, because they get frustrated with the inability of us to just make things move. That is my editorial comment.

To Mr. Garratt, I raised the question earlier about the students in the schools, in the colleges, in New Orleans who were given $2,000 immediately after the flood, and now those students are receiving letters asking that they repay the $2,000. Can you shed any light on that?

Mr. GARRATT. Yes, sir, I can. Before I do that, however, I need to address two issues.

One, if I suggested that I thought we would never resolve this issue with our partners in the LAA, that was not my intent at all. I think we will resolve this issue. We are at a difficult impasse right now, but we will continue to work with them, and we are just as anxious to solve this problem as they are.

Secondly, I may have left the impression in my discussion of 403 that our using 403 to shelter individuals was illegal. It was not the case at all. Using 403 for that purpose was perfectly legal. Using it for the extended period of time that we wanted to do it was where the legal issues came in.

Back to your question, sir, regarding the students in dormitories. Indeed, letters have been going out to a number of students in dormitories, advising them that expedited assistance and other forms of assistance that they may receive they need to return in some instances; and I want to make the point they all have an appeal ca-

pability with this, and we recognize that there are going to be circumstances and special circumstances for a number of these. But let me just give you an example of the sorts of situations that would drive us to want to recoup money from a student who is in a dormitory.

We do not typically regard dormitories as a primary residence. If a student were in a dormitory when this struck and they went home and they registered for assistance, we sent them $2,000 expedited assistance, and then they went home to live with their parents. Their father may have also received, or their mother, a $2,000 expedited assistance payment. We are not authorized to duplicate payments to a household. One expedited assistance payment per household. That is an example of a case where a student may have received expedited assistance, and we may be asking for that expedited assistance back.

On the other hand, these students are authorized to receive other needs assistance for personal property and other forms of property that—in other words, we are not going to be asking for all of the assistance that we necessarily provided any student back, but if it appears that we have a duplication, that we have multiple individuals receiving assistance and that they are living in the same household, then we will be asking for some of that funding back.

Mr. CLEAVER. And that sounds fair.

The problem is that there are students who are receiving letters who live in various parts of the country whose parents did not get the $2,000, and they are receiving a letter, and they are wondering now when FEMA will ask the U.S. Attorney or the FBI to close in on them.

Mr. GARRATT. We are dealing with all of these students on a case-by-case basis because we recognize that it is not a one-size-fits-all solution for the—

Mr. CLEAVER. But there was no means test in the first place?

Mr. GARRATT. Not for expedited assistance.

Mr. CLEAVER. Okay. Let me move on. My time is running out.

Now, if it is cheaper in terms of saving money to put people back into public housing instead of using the expensive vouchers which are approximately $1,100 a month, why are we not doing that? Vouchers versus repairs of units in each development; what are the pros and cons?

Mr. BERNARDI. What we have are vouchers for everyone who was displaced because of the storm.

Mr. CLEAVER. But doesn't it cost more—I mean am I right about the $1,100? Isn't that about what it averages?

Mr. BERNARDI. Well, whether it costs more than what it costs us to have them in a subsidized unit or in a public housing unit, I am not quite sure if it is or it is not, but the fact of the matter is that we cannot place people in the units that are uninhabitable.

Mr. CLEAVER. Okay. But isn't it cheaper to make the repairs?

Mr. BERNARDI. Well, many people will tell you, if you put a dollar into repairs, that takes a dollar away from development. And you know, quite honestly, the situation is that inspectors have looked at it and have deemed that many of these units—perhaps not every single unit in each development, but many of these units are beyond repair. It would be prohibitive, and the best thing to do would

be to take these units, to raze them and to develop mixed-income housing. We would do public housing there, affordable housing, some homeownership, a bigger footprint, if you will, so maybe we could even do more than one-for-one replacement.

Mr. CLEAVER. Okay. Thank you.

I have lived in public housing, and I have gone into the public housing units in New Orleans, and is it possible for you to understand that the people do not trust HUD? I mean they are absolutely convinced that when you say, you know, "Instead of repair, we are going to rebuild," that next year they will be sitting over here in this front row, and then the next year and the next year. That is the history. That is the history.

So I mean, when you tell them, "Do not worry about it. We are not going to repair it, we are going to tear these babies down, and we are going to build, you know, some Hollywood-style units for you. Just wait," do you understand the paranoia—

Mr. BERNARDI. I understand that, sir. I was mayor of the city of Syracuse, New York, and our housing authority—I worked hand in glove with our folks that ran the authority and, obviously, residents who lived there, and I spoke to these folks. When you all went to vote, I spoke to a number of them.

Mr. CLEAVER. I heard it all the way over at the Capitol.

Mr. BERNARDI. Well, it probably was not yelling. It was not an exchange like that. It was a good exchange, and I understand, and what we are trying to do—like I heard here, it is going to take 5 to 7 years. It is not going to take 5 to 7 years.

Mr. CLEAVER. How long?

Mr. BERNARDI. It will take 18 months to 2 years once we have the necessary approvals, and you know, the developers—the request for proposals are out there. The developers have been meeting with HANO and with HUD, and the people are ready to build. The financing is being put in place, the low-income housing tax credits, and we are going to need an extension of that, as the Chairman and others have indicated. We can do this, and we would not do it—the decision would not be made by Secretary Jackson or all of us at HUD if we did not feel in the final analysis at the end of the day that we would have people in safe, clean housing.

Mr. CLEAVER. It is the end of the day that they are concerned about.

Mr. BERNARDI. I understand that. But that is why we have the vouchers that we have out there. That is why the disaster voucher program which started with—

The CHAIRMAN. Would the gentleman yield?

The problem, Mr. Bernardi, is that the disaster vouchers are vouchers for existing housing, which is in very short supply. As Mr. Melancon said, the price is going up. When the number of affordable units has been cut from 80,000 to 30,000, the trouble with vouchers is they add to the demand for housing in a way that does not help the supply, and vouchers in this case are very problematic when there is a physical shortage of housing.

Mr. BERNARDI. That is true, but these vouchers are not just being used in Louisiana. They are being used all over the country. People have been displaced, and what we would really like to accomplish here is—those 25,000 vouchers are now down to 12,000

disaster vouchers that are out there. Some people have made their way and have been able to return home, wherever home was initially.

Now we need to ensure—of that 12,000 that are out there still on disaster vouchers, a significant number of that is public housing but also some Section 8 vouchers, some housing that we deal with, the FHA, 202, 811, our senior citizen programs or disabled programs—we need to continue to make sure that we bring everyone home but that we place them in a situation. The same thing with the Road Home program, I think. Some of the difficulties—

The CHAIRMAN. Do not get diverted or we will never get out of here.

Mr. BERNARDI. The fact is that it is taking time. It is taking more time than anyone would like, but we really want to make sure that we utilize all of the resources we have in cooperation with the Louisiana Recovery Authority, and Mississippi and the other States as well, to put something down at the end of the day that people can be proud of, that they can live in and feel safe in and that will be a house that they can be proud of in a community.

I have been down there just as you have, sir, and I can tell you the situation. Housing, by itself, is not going to do it. That is why we passed action plan after action plan at HUD. With the amount of money that these gentlemen have talked about, you know, there needs to be infrastructure work. I mean, you need to rebuild these neighborhoods. You cannot just rebuild some public housing and put it up there without any amenities or anything around it. This is a daunting process, and we are proud of what we have done with our disaster voucher program. The IG gave us tremendous grades for it. Imagine that.

The CHAIRMAN. We are off the—does the gentleman have any further comment?

Mr. CLEAVER. I just want to know what approvals you need. I mean what do you want us to do? What do you want us to do to help make this happen as quickly as possible?

Mr. BERNARDI. I know Chairwoman Waters has been meeting with Secretary Jackson, looking to see if we can come to some sort of resolution with the proponents and opponents of this and take it out of the hands of the judiciary and go ahead and give us the opportunity to proceed with the redevelopment.

The CHAIRMAN. The Chair will submit statements from Habitat for Humanity, the American Association of Homes and Services for the Aging, the National Association of Housing Redevelopment Officials, the National Association of Realtors, the Financial Services Roundtable, Volunteers of America from Greater New Orleans, and the National Association of Home Builders.

Is there any objection?

Hearing none, they are included.

I just have an announcement. The gentlewoman from California, the chairwoman of the subcommittee, has of course been very diligent in her attention to this. She is now in a meeting with the Speaker on probably the only issue that could have taken her away from this hearing, namely, what we should be doing about the war in Iraq. So I assume people will understand her temporary absence. She is monitoring this through her staff, and she will be back soon.

The gentleman from Louisiana.

Mr. BAKER. I thank the Chairman. I shall be very brief.

I want to turn for a minute to Mr. Garratt about emergency response deployment. We just recently acted in the last Congress to adopt a provision requiring the agency to evaluate the most effective taxpayer remedy to the emergency shelter provision, which has led to a discussion for what is now called "Katrina cottages."

As I understand the deployments made in the early months of the storm and continuing today, there were on average about $70,000 of expenditure for each siting and occupancy of trailers deployed to meet the needs of displaced individuals. We have a study indicating that modular housing on slabs could have been constructed for much less money in about the same timeline that it took to find the sites, get the infrastructure in place and prepare the units for occupancy.

Has the agency in the interim, since the passage of the bill until now, given thought to moving toward this permanent remedy? Because the legislation removed the obstacle that previously barred the enterprise from doing permanent solutions. You were mandated to waste money. In this case, you now have the option to evaluate and to decide the best course of action.

The reason for asking this is as follow-up as there has been a recent announcement of additional trailers being purchased when it appears that we have a very significant problem in finding acceptable sites on which to put the trailers. They are not being decidedly helpful in the face of another storm coming on land. It would seem moving to a modular structure would be safer for the occupants.

Has there been discussion, evaluation, any consideration of moving toward a permanent remedy as opposed to the trailer solution?

Mr. GARRATT. Yes, sir, and thanks for asking the question.

We stood up a number of months ago an entity called the Joint Housing Solutions Group, and that Joint Housing Solutions Group was charged specifically with going out and looking at the universe of potential replacement structures for the standard travel trailer/mobile home response that we have had in the past. We have money that we assigned to that project. Then we got some contractors supporting that activity, and they also linked up with the $400 million alternative housing pilot project. They are going to be involved in the evaluation portion of that, working with HUD, to help evaluate the effectiveness of the projects that were preliminarily approved for that project.

Mr. BAKER. Let me make this a little simpler. This thing keeps jumping in and out.

Have you stopped the acquisition of new trailers at this point?

Mr. GARRATT. No, sir. We are still procuring new UFAS compliance trailers in accordance with the settlement that we reached under the Brown litigation.

Mr. BAKER. But why is it necessary to purchase additional if we have significant numbers not deployed and not occupied and not even ready for occupancy? Modifications could be made to the existing inventory much less expensively than acquiring new property and storing it not to be used.

Mr. GARRATT. Sir, I heard you mention that before. You mentioned a figure. You thought that it would cost about $1,000 to ret-

rofit those mobile homes to make them UFAS-compliant. If that is true, then you have a really good point. I am not familiar with that figure or where that came from, but I made a note that I want to go find out.

Mr. BAKER. I got that from an industry person.

Mr. GARRATT. If that is in fact true and we can retrofit those for $1,000, then, yes, we have no business going out and ordering new trailers under new specs to replace them.

Mr. BAKER. And can you just speak briefly, because I know we have been here forever, as to the outrageously high administrative costs associated with the administration of these programs, not any particular one?

In the course of evaluating the money sent to the State, from a Louisiana perspective only, there was one quarter in which the administrative cost—and this was early on. I guess maybe there was some ramp-up expenses that could justify it possibly, but anything over 3, 4, 5 percent in the business world of administrative cost to administer a pot of money starts raising flags. And when you get over 20, something has to be wrong, and this goes to travel. I even found a category I did not know existed before. It was a category for the transport of things. Apparently, if it is something that has a shelf life of longer than 12 months and it is an expensive item in Dubai, you buy an airplane transport ticket to fly it as opposed to renting one locally. It was something that was an anomaly to me. I never knew we had the transport of things as a budget category, but it was in there.

What can we do going forward? Not to be so much concerned about what has transpired. You cannot get that money back. Can't we develop a better model for emergency response and getting housing to people who need it without that level of administrative expense?

Mr. GARRATT. I agree, sir. I am not familiar with the specific programs to which you refer that we are paying 20 percent in an administrative fee.

Mr. BAKER. I am at the end of my time, but I got it off the Web page where it says "administrative expense," and they have a bunch of subcategories, and down at the bottom, they give you the numbers.

Mr. GARRATT. Can I follow up with you on that analysis?

Mr. BAKER. Absolutely. I will give you my data.

Mr. GARRATT. Can I also add just one clarification?

Regarding the $70,000 for installing trailers, that does not apply to the 80 percent of travel trailers that we place on individuals' private sites.

Mr. BAKER. In broad definition, what I really was talking about is the acquisition, transport, and preparation of sites. Getting the lot ready for a person to take the key and walking into his trailer, I am told, averages in excess of $70,000.

Mr. GARRATT. I would say, for a number of group sites that we had to develop from scratch, that there were some pretty high costs associated with them. Yes, sir.

Mr. BAKER. I yield back.

Mrs. MALONEY. [presiding] Thank you.

My colleague from Massachusetts, Mr. Lynch.

Mr. LYNCH. Thank you, Madam Chairwoman.

I also want to thank—I know she is in another meeting with the Speaker—Ms. Waters for holding this hearing and also the ranking member.

Like my colleague from Missouri, I grew up in public housing—for me, the housing project in South Boston, Massachusetts—but I lived there for 15 years, and while it was a very tough neighborhood, the one thing that could strike fear into the hearts of anyone in public housing was to hear the words, "Hello, I am from the government, and I am here to help." I think that for some of my friends in Louisiana and Mississippi that their feelings must be pretty much the same.

I guess my questions are more for Mr. Bernardi and Mr. Garratt. I know that the current disaster voucher program—I gather the money comes out of FEMA, but it is administered by HUD. That is scheduled, as I understand it, to expire sometime in the fall, so we have about 6 or 7 months left, and at the same time—I think it is section 408—the rental assistance program run by FEMA is also scheduled to phase out in a few months.

What assurances do we have for a lot of the families who are relying on that right now? And this includes some of the poorest families, some of the families who are in the toughest situations. They are homeless. What are we doing right now, because that is not a long way off? What are we doing right now to make sure that those families who really are in a tough spot will continue to get some type of support?

Mr. BERNARDI. Mr. Lynch, in the disaster voucher program, you are correct, it is due to expire, I believe, September 30th of this year. And I mentioned earlier that we started with 30,000 families. We are down to about 12,000 families who are still using the disaster voucher program.

At that time, the resources that we received were approximately $390 million for that program. If they are expended, those individuals would go back to the voucher that they had, the tenant-based voucher. They would not be without a voucher. We had that in reserve. The HANO, New Orleans Housing Authority, when that went down, the vouchers followed the people, and so HANO is still being funded year after year, as are our other public housing authorities in Mississippi where those vouchers are available and will be given to those individuals when the disaster voucher program sunsets.

Mr. LYNCH. And, just so I understand, a lot of these people were wiped out completely in terms of their homes, where they were living, their belongings. I understand there has been some difficulty in their verifying their previous voucher. Are you telling me that has been taken care of at this point?

Mr. BERNARDI. Well, our responsibility which we met—and I think we did it very well—was for everyone who was part of our program prior to the disasters that struck that we were responsible for, and we have been using the disaster voucher program for that. But as I just mentioned a moment ago, those funds—there is a reserve fund there, and those people will go back to their regular voucher program.

Mr. LYNCH. Okay. Thank you.

Thank you, Madam Chairwoman.

Mrs. MALONEY. Mr. Ross, would you like to ask any questions?

Mr. ROSS. Yes. Thank you, Madam Chairwoman.

You know, I have a confession to make. Sometimes this problem seems a long way away for me. I did not grow up in public housing. I have not visited Katrina. I have read about it, saw it and so forth. But I guess the question just from somebody who has been sitting here today is: Is anybody who is trying to wrestle with this whole problem taking the 30,000-foot viewpoint of this and saying where is the—I have heard a lot of advocates sort of defending public housing today, and I have never really had a high view of it. It seems in the Chicago area there have been people trying desperately to get out of a trap of public housing.

Could you offer any insight to a suburban Chicago district like I represent—where is the creativity and the opportunity to change the dynamic for people who got dealt a pretty difficult set of cards, because it strikes me that the way the debate is being framed right now it is simply to put it back the way it was.

Well, isn't there an opportunity there to change this to make it better? And where is the opportunity for folks to come out of a very, very difficult situation and not just go back into a public housing situation but into something that is actually transforming and into something that creates far more opportunity?

I have not heard—and I have been in and out, admittedly, which is why I was a little bit sheepish in asking questions because maybe you discussed this earlier, but I have not sensed that in the time that I have been here, maybe just kind of casting a bigger picture.

Mr. BERNARDI. With public housing, I did indicate that in New Orleans, there are four complexes there that HANO has indicated would be demolished and rebuilt pretty much to make it simplistic, but it is the fact that it would be rebuilt in a different way. It would be rebuilt so that it would not just be public housing. There would be affordable housing. There would be market rent housing there. There would be homeownership, making that footprint bigger as to where they are right now, to expand it, to put amenities nearby it.

I mentioned earlier this is going to take—it is not just housing. To realize what you talked about—to provide more opportunity, a better quality of life—we need to improve neighborhoods, not just a particular housing complex but everything that is around it. And we have approved action plans for all States, but especially Mississippi and Louisiana, where I believe I have faith. I believe—and I am a positive person—that it will come together, the infrastructure, the infrastructure that is going to be needed to develop these communities, to redevelop them and to take out the traditional three-, four-stories high of public housing. You are isolated.

You know, in real estate, they say location, location, location. Well, folks in public housing, they deserve a good location as well. And we can make all of this happen if we just all coordinate together. Coordination, coordination, coordination, and that is what we do with our Federal partners. That is what we are doing with the folks who are sitting here at this table. I mean, they will tell you that we are in constant communication with them.

There has been some talk about Louisiana, if I may, that they were late in receiving their resources, but they had amendments to their proposal, and those amendments were to try to make it better, and then they had difficulty—not difficulty, but they had to have the approval of their legislature. So you cannot really compare Mississippi with Louisiana.

To answer the question on public housing, we used HOPE VI moneys in Chicago and in Atlanta. And you build communities, you do not build back just public housing. You have seen enough, and I have as well, where you go through a community. You can spot the public housing right away. Oh, that is public housing. We do not want to do that. We want those people, like everyone in this country, to be part of a neighborhood, to be part of a community.

The CHAIRMAN. I thank the gentleman.

I am about to recognize the gentlewoman from New York, but I did want to say, Mr. Garratt, before you leave, that I have consulted with a few Members on this dispute between the Louisiana Recovery Authority and FEMA, and I do not take much hope when you use words like "impasse," and so I will tell you it is highly likely in my view—and I have talked to some Members on the other side—that we may just pass a bill on suspension, directing FEMA to comply. The notion that this money should be held up by this kind of dispute over the rules is very frustrating to us, and I hope it can get resolved. But if it is not resolved very soon, you can expect a bill to come to the Floor from this committee, I think overwhelmingly supported, that would simply direct FEMA to withdraw its objections. I am sure if you can work something out, we would be glad to do that, but I do want to put you on notice that we are very frustrated by this.

Mr. GARRATT. Thank you, Mr. Chairman.

The CHAIRMAN. If you want to say something, you may.

Mr. GARRATT. We are also very frustrated, and we are also interested in getting this resolved, but all I would suggest is that you take a look at FEMA's reasons for this issue. Again we are talking about, from our perspective, issues of potential discrimination, age discrimination, of equity and impartiality, and the delivery of that. We think—

The CHAIRMAN. We would be glad to look at it.

Mr. GARRATT. —those are important issues.

The CHAIRMAN. We would be glad to look at it, and we would be interested to see what people in the area thought as well, but we do urge you to get it resolved, because if it is not resolved, somebody has to resolve this and we would appear to be the only ones who can.

The gentlewoman from New York.

Mrs. MALONEY. Thank you, Mr. Chairman.

I want to go back to one of the things that Mr. Frank was talking to Mr. Garratt about, and that was, I believe, if I wrote it down correctly, the 408 funds that you could not use because it was considered illegal to use those funds.

Mr. GARRATT. Are you referring to the 403-to-408 conversion discussion that we had, ma'am?

Mrs. MALONEY. Yes.

Mr. GARRATT. Okay.

Mrs. MALONEY. I wanted to ask you, when you say it was illegal to use them, was it illegal because we in Congress had written it that way, going back whenever it was enacted, or was it because that is the way the Justice Department told you it was illegal?

Mr. GARRATT. I think it was a combination of the interpretation of the Stafford Act and the regulations that we have to support the Stafford Act.

Again, I need to make the case that using 403 and the purpose for which we began to use it as creatively expanding the sheltering to include hotels, motels and apartments was creative, but it was not illegal to use it for that purpose. When we did our disaster-specific guidance, I said that we were going to do this for 12 months, or we authorized States to sign apartments up for 12-month leases. Subsequent to that, it was determined you cannot do that for that length of time under that authority.

So it was not that the use of that was the problem. It was the length of time that we were going to employ that. It was essentially an emergency protective measures authority for an extended period of time. You can only do that for 6 months. And as a result, it was the determination that was made. We had to look for ways to transition those individuals out of that program into another one. Because we only had the 408 program available to us, some of the individuals receiving 403 assistance fell out of that because they were not eligible for 408.

Mrs. MALONEY. Well, I was just wondering. Being that it was obviously, you know, a collective bargaining of where the rules came from, did you come to any of the chairmen to see if you could do a technical change for a while? Because we were reacting very fast here in Congress in getting the funds that needed to be done, I was just wondering if you had come to us to see if, you know, we could have changed the wording around so you would not have had to go through everything and then cause, you know, some hardships on some of the families. I am just curious about that.

Mr. GARRATT. Ma'am, I am not personally aware that any of the chairmen were approached.

Mrs. MALONEY. In hindsight now, do you think that might have been a good idea, being that Congress was willing to do whatever we could to help you out?

Mr. GARRATT. Yes, ma'am, I would agree. In hindsight, that would have been a good idea.

Mrs. MALONEY. Well, hopefully, you will, you know, remember that. If you have a problem, come to us. You know, we are trying to help everybody.

Just one quick question. I know going back—and I know some of the activists, you know, were talking about it. With FEMA as lead Federal agency on housing response to Hurricane Katrina, I know that there was here in Congress some debate about that. But I know that a lot of the activists had basically asked if HUD could come up—they urged HUD throughout the process for HUD to play a more active role in the housing response to Katrina.

Has HUD actually developed a long-term plan for recovering permanent affordable housing in the Gulf?

Mr. BERNARDI. We have had conversations in the planning stage with FEMA to look toward the future, unfortunately with other dis-

asters, where we would take responsibility after the initial 30- or 60-day emergency to look at the temporary housing that FEMA presently is responsible for. There are about 34,000 families who are located throughout the country who are using FEMA vouchers. The majority of them, many of them are in Houston and in other parts of Texas.

Mrs. MALONEY. Are you going to try the new plan with what just happened in Florida to see if that actually works, you know, with all of the homes there that were knocked down and gone?

Mr. BERNARDI. The plan is to look at the possibility of handing that off to HUD where we would, obviously, have the expertise and we have the administration in place. It would take additional resources, and it would take a funding level, aside from our appropriation, to do that into the future, but yes, we are looking at that.

Mrs. MALONEY. And I think one of the things, you know, that you were talking about earlier on looking at a sustainable community—I mean, I think that is the term. We have a project like that back on Long Island where I live. But with that being said—and I think here is where a lot of us get nervous about it.

I think all of us agree that you have to have a sustainable community, but we are concerned about how you are getting there, where those who need housing are going to go. Because I know in my area, they want to knock down several HUD buildings. Where are the people supposed to go until these new buildings are built? That is our concern.

Mr. BERNARDI. Anytime there is a demolition that HUD is involved in, those tenants all receive a voucher. It is a voucher that they utilize until they can either be back into that particular building, if it is being rebuilt or redeveloped, or they use that voucher. It is portable, they can use it anywhere—and also in the area where they are from, of course.

Mrs. MALONEY. But here is the problem, and I take it this is what we are hearing on New Orleans. Prices are going up. On Long Island, someone who might be in a Section 8 building, getting help—if they were kicked out I can guarantee you, because we have such a short supply of apartments anyhow, that they would not be able to find an apartment to live in. We found that with our military. They went to tear down the housing in Mitchel Field, by me, and they were going to give each family $1,500 a month.

Now, most of the military families had two to three children. I invited the admiral to come to Long Island and try to find any housing with three bedrooms or even two bedrooms for $1,500. They could not find any. We have rebuilt the area for the military.

With that, I yield back the balance of my time.

The CHAIRMAN. I thank the gentlewoman.

I just want to again mention something that people should know about. I was very pleased to hear of the conversation between HUD and FEMA on sorting out the housing responsibility. I frankly was a little surprised to learn that FEMA was still in the housing business 18 months forward, instead of claiming that is not what they are set up for.

I have already spoken to Ms. Waters. We spoke to Chairman Thompson of Homeland Security. It is our intention to look—and I think it probably needs some legislation here, and we would be

glad to work with you to effectuate what you were talking about, Secretary Bernardi; namely, to put FEMA firmly in charge in the emergency phase and then have HUD do the housing going forward with appropriate additional financing, since we do not want to put other housing at a disadvantage.

That is something in the longer term, later this year, we will be looking at, and we will be glad to work with you on that.

That appears to conclude—

Mr. BACHUS. Well, Mr. Chairman, as opposed to asking a question, I would just like to offer a quote from our third panel if I could, and I can ask Mr. Bernardi how it affects what they are doing. But on our third panel, we have the testimony of Sheila Crowley, who is president of the National Low Income Housing Coalition, and I found it interesting that she makes this statement in her testimony: "The Housing Authority of New Orleans has long had the reputation as a dysfunctional and corrupt institution, plagued by mismanagement, rapid leadership turnover, and interference in its operation by local officials. The HANO authority has allowed its properties to deteriorate into seriously substandard condition or allowed its properties to deteriorate into seriously substandard condition due to the poor quality of its stock, and its many management deficiencies of housing authority was taken over by HUD."

You have been criticized for your plan to replace the 7,500 units, about 2,000 of them which were vacant before the hurricane. I guess, did your decision to replace these units, as opposed to repair them, have something to do with what she says, that a lot of the properties have deteriorated into seriously substandard condition and were of poor quality to begin with?

The CHAIRMAN. The gentleman can take a minute or two to answer, and then we have to move on.

Mr. BERNARDI. Yes. The short answer is yes.

What I would like to say is that a housing authority, when it is not managed correctly—there are 2,400 housing authorities in the United States. Of those that are managed correctly, of those that have people that have good boards, you find that they run as well as they possibly can. There is no way that we at HUD and myself, that I want to place anyone in a situation.

In talking to the tenants here from HANO, they complained an awful lot about the housing authority and how they were not paying attention. What does that lead to? That leads to deterioration of structure. That leads to less enforcement of the law. That leads to people not caring.

We can provide all of the resources here, but at the local level—excuse me—it has to be done there, and we are always willing to help and provide all the assistance that we can. We want to place these folks in a better living condition.

The CHAIRMAN. I thank the witnesses, and we will move on to the next panel. I will ask people to move quickly, please. Speed will have to take precedence over graciousness at this hour. We need people to leave quickly, sit down and get started.

I will recognize the gentleman from Texas who wanted to make one introduction.

Mr. GREEN. Thank you, Mr. Chairman. I do have the privilege pursuant to—

The CHAIRMAN. The gentleman will suspend.

The people will take their seats and be quiet, and please close that door. Close the door, please.

The gentleman from Texas.

Mr. GREEN. Thank you, Mr. Chairman, for according me the honor of introducing Mr. Kirk Tate.

Mr. Tate is the chief executive officer of Orion Real Estate Services. This is a Houston company, and Orion manages over 16,000 apartments throughout Texas and Colorado. Mr. Tate has over 30 years of experience in the apartment industry, and is a past president of the Houston Apartment Association as well as of the Texas Apartment Association. Mr. Tate served on Mayor Bill White's Hurricane Task Force for the City of Houston, and he has acted as a liaison between the apartment owners and the operators and the City of Houston. And Mr. Tate is in a position, Mr. Chairman, to address and discuss the damages suffered by Houston landlords as a result of the lease arrangement between the city and FEMA, and FEMA's being negated prematurely.

The CHAIRMAN. I thank the gentleman.

We also have the aforementioned and widely quoted Ms. Sheila Crowley, president of the National Low Income Housing Coalition, who will not have to give her whole statement now since we already have part of it; Mr. Ghebre Selassie Mehreteab of the National Housing Partnership, with whose work I am very directly, personally, and favorably familiar; Mr. James Perry, executive director for the Greater New Orleans Fair Housing Action Center; Mr. Edgar Bright, who is president of Standard Mortgage Corporation of New Orleans and is here on behalf of the Mortgage Bankers Association; and Dr. James Richardson, who is a John Rhea professor of economics at the E.J. Ourso College of Business at Louisiana State University.

The CHAIRMAN. We will begin with Ms. Crowley.

STATEMENT OF SHEILA CROWLEY, PRESIDENT, NATIONAL LOW INCOME HOUSING COALITION

Ms. CROWLEY. Thank you, Mr. Chairman. I am happy to be here today, and I appreciate the invitation.

A year-and-a-half after the storms hit the Gulf Coast, we do not really know how many people are still displaced, but certainly it is no less than 150,000 families, and the many problems we are having getting rebuilding funds into the hands of middle-class homeowners pale in comparison to what has and has not happened for low-income people. It is important to distinguish between the temporary housing response and the housing building response, and to understand how they are related, to attempt to further comprehend the complexity of what faces us.

In the interest of time, my oral testimony will cover the rebuilding issues, and I hope to discuss the temporary housing issues in the question period.

In regard to the public and assisted housing damaged or destroyed on the Gulf Coast, it was HUD's responsibility to determine what it would cost to repair or redevelop public and assisted hous-

ing and request whatever amount was not covered by insurance from Congress. That did not happen. Rather, HUD has relied on the community development block grant funds and the low-income housing tax credits that were allocated to the States for the purpose of meeting the housing needs of the vast numbers of families who did not live in federally subsidized housing. That was wrong, and it has delayed the reopening of public and assisted housing.

We recommend the following principles in determining the future of public housing developments on the Gulf Coast:

One, any public housing that was evacuated but can be reoccupied with repairs only should be repaired and reopened as soon as possible.

Two, there should be a moratorium on any demolition and redevelopment of public housing on the Gulf Coast for the foreseeable future—any that is currently occupied, for the foreseeable future.

Three, in those cases where an independent evaluation determines that the public housing is beyond repair and must be partially or completely redeveloped, HUD must assure one-for-one replacement of all units, the absolute right to return for all tenants in good standing, and authentic participation in the redevelopment planning by displaced residents who desire to be involved.

A word about the situation of public housing in New Orleans. HANO has long had the reputation of a dysfunctional institution, and Mr. Bachus went on with a broader description of that. Due to the poor quality of its stock and its management deficiencies, HANO has been in partial receivership, and I do want to correct my written testimony. It has been in partial receivership since 1996. It has been a troubled housing authority since 1979 and has been in full administrative receivership since 2002. Please note that of all of the public housing agencies nationwide, only 15 have ever gone into receivership since 1979. So these are the most seriously dysfunctional agencies.

If a troubled agency is taken into administrative receivership under the statute, HUD is required, after 2 years, if it has not been able to restore it to a nontroubled status, HUD is required to turn it over to a judicial receiver. That is the law that was passed in 1998 with the Public Housing Reform Act. HUD has long overstayed its time as the receiver for HANO, and we think that a very immediate resolution to many of these concerns would be to move it into the hands of a judicial receiver.

There is no discernible difference between HANO and HUD at the moment as decisionmaking authorities, and the conflicts of interest of HUD as the HANO receiver are quite problematic. HUD has to review demolition applications from public housing agencies and warrant that the necessary engagement of resident and community input has occurred. HUD and the public housing agency are one and the same, as are HUD and HANO. There is no one to protect the interests of the residents or the community.

Now, a very troubling situation has arisen in this particular situation. HUD, as HANO, has applied to the State of Louisiana for both GO-ZONE low-income housing tax credits and CDBG disaster recovery funds for the redevelopment of four public housing complexes in New Orleans. As the Federal agency responsible for over-

sight of the CDBG funds, HUD should not be competing for these funds as a local grantee. It is simply inappropriate.

Recommendations. Congress should direct HUD to immediately appoint a judicial receiver for HANO. HUD should adopt the rules and regulations for all public housing in the affected areas that reflect the principles outlined above, and HUD should immediately issue an RFP for independent contractors to assess the current condition of all public and assisted housing and estimate what additional resources are needed to complete repairs on reconstruction, and Congress should appropriate those funds. We have no comprehensive understanding about what the repair needs are.

Turning to the rest of the affordable housing needs on the Gulf Coast, the major Federal resource for rental housing was the allocation of low-income housing tax credits. The initial estimate was that these tax credits would produce 54,000 units of public housing in Mississippi and Louisiana. I will note that in Louisiana alone, they report the loss of 82,000 rental housing units. Because of construction costs that have skyrocketed, the number that will be produced for these tax credits may be as low as 25,000, and many of those will be lost if Congress does not extend the placed-in-service dates of tax credits as you have been requested to.

I will now turn to Mississippi. Of Mississippi's $5.6 billion in CDBG's, $3.2 billion was dedicated to a homeownership program; $100 million was set aside for public housing, and $125 million for a rental repair program. Mississippi still has $1.5 billion for which it has no plans at this point, and meanwhile, 30,000 households in Mississippi remain in FEMA trailers. In a recent study done by the Columbia University National Center on Disaster Preparedness, HUD assessed a serious deteriorating quality of the mental and physical health of the folks there.

I realize that I am running out of time. Let me close with a statement about the need for additional resources going into the Gulf and that it should be resources that are dedicated to the rental housing needs of the lowest income population. To date, no resources have been dedicated to producing rental housing for people with incomes below 30 percent of the area median. In New Orleans—

Ms. WATERS. [presiding] Ms. Crowley, you will have to wrap it up and move forward so we can make sure our other panel gets up here sometime today.

[The prepared statement of Ms. Crowley can be found on page 267 of the appendix.]

Ms. WATERS. Next, we will have Mr. Tate.

STATEMENT OF KIRK H. TATE, CHIEF EXECUTIVE OFFICER, ORION REAL ESTATE SERVICES, ON BEHALF OF NATIONAL MULTI HOUSING COUNCIL

Mr. TATE. Chairman Frank, Ranking Member Bachus, and distinguished members of the committee, my name is Kirk Tate, and I am the chief executive officer for Orion Real Estate Services based in Houston, Texas.

In the days, weeks, and months following both Hurricanes Katrina and Rita, I acted as the liaison between apartment owners and operators and the City of Houston. I am here today on behalf

of the National Multi Housing Council and the National Apartment Association. I will focus my statement on the lessons we learned with regard to the Federal response to providing rental housing assistance to displaced families and the recommendations we have for housing long-term disaster evacuees.

Since I am from Houston and my firm manages 48 properties throughout the Houston area, I thought my own insight would be helpful as we began to plan for future disasters. At the onset of any disaster, FEMA should have a process to quickly determine whether the need for post-disaster housing will be a short-term or a long-term event. Apartments are not an appropriate response for disasters where evacuees will be moving home to rebuild within a matter of days or weeks.

Hotels are not cost efficient to house people in the long term. Apartments are a much better solution. The inappropriate response to what was clearly a long-term housing crisis resulted in millions of wasted Federal dollars. The average hotel/motel rate at $59 per day works out to $1,770 a month, which exceeds the median cost of rental housing, even in some of the Nation's most expensive housing markets.

In order to provide shelter quickly, many apartment owners lowered rents, waived security deposits and application fees and offered flexible lease terms. Although the apartment industry stepped forward to do what was asked of them when Katrina struck, our industry would not be as eager to assist in future disasters unless we all learned from the many mistakes that were made at the Federal level.

I would like to first highlight our concerns and then provide recommendations for housing evacuees in the future. We are concerned that the local fair market rent did not provide for an adequate number of apartments. We are concerned that with the payment of utilities for the evacuees, the 403 program did not allow for us. We were concerned with the rental payment process and program. It was a disaster from both an evacuee and an owner perspective. And finally, we did the right thing and housed people without a security deposit, which has left owners with no recourse for damages or lost rents.

The future recommendations are as follows: FEMA housing programs were not designed to handle long-term housing needs for the future. A single entity should administer the housing response to any disaster. While FEMA set no limits on the hotel rates, they would reimburse its housing program set a rent ceiling based on HUD's fair market rents, which, in many cases, are below the true market rates. HUD's FMR's are not sufficient to cover the rent in the majority of housing located in any American city, so rent levels should be established that more closely reflect the average rental costs in the affected cities. By limiting FEMA's payments to Houston, they restricted the number of apartments available to evacuees leaving more evacuees than eligible to apartment units. The Stafford Act should be permanently amended to allow utility payments for all housing-related programs. It could also allow for utility payments sufficient to cover the actual cost of the utilities.

It took way too long for FEMA to process rental payments to apartment owners. In the future, money should flow through the

government through a corporate lodging consultant type entity to ensure the evacuee has housing and the owner gets paid. And because FEMA's housing program did not provide evacuees with funding to cover security deposits, owners are now left without recourse for damages. Future Federal housing efforts should ensure that mechanisms exist to cover a security deposit.

In conclusion, when Katrina struck, the Nation's apartment owners did everything right. They stepped up and they worked with local communities to provide housing and other services to those in need.

As an industry, we are very proud of our actions during a time of unprecedented national need. We took on business risks and potential costs inherent in solving such a massive housing crisis. Would we do it again? We would certainly like to, but after the Katrina experience, many apartment owners will be reluctant to accept a sizable number of evacuees unless they are convinced that the government has learned from its mistakes and has created a better disaster housing program.

We look forward to working with Congress to ensure that future evacuees and the cities that help them are not burdened with confusion, debt, and heartache.

I thank you for the opportunity to testify on behalf of the National Multihousing Council and the National Apartment Association and wish to offer our assistance to this committee as you continue your important work.

[The prepared statement of Mr. Tate can be found on page 379 of the appendix.]

Ms. WATERS. [presiding] Thank you very much.

Next we will have Mr. Mehreteab.

STATEMENT OF GHEBRE SELASSIE MEHRETEAB, CO-CHAIRMAN AND CEO, NHP FOUNDATION

Mr. MEHRETEAB. Congresswoman Waters, Ranking Member Bachus, and committee members, I thank you for inviting me to speak today. I am the chief executive officer of the NHP Foundation headquartered in Washington, D.C., with a regional office in Baton Rouge, Louisiana. In 1989, the National Housing Partnership, a chartered corporation, established the NHP Foundation, a nonprofit organization to address America's affordable housing crisis. Since 1994, the NHP Foundation has preserved 44 properties totaling approximately 9,000 units in 14 States. Included in this portfolio are four properties damaged as a result of Hurricane Katrina amounting to 952 units in New Orleans and the vicinity.

As many of you know, one of the challenges in the production of affordable housing is a financing gap primarily due to the increased cost of construction and the cost of insurance premiums. Despite the government's attention and the commitments of the reconstruction efforts, this financing gap is real and has significantly impeded the rebuilding efforts. There is now a significant need for grant funds from financial institutions and corporations. We believe private sector institutions, especially those that have an interest in housing, can provide grant funds and close this financing gap.

To the extent of this capacity, the NHP Foundation has met the financing challenge through an innovative strategy combining public and private funding. The NHP Foundation plans to build 3,000 affordable housing units serving approximately 12,000 people in the Gulf Coast region. The total cost of this rebuilding effort is estimated to be approximately $300 million. As a result of implementing our financial material, the NHP Foundation has made some modest progress on the ground. To date, I am very happy to report that we have 1,000 housing units under development and 2,000 units in the pipeline in the State of Louisiana.

The total cost of the development of the first 1,000 units is estimated to be $100 million. Towards this $100 million, we have implemented a financial structure composed of three funding streams: Low-interest, low-income house tax credit equity amounting to 45 percent of our total funding; community development grant and private grants amounting to 25 percent of our total funding; and the remaining 30 percent was raised from conventional loans from Bank of America and tax-exempted bonds from the Bank of Louisiana.

Our generous private sector donors included the Freddie Mac Foundation, the Ford Foundation, the MacArthur Foundation, the Bush/Clinton Katrina Fund, JP Morgan Foundation, and NeighborWorks America. The NHP Foundation's modest progress does, in fact, prove that it is possible. Rebuilding is happening very slowly at this very moment. Our financial strategy could also serve as a model for either for-profit or nonprofit organizations.

We believe that the mere construction of affordable housing is not enough. The NHP Foundation empowers residents to break the cycle of poverty by providing supplemental education programs for school-aged children and access to health and wellness opportunities. In short, we must work to build America's next generation.

It is imperative that all of the people displaced by Hurricane Katrina are placed again as soon as possible. We ask that financial institutions and corporations increase their grant contributions and combine their resources with the private sector and help us close the financing gap. This approach will ensure that the Gulf Coast is rebuilt and our fellow citizens have the housing they need.

Thank you for your time.

The CHAIRMAN. Thank you for your time, namely for 4½ minutes. You are a role model, and not just in housing.

[The prepared statement of Mr. Mehreteab can be found on page 352 of the appendix.]

The CHAIRMAN. Next is Mr. Perry.

STATEMENT OF JAMES H. PERRY, EXECUTIVE DIRECTOR, GREATER NEW ORLEANS FAIR HOUSING ACTION CENTER

Mr. PERRY. Thank you, Chairman Frank, and Ranking Member Bachus, for allowing me to speak today. I regret to inform you that housing discrimination persists as a problem in New Orleans and Louisiana. I testified before this committee 1 year ago and talked about many, many problems that we face. Many of those issues persist and new issues have come up, the first issue in zoning and policy and discrimination by local governments. What has happened is that local governments have sought to prevent minorities

from moving in through zoning. In 2006, Saint Bernard Parish passed an ordinance which restricted the rental of single-family homes to blood relatives of the property owners. Because 93 percent of the popululation in the Parish are white, African Americans and other minorities will be virtually excluded from renting homes in the Parish. The message was that no minorities were allowed. In order to fix the problem, my organization filed a lawsuit seeking a preliminary injunction prohibiting the Parish from enforcing the blood relative ordinance. We were granted that injunction, and we are still pushing in that fight.

Both in the City of Slidell, Louisiana, and Jefferson Parish have engaged in comparable discriminatory efforts to restrict housing within their borders. Of significant concern for the Fair Housing Action Center are actions with regard to public housing. Prior to be Hurricane Katrina, the Housing Authority of New Orleans provided housing for approximately 23,400 New Orleans families. In addition, there were 10,873 families who were on waiting lists for public housing. That demonstrates a need for public housing for 34,273 families. Well, today, HUD has talked consistently about the disaster voucher program and about getting people back into public housing but their numbers show only 13,300 families are back in public housing, only about 38,000 of the people who needed public housing before the storm and even after the storm. This means there are 20,973 families who still need public housing and who are not being provided that public housing by HUD. We have seen that problem in our own work.

I would add that one of the things that HUD has said is vouchers; we are giving vouchers on top of vouchers. There are two problems. The first is that there aren't enough vouchers and the numbers indicate that. The second is that landlords consistently deny people who show up and say they have a voucher. We have a client who is a perfect example of that, a woman named Dasher Corner who had a disaster voucher, but ended up living in a car with her daughter after the storm because she couldn't find a landlord who would accept a voucher.

The most difficult thing about Ms. Corner's case is that she had a preference to housing at the renovated St. Thomas housing development in New Orleans. But she was denied that housing because HANO had moved its own employees into the housing that was set up for her and for other residents of public housing. We ended up filing a lawsuit on behalf of Ms. Corner on that case to enforce this right to public housing that she and other residents had.

The CHAIRMAN. When did this happen with HANO?

Mr. PERRY. We filed the lawsuit in the fall of 2006. The issue with their employees moving into the public housing complex was right after the storm.

Mr. BAKER. That was when HANO was under Federal administration. So it wasn't under HUD, not the old HANO.

Mr. PERRY. That is the case. So we have advocated on behalf of our public housing residents.

My concerns about public housing are far too excessive for me to discuss in 5 minutes. I have included many of them in my written comments, but I would invite the committee to talk with me about other concerns that we have.

Another issue is one that we talked to this committee about last year is discriminatory advertising on the Internet. I opened my comments that year and I quoted some of the ads. The first ad that I quoted to the committee was, "I would love to house a single mom with one child. I'm not racist but white only." That was an ad that appeared on the Net trying to assist people looking for housing after the hurricane. We met with staffers of members of this committee and we worked in order to figure out an answer.

So we said that we would try to see if the lawsuits and so forth in that area would work out. Well, so far, those lawsuits haven't worked out, there was a lawsuit against craigslist.com and craigslist actually won the lawsuit. It was ruled that they are not liable when people post discriminatory advertisements on their Web site.

So I called upon the members of the committee to help to change the Communications Decency Act so discriminatory ads cannot be posted on the Net. If such ads were posted in The New York Post or The Washington Post, they would be held liable and they would be illegal. But just because it is an Internet ad, they are given an exception. And it is not fair.

We have specific concerns about issues concerning people with disabilities. FEMA has worked to ensure that people are able to raise their homes by getting funding through FEMA and other sources. The problem is that none of the programs through FEMA or anywhere else provide a way for people who use wheelchairs to get up into a house after it has been raised. If a house is 10 feet tall and you use a wheelchair, you can't get into it.

Another concern for people who use wheelchairs or are otherwise disabled is that our State adopted a new building code. The building code was a safe harbor. That means that it was okay enough so that it passed the test for the Americans With Disabilities Act and the Fair Housing Act so that people with disabilities would be able to use the buildings that were built under that code. Well, unfortunately, our State gutted those provisions from the building code. So we need your help to urge the State to put those provisions back in to make sure that buildings in the city and in the State are accessible.

These are some of our concerns and we have many more, but we thank you for the time, and we invite your questions.

[The prepared statement of Mr. Perry can be found on page 358 of the appendix.]

The CHAIRMAN. Thank you, Mr. Perry.

Before I forget, I want to note the issue of the immunity for the Internet is actually not, I think, within our jurisdiction. It is within the jurisdiction of the Committees on the Judiciary and Energy and Commerce. There is an effort to hold them responsible for content, and we will be talking to our colleagues about that fix.

Mr. Bright.

STATEMENT OF EDGAR BRIGHT, III, PRESIDENT, STANDARD MORTGAGE CORPORATION, ON BEHALF OF MORTGAGE BANKERS ASSOCIATION

Mr. BRIGHT. Thank you, Chairman Frank, Congressman Baker, Congressman Jefferson, and the rest of the Financial Services Committee who are here in attendance.

After the storm, I was faced with the immediate task of accounting for my staff. All of them and their immediate families were safe, but many of their homes were under water, including mine. This is a picture of me in a boat coming from my home.

Shortly after Katrina, we met in Dallas with our data processing company in Fannie Mae and began executing our disaster recovery plan. Our headquarters were flooded and we could not go back to our building for 6 weeks. We moved temporarily to Baton Rouge while a Standard Mortgage SWAT team pulled all essential data files from our headquarters. We instituted forbearance on all loans in the Katrina area. This caused major capital shortages for us. We borrowed significant funds to make investor payments and to meet payroll.

We also made sure that our customers had access to their loan and insurance information. And we reassigned 75 percent of our staff to process the thousands of insurance loss drafts in the ensuing months.

Of the 28,000 loans we served pre-Katrina, 20,000 were in a FEMA-declared disaster area. Of those 20,000 loans, 8,000 were in the highest impacted areas. The industry and our regulators also responded. The entire industry instituted broad forbearance and began to try to contact customers who had been evacuated and who were out across the country. The initial period of forbearance was critical in the short term, but it was granted at a price. Whoever services the loan has a contractual obligation to make payments to the investor, whether or not a borrower is making payments.

The mortgage industry created a working group made up of leaders, servicers, and their trade associations to help work on immediate and longer term public and private sector problems and solutions.

One of the problems we faced was the end of the first 90 days of forbearance when foreclosures usually begin on loans that are overdue. Working with all of the stakeholders, we were able to avoid disaster, and the industry practice was established that forbearance in the worst impacted areas was continued and should be revisited every 90 days. This was a watershed event. Despite predictions of mass foreclosures, virtually nobody impacted by the storm has been foreclosed upon.

Our forbearance policies have worked immediately after the storm with almost 5,000 loans that were over 90 days past due. By September 2006, that number had fallen to fewer than 17,000, but foreclosures were begun on fewer than 4,000 properties, and most of these were outside the storm area. The fact that so many loans in these States are over 90 days past due, yet foreclosure rates are low, shows that there are thousands of people who continue to receive forbearance, about 10,000 people in Louisiana and 4,000 in Mississippi.

The cost to the mortgage industry to offer forbearance on this scale is enormous. The interest payments that services must advance to investors amount to an average of $10,000 per home per year. A reasonable estimate of the total out-of-pocket costs for lenders of these policies is $258 million.

Congress and the President put the region on the path to recovery by funding the CDBG program. There are important lessons for future action, which I discuss at length in my written testimony. The National Environmental Policy Act or NEPA, hamstrung the States in how they could design their grant distribution program. The President should be able to activate the NEPA exemptions for the purpose of rebuilding housing. Second, Federal agencies are not permitted to give recipients of Federal assistance duplicate benefits. While in theory this makes sense, in practice it is causing deficiencies in funding.

Third, valuations of damaged properties are often conducted numerous times by numerous agencies. And there should be some mechanism to share this information.

Next, FHA generally pays an insurance claim when it takes title to a property as a result of foreclosure. To convey a property and convey insurance benefits, FHA requires that the property be picked up so it can be sold again. Obviously, events such as Katrina causes problems.

Finally, VA should have the authority to waive requirement and declare no bids. The mortgage industry responded admirably to the many challenges of Katrina and Rita despite significant costs. We will do all we can to ensure that the region is better than ever. We have shown our willingness to sacrifice but that will not be enough. This is a national problem and national solutions need to continue to ensure that the region returns better than it ever was.

[The prepared statement of Mr. Bright can be found on page 167 of the appendix.]

The CHAIRMAN. Thank you.

Professor Richardson.

STATEMENT OF JAMES A. RICHARDSON, JOHN RHEA PROFESSOR OF ECONOMICS, E.J. OURSO COLLEGE OF BUSINESS, LOUISIANA STATE UNIVERSITY

Mr. RICHARDSON. Thank you, Mr. Chairman, and members of the Committee on Financial Services. I am James A. Richardson, professor of economics in Baton Rouge, LSU.

One of the items in the call of this committee is to connect the housing problems with the economic recovery issues, and I have tried to shed some light on that in my testimony.

Prior to Katrina, there were about 620,000 people working in the New Orleans metropolitan area, which is a 7th Parish area. There were about 550,000 homes at that time. There was not a housing deficiency.

After Katrina, and in 2006, we had about 450,000 people working in that metropolitan area, a reduction of over 30 percent. But in terms of housing, housing had declined by over 40 percent. There was a deficiency of housing of over 70,000 homes, which was made up by trailers, people living with friends and relatives, and by commuting from areas outside the metropolitan area.

Now in the process, one of the results, obviously, is you have a shortage of housing, a deficiency of housing. You had price increases. The allowance for military housing in the New Orleans area jumped by 44 percent in 1 year.

The Brookings Institution put out a Katrina index in which they surveyed apartment rents and over a 1-year period, they noted that apartment rents had jumped by about 44 percent. The New Orleans Picayune Times did a survey of housing from October just before Katrina to October 2006. Apartments jumped by 70 percent. Obviously, this has an impact on lower middle income people more than it does on other income groups.

But the other element we need to be aware of is that the housing deficiency over the next several years is not going to get any better. It is actually going to get a little bit worse if the economy grows. If you are able to increase employment over the next several years to about 500,000 people working, again, that is only 80 percent of what was there before Katrina. The housing deficiency would grow, even accounting for the fact that there will be some new buildings. And in addition, we assumed that the building would be twice as fast as had normally been done in New Orleans before Katrina. So housing deficiencies will grow. By 2008, the projection is housing deficiencies will be 130,000 homes.

The question, is how do you make it up? Well, people could still be living in trailers 3 or 4 years after Katrina. That is a possibility. They have had other homes, as Congressman Baker talked about, Katrina cottages. You would have more commuting, or alternatively the recovery just wouldn't occur. It would be plateaued out, flattened out much earlier because there simply is not shelter for the workers and their families.

You know, the question is how can we accelerate that and be upfront. One of my points is we have to have very realistic expectations. We are dealing with a supply issue here. You don't rebuild 200,000 homes overnight. In fact, if you are to rebuild them at the rate that Louisiana built new homes over the last 10 years, it would take 15 years to replace all of those homes.

So you are talking about not trying to be pessimistic, but trying to be realistic and we are talking about a long-term issue. It is not going to be over within a year or two.

Now there are a couple of things that can be done. For example, I think it was mentioned several times today about extending the tax credits associated with Go Zone. There are about 17,000 units that are now underplanned based on tax credits that are supposed to expire by December 31, 2008, and that can be moved to 2009 and 2010. That will permit those 17,000 new units to come online in an appropriate way.

Another element is that they have the Road Home program. It has implemented a rental policy or rental program for lower income homes that have connected, they have price controls built in based on loans that they give out that will be given—become grants after a certain period of time if they maintain that low rent. It is going to be a long time process. But I appreciate your interest, your commitment, and your concerns.

Thank you.

[The prepared statement of Mr. Richardson can be found on page 363 of the appendix.]

The CHAIRMAN. Let me begin with you, Professor, and that is we would throw in the—we think we have maybe $5- or $600 million to contribute from the DSE's. But let me ask you this way. Looking at the current branch, forget about any new resources. What we heard was uncontested—82,000 rental units were destroyed and there is a maximum number, about 32 or 33,000, that can be rebuilt using the CDBG. Do you see any other source under current proposals from HUD and elsewhere for making up that deficiency?

Mr. RICHARDSON. There are no other sources from the government that I can see. Only the private sector decided that it was something for them to do.

The CHAIRMAN. That the private sector would decide that building housing for low-income people from New Orleans was profitable. And the likelihood of that, Professor?

Mr. RICHARDSON. Well, it is not a very likely thing right now unless there are other things to do.

The CHAIRMAN. And the private sector is a valuable participant, but only with the right kind of incentives, and I think you help us make the case for other ways to supplement the resources.

We ought to be very clear. This is uncontested. Under the current set of public policies in place, the result will be a reduction by more than half of the number of rental units available in the City of New Orleans. That makes it a very different City; a City much harder for low-income people. It will have negative economic consequences, as you point out, because of the destruction of rental housing and the failure to replace it means you don't have that work force. So then the question is how do we replace it, and to Mr. Mehreteab, whose work I am familiar with, obviously we are not going to make it all up with the Federal funding, but we talked in my office.

Do I remember correctly, Mr. Mehreteab, that I believe that if we put some public resources in there was kind of a gap filler along with the extension of the tax credit? Nobody has to waste any time talking about that again. That is done. I spoke with Mr. Rangel when I went over to vote. He is the chairman of the Ways and Means Committee. We will extend those tax credits. I can't believe there were many opponents to that. I would even venture to say that it might even pass the United States Senate quickly, although I don't want to bet on it.

But Mr. Mehreteab and any others, what else can we do in terms of resources and what kind of multipliers could we expect if we make some resources available?

Mr. MEHRETEAB. You are right, Congressman. I don't believe the issue is extension of the low-income housing tax credit; one way or another it will be extended. As you and I discussed in your office, there is approximately $160 million of annual tax credit which should generate $15 billion. With that much money, if you take my formula of 45 percent, we are talking about, we might be able to raise another $10 billion or so. But there is a gap of approximately $500- to $800 million. That money is not available in the community. That money is not available to the tax credits. It has to come

from some other institutions that have good reason to believe that they ought to do it.

What we have covered in the—what I presented to you is that we were short 10 to 20 percent per project. We went to the Ford Foundation, which I happened to have worked there so it was much harder to get money, and we went to the Bush and Clinton Administrations, and the others, but that is a very, very small amount of money. So as you have suggested—

The CHAIRMAN. I appreciate that, and you said we should find some institutions that think they ought to—two that come to my mind are Freddie Mac and Fannie Mae, and what they think they ought to be able to do ought to be in law. I hope we will go forward with that.

The numbers you give, reassure me that is money that can be strategically—that it would leverage the money and we will be looking for input from many of you because the gentleman from California has correctly said that we now have to focus on how it is spent and how it is done appropriately. We will be looking at that.

I am going to yield at this time and recognize the ranking member.

Mr. BACHUS. I thank the chairman.

What the chairman is talking about is a housing fund that he has proposed under the GSE bill, the funding for the first 2 or 2½ years would go to Katrina rebuilding; Katrina housing is what he is referring to.

Let me just say one thing. Reading your testimony, it was all very interesting.

Ms. Crowley, one thing I noticed is that we have heard a lot about practice, the parity of funding between Mississippi and Louisiana, but one thing you mentioned, I don't know if you mentioned this in your oral or written testimony, you said that Texas sustained direct damage from Hurricane Rita and sustained more Katrina evacuees than any other State. So far, Texas has received only 3 percent of housing funds. So in your estimate, Texas was not treated fairly.

Ms. CROWLEY. I don't think Texas was treated fairly at all. I think that both the damage that was done by Rita but also the enormous burden that Texans took on as the result of the evacuation was extremely expensive and the reality is that many of those folks who evacuated to Texas are going to stay there. The polling data that has been done with evacuees in Texas generally show that about half of the folks want to stay and the other half want to return home. That may or may not be their sentiment today; it was at the moment of the instance.

And housing needs in Texas need to be dealt with as well. One of the things about—the important things about the affordable funds in the housing bill, in the GSE bill, is that it would go directly to States whose housing markets were impacted by Hurricane Katrina. So some of that money could go to Texas, and I think that would be an important part of whatever distribution system was developed for that.

Mr. BACHUS. Thank you. I would say the only response I would give is that the magnitude in Louisiana just engulfs all. In Ala-

bama, we lost homes, but when it is a small hurricane, the economy bounces back fairly quickly and this just in Louisiana, and I think Dr. Richardson, your testimony, this is something that occurs about once every 100 years. That we are dealing with a totally different animal, not only in size but in character.

Mr. RICHARDSON. Katrina was not your normal everyday hurricane, and I am not sure we have ever had to respond to one, at least in our lifetimes. It has been probably 100 years since we have had a storm like this, and there is no doubt that, to a certain extent, it overwhelmed our institutions, Federal, State, and local. And we are now trying to learn from it. This was not a catastrophe; it was a megacatastrophe. I think, as a country, we need to know how to learn how to deal with it more appropriately, more quickly, and more effectively.

Mr. BACHUS. You mentioned the refugees—I am sorry, the evacuees, still in Texas, some may want to return, some may not; of course it depends on their job situation. They may want to return but there are no jobs in New Orleans. So do they want to return or do they not? I mean it is a—I'm not sure how you would categorize someone who has a job in Texas and not in New Orleans so they don't want to return.

Mr. RICHARDSON. In New Orleans right now, you find "help wanted" signs every place. In Baton Rouge, throughout the south part of Louisiana, there is not an issue of jobs that are available. The issue is that workers are not available simply because of the shortage of housing, and shortage of other things, too. Other people live in other cities and they have accepted that.

Mr. BACHUS. That leads to another point. I have heard the question posed, is it the chicken or the egg? You know, did the—is it housing or is it jobs? So actually what you are saying is that it is housing.

Mr. RICHARDSON. The jobs are there. It may not be the job that they had exactly, but the jobs are there in terms of, we talked to the people, and talked to the businesses; they need workers.

Mr. BACHUS. I will ask the whole panel. Has there been any survey or study done of the number of residents who were displaced and have not returned? What percentage of them want to come back and how many of them have made a decision to permanently relocate?

Mr. MEHRETEAB. My answer is not scientific, but as I have indicated to the committee, we had 952 units that were destroyed. Our property management informs me at least 85 percent of our residents would like to come back. Again, that is not a scientific answer, but based on the 952 units we own, and they were all destroyed in New Orleans and Jefferson Parish, 85 percent of the people continue to call and want to return. We have not heard from the other 15 percent, and today, 5 percent of the people are all over the country. Again, that is not scientific.

Mr. BACHUS. Mr. Bright.

Mr. BRIGHT. This was in response to an earlier question on the multiplier effect. I think one thing is that they have these housing agencies around the country, and in Louisiana there is NOMA, as a multiplier effect. There is an institution that is a government institution that works with the private sector. So, for instance, any-

body can originate their loans, and if as a multiplier effect, you could direct some extra money to that institution that is already working that deals with big numbers, I think that would be something that would give you a multiplier effect and it goes for low- to moderate-income.

Mr. BACHUS. You say if we directed funding or if we decided to address the lack of affordable housing or the lack of homes, housing in the New Orleans metropolitan area, that that would be a way to approach it?

Mr. BRIGHT. If the interest rate on a 30-year mortgage is 6 percent, the LFHA might be 5 percent. So you could maybe do something where you put some of these CBDG moneys where you could address the high percentage rates possibly or go towards construction loans or something like that, and then maybe offer even a 5 percent or a 4 percent and it would not cost, in the grand scheme of the numbers that I am hearing around here, it would not be as costly. I mean, $100 million, that is a big number to do a lot of work.

Ms. CROWLEY. On your question about polls. I just—there have been some policies and I have here, a Zogby poll that was done for the City of Houston and in 2006—

The CHAIRMAN. How did Mr. Green do in that poll?

Ms. CROWLEY. And at this point they were talking to evacuees from both Katrina and Rita and 58 percent intended to stay in the Houston area. Now having said that, I think that it would be money well spent if we did two things. One is do a representative survey of all of the HUD-assisted households who have been displaced, and HUD says there are 32,000 of them. I am concerned that Mr. Bernardi is saying only 12,000 are still getting disaster vouchers. I don't know what else they are getting. The last we were told was that 22,000 were getting disaster vouchers. So they know where they are.

And all of this notion about the future of public and assisted housing needs to be done with some scientific understanding about what it is that the residents' intentions are, and we could do—very easily do a good survey that would represent those folks.

In terms of the broader population, we have no good data about what their intentions are and what their current situations are, how they are faring, and it is a real lack in terms of being able to do effective planning.

The CHAIRMAN. I did want to say this. Frankly, I think the likelihood of our being able to get nearly back to where we used to be is so slight that we are not going to run out of people who want to come back. I mean, sadly, the percentage of people who want to come back, I am afraid, may be academic. We will be doing well to allow even half of them to return. We are going to work very hard to do that. And I think that is the reality that we will almost certainly wind up with—more people who want to return than we can accommodate.

The gentlewoman from California.

Ms. WATERS. Thank you very much. I have several questions here.

Let me start with Ms. Crowley. Ms. Crowley, you had some very direct suggestions about what to do with public housing. Have you

been in interaction with the advocacy project, the lawyers who are representing the tenants? Has there been any discussion with them about some of this things you see, and do they make good sense?

Ms. CROWLEY. I had a discussion with Judith Browne about it several months ago, but have not had a discussion with her recently. I have been following what they have been doing with reports from other folks but not direct discussions.

Ms. WATERS. In your recommendations, you did not recommend phased development at any of these public housing projects; is that correct?

Ms. CROWLEY. We have recommendations about New Orleans public housing, in particular it is about all public housing in the Gulf. The recommendations are that if it can be repaired, it should be reopened. If it cannot be repaired, then it must be redeveloped. We should do it on a one-for-one replacement basis, and there should be an absolute right to return.

The rub is who determines what is repair and what is redevelopment, and I am not sure that we will know the truth about that because there are competing experts, now, with opinions about that.

Ms. WATERS. When you are talking about a development, say, like Saint Bernard with all of the units, I don't know how many, in their 1,400 units or so, are you talking about some parts of it, or are you talking about all of it? Obviously, there may be different levels of disrepair. Are you suggesting that some of it should be saved if it can be, if other units cannot because they are in terrible disrepair, or are you talking about if there are enough units that are in good repair that you save the whole project?

Ms. CROWLEY. I think it depends on the particular building. But let me just say that I think it is a mistake to say well, there are 30 units in a building and 5 of them are habitable. So I am going to let folks move into those 5 because then you have 25 vacant apartments that are serious problems. So I don't think that is a community. I don't think that is an answer.

I think it has to do with the configuration, and if you can—you can pick a particular building that is not as damaged as another and bring that back and move folks into that, the notion that people can go back to their own units, if the units are scattered all over the place, I think, is not realistic.

Ms. WATERS. You mentioned a moratorium. That kind of conflicts with what you are describing now.

Ms. CROWLEY. No. The moratorium is on demolition of the public housing in the Gulf that is currently occupied. Anything that is occupied should be continued to be occupied until we have solved the other problems. We don't need to do any demolition plans on anything that is occupied. There is discussion about—

Ms. WATERS. We have public housing developments where you have partial occupation. You have units that were boarded up before Hurricane Katrina and Rita and you have units that have been vacated, and you have units where you may have a few people. What do you do with that?

Ms. CROWLEY. I think that is a very dangerous situation for the people who are there. And I think that it is really important to figure out what the best choice is for those folks.

On the issue of the moratorium, let me say that part of the impetus for that is the discussion for public housing in Mississippi that was not even damaged in the hurricane which—where people never even evacuated, where those housing authorities were proceeding with demolition plans as if the hurricane had never happened. So we don't want that to be the case.

When it comes to New Orleans, and I have been to all of the public housing in New Orleans; I have been to visit all of it. And I think you have to answer it on a case-by-case basis.

Ms. WATERS. Mr. Mehreteab, you are developing 1,000 units in Louisiana, is it?

Mr. MEHRETEAB. Yes. In New Orleans—Jefferson Parish and a place called Saint Charles.

Ms. WATERS. Did you have a difficult time doing the land packaging on that to be able to develop those units?

Mr. MEHRETEAB. Some of those we already owned that were destroyed. Some years we had some putting the one acquisition in the new places.

What we did, Congresswoman, I mentioned to you that we had four properties that were destroyed. One was in New Orleans off I–10, and we decided to completely demolish that building, so we are starting from scratch. Another was in Algiers. That one was 100 percent destroyed, but we were able to maintain the structure. And the last one was in Jefferson County. But we did have difficulties; I don't want to give the impression that this was an easy process.

Ms. WATERS. No. You have indicated pretty well that the financing is complicated and you seem to suggest that no private contractor coming in to build low- and moderate-income housing can do it without subsidies and grants, and the mix that you put together seemed pretty extensive and complicated. And are you basically saying that is the way it has to be done?

Mr. MEHRETEAB. Well, our trip objective is to provide quality housing, but also to maintain our rents. Our rents range between $130 to $820 a month, and the average cost to buy is $100,000. Tax credit alone and community development grants alone would not cover those costs. So, as I have indicated, we went to at least six or seven different financing sources.

You may recall, Congresswoman, I came to your district with Mrs. Shockley many years ago.

Ms. WATERS. I can't remember those things, I am so old. Were you there?

Mr. MEHRETEAB. Yes, I was.

Ms. WATERS. How many years ago?

Mr. MEHRETEAB. Right after you took office.

Ms. WATERS. In 1991?

Mr. MEHRETEAB. 1987 or so.

Ms. WATERS. I don't remember.

Mr. Perry, your work has not been unnoticed, and I was just talking with my staff, as I did recall your testimony about the zoning and the disabled and other kinds of issues that you have brought to our attention, and I am asking my staff as we look toward developing comprehensive legislation to deal with some of these problems, how can we can we make sure that Federal money

cannot be used in jurisdictions that are proven to be discriminatory? Some of the issues that you have raised, like the zoning, we may not have the answers for, but we are listening. We do have an opportunity to provide leadership on these issues now, and I will certainly pay attention.

Mr. PERRY. I didn't mean to imply that you weren't paying attention. As a matter of fact, when the issue came up with Saint Bernard Parish, I was immediately contacted by members of your and Representative Frank's staff, and they worked with us on that issue. So we know that the commitment is there, and we look forward to working with you in the future to ensure fair housing on the Gulf Coast.

Ms. WATERS. Thank you very much.

Let us see who is next. Mr. Green.

Mr. GREEN. Thank you, Madam Chairwoman.

Mr. Tate, you indicated in your testimony that the landlords had no recourse for damages suffered. Could you please give us the categories of damage? You might not be able to give us a dollar amount, but give us a category of damages and indicate whether or not there can be computed some estimate as to what the amount of damages are, whether you can give me that number now or not. I am just curious as to whether there is a methodology at which you can arrive at a number.

Mr. TATE. There are different types of damages that apartment owners sustained. Actual damages done to the sheetrock, carpet, etc. Damages of appliances being taken. And then the actual rent loss damage. How did we have rent loss damage? Let me explain that as we go through the course of the termination notices coming from FEMA that we are going to stop paying and recertify violation.

There were a lot of people who failed to recertify. Whether they were eligible to recertify or not are two different questions. But the fact is that rent stopped being paid for those people.

And those folks had really nowhere to go. They remained in the apartment. And after trying to work with these folks, trying to communicate with FEMA, and communicate with the City of Houston, once it was determined that no rent would be coming to these folks, apartment owners were then forced to do something they really didn't want to do and that was to file an eviction in the local JB court, and they would file the eviction. Eventually the day would come and they would appear in court and either be granted an eviction some weeks later, or that particular resident would be represented by free legal aid that would then file either an appeal or file a property affidavit again extending the period of time another 30 days before another hearing and attempt to have the apartment vacated.

So in many instances, the apartment remained occupied with no rent being paid on it for as much as 90 days after the rent ceased.

Mr. GREEN. Having been president of the Houston Apartment Association, is there a means by which you can calculate some estimate of what these damages are?

Mr. TATE. Most apartment management companies and operators, when an apartment finally is vacated, they will complete what is done as a security deposit disposition report. Because normally

we have 30 days in which to refund a security deposit or apply charges against it.

Mr. GREEN. Is the answer yes to this one because I—

Mr. TATE. Yes.

Mr. GREEN. Mr. Perry, sir, you indicated that housing discrimination still exists. What about with reference to language in terms of the Asian community? Did you encounter housing discrimination not only with the ethnicity but also with the language, and if you could be brief with that. I have one follow-up.

Mr. PERRY. You know, I think it is happening, but I will be quite honest that our organization was not as prepared as we would have liked to have been for people who don't speak English. That is one of the ways that our organization has had to grow over the last several months post-hurricane. For example, we have had a great influx of Latinos in New Orleans, so we have to grow to learn how to assist that population.

Mr. GREEN. Would it assist you in acquiring empirical data to have access to what is called testing? Are you familiar with testing?

Mr. PERRY. You know, it is the most important thing that we use. I would say in a few months, we are probably going to have a press release about several big cases where we found cases discriminated based on race and the fact that they have children. The only way we were able to find discrimination was through testing. And we did about 30 tests last week, and in the majority of those tests, we found discrimination.

Mr. GREEN. Mr. Chairman, if I may, I have before me a report from Fair Housing, the National Low Income Housing Coalition, that addresses the deficit of affordable housing units available in the Gulf Coast area. May I submit this for the record please, if there is no objection?

The CHAIRMAN. Without objection.

Mr. GREEN. I yield back the balance of my time.

Thank you.

The CHAIRMAN. Mr. Baker.

Mr. BAKER. I would like to address this to you, Professor. Relative to your commission's observations and the necessity of housing first, as I understood your presentation, the average home, number of homes constructed in the State over the past decade has averaged something in excess of 13,000 but that is a statewide number. Do you have any tab that tells you what that number looked like in the New Orleans metro area before the storm?

Mr. RICHARDSON. In the New Orleans area, it would be 30 to 35 percent of that.

Mr. BAKER. In your normal recovery efforts, that would take using the 15,000 figure, you are really looking at decades if you take the traditional historic construction norm pre-Katrina for the Orleans metro area.

Mr. RICHARDSON. If you take that number, you are looking at 40 years.

Mr. BAKER. Obviously a time horizon which is not acceptable to most us of us.

I am also correct that there are speculators in the market who are buying up distressed properties where they can get a particu-

larly attractive price on a good corner or a very nice private residence. I spoke with a fellow in the Baton Rouge Airport just this week who was a former New Orleanean, and who lived in Lake View, who had not only relocated his residence but his significant business to the Baton Rouge area and did not have an intent to go back. He had sold his home to such a speculator. And he is a very sophisticated smart business person, but he had bailed out. My concern going forward is not just the slow pace of recovery if we resume the normal historic development rate but that, with the advent of speculative interests now in the market who don't have any particular interest in doing anything but holding, that is also going to be an additional drag on the recovery.

Further, in talking with business communities' leaders in the Orleans area, there are several prominent restaurants which are having trouble because they don't have customers. It is no longer a question of not having staff. They don't have people coming through the front doors to pay the bills. So we really do have a need for the restoration of affordable housing, but we need to have a more economically broadbased plan than just addressing the shortfall and affordable housing if the historic nature of this city is ever going to recover. It really needs to be a small business-homeowner-affordable housing endeavor with the addition of essential public services. You are not going to move into a new subdivision if there are no policemen or firemen or schools.

To date, I don't think there has been any plan developed or talked about on any scale, whether it is a single community or a stormwide imprint that encompasses all of those elements. Isn't that really what is needed now rather than the Road Home alone?

Mr. RICHARDSON. Yes. Congressman Baker, you mentioned a number of items that are all very important. In an ideal world, we would solve all of these issues simultaneously. Unfortunately, our world is not ideal all the time. We have to start someplace, and housing is a place to start.

But you are absolutely correct. In New Orleans right now, if you look at the employment base and what can come back, certainly the tourist base, but if they don't come back, those restaurants you are talking about, the ones that have complained to you, and complained to me about not having enough customers throughout the day, they are thinking about closing down. It would be an enormous shock to that community if certain restaurants closed down.

Mr. BAKER. I think it is across-the-board. I have talked with a guy who is in a radiator and brake repair business. All of his employees were back. His house was fine. He didn't have anybody in his business, and I don't know where he is now. That was about 4 months ago, but he was at the point of having some difficulty with his lender over the status of his business loan. I know you can't do all of it at once, but we at least ought to be talking about it.

Mr. RICHARDSON. You have to have all of these elements if you are going to come back to New Orleans. For example, if you walk around New Orleans, you see different things happening in different neighborhoods. Gintilly, which is a neighborhood right by Dillard University, old fashioned New Orleans homes, middle income, lower-middle income families, you see more trailers per block

in that neighborhood because those people are back working on their homes themselves.

You go to Big City, which is down from Canal Street—

Mr. BAKER. If I may, I don't mean to cut you off. I am out of time, but one other further observation, if we were to select an area and go in and do the kind of multi-family mixed use development where we brought in the affordable housing, some commercial sites reserved for the bakery, the dry-cleaner, some middle income housing, that is the kind of mixed use pilot that would offer a great deal of hope for people out of all of this despair to see a few city blocks to recover would be enormously helpful.

Mr. RICHARDSON. I think that would be one of the barometers we are moving. Right now, it doesn't look like we are moving. We need a barometer.

The CHAIRMAN. I thank the gentleman, and because we had we had two Democrats in a row, we will now go to Mr. Roskam.

Mr. ROSKAM. Thank you, Mr. Chairman.

Mr. Tate, just a quick question. The membership that you represent, you raise the issue of concern about damages. But has your membership made money off of the rents and so forth? I mean, the bottom line figure, are you in the black or in the red based on—

Mr. TATE. Certainly, some apartment communities may have fared well; at least two corporations came and took lots of apartments. I know of a property that went through the court of appeals and that worked out okay. But the majority of the apartments that were leased by the City of Houston are contracted, so no, they did not fare well. They spent millions of dollars. I understand that right before the folks arrived in Houston, they were coming from Louisiana.

We had to prepare almost 40,000 units. We spent millions of dollars on vendors—painters, carpet shampooers, and cleaners. We had to get all of these apartments ready for these folks to move in because they are not always ready sitting there vacant and ready. So we spent a lot of money getting them ready. We moved people in, and in some cases, they were there a short period of time, maybe 2 months, maybe 3 months, maybe they were there for a longer period of time. But then they left, and we still have about 14,000 left.

So about 22,000 have vacated. I dare say that of the 22,000, very few of them were left in a condition that we could lease them again without spending a lot of money to have those apartments prepared again for another move-in.

Mr. ROSKAM. Was it primarily the damage issue, or was there something else, or is the difficulty really the damage situation?

Mr. TATE. The difficulty is the damage and the amount of time that it took to receive the rent. When we first started moving people in, in September and October, rental payments did not start coming to these properties until December or January.

Mr. ROSKAM. Did they make it? In other words, did the right amount eventually arrive so you lost the value of that money?

Mr. TATE. Right. Lost.

Mr. ROSKAM. So you lost the value of the money in the interim. In other words, you lost the value of those dollars, your control

over those dollars in the interim but eventually the right amount showed up?

Mr. TATE. In most cases, the right amount showed up and we were finally able to pay all of the shampooers and the painters and the folks who cleaned the apartments back in September and October. We weren't able to pay them until almost January or February. They were small business owners that operate.

Mr. ROSKAM. Mr. Bright, just a quick question.

Well, what you described was really fascinating to me. The idea that very low default rates in this whole situation, was that intentional? I mean, did everybody—is this like the scene in, "It's a Wonderful Life", you know, when George Bailey gets what is going on and nobody panics and everybody says, "Okay, let's not sell to Mr. Potter." Did everybody in the industry say, "Look, if this all goes, this implodes into a financial sinkhole and we are all losers here, so let us be good to one another and go very, very slowly." Is that essentially what happened or was there something—in other words, are you guys this good?

Mr. BRIGHT. Well, it is a terrible disaster, so you don't want to say that.

Mr. ROSKAM. In terms of the response.

Mr. BRIGHT. I believe that it really did work well. By us giving this foreclosure, by not having any foreclosures it did two things: Number one, if you had foreclosed on all of these properties, it probably would have driven the values of properties down. It could have gotten into a vicious circle of property values going down, down, down.

And then secondly, it gave people a chance to get back on their feet, namely there is this thing called forbearance, and really, government officials or whatever people said let us give mortgage holders forbearance.

Mr. ROSKAM. Is forbearance a term of art?

The CHAIRMAN. Yes.

Mr. BRIGHT. It is a term of art.

The CHAIRMAN. Yes, in the sense that it is a specific weak term with legal meaning, and in fact earlier today I released a letter that we received yesterday from the five bank regulators, the credit union, the Federal Reserve that controls the currency, and the FDIC and OTS, reiterating their encouragement to the lenders to show forbearance.

Mr. ROSKAM. So they will not hammer—

The CHAIRMAN. Right. As long as we talk about an ultimate path to repayment, they will not in any way penalize people who go out, stretch out, and forbearance in that specific—

Mr. ROSKAM. Okay.

Mr. BRIGHT. If you will, I would like to go down that road a little bit. What it means is, what was done is, people were told that they did not have to make their mortgage payments, so it first went on for 90 days. We still have people who are not making their mortgage payments, 18 months later, or whatever it is. Now, for the financial system in the United States to work, there are bondholders that own these bonds, and those people have to get their payments. So it is like we are a private company and you had certain people say don't charge—don't make people make their payments, but we

have to forward the tax and interest to the bondholders, specifically in the FHA program. We were required to do that.

So in our case, we are having to front, you know, on a $100,000 loan which we make $250 a year on, we are having to front about $10,000, I think is what we figured—$12,000 say a year to—now, we eventually hopefully will get the money back, but in the case of FHA loans—now this only occurs when you foreclose on someone, and you can see there has practically been no foreclosures taking place in Louisiana for the reasons that I was just talking about. But at some point you are going to have to foreclose on people; namely, you have to dispose of the property. You have to come up with something to do with the property. Right now the borrower still owns it. So in the case of FHA—and this is just something that does not work in the case of Fannie Mae and Freddie Mac. They do things a little bit differently. But in the case of FHA, when we foreclose on the borrower, and the borrower may not have applied for the Road Home money. They would have been eligible for the Road Home money, but they didn't apply for it for whatever reason, so they are distraught, for whatever reason. A lender can't apply for the Road Home money, but we now need to foreclose, in the FHA case. We have to bring the property value back up to its usable condition before you can convey that property to the FHA, and in order to do that—you have heard all this description of how the properties have laid fallow and things like that, it will take just it is—you could lose—if the house was worth $100,000, it might be worth, you know, Congressman Baker would know, but maybe it is only worth $20,000 for the lot. So the lender would have to take a hit.

The CHAIRMAN. We are running out of time. I just will say two things. I believe it may have been Mr. Miller of California who brought that particular FHA issue to our attention, and that is something fixable by us and it is statutory, you understand. We make the laws. So that is a law, and if the FHA is imposing a requirement that is not right, we can change that requirement. You are shaking your head.

Mr. BRIGHT. It would be a huge benefit.

The CHAIRMAN. But I need to encourage people—it is true, if you are in court, or you are elsewhere, the law is a fact of life that you have to confront. We change laws, that is our job, so if there is a rigidity in the FHA, and in fact I believe we are already talking about that issue, we can give authority—not as a blanket matter but in these kinds of situations to deal with it. So the other thing I would say is this, with regard to Fannie Mae and Freddie Mac, and it is part of another argument that Fannie Mae and Freddie Mac have been able to show some forbearance if they haven't securitized the mortgage. That is, for mortgages that are still held in Fannie Mae and Freddie Mac's portfolio, we have asked them to show some forbearance. If they have sold it into the secondary market, they are in the same shape you are in, where they have obligations and therefore that can't be done.

Mr. BRIGHT. At least in that case, it is Fannie Mae and Freddie Mac's obligation, and not my obligation.

The CHAIRMAN. I don't mean to—but that particular perspective is not the one we take in public policy. I understand your concern. We have to look a little bit more broadly.

Mr. Perry, and then we will move on.

Mr. PERRY. Just really quickly, I agree for the most part with Mr. Bright, but I would note that there is one segment of the lending population that hasn't done as good of a job, and that is with respect to subprime lenders. My organization has a hurricane relief project where we work with people who have difficulty with their loans and we have seen significant problems in the subprime market, particularly people who have predatory loans, and there is one loan in particular, it is the 228 loan.

The CHAIRMAN. We appreciate that. We will be dealing separately with the question of predatory loans.

The gentlewoman from Wisconsin. If you want to talk, go ahead.

Ms. MOORE OF WISCONSIN. I am stunned that I get a chance to talk. How are you? This is such a distinguished panel. I just want to thank the chairman and the subcommittee chairwoman for amassing this particular panel because I think it really has given me a picture, a complete picture of some things that are happening in New Orleans. I have listened very carefully and what the picture that is emerging—I guess I just want to throw this out and ask you what you think of it. It seems to me that we are looking at—one of the 800-pound gorilla that is in the room is—and I don't see it reflected in any of the testimony, is the actual environment and what portions of New Orleans can actually be rebuilt.

Secondly, you have talked about the high labor costs that exist for rebuilding New Orleans and of course that provides a difficulty in financing for the creation of low-income housing—I think Mr. Mehreteab—I am sorry if I mispronounce your name—that you have had to use a lot of creative financing to pull together more financing. I think Ms. Crowley talked about the fact that there is so much deferred maintenance on public housing in the first place, hidden in there with public housing, and there is a question about what you can rebuild and what you can't rebuild and what the costs of that will be. I think Mr. Bright talked about the tremendous effort that has been made on the part of the mortgage bankers to forbear and their touting a pristine record of really not that many foreclosures, which I think speaks of the particular class of people. These are homeowners that you are dealing with, and I think Mr. Perry made the distinction that these are not homeowners at the lower end of the income spectrum necessarily. Dr. Richardson's research talked about the economic factors, the fact that you were attracting a different kind of labor force to New Orleans, and of course I am so sorry that the gentleman from the rental organization had to leave, but I do think that we have seen rents in the New Orleans area skyrocket, and I guess I say all that to say, are we looking at rebuilding a New Orleans that is going to be populated by the survival of the fittest? Are we going to build a New Orleans that really is going to be a middle class population?

I am concerned. That is a question that I have pondered previously, but after hearing this panel I just want, I guess, your reaction to what we could do to make sure that there is some economic and class mixture in a rebuilt New Orleans. Thank you for your—

Mr. MEHRETEAB. May I make a comment? Congresswoman, you asked me a question, and I probably didn't give you a full answer. Sure, we can build housing for $100,000 very easily, actually the cost ranges between $80,000 to $150,000, depending on the location. The question becomes how much of that money can we finance if we are to serve low- and moderate-income families. That is the key. The higher subsidy we have, the lesser rate we could charge. Exactly what you said, Congresswoman, you are right. I felt the way community development broke down in the low-income housing tax credit structure right now is simply to serve people who make below 60 percent of the median income. However, how that translates in New Orleans is that will be an average of $600 a year. That is a lot of money. What we are shooting for or what we are hoping to do is to decrease that to $400 or $300. In order to do that, one needs to close the financing gap, either from what the chairman has suggested, we need a huge capital infusion from the two big entities or others or we have to come out with something. But as it stands right now, if everything is to be the way it is with low-income housing tax credit and the community development programs, will only be serving a higher income of families. But the goal of the NHP Foundation is not simply to serve what had been called the moderate income. We really want to serve lower income people. If we want to do that, we are going to need what I have referred to as the financing gap, the infusion that Congressman Frank has been talking about.

I don't think there is anybody—well, there might be very few people, the way that lid is very clearly understood by the chairman. When he talks about $500- or $700 million he is absolutely right. That difference, which could represent anywhere between 5 to 10 percent, will make a tremendous impact in lowering the rents from $600 to $400, or from $400 to $200 a month.

The CHAIRMAN. Ms. Crowley will be the last one.

Ms. CROWLEY. I think your question is absolutely imperative for us to get to the bottom of, and that the resources that have been dedicated to date to housing for the Gulf Coast, in New Orleans in particular, do not in any way, shape, or form provide enough to, or any for that matter, to get to the lowest-income people. The tax credit income targeting is higher. The CDBG income targeting is pretty high and the Secretary can waive the income targeting requirements if the State of Louisiana asks for it. He has already waived the income targeting requirements in Mississippi. And the design of the Road Home Program for what they call the piggyback program was to put CDBG dollars into subsidizing and operating or capitalizing an operating subsidy for tax credit properties going forward at and doing some of those at 20 percent, 30 percent through some mix of that. The reality is that a lot of the CDBG money has had to now be spent on gap financing because the cost of construction is so much higher.

So even that program, which we think was very ill-conceived, will not have the funds that is required to be able to create the operating subsidy. It is essential that we put more project-based Section 8 vouchers into New Orleans and into the Gulf Coast. We urged that in the first go-around in the supplemental. We looked at it in the second go-around of the supplemental. It is still within

your power to do that, and that is the single most important tool to make sure that any housing that is developed is affordable to the people that you are talking about.

The second thing is that the affordable housing fund in the GSE bill will provide money that will be for the construction of housing that is affordable to that income group. The project Section 8 vouchers will provide the operating subsidy.

And the third thing I want to say is that the importance of public housing in New Orleans, with all, with complete respect for how people feel about their individual buildings, is that going forward for the future of New Orleans and for the future of low-income people in that community is that we not lose the subsidy that is attached to each one of those units, and that the subsidy continues so that eventually when one family is moving out of public housing, there is still a subsidy there so another low-income family can move in. And that is—we need to keep our eye on that ball as we move forward on redevelopment, and as important as the structures are, that is the essential thing that we need to understand about the future of housing in New Orleans for very-low-income people.

The CHAIRMAN. The gentleman from Missouri.

Mr. CLAY. Thank you, Mr. Chairman. I will be brief. I have one question for the entire panel, for anyone who wants to give me a reaction, you are welcome to. I am just curious as to the response you have gotten from State and local elected officials in Louisiana as far as Governor Blanco, I understand, was here today, went and had a meeting with our caucus but felt—did not want to come here. Tell me about your experiences with the City of New Orleans, with the Mayor in particular, with the State legislators, and with the City Council people. Does anybody have a reaction to that? Could you share with us what kind of cooperation you have gotten?

Mr. Perry, you look like you may want to start off.

Mr. PERRY. You know, one of the most difficult barriers that we have had is dealing with local government, particularly in Jefferson Parish. After there were so many tax credits allotted to the Louisiana area, a councilman in the Jefferson Parish said all low-income people were ignorant and lazy and therefore we don't want tax credits in Jefferson Parish, and so as courageous as it was for the money to have been allotted in the form of the credits it made it almost impossible to use the credits in the parish, and so he, working with the Council, passed a resolution asking for the credits to not be used in the parish, and I think that is a great example.

The second example is in Saint Bernard Parish where, as I mentioned before, the Parish passed an ordinance that said that you cannot rent your single family home to someone that you are not related to. As I mentioned earlier, 93 percent of the people in the Parish are white, so it made it almost impossible for minorities to rent homes in the parish. And we see this kind of—and I can give you a very long list of circumstances where in parishes the government has worked I think, in a way, that makes it very difficult, if not impossible, for low-income people to return, and I would add that it has made it very difficult, if not impossible, for minorities to return and I think that your question is dead on, that govern-

ment has played a very big role, particularly local and State government have played a very big role.

Mr. CLAY. Thank you.

Mr. BRIGHT. I would like to relay a story and try to do it quickly. I was flooded, and lots of people were flooded, and I evacuated to Atlanta, and took my family there. We went to a school, and my kids go to a private school, so I was going to pay some money—and I sent my youngest to a public school and my two oldest to a private school, but anyway, as we moved back to New Orleans, we wanted to pay—give something to the Atlanta people because they took us in, didn't charge us anything, were so nice to us, so we come back and we gave a little gift to that school. Two weeks ago these Atlanta people came down, they brought 16 kids and 4 teachers, including the head of the school, the head of the school got up at 4:00 in the morning—

The CHAIRMAN. You have to move this quicker.

Mr. BRIGHT. —4:00 in the morning Friday, worked alongside us in Lakewood and we helped build houses, okay, only one out of six homes, one out of five homes in Lakewood, which is a nice neighborhood and all, are people moving back there, and it is because they don't have—I think the government—they still need to get electricity in there. They still need to get services in there and stuff. I think people want to help us. And I appreciate that all of you are here, but we need the government to just do its job.

The CHAIRMAN. The gentleman yields back. I thank the panel. I really appreciate everybody's patience. We will take our last panel now.

Oh, Mrs. Biggert, did you have any questions? I apologize. Mrs. Biggert, please be seated. The Chair was in error. Mrs. Biggert has questions.

Mrs. BIGGERT. Sorry. I will be brief, and this is really, I think, to address to—

The CHAIRMAN. The gentlewoman is entitled to her time. Please don't feel rushed.

Mrs. BIGGERT. Okay. When you are planning for rebuilding, sometimes it seems like the chicken and the egg scenario. You can't rebuild the housing communities without jobs and services but the jobs and services won't come until there is adequate housing. So how would you solve this problem, and with balancing the need for a solid middle class and the desire for lower income families to return?

Mr. MEHRETEAB. Is that question addressed to me?

Mrs. BIGGERT. Yes.

Mr. MEHRETEAB. I guess I am the only person here who is building housing. Out of our 1,000 units, we are trying to be as diverse as possible. One of our properties, which is off I–10, Walnut Square, used to be 284 units, but we had to destroy it because of damage from Katrina. We are rebuilding it and converting it into 208 units of mixed income, one-third very-low-income, one-third moderate-income and one-third market rate.

The other 600 units are what we call, "below 60 percent of median income." Two of our properties, totaling 126 units outside of Lake Charles and Ponchatoula, are single family homes that will be converted to homeownership.

So Congresswoman, our strategy is to have housing that is as diverse as possible; A, it is good for our portfolio and, B, we will also be responding to the demands of the community.

Mrs. BIGGERT. And how long will this take?

Mr. MEHRETEAB. The first occupancy for our property address in New Orleans will be in May, this May, and it will be, I would say, between 12 to 18 months from where we are today.

Mrs. BIGGERT. Okay. So then would the jobs and the services follow?

Mr. MEHRETEAB. Well, when you are a developer, be it a nonprofit like us, or a for-profit, there is a sense of having to be optimistic, so we have to be optimistic. The fact that there is so much demand and the fact that there are so many people commuting from outside New Orleans, and I am sure the Congressman will know better, gives me the optimism that in fact we will not have people filling our units.

Mrs. BIGGERT. Thank you. I yield back.

The CHAIRMAN. We will call the next panel. We will now excuse the panel, and I appreciate it. And as the next panel comes in, I am sorry this is taking a lot of time, people, but I have to tell you, we have been talking amongst ourselves. You can leave. I won't be offended. And you should leave. I want to make sure everybody that has been here—seriously, get out of here because the next panel has to sit there, evacuate. Mr. Green will take you home to Houston. But I do want to be—we have been talking amongst ourselves. This has been extremely useful in our formulating some very specific things we think we can do to aid this process. So I do really appreciate what everybody has been doing here.

The next panel, please be seated. Let's move quickly here, people. We will begin, and I will just call on people as we get settled.

Doris Koo is president and CEO of the Enterprise Community Partners. Please, Ms. Koo.

STATEMENT OF DORIS W. KOO, PRESIDENT AND CEO, ENTERPRISE COMMUNITY PARTNERS

Ms. KOO. Thank you, Chairman Frank, Subcommittee Chairwoman Waters, Ranking Member Biggert, and distinguished members of the Financial Services Committee, for the opportunity to speak before you today. My name is Doris Koo, and I am president and CEO of Enterprise Community Partners.

Enterprise is a national organization founded in 1982. We have worked with thousands of nonprofit partners, local governments, financial institutions, and private corporations to develop over 200,000 affordable homes and invested $7 billion in communities across the Nation. Right after the storms of 2005, Enterprise made a long-term commitment to help the residents of the Gulf Coast rebuild. We committed to providing $200 million in investment to create 10,000 affordable homes.

It has been a long day, so I want to quickly jump to some principles that will help guide the rebuilding effort in the Gulf Coast, followed by several policy recommendations. First it is our experience that affordable housing must never be built in isolation. We have learned that residents are most successful in communities

with support services, access to jobs, quality health care, and education and support services.

Second, we have learned that large scale rebuilding such as that in the Gulf Coast requires public-private partnership. There is not enough government money to do it all or to do it right.

Third, time is of the essence. We must maintain the sense of urgency to meet the compelling needs of our fellow citizens in the Gulf Coast. Let me give you an example. Before I joined Enterprise 6 years ago, I was deputy director of the Seattle Housing Authority, leading four public housing redevelopments. We relocated thousands of residents but we gave them choices in support services and guaranteed them the absolute opportunity to return. We demolished thousands of obsolete public housing apartments, but we replaced them all, one-for-one, with quality new affordable homes in thriving mixed income communities. We leveraged $135 million in Federal grants 5 times over and attracted more than $600 million in private investments. We made sure public housing residents got jobs in construction, groundskeeping, and maintenance throughout the redevelopment, and helped many of them become homeowners through family self-sufficiency programs.

Success stories like these have been repeated around the country, including in HOPE VI communities built or financed by Enterprise. There is a way to do it right and to do it now, but it requires all of us working together. This is what we hope to do at the Lafitte Public Housing Development in New Orleans via phased development together with our partner, Providence Community Housing.

So far, we have raised over $12.8 million in low-income tax credits, which will roughly translate into $100 million in investment equity for Lafitte, $27 million in CDBG grants, we conducted charettes and planning sessions with former Lafitte residents, including meeting with them in Houston. We secured over 200 offsite properties that can be committed as replacement homes, and Providence has pledged $2.5 million in case management support. And through phased redevelopment, using on- and off-site, we are prepared to build replacement homes for the Lafitte redevelopment in the Treme neighborhood, with replacement housing possibly coming online in as early as within 9 months.

So we have three policy recommendations. First, we must adopt the principle of comprehensive community development in the long-term rebuilding of the Gulf Coast region. People can't and won't return to communities that don't offer quality education, health care, mental health assistance, recreation, and out-of-school support for children to keep them safe. This is true not only for low-income people, but for attracting back the workforce of teachers, health care professionals, librarians, carpenters, plumbers, and so many others that the Gulf Coast needs to rebuild. That is why we work not just to rebuild or repair what was lost, but to create economically diverse, healthy, and environmentally sound communities.

Second, we must make affordable housing finance work in the Gulf Coast by drawing on the best practices from the last 30 years to remove barriers and to solve problems. Many of the State's policies, including those in the Road Home Program, to use CDBG for renters and small landlords are sound policies, we just need to cut the red tape and simplify implementation. We need to address the

very real issues, the rise in insurance costs, construction, operating costs, aging infrastructure, and certain needs for Federal subsidies and flood elevation guidelines. We need to extend the placed-in-service date for the GO Zone tax credits. We need your leadership to pass affordable housing fund legislation and target the first resources to the Gulf Coast, to set up an insurance pool or other risk mitigation measures to solve some of these very difficult problems.

Finally, we need to make a commitment to help our most vulnerable citizens, including the elderly and those living in public housing, to return. We recommend that HUD and all housing authorities in the Gulf Coast region, if they have not yet done so, conduct immediate relocation counseling to every displaced public housing resident, enabling them to make choices and offering them the absolute opportunity to come home to comparable or better housing, paying comparable rents, consistent with the Federal Uniform Relocation Act. We recommend that HUD and housing authorities commit to one-for-one replacement of public and all HUD subsidized housing in the Gulf Coast region, preserving affordability even if we can't physically preserve existing housing units. This will take special allocation of resources beyond what we might have already, but it absolutely can and must be done. And Enterprise is prepared with our resources and expertise to be part of the solution to partner with you and all of the good people on the ground with our collective will to make it so.

Thank you very much.

[The prepared statement of Ms. Koo can be found on page 320 of the appendix.]

The CHAIRMAN. Thank you. Next, our return witness Mr. Derrick Johnson, from the Mississippi Conference of the NAACP, who had previously testified, I believe, before Ms. Waters. Mr. Johnson.

STATEMENT OF DERRICK JOHNSON, PRESIDENT, MISSISSIPPI STATE CONFERENCE NAACP

Mr. JOHNSON. Good afternoon, and thank you, Chairman Frank and members of this body, for allowing me to come before you. My name is Derrick Johnson, and I am the state president for Mississippi NAACP. I will abbreviate my comments, as you have my written statement.

NAACP was founded in 1909, and the Mississippi State Conference NAACP has been active for over 62 years. One of the things that I want to make clear today is that Mississippi in many ways is just like New Orleans, we simply have three things that are different: One, we don't have the large media that the New Orleans media market have; two, we did not have the residual flooding; and, three, our Governor had a better public relations firm than Louisiana's Governor. But otherwise, many of the issues that exist in New Orleans also exist in Mississippi.

I am sure you heard of the damage that has taken place, not only in Mississippi but across the coast, and by every means, Hurricane Katrina is by far the worst natural disaster in the State's history. Shortly after Hurricane Katrina made landfall, the Governor of Mississippi announced the formation of the Governor's Commission on Recovery, Rebuilding, and Renewal, of which I was later invited to serve as a Vice Chair. The Commission's final report to the Gov-

ernor found among many things that they recognized the role of personal assets that enabled people to survive, that recovery is important, and that the presence or absence of assets and insurance on those assets would determine who can participate in the long-term building in south Mississippi. Unfortunately, many individuals who were most vulnerable before the hurricane are still left out of the recovery effort in Mississippi. Many of the findings of the Governor's Commission report fell on deaf ears from the Executive Branch. The Federal Government appropriated just under $5.1 billion in CDBG funds, which is an amount that is greater than the total State budget of the State of Mississippi. However, those funds were completely administered by the Executive Branch with no provision for a State or Federal—under State or Federal law for any oversight or input from our State legislators.

As a result, there have been numerous concerns raised about contracts awarded to private companies to administer the CDBG funds, including questions about a lucrative contract that a current sitting State Senator received to administrate the CDBG funds. With the requirements that 70 percent of CDBG funds be used to benefit primarily low- and moderate-income persons being waived by the Federal Government, Mississippi additionally instituted a plan that provided no provision for home renters and other low-income victims of the storm. The Executive Branch designed the Hurricane Katrina grant program exclusively for Gulf Coast homeowners and excluding home rentals. The program was highly undersubscribed and only about half of those expected to apply did. Today approximately 10,000 people have received checks amounting to just under $680 million out of the $5.1 billion allocated to the State. Through ongoing community pressures, however, the Governor, after the November elections, mind you, decided to implement a Phase II program that would include more people under the plan, but still today home renters are completely left out of the recovery process.

Affordability has emerged as the most prominent threat to the rebuilding efforts on the Mississippi Gulf Coast. Insurance is undermining the ability of individuals to rebuild. That has had an effect of monthly insurance payments increasing some $200 to $300 per month. Property values have also risen significantly since the storm, making homeownership less attainable than prior to the storm. All policies renewed, all insurance policies renewed and new policies written by the Mississippi Windstorm Underwriting Association have experienced a 90 percent increase since October 2006, and I will say, this is not an insurance committee hearing but this is drastically affecting the ability for home renters and other low-income individuals to rebuild because they can no longer afford the insurance. In fact, even rental units cannot be rebuilt or repaired because they cannot afford to carry the insurance for those rental units. And homes valued at $100,000 with $40,000 in contract would jump and yearly premium payments from just over $1,000 a year to $1,924 in insurance premium payments. Additionally, homeowners are expected to have hazard insurance and flood insurance to go on top of that. Renters also face a unique set of circumstances considering affordable rental units may not be replaced

one-for-one, as this requirement was waived by the supplemental bill and the 2005 supplemental bill passed by Congress.

According to FEMA, estimates of nearly 6,000 rental units were either severely damaged or destroyed, and there is no plan currently to replace those units. In fact, we have a unit in Gulfport, Mississippi, that is currently being utilized that the Section 8 authority that is overseeing it is slated to demolish those units in which 400 individuals currently reside and redevelop as a mixed-income development. According to a 2004 apartment survey conducted by the Gulf Coast Regional Planning Committee, the average rent for a two-bedroom apartment in Gulfport and in Biloxi was just under $600. Recent information collected from that same body put those figures now close to $700 and in many situations out of the range of Section 8 vouchers so the working poor on the Gulf Coast do not qualify if they do not have the additional amount to go with the voucher.

In addition to that, there are very few incentives to rebuild affordable rental units on the coast. While significant levels of low-income housing tax credits have been made available, there are limited efforts to create units that are affordable for a family of four with annual incomes below $37,500.

In closing, many of the situations that are highlighted in the four panels that have come up today exist in Mississippi. And we are asking this body that there needs to be a real investigation into how CDBG funds were used, who received those private contracts and the price gouging that the insurance industries are able to have, to charge victims of the hurricane.

Thank you.

[The prepared statement of Mr. Johnson can be found on page 306 of the appendix.]

The CHAIRMAN. Thank you. Next is Mr. James Kelly, who is the chief executive officer of the Catholic Charities Archdiocese of New Orleans.

STATEMENT OF JAMES R. KELLY, CHIEF EXECUTIVE OFFICER, CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

Mr. KELLY. Thank you, Chairman Frank, Subcommittee Chairwoman Waters, Ranking Member Biggert, and all of the other members of the committee. I am Jim Kelly from New Orleans, CEO of Catholic Charities, and CEO of the new Independent Catholic housing initiative, Providence Community Housing.

In the past 17 months Catholic Charities has reached out and served over 700,000 people. We have delivered 70 million pounds of food and water, provided counseling and information to over 500,000 people and, through our emergency service centers, distributed millions of dollars in direct assistance to families in need.

Shortly after the storm, I attended the first trailer planning meeting with FEMA. It became very clear to me that these FEMA trailers were not going to be the answer to our housing crisis. A group of Catholic organizations, charities, and CDC's therefore came together to see how we might bring people of all races, cultures, faiths, incomes, and backgrounds home. Providence Community Housing was formed with the mission of bringing home 20,000

victims of Katrina by repairing, rebuilding, or developing 7,000 homes and apartments.

In partnership with Catholic Charities, and with the assistance of 9,000 volunteers, we have since gutted over 800 homes and 800 apartments. Now we are assisting these low-income seniors to navigate the Road Home Program. The system is painfully slow and filled with legalese. Providence has taken to repairing the homes and fronting the money to some of our elderly friends.

Whether you are staying in an overcrowded home with family or in a trailer or in an apartment 80 miles from the job, the stress and strain cannot be imagined. My friend Connie's house flooded on Banks Street in mid-city. She and her husband bounced around until they moved in with her sister, sleeping on the two couches in the living room. Finally, they got a trailer. These trailers are unbelievably small and unbelievably cramped. Three months ago, Connie's husband had a heart attack. He recovered on his sister-in-law's couches. He won't go back in the trailer.

In partnership with UJAMAA CDC, Mary Queen of Vietnam CDC, Tulane/Canal CDC and a new Hispanic CDC, we have recently launched a host of housing initiatives for families like Connie's in need of real housing. We are constantly exploring any and all options to rebuild our homes and our neighborhoods. With a recent award of GO Zone housing tax credits, we hope to soon begin rebuilding 902 apartments for low-income seniors who desperately want to come home.

Insurance quotes are coming in at 400 to 600 percent over pre-Katrina rates. We are hoping a special insurance fund can be established. We are also hoping that HUD will award supplemental income to project-based Section 8 contracts for properties like these. If not, we will lack ample operating funds to open.

I thank you for your commitment to extend the placed-in-service date of the tax credits. It will make the market less skittish, increasing the possibility that many of our seniors and their children and their grandchildren can come home. Providence, with our partner Enterprise, is working on a plan that would phase the redevelopment of the Lafitte Public Housing Complex. We are anxious to have residents return as soon as possible.

Last Thursday night, I attended a public meeting on the historical value of these buildings. Miss Johnson, a member of the Lafitte Resident Council, asked if I would call her the next day, and so I did. She asked me who all the people were at the meeting. She had never seen many of them. I explained that many of them were preservationists, and she said that they did not represent her. She wanted to come home as soon as possible, but she also wanted new homes and apartments for her family and friends like the ones voted on in September at our week-long home planning charette with 200 of her fellow residents. She did not want old obsolete apartment buildings, but instead new singles and shotgun doubles that were both apartments and homes. She wanted new apartments that were larger and had more bedrooms and space for the children.

I was shocked when a leading local preservationist told me recently that a resident's view or a resident's vote should not matter since they were only renters.

I further explained to Miss Johnson that we were advocating for a phased redevelopment where a large number of apartments would be open immediately for those who wanted to come home right now. Redevelopment of the new homes would then begin on the other unoccupied blocks. I reminded her that when complete, there would be a one-to-one replacement of all 900 subsidized units plus 600 new homes for first-time homeowners on the site and in the surrounding neighborhood.

I asked Miss Johnson, based on her knowledge, how many families wanted to come home today. She thought between 300 and 400—"It is probably closer to 300." This is the same number that our resident outreach staff has estimated. The Times Picayune, our local paper, has said it is a question of building it right or building it fast. I do not believe that it is an either/or proposition. I believe a phased redevelopment with full replacement is not the middle ground but rather the right ground. It allows residents to come home today while also allowing the building of healthy, diverse, vibrant communities where families and children are safe to dream dreams that can come true.

Since my early days in the Superdome, we have been blessed by so many across the country who have reached out to assist us. We are most grateful for the support and funding received from Congress. Sadly, the clear majority of these billions have not gone to the rebuilding of our homes. A Gulf Coast Housing Trust Fund, additional low-income housing tax credits, increased CDBG moneys, a large supply of project-based Section 8, permanent supportive housing vouchers and more funds for public housing will all be needed if we are going to truly provide the opportunity, the right for all our citizens to return.

Katrina has taught us that to be successful, we will need a spirit of humility and collaboration. If we focus on the suffering victims of Katrina whom we have been called to serve, then God, who loves these families infinitely more than we do, will bless our efforts together. My gratitude to this committee for all you have done, and will do, for the good and brave people of Louisiana.

Thank you.

[The prepared statement of Mr. Kelly can be found on page 316 of the appendix.]

The CHAIRMAN. Next, we have someone whose voice does count here no matter what your preservationist friend thinks because she is a resident, and had been a resident of public housing, and we are grateful to her for sharing her views with us. Ms. Julie Andrews, who is a spokesperson for Residents United, and a public housing resident. Ms. Andrews.

STATEMENT OF JULIE M. ANDREWS, SPOKESPERSON FOR RESIDENTS UNITED AND A PUBLIC HOUSING RESIDENT

Ms. ANDREWS. Thank you, Chairman Frank, Subcommittee Chairwoman Waters, and everyone who is here today to hear our testimony. We are Residents United—the residents of New Orleans public housing. We need to come home in order to rebuild our cities, to embrace our communities, and to raise our children who are being victimized in other cities.

As displaced people, other poor and oppressed communities feel we are taking something away from them. Their actions toward us show this daily. We need to come home. When Mayor Ray Nagin said, "Citizens, come home", we thought we were citizens also. Many people who were shipped across the country came from far away with what little they had when they heard the Mayor's message, and we are again displaced.

Over 60 percent of the city properties remain damaged from Hurricane Katrina. However, the majority of the livable units are in public housing, and yet these units remain fenced off and boarded up by the Housing Authority of New Orleans and HUD. While other citizens were allowed to salvage their personal belongings, our possessions were stolen and vandalized because we were not allowed back.

Citizenship is not based, and should not be based, on homeownership. We are citizens, too. Employment opportunities right now are very great in New Orleans. It is very hard to work in a city where you don't have a home to live. While billions of dollars are given to contractors to pay employees who come from other States and to house them in hotels, the Sheraton, the Marriott, all over New Orleans, we, the working poor of New Orleans, are unable to come home, yet we are willing, we are ready, and we are able to come home so we can rebuild our cities and our lives just as our ancestors did years ago.

When opportunists come to New Orleans to exploit our livelihoods with their visions of what the new post-Katrina city should be like, and should look like, they "sour the gumbo." We make New Orleans what it is. The housing developments—the B.W. Coopers, the C.J. Peetes, the Guste, the Iberville, the St. Thomas, the Florida, Fischer, Saint Bernard, the Lafitte, the Desire, and the scattered sites all across New Orleans—we make New Orleans what it is. We house over 5,100 families, and that is after the continued failure of the Housing Authority of New Orleans. Today, many of these units are livable, yet we are still locked out.

We would like to work with you to bring our residents home. We are organized and we are asking that you join us to open all public housing units. At this time the rich are getting richer and the poor are becoming more oppressed and victimized by the vicious plot to eliminate low-income people in New Orleans. Most of us are people of color and we don't appreciate this at all. It is discrimination, it is an abomination, it is a sin for this to be happening to people in this country that most people call great.

It is also an abomination to attempt to replace one race of people with another for the sake of economic gain. The housing developments have been a safety net, protecting us against hurricanes, and providing us with a community when no one else wanted us in theirs. When they say, "We don't want those project people here, don't give them Section 8; we don't want them to live next to us", that means they don't want our little Pontiac next to their Cadillac. We know the hurt of that because we lived it there. Our people want to come back to our communities, and we need this now more than ever.

As displaced victims, our seniors are being denied a full range of medical services, our children are being denied a safe haven for

education, and we are being denied jobs. We want to come home. Without this population of people, our communities remain desolate, our schools remain closed, and our businesses suffer, as so many people have testified here today before you.

The cause and the cries of our people are deafening. We need to come home. To be displaced in this wealthy country is an embarrassment to our government. The message that we are getting is that America does not care about us. While the war in Iraq is going on and billions of dollars are being spent there to restore the damage that this country caused, how can we not take care of what is going on right here in our home in this country?

We, as citizens of the United States of America, deserve the right to return to our homes in New Orleans, to our culture, to our heritage, to our communities, to our families, and to our jobs. We want to come home. We have been working diligently to stay in contact with our residents and to contact even more residents on a daily basis. As I must reiterate, their cries are—it is just—it is hard to bear; every day people are calling and talking about the discrimination and the rejection and the things that are happening to them in these other cities. It is just really—it is really hard. We pray that you will work with us to provide a venue for our people to return to their homes. Our people have a dream that one day they will say, "Home at last, home at last, thank God almighty, we are home at last."

HUD testified that they want to make things better for us. This is not the time. We have people who are suffering, and this is not the time. Help us bring our people home. Thank you.

[The prepared statement of Ms. Andrews can be found on page 160 of the appendix.]

The CHAIRMAN. Thank you, Ms. Andrews.

And next Ms. Margery Austin Turner, who is director of metropolitan housing and communities for the Urban Institute.

STATEMENT OF MARGERY AUSTIN TURNER, DIRECTOR, METROPOLITAN HOUSING AND COMMUNITIES, THE URBAN INSTITUTE

Ms. AUSTIN TURNER. Thank you for the opportunity to be here. New Orleans urgently needs to rebuild affordable rental housing or its redevelopment as a city will be stunted and it will be inequitable. However, neither low-income families nor the communities in which they live will be well served if affordable housing is rebuilt exactly according to the patterns of the past.

Before Katrina, New Orleans exemplified some of the worst failures of Federal housing policy, isolating too many low-income families in big projects that were earmarked exclusively for the poor and were mismanaged by a dysfunctional housing authority. These projects exacerbated racial segregation and isolation, they helped create concentrations of minority poverty and distress and they polarized communities along lines of race and class. Going forward, housing policies for the greater New Orleans region need to incorporate affordable housing in healthy mixed income neighborhoods and redevelop the distressed neighborhoods into opportunity-rich communities that welcome a mix of incomes, including families at the lowest income levels. These income mixing strategies cannot be

an excuse simply to displace low-income residents or to discard the communities that they have built.

In that context, I would like to highlight five broad recommendations that are specific to Federal programs and policy. My written testimony also includes some recommendations for State and local action.

First, the Low Income Housing Tax Credit Program should be used to expand affordable housing in healthy, opportunity-rich neighborhoods, not concentrated in poor or distressed communities, and as others have said, to ensure that a substantial share of the LIHTC units are affordable to households with very low incomes, the Housing Authority of New Orleans and other housing agencies in the region should project base a portion of their vouchers in these new developments.

Second, additional block grant funds and public housing resources should be used to start acquiring and rehabbing small rental properties and vacant single-family homes, bringing them back into active use, and making them available for occupancy by lower income households. This kind of scattered site approach has worked in other cities. It has the potential to spur neighborhood renewal while making homes available for low-income families who so desperately want to come back.

Third, the Housing Choice Voucher Program should be substantially expanded, potentially with higher payment standards to reflect current rent levels. Clearly New Orleans needs more rental housing production, but at the same time, even in the short term, vouchers can help. They can provide the resources many low-income families need to pay for housing that is at least closer to where they want to be than they are now, bringing them back into the greater New Orleans area to begin rebuilding their lives. From this perspective, a new administrator of the voucher program, independent of the housing authority, could substantially strengthen its impact, especially if it is ready to fight those fair housing violations that we heard about in the previous panel and convince more landlords about the need to participate in the program.

Fourth, public housing can and should be playing a much more constructive role in the city's recovery than it has been. We have heard what a troubled reputation public housing has in New Orleans, and residents are understandably distrustful of both the housing authority and HUD. Alternative receivership models offer the promise of bringing in an administrator for the Public Housing Program that is trustworthy, independent, and can be relied on to start bringing the salvageable public housing units back online quickly while also pursuing longer-term redevelopment strategies.

In that framework, HOPE VI and other public housing development funds could ultimately be used according to the best practices that are emerging in other places across the country. HOPE VI is very controversial. It has not always been implemented well and it hasn't always been implemented in a way that protects the interests of the original residents, but it can do better. We are getting experience from other places around the country about how effective leadership and respectful genuine resident involvement can produce mixed income communities that really provide choices for low-income families and protect their interests.

Rebuilding New Orleans is the housing and urban development challenge of a generation. No city operating on its own could tackle this kind of challenge that New Orleans faces today. In his September 2005 address from Jackson Square, President Bush promised that we would do what it takes to help citizens rebuild their communities and their lives. If this pledge is to be any more than empty rhetoric, the Federal Government must show much greater ingenuity and leadership than it has to date.

Thank you.

[The prepared statement of Ms. Austin Turner can be found on page 385 of the appendix.]

The CHAIRMAN. Thank you. Next Ms. Judith Browne-Dianis, who is the co-director of the Advancement Project.

STATEMENT OF JUDITH A. BROWNE-DIANIS, CO-DIRECTOR, ADVANCEMENT PROJECT

Ms. BROWNE-DIANIS. Thank you, Chairman Frank, for the opportunity to speak, and I would also like to specially acknowledge Ms. Waters for all of the wonderful work she has done to try to reach a resolution around the public housing issue. My name is Judith Browne-Dianis, and I am co-director of the Advancement Project, as well as counsel for the public housing residents in New Orleans in their lawsuit against HUD and HANO.

I am here on behalf of my clients, the more than 4,000 African American families who remain displaced from New Orleans more than 17 months after the storm because of the Federal housing response which was to lock them out of their homes and prevent their return to New Orleans. Today joining me are residents of New Orleans's public housing who are wearing orange shirts that represent the bricks that are sturdy and strong and still standing in New Orleans. They traveled here as representatives of their families, neighbors, and friends, in urging you to support their immediate right to return.

Prior to Katrina, there were 5,100 families living in public housing. On August 29, 2005, these families were ordered to evacuate. Like thousands of other evacuees, they expected to return when the mandatory evacuation was lifted. Their expectation was reasonable; most of their homes sustained little damage. Today most of these families are still waiting to come home and they want to return.

Congress recognized that this is a crisis, not an opportunity. Congress directed HUD to preserve to the extent possible all public housing in areas affected by Hurricanes Katrina and Rita. Moreover, Congress appropriated funds for this mandate, permitting fungibility between public housing and voucher funds through Section 901 of the December 2005 supplemental bill. HUD has, for the most part, ignored Congress and, in fact, has done the exact opposite.

In its initial assessment after Hurricane Katrina, HANO determined that Iberville, C.J. Peete, Lafitte, and B.W. Cooper experienced minor to moderate damage. Saint Bernard, Florida, and Desire sustained some severe damage. HANO announced that they intended to clean, repair, and open Iberville, C.J. Peete, B.W. Cooper, and Lafitte. That was their first assessment, but it has been a mov-

ing target. As the one-year anniversary of Katrina approached, the promises remained unfulfilled and appeared to be retracted. During the following months, HANO boarded up and fenced off several developments. These were developments that they had no plan to redevelop prior to Hurricane Katrina.

Then, HUD made known its objective. On June 14, 2006, Secretary Jackson announced a plan to demolish four of New Orleans' largest developments with more than 5,000 units among them. The plan would constitute the largest demolition in the City's history, destroying 70 percent of New Orleans public housing stock, which totaled 7,100 units.

HUD said now that, in fact, the damage was moderate to severe, despite the prior acknowledgment that there was only minor water damage and many could have been habitable again once repaired. Today, I heard them say that they are beyond repair, again a moving target of excuses.

Further, HUD and HANO moved forward with plans of redevelopment, despite the fact it is much cheaper to repair units than demolish and rebuild them. The justification proffered for the demolition is questionable. Documents obtained from HANO indicate that HUD and HANO misled the public to justify their plans.

Officials drafting talking points for their plan about Lafitte, William Thorson, who is the receiver of HANO, a HUD employee, recommended that the staff take photos of the worst of the worst, pictures are worth a thousand words, and to check the presence of lead, apparently not to evaluate safety but to justify its demolition plans, even though they knew that the per unit cost of repairs is relatively low. This is in their documents.

Thorson also directed staff to use scare tactics by using news articles about murders at another development, with the idea that reopening Lafitte as before would create another Arborville.

In another instance, HUD admits that the interior damage to C.J. Peete was minimal, and overall it was moderate to the building, but makes note that the vacant property has become a prime location for retail and residential development.

HUD's plan is clearly not about the habitability and the cost of repairs, nor is HUD concerned about the immediate affordable housing crisis or the despair of displaced survivors of Hurricane Katrina. Many observers believe this is about race, class, and prime land.

At the anniversary of Hurricane Katrina, they announced that they would open 2,000 units. They moved that—by August, they moved that date back to September. They moved that date back to December. Here we are in February, 2007, and only 1,100 units have been opened.

By law, they are required to consult with residents of public housing. To date, they did not do what they were required. What they did was hold one public meeting with all residents of public housing, and, in fact, the documents show that they didn't want to do that.

Our experts say these buildings are habitable. Our experts say that replacement with contemporary construction would yield buildings of lower quality and shorter lifetime duration. The original construction methods and materials of these projects are far su-

perior in their resistance to hurricane conditions than typical new construction.

We ask that you help us to return our clients to their homes. Right now is not a time for redeveloping. There is no housing available, the vouchers can't be used, there are no vacancies, the rents are sky high, and the people want to return.

[The prepared statement of Ms. Browne-Dianis can be found on page 180 of the appendix.]

The CHAIRMAN. Mr. Baker, who had been very diligent, did have a 5:30 appointment he had to go to.

Next, the final witness is Martha Kegel, the executive director of UNITY of Greater New Orleans.

STATEMENT OF MARTHA J. KEGEL, EXECUTIVE DIRECTOR, UNITY OF GREATER ORLEANS

Ms. KEGEL. Thank you very much, Chairman Frank, and members of the committee. Thank you for inviting me to testify today on behalf of the most vulnerable victims of these disaster.

I represent a collaborative of 60 nonprofit and governmental agencies that provide housing and services to people experiencing homelessness in New Orleans and neighboring Jefferson Parish.

Almost 18 months after the catastrophic levee failures, the housing situation for the most vulnerable, poorest people in New Orleans is bleak and indeed desperate. We estimate, based on accounts from our agencies as well as outreach workers, that there are a minimum of 12,000 people who are literally homeless on any given night in New Orleans. Those people are living in abandoned housing, on the street, in cars, and in housing designated for the homeless. Many of them are elderly, and many of them are people with severe mental and physical disabilities.

Before Katrina, we did not see people over the age of 65 living literally on the streets or in abandoned housing. Now it is a very common instance for our outreach workers to find people in their 70's and 80's living in abandoned housing in New Orleans because of the extreme lack of affordable housing.

There has been a crisis of mental illness overtaking the city as people are struggling with depression. There has been a crisis of substance abuse taking over the city as people cope with the very uncertain, anxiety-producing conditions, and those conditions are affecting the homeless population in particular.

So you are dealing with a very vulnerable population of homeless, and I am not even counting the untold thousands of people who are at great risk of homelessness because they are paying unaffordable rents. Rents have skyrocketed in the tight housing market since Katrina.

We have families now not just doubled up, but tripled and quadrupled up, because of the scarce housing. We have people who are living in housing that has no utilities, no kitchen, and no bathroom.

So I am not even counting those people in the 12,000, nor am I counting the people living in FEMA trailers, and I am not counting the people who are calling our agencies on a daily basis begging to come home, but that cannot find affordable housing.

We decided very early on that the most vulnerable people must not be left behind in the recovery of New Orleans, and we have dedicated ourselves to that cause. And so for that reason we joined together with the National Alliance to End Homelessness and many partner local, State, and national organizations to create the Louisiana Supportive Housing Initiative, specifically for the most vulnerable victims of this disaster.

To the State's credit, they have included a 3,000-unit goal for permanent supportive housing in the Louisiana Road Home plan. That is one of the most progressive policies embodied in that program, and we are very proud of that and proud that it is a central feature of that program.

As you know, permanent supportive housing is an evidence-based practice for people with disabilities who are homeless or at risk of homelessness. It combines affordable apartments with supportive services right onsite so that people can become stable tenants and productive members of the community again. But in order to make this initiative a reality, we are going to need Congress's additional help.

First of all—I am going to be very specific—we need 3,000 tenant—I am sorry, 3,000 project-based rental vouchers. Because without those rental vouchers we have no permanent supportive housing. Without those rental subsidies the very people for whom this initiative was intended will not be able to get access to these units.

Secondly, we need more GO-Zone low-income housing tax credits. As you have heard, the number of affordable apartments that are going to be created by the GO-Zone low-income housing tax credits in Louisiana is only half of what was anticipated, and that is because HUD has taken a lot of those units for redevelopment of their own projects. It is also because the construction and insurance costs have skyrocketed far beyond anyone's anticipation.

We also are going to need additional acquisition funds earmarked for nonprofits and additional gap financing earmark for nonprofits so that nonprofits can develop some of this permanent supportive housing. If we want the most vulnerable people, particularly the chronically homeless and people with severe mental illness, substance addiction, other severe problems, to be able to have access to these units, we need the nonprofit organizations that are most dedicated to these populations to be able to build the housing.

So I thank you so much as a New Orleanian for your commitment to rebuilding our city and to make it a more inclusive place that provides a home for everyone.

Thank you.

[The prepared statement of Ms. Kegel can be found on page 312 of the appendix.]

The CHAIRMAN. I thank the panel. This again has continued to be of great use, and I guarantee you that we are writing a bill as we listen to you.

I am going to turn now to the gentlewoman from California. I am going to waive my 5 minutes and turn to the gentlewoman, who is correctly identified by Ms. Browne for the leadership role she has been playing.

Ms. WATERS. I have so many questions, but let me start with that first witness from Enterprise, who testified about Lafitte.

You have been advancing the idea that you could do phased redevelopment at Lafitte and that you have acquired some 200 properties in the area and that you can provide the kind of social services of a model type program that will assist residents in getting jobs, job training, health care, and all of that. Some people are asking why you chose Lafitte. That is the best of the housing project properties and with the least damage and that is the one where we could return the most people at this time. Why did you choose Lafitte?

Ms. KOO. Thank you, Chairwoman Waters.

Development is place-based and you have in this situation a very important first experiment, where the success will show that it is workable, restore hope and people will continue to invest in New Orleans, and if you fail, will forever doom the development community and investor confidence.

We chose Treme as the community to put our attention to partly because it is the historic neighborhood of African Americans. It is located outside of the French Quarter, with easy access to employment opportunities, and it is on relatively high ground. It took water, but it didn't take 12 feet of water.

Ms. WATERS. How many units would you lose in this phased redevelopment in the actual housing project boundaries as we know it, not counting the 200 units that you are talking about outside of the project area?

Ms. KOO. We are proposing to reduce the density so that there will be about 600 units, 5- or 600 units back on site; and then we would have about—

Mr. WATERS. How many are there now?

Ms. KOO. 856.

Ms. WATERS. How many would—

Ms. KOO. Then the offsite will take on all the one-for-one replacement plus 600 new additional first-time homebuyers' homes using a lot of the blighted lots currently existing in the neighborhood of Treme.

Ms. WATERS. You stated that you had talked with residents. You went to Dallas? Houston? Where did you talk to these residents?

Ms. KOO. I will defer to Jim, but we held week-long trips back in September, I believe, and then subsequently took a trip to Houston.

Mr. KELLY. That is correct. We have reached by phone, by survey, and by direct contact, approximately 700 of the residents.

Ms. WATERS. You are saying that these are predominantly African American residents—

Mr. KELLY. Absolutely.

Ms. WATERS. —who have—in what is a historical area where they are saying they are willing to support a project like Enterprise is proposing?

Ms. KOO. Yes.

Mr. KELLY. As I mentioned in my remarks, in a phased development where people can come home first and then you can do development after that. So it is a both/and, it is not an either/or. Let the residents come home—if there is 3-, 400, let them come home and then do phased development on the other properties.

Ms. WATERS. Let me ask our resident who testified, Julie Andrews, about the development that is being described by Enterprise where they are representing that they have talked to residents, that they will make it a better community with all the services to go along with it, etc., what is wrong with that?

Ms. ANDREWS. This company came in by night. If they have a real interest in bringing the residents home, not just 2-, 3- or 400, let all of them come home and let them continue to work with each other to plan their own communities.

Ms. WATERS. So what you are saying is that you don't support phased development. You would allow everybody at Lafitte who wanted to return—even if it was beyond 3- or 400, 500, 600, everybody who wants to come home should be able to come home and return. And what do you say about development, period? Are you saying that there should be no development on the Lafitte site?

Ms. ANDREWS. There should be no demolition. Development, we need our people home now before they die. After the residents come home and we have exhausted the lengthy waiting list with the Housing Authority who have been there for over 10 years, then we can talk about de-densifying the developments. But there is an urgent need for housing in New Orleans, and until you open up the housing developments, you are going to constantly hear the cries of just renters who cannot afford housing because the vouchers are demanding high rents in New Orleans. We need the developments open.

Ms. WATERS. Let me ask our representative Ms. Browne from the Advancement Project, has HUD cooperated with you in helping you to know where all of the residents are so that you can talk with them? They claim that they are contacting them and that they are coming up with the numbers who want to return, who don't want to return. You have no way of verifying that. What do you need from HUD in order to do that?

Ms. BROWNE-DIANIS. In order for us to speak with our clients, we need the information about where our clients are to get their current contact information.

We also would like to do a survey that would be a survey by a third party that would be agreed upon, that would be trusted by residents so that they could be contacted to find out whether or not people want to come home and when they would come home. But we have not received any cooperation from them in providing information about the clients' whereabouts.

Ms. WATERS. Finally, do you agree that bringing everybody home who wants to come home, and not moving forward with any phased development until you have an opportunity to talk with the residents, to get them involved and see what their ideas are about the future of these public housing developments, is that what you are recommending?

Ms. BROWNE-DIANIS. That is what we are recommending. That is how it is done in other cities. They don't use a disaster as an excuse, but the residents have to be at the table so they can figure out what their future is going to look like.

Ms. WATERS. Would you include in the definition of the residents not only those people who are returning but those people who are on the waiting list, who have been waiting to get into public hous-

ing that has been boarded up and not in use? Would you consider that it would make good sense to open up—repair those units, open it up, reduce that waiting list, and then let's talk?

Ms. BROWN-DIANIS. Yes. There are, I think, about 6,900 families who were on the waiting list for public housing units, another about 11,000 that were on the list for Section 8 vouchers, and they should be given places, in addition to which we can't ignore the fact there may be more families who are in need of affordable housing than there were pre-Katrina.

Ms. WATERS. Thank you very much.

The CHAIRMAN. The gentleman from North Carolina.

Mr. WATT. Thank you, Mr. Chairman.

Ms. Browne-Dianis—

Ms. BROWNE-DIANIS. Browne is fine, Mr. Watt.

Mr. WATT. I am looking at page 4 of your testimony and just want to get the source of the information. Actually, I guess you indicate that the source is HUD.

Ms. BROWNE-DIANIS. HUD, yes.

Mr. WATT. HUD has estimated that the cost to repair Lafitte is $20 million. The cost to completely overhaul the development is $85 million. The estimated cost for demolishing and rebuilding Lafitte is $100 million.

Ms. BROWNE-DIANIS. Yes. Those are all HUD's numbers.

Mr. WATT. That is their numbers.

Ms. Koo.

Ms. KOO. Yes, sir.

Mr. WATT. What is the projected cost of your development?

Ms. KOO. Our development includes more than replacing one-for-one but introducing—

Mr. WATT. I didn't ask that. I just asked you what the cost of whatever it is you are proposing.

Ms. KOO. It would be around $180 million in all.

Mr. WATT. The minimum cost to HUD would be $20 million, and if they did—your plan would be $180 million.

Ms. KOO. HUD would only contribute about $15 million into the development because of the leveraging factor.

Mr. WATT. What would be the development timeframe for your development?

Ms. KOO. With phased development, our proposal is to bring residents home to a section of the site and then leave some room for staging and immediately begin building on half of the site. The infrastructure underground is—

Mr. WATT. Ms. Koo, you are following the HUD theory of answering now.

Ms. KOO. Okay.

Mr. WATT. Please just answer the question that I ask you, if you don't mind, because I don't have time, understand?

Ms. KOO. Yes, sir, I understand.

Mr. WATT. What would be the timeframe for your development?

Ms. KOO. Within 9 months, there will be off-site replacement housing available; within 12 to 15 months, we would see the first beginnings of the permanent new units onsite.

Mr. WATT. Ms. Browne, how long would it take to do the $20 million repair?

Ms. BROWNE-DIANIS. Although I am not a developer or an architect, our architect has said that basically what needs to be done in Lafitte, especially, since the first floor units were the only ones that received flooding, is to get the baseboards done, and get new flooring, paint jobs, and mold removal. They say that for each unit—I can't give you the estimate, but it probably would take them 3 months to do it.

Mr. WATT. Ms. Koo, have you included in your development cost, the cost, $180 million, the cost of continuing to pay for all of these residents wherever they are scattered throughout, or is this development cost that you are talking about?

Ms. KOO. No, that would be HUD's responsibility.

Mr. WATT. So that is not included in the $180 million that is your development cost. That cost of continuing to pay for hotel rooms or other things would be in addition to the $180 million.

Ms. KOO. That is correct.

Mr. WATT. All right. I am just trying to get a better feel for—so we have 3 months rehab time versus—well, I don't know, what would it take? You have a phased development. What is the—over what period is the entire phasing going to take place to get the 400-some residents back, as opposed to 600-some residents back?

Ms. KOO. The entire phase will include 1,600 units that would cost $180 million, and we project completion by 2010 and—

Mr. WATT. So 2½ more years.

Ms. KOO. For the whole 1,600 units. But because the phased development—

Mr. WATT. When you have done all of that, how many of the public housing residents are back in this facility if they choose to do that?

Ms. KOO. There will be one-for-one replacement. Up to 900 public housing units will be rebuilt as part of the 1,600.

Mr. WATT. Some off-site.

Ms. KOO. Some off-site on single family lots.

Mr. WATT. How many off-site and how many on the Lafitte site?

Ms. KOO. Perhaps half-and-half.

The CHAIRMAN. I thank the gentleman.

I am just going to ask a question but also make a plea to all my friends who are developers—I work with them—but when we talk about replacement housing and phasing, can we see a project in which Phase I is new housing and then start moving people? I am waiting for where the first phase is the creation of additional units. Because we can talk about minimizing the displacement, but I will give a prize, within the ethics rules, which will make it pretty cheesy, to anybody who will come up with a plan for phased development in which Phase I is additional housing for low-income people and then we can start doing the other staff.

Yes, Ms. Andrews.

Ms. ANDREWS. Chairman, currently, we have several housing developments that have space already leveled to build that additional housing. We need additional public housing units on Desire, on Peete, and on Guste, which is under construction, Imperial Drive. Of course, some of the others, because of Housing Authority neglect, are gone.

But what I hear today, when you talk about leveraging moneys to build developments, you start getting into private management. It does not work. It is not effective for the people. It only makes the rich richer and the poor more dependent.

The CHAIRMAN. I think we need a mix. I do want to—

One of the things that ought to come out of this is that public housing is a good thing. People live there voluntarily because it is better than anything else they can get, and we should reverse the tendency that we have seen, including the President's current budget, which makes severe cuts in public housing.

We build these units—society built units that were too dense in the first place, and then it didn't provide any services for people who live there, and then they gave too little money to the people running the place. So—big surprise—they became run down. Then we blame people for living in rundown places that we built and helped run down. Let me get in the spirit of New Orleans: Quelle surprise.

What we have to do now is to recognize that we can do public housing well. I think it would be a mistake to rule out some private housing. We have the people at NHP here. Mr. Mehreteab and his organization maintain some very good units in my area. There is a mix.

When we talk about leverage, we talk about finding ways that we can make the public money go further by combining it with some private money; and I think that can be—if it is done right—be beneficial.

Yes.

Ms. ANDREWS. I am sorry to hog the microphone, but the Guste highrise in New Orleans is a perfect example of how resident management works. We have worked hard over decades of time to have this happen, only to have these people take it away.

The CHAIRMAN. Ms. Andrews, first of all, I may be older than I look, but the first resident management public housing, I believe, in the United States was Bromley Heath in the City of Boston in 1969. I was the assistant to the mayor of Boston, and I continue to be in touch with the people where we did that.

I agree with that, but I think you can go along with it with other factors. But I just—you say that there is vacant land now to build some housing. I agree with that, and we should build some housing, and I want to tell everybody, let's build the additional units we need as the first phase of this before we start moving everybody else out.

I will now go to the gentleman from Missouri.

Mr. CLAY. Ms. Koo, I am familiar with Enterprise's good work in my district to build strong, healthy communities. How will you bring this expertise there in rebuilding the Gulf Coast community and can you give me some examples of what a new development would look like? And please explain why you would use phased development.

Ms. KOO. Thank you, Congressman Clay.

Our approach is very simple. We look for local partners who could be on the ground caring for those units, perhaps working with residents to develop alternative management efforts involving

residents, as well bringing investors into supporting those developments.

I think Chairman Frank is right. If you want to build everything on Federal dollars, there is not ever going to be enough money to do it. Our success has been the leveraging factor, and the leveraging factor does not need to mean giving up mission. We have done it in many communities, in St. Louis, for example, where the very-low-income get to return and live in a better community than ever before because of support services.

The phased development approach is forced by the issue of not having enough money to do everything that we feel is the right thing to do. It will take a lot more resources, Chairman Frank, to build new units on the vacant land, to fix up existing units and to replace everything, and that can be done with your help, with resources, with leverage fund legislation, but in the spirit of doing the best with what we have using low-income tax credit, using foundation funding, which we raised $5 million from the get-go to increase the capacity of low-income housing providers and helping housing authorities like in Biloxi, Mississippi, and elsewhere to buy land and plan affordable housing.

We have a pipeline now of about 2,500 units that will come into service within the next 9 to 12 months. So we are encouraged by that kind of response and want to get your support to do more.

Mr. CLAY. You are actually talking about programs that you have tried, that have worked, that have been a collaboration of different interest groups that have come together.

Ms. KOO. Absolutely.

Mr. CLAY. Thank you for that response.

Let me ask, Ms. Andrews, Ms. Dianis, and Ms. Kegel, what has been the cooperation of local and State elected officials in New Orleans with your groups? Real quickly, if you could give me a description of what has happened.

Ms. ANDREWS. The Housing Authority of New Orleans is being, in their words, nonresponsive. The other agencies are being—they are ghosts. They are not there.

The CHAIRMAN. Ms. Andrews, am I correct that the Housing Authority of New Orleans is not a locally elected body? It is run by HUD, am I correct?

Ms. ANDREWS. Yes, it is.

The CHAIRMAN. The Housing Authority is a HUD agency.

Ms. ANDREWS. They are being also non-responsive.

The CHAIRMAN. Once again, quelle surprise.

Mr. CLAY. Ms. Turner, you may answer if you have an experience and go down the line.

Ms. TURNER. Clearly, the Housing Authority is HUD, and they are completely lacking in credibility among residents and other low-income households.

In addition, I think, the discriminatory responses of some of the parishes in the greater New Orleans area is another serious issue raised in the last panel that is undermining the ability of the region to recover and low-income families to return.

Ms. BROWNE-DIANIS. Locally, I think the thing that is happening is that this is a political hot potato. No one is talking about it. The mayor doesn't want to talk about it. The city council doesn't want

to talk about it. Local elected officials at the State level do not want to talk about this. Because this is a battle between their constituents and their money. So no one is addressing the issue. The silence has been deafening.

Mr. CLAY. Thank you for that response.

Ms. Kegel.

Ms. KEGEL. We were created as a public-private partnership so we have a good working relationship with Neighborhood One, which is the city government housing agency; and, also, in recent years, we have had a very good relationship with HANO, and we have enjoyed support from the LRA. But, having said all that, I can say that the population that I represent never seems to rise to the top of anyone's priorities. There are always competing interests and it is hard to get the resources that we need for the most vulnerable people.

Mr. CLAY. I thank you all for your responses, and I yield back my time.

The CHAIRMAN. The gentleman from Texas.

Mr. GREEN. Thank you, Mr. Chairman.

Let's talk for just a moment, if we may, about the 66,000 Asian Americans who are impacted by Katrina and Rita, 17,000 of whom are limited English proficient. My assumption is that there are some unique problems associated with trying to service this constituency, and I would like for some of you, if you would, to please comment on the problems that you have encountered.

I mention this because I am proud to see that the NAACP is here. I am a former branch president. But I now serve as a Chair of the Congressional Asian Pacific American Caucus Katrina Committee Task Force, if you will, and one of the things that we have noticed is that we have to really make it clear to people that Asian Americans have been adversely impacted by these devastating hurricanes.

So let's start, if we can, with Ms. Koo.

Ms. KOO. Thank you, Congressman Green, and we really appreciate your sensitivity on that question.

Asian Americans represent a largely immigrant community where language is a hardship. What is on their side is motivation and a determination to succeed. When I talked to some of the displaced members, they said, a hurricane is nothing new; we ran away from war and we rebuilt. In a sense, they were the least dependent on government and the least expecting government to help them.

In the instance of the Vietnamese American community in east New Orleans, within 6 months of the hurricane the entire community was back because they gutted their own homes and each others' homes. Through the work of Providence Community Housing and Enterprise we assisted them in filing an application for low-income housing tax credits to plan the first retirement community to serve the elderly in their communities.

But they do need a lot of help. They do not understand tax laws. They do not understand funding complexities. And in Biloxi, Mississippi, east Biloxi, displaced Vietnamese fishermen continue to search for a means of livelihood.

I personally understand, because there is a big Vietnamese community based in Houston, Texas, who are opening their homes and their hearts to displaced residents.

So, very quickly, it would be incumbent on all of us and government officials to make sure that language does not become yet another burden to the recovery efforts of these communities. We need to be very sensitive to small business loans and to help the small venture capitalists to start up, whether it is growing vegetables in the market, or opening their restaurants back up, and housing is fundamental and key.

So our effort in New Orleans will include working with that community. Thank you for your inquiry.

Mr. GREEN. Thank you.

Mr. Kelly, would you like to respond.

Mr. KELLY. I would add that we provided a tremendous amount of case management support services to and with the Vietnamese community, and we have also helped them form their own CDC as they try to ratchet up and do more housing in the future.

Mr. GREEN. One final question, and this one will be for Mr. Johnson. Mr. Johnson, you referenced a city that has an ordinance that requires persons to lease only to relatives. Is this correct? Who is it—

The CHAIRMAN. Mr. Perry in the previous panel. That was Mr. Perry in the town of Saint Bernard Parish.

Mr. GREEN. As he is not here, I will yield back my time.

The CHAIRMAN. Next is the gentleman from Missouri, Mr. Cleaver.

Mr. CLEAVER. Mr. Johnson, one of the requirements of Federal statutes with regard to community development block grant is that HUD is to hold public hearings in areas prior to spending of CDBG dollars, and I am curious, based on some of the comments I have heard from some of the activists, whether or not those hearings have in fact taken place.

Mr. JOHNSON. The requirement to hold public hearings was relaxed when the 2005 supplemental bill was passed. It allowed the State officials to create a public comment period to determine and allow the community to have input.

During the first public comment period, we were able to organize individuals, sending over 3,000 letters objecting to Phase I of the use of the CDBG funds, which completely excluded home renters, senior citizens on fixed incomes, and the disabled community. That was completely ignored.

We followed that up with a meeting with HUD and also providing them with those same letters suggesting that they should not waive the requirement that funds be used for low- to moderate-income individuals, and that was also ignored.

It was not until the anniversary of Katrina and with the media frenzy that came to the State that it was recognized that only 75 checks had been issued from the State of Mississippi and contracts had gone to lawmakers, a particular State Senator, that they began to expedite the process and increase the amount of money awarded to homeowners and they finally began to get checks out of the door. And it wasn't until after the election that they created a Phase II.

Mr. CLEAVER. So there were no public hearings.

Mr. JOHNSON. There were no public hearings.

Mr. CLEAVER. I don't recall—I will check when I get back to the office—that when we approved the money for Katrina that there was—I don't remember anything related to a relaxation of the requirements for a public hearing, which I will check, and in cities there has to be a major public hearing before the annual community development dollars are voted on by any city council. I remember specifically asking the question of the Secretary of HUD, sitting in the exact chair where you are sitting, whether or not we were going to have a public hearing. I was assured that we were.

When Chairwoman Maxine Waters took her committee to New Orleans and Louisiana, I asked the question of the HUD representative at the meeting whether or not there were going to be public hearings. He told me yes. And, as I suspected, you are saying that didn't happen.

Mr. JOHNSON. Only a public comment period, not a hearing.

Mr. CLEAVER. Thank you.

My other concern—the gentleman isn't here. He raised a question today about public housing, and he didn't live in it, and he didn't understand why people wanted to go back to the way it was, and he failed—and I am talking to myself now—he didn't understand that people don't trust HUD, and it has nothing to do with going back to things the way they were. People don't trust HUD, and I don't think they should trust—I mean, the Federal Government is not trusted.

In 1991, there was a decision made to build a Capitol Visitors Center, and the cost was $79 million, and there was a $200,000 initial allocation to study the project. That was in 1991. In 2000, the construction started. At that time, it was about $300 million, and today it is still not finished, and the cost is $560 million.

So when somebody tells me, as I was told by the gentleman today from HUD, that we will have the new development in 2 years, I don't put my tooth under the pillow anymore, because I don't think the tooth fairy will deliver, and I don't think that HUD is going to deliver, either.

I am speaking out of frustration. The gentleman is gone who raised the issue, but I understand your frustration as well.

And it seems to me, Ms. Browne-Dianis—anybody can answer this question—the problem with HUD running the Housing Authority has to be addressed, because you can't expect the agency that has failed, to unfail. And it seems to me that if we are going to try to really address this problem that one of the things that must be fixed quickly is either a receivership or the Housing Authority—and you probably won't like this part—will have to be turned over, as it is in most cities, to the mayor. Because—

Listen, I am just telling you the way it happens. But the problem is, if you are saying that HUD—that you don't trust HUD, which I don't either, especially under the current arrangements, then we have almost an insolvable problem expecting somebody to fix the problem who helped break it.

I am finished.

The CHAIRMAN. As we move on, the gentleman from Minnesota, one of our new members has been patient.

I will just make two comments. His analogy to the Capitol Visitors Center is not complete to what we are talking about here because, for that to be complete, the people building the Capitol Visitors Center would have had to first move Congress to another location and promise us that we could move back when it was finished. We were smart enough not to subject ourselves to the promise that you will be able to come back when it is finished, that we think it is okay for poor people, but we don't buy that ourselves. That is one thing.

The other thing I would say is that when people cast doubt on why people would want to live in public housing—and we know we have waiting lists. I have always thought the greatest political wisdom, given the world of limited choices, was expressed by a philosopher named Henny Youngman in his very famous line, "How is your wife?" "Compared to what?" People are living in public housing and other people don't like it, well, compared to what?

I will say, to update that in recognition of my State of Massachusetts, I now personally say, "How is your husband?" "Compared to what?"

With that, I will now turn to my colleague, the gentleman from Minnesota. I do want to say we appreciate you staying. Frankly, it is somewhat unusual, 8½ hours after we started this, you still have a large number of Members of Congress here, and that is a promise to you that you have reached the top of our agenda. And this subcommittee, before the spring is over, will be bringing forward legislation responsive to what we have heard today. The gentlewoman from California will be chairing that in our subcommittee, so this is time that you will find is well spent.

The gentlemen from Minnesota.

Mr. ELLISON. Mr. Chairman, today my mission was to listen much more than talk. I really don't have any questions. I just want to express my appreciation to you and the gentlelady from California for your leadership in this area, but mostly I want to express my admiration and respect for all of you who have come here today to tell us what we really need to be thinking about in terms of addressing this situation involving Katrina.

I have said consistently that what started out at as a national disaster has ripened into a political disaster, and it shouldn't be that way. So stick to it.

I was in and out a lot today, but I was listening to every word, even when I was back in the other room, and I look forward to working constructively with you.

But I guess the one question I would have is, Ms. Andrews, I mean, I heard you say that HUD has been non-responsive. We have seen testimony today from HUD and other agencies. Do you have any suggestion as to—this might be a bizarre question, but you have been eloquent and thoughtful, and I thought I would ask you your opinion. Do you have any ideas as to what you might recommend to us to help break the logjam?

Ms. ANDREWS. Thank you, sir. I most certainly do. We need to again—well, I don't think it has ever happened, but we need to put in place a majority resident board of commissioners to run the Housing Authority of New Orleans. We need to put in place resident management across that City. We need to put in place other

CDC's and other venues where residents can do what they need to do without having other people come in and tell us what they want to do. We need that, and we needed that before Hurricane Katrina. And also now is not the time to tear down public housing. It is not the time. Let us go home, and then we will talk.

Mr. ELLISON. Mr. Chairman, I guess that raises another question for me. What would it take in order to achieve that which you propose, Ms. Andrews, in order to have that grassroots residence control over the matter? I suppose that would be a statutory change or could that be done—

The CHAIRMAN. That would be—the way it works, I believe, would be in the State law of Louisiana. There is a Federal law that creates public housing, but the composition of the various housing authorities is left to State law, with some Federal sort of overall guidelines. But, essentially, it a State law question.

Ms. ANDREWS. We have undergone many resident management trainings. I personally have two certifications for resident management. We have other people who are doing this as we speak. We didn't dedicate all our years to take these trainings to become dormant, to be managed by private management. Our people need, and our people need now. I know you heard my testimony. The peoples' cries are deafening. We can't survive like this. We need to come home. New Orleans can't survive. There will be no schools and no businesses if we don't go home.

Ms. WATERS. Mr. Chairman, if I may, I would like to make a comment here. We are going to come to New Orleans—we are going to be in the Gulf Coast region, and we are going to do Mississippi, also, but we are going to be in New Orleans, and we are going to visit public housing developments, and what I would like to have you participate in is the identification of units in the public housing developments that you consider the least costly to renovate.

I am asking you this because, normally, we would rely on HANO to take us around to the units. They are going to show us the worst ones. So I would like to have my colleagues, when they come, take a look at a fair representation of what is there. We know some are worse than others, and we know some are in better condition than others, and I just want to make sure that we are looking at it.

Also, I would like you to work with my staff to make sure we are looking at everything.

The CHAIRMAN. The staff of both the subcommittee and the committee will be in touch, and I just want to reiterate to all of you that you have our commitment that we plan now to act legislatively. Sometimes, you are not sure what can be done. A number of very important specifics have come in. Not everything is under our control. But a number of specifics are, and there are other areas where we can exercise influence, and I want to assure you that I think you can count on legislation coming out of this committee that will be responsive to many, although certainly not all, of your concerns, and we hope—we are pretty optimistic we will be able to get it through the House and work on it.

So we thank you all very much for giving us all of this time. It has been, I believe, to our mutual benefit.

And this hearing is, at long last, adjourned.

[Whereupon, at 6:30 p.m., the hearing was adjourned.]

A P P E N D I X

February 6, 2007

CONGRESSMAN JOE BACA ***(Statement to be filed)***
Financial Services Committee Hearing
Statement on "Federal Housing Response To Hurricane Katrina"
February 6, 2007

Thank you, Mr. Chairman. I thank the witnesses for joining us today.

It's been one year and a half since Katrina hit the Gulf Coast, yet many people are still struggling to rebuild their lives. Progress is moving along but New Orleans & the surrounding area continue to struggle with the pain of rebuilding.

The American people agree that more work needs to be done to restore the area. Still, we were let down once again when the President failed to even mention Katrina in his recent State of the Union address.

Today, New Orleans has only 30% of its child care centers, about half its public schools, 40 % of its restaurants, and just half of all the public transportation routes it had in place prior to Katrina.

Thousands of people are still living in trailers or with their relatives and families can't move into their neighborhoods because they have no homes to return to. Many evacuees are only just beginning to get their checks in the mail to rebuild their homes- one year after Congress appropriated it!

The recovery is taking too long. Relief must be accelerated.

The Bush Administration must stay on the job and restore the Gulf Coast economy. As a member of this Committee I stand ready and willing to do what it takes to help speed up the restoration. These families and children can't afford to wait any longer. They need our help now. Thank you for convening today's hearing, Mr. Chairman. I look forward to hearing today's testimony.

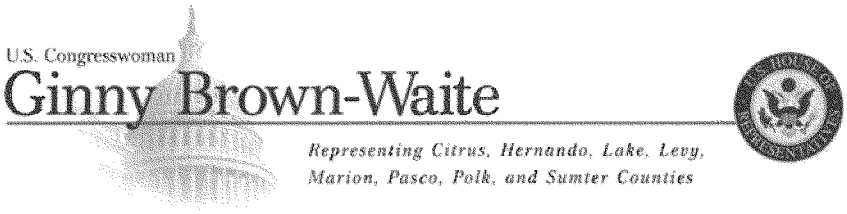
Opening Remarks of Representative Marsha Blackburn

Mr. Chairman, thank you for holding this important hearing. Thank you also to the panels of witnesses that will be before us today. Determining the effectiveness of the federal governments response to the housing crisis faced after Hurricane Katrina helps our country develop a more effective response for future natural disasters.

The devastation that Hurricane Katrina wrought personally affected my family in Mississippi and I saw firsthand the unimaginable damage of this natural disaster. Our thoughts and prayers are with the victims. As we focus on providing housing to victims of Hurricane Katrina, I look forward to examining the roles of the federal, state and local government and the interaction between them.

I also hope to investigate the effectiveness of the billions of dollars in federal aid that was spent throughout the Gulf Coast on relief and recovery efforts. The committee should also examine the speed of recovery in Louisiana and how going forward this process can be accelerated. In looking back, I also hope that we can develop a comprehensive strategy for the future of this region.

I look forward to hearing the testimony today from all our witnesses and look forward to working with the committee.



Committee on Financial Services Hearing
"Federal Housing Response to Hurricane Katrina"
February 6, 2007
Statement for the Record

Thank you Mr. Chairman for holding this hearing today.

Mr. Chairman, the tragedy of Hurricane Katrina still feels fresh in many minds, including mine. After going through eight hurricanes in less than two years, as Florida did, I can sympathize with the tragedy Katrina's victims have experienced, and my heartfelt prayers still go to those who lost so much.

Tragedies like that of Hurricane Katrina remind us that no matter how sophisticated America gets, we are still at the beck and call of Mother Nature. Just this weekend I toured central Florida, which as you know, was ravished by three unexpected, deadly tornadoes. At least 20 people are dead in Florida because of the tornadoes, and in my district alone over 1200 homes were damaged. One-hundred-sixty-four of those homes were completely destroyed and at least 500 homes are uninhabitable.

What still amazes me in these times of disaster is the swift responsiveness of the Florida government. Other than a few minor implications, in every natural disaster Florida's state, county and municipal governments, and even local neighborhoods, are prepared, organized, mobilized, and effective. And our residents take it upon themselves to be prepared also – they stock up on necessities before a tragedy strikes, they have escape routes and communication plans in place, and they do not rely on anyone else to take care of them, including their government.

We have uncovered many mistakes in the aftermath of Hurricane Katrina. FEMA lacked controls and oversight to prevent rampant waste and fraud, and many claim that the federal government's response was slow and inadequate. However, I hope today we also look at the mistakes of the local governments involved in Katrina and what they can do differently to protect themselves should disaster strike again. If we are on a witch-hunt today in this committee hearing, let us not be selective in which witches we persecute.

Thank you again Mr. Chairman, and I look forward to hearing from our witnesses today.

Opening Statement
Congresswoman Julia Carson
Financial Services Committee
February 6, 2007

Chairman Frank, Ranking Member Bacchus, thank you for holding this important hearing today. It is important that we examine the government's role in responding to the needs of the people after a catastrophic event like Hurricane Katrina to better prepare the country should another disaster of this magnitude occur again.

A lot has happened since the Hurricanes devastated the Gulf Coast in 2005. However, the Gulf Coast and the people that lived there are still in the same situation a year and half ago. According to Ms. Crowley's testimony, no less than 150,000 low-income evacuees are still displaced. Many are still waiting on money from insurance settlements, money from FEMA or money to be released from the states. It is not to say that the efforts of many, such as Catholic Charities and Volunteers of America, have gone unnoticed. These organizations have helped many clean their homes and also navigate the complicated bureaucratic system for assistance.

This hearing is designed to examine how the Federal government responded to this disaster. I believe the governments' mismanagement of the situation compounded the situation, making things worse than we could have imagined. FEMA would deny or terminate applications for assistance while there were no clear eligibility guidelines were implemented that would possibly explain some of the denied applications. Recently, a judge ordered FEMA to reinstate 18% of the households whose assistance had been terminated. However, many people did not reapply for FEMA assistance due to lack of confidence in the department's ability to handle their application. The FEMA hotel/motel program had to be extended twice and once by court order. This

clearly demonstrates that the department had almost no concern for those who had lost their homes and staying in the hotel or motels was their only shelter. It should be noted that FEMA has 33,000 people still living on assistance and approximately another 100,000 are living in FEMA trailers.

As most members of this committee are aware, we have had this hearing before. Not only have we held hearings, we have passed legislation that would have jump started the rebuilding process, but it was stopped by the Administration. Last year, we passed the GSE bill which included $500 million to be used for affordable homeownership and rental housing properties. Congress has appropriated close to $17 billion in CDBG funds to the various states affected by the hurricanes. This Congress has taken action to help the people that have had their lives uprooted, but progress is slow.

As plans continue to develop, we must stay focused on who they affect. HUD has developed a plan that would destroy 4,534 apartments in five public housing developments in New Orleans. Currently there are over 4,000 families that lived in public housing units that have been unable to return. If HUD's plan is carried out, the city of New Orleans would have lost close to 85 percent of its public housing in the past decade. Rebuilding the Gulf means rebuilding so that everyone who wants to go back can afford to return.

Once again, I thank the Chairman and Ranking Member for holding this important hearing and look forward to the testimony of the witnesses.

Cong. Garrett Statement for Katrina Hearing (2-6-07)

I would like to thank our panel(s) for their testimony and being with us here today and I would also like to thank out gracious Chairman for scheduling the committee's first hearing of the year on such an important topic.

Last year, I had the opportunity to visit New Orleans and have a first hand look at the ongoing recovery efforts. I toured some of the most devastated areas on foot, by bus, and by helicopter. I spoke to business, civic, and government leaders. I explored the problems of red tape encountered by the contractors who are working to physically rebuild New Orleans and other Gulf Coast cities. Mr. Chairman, I know there are still many ongoing problems in the affected areas and I look forward to continuing to work with my colleagues to see that the needs of the region are met.

Mr. Chairman, one thing I would like to focus my questions on today is some of the problems of waste, fraud and abuse of the money that Congress appropriated to the area. Currently, by my count, there have been at least 7 GAO reports detailing multitude abuses that have resulted in the waste of billions of taxpayer dollars. Just today, in an Associated Press report, I read that, "At least 162,750 homes that didn't exist before the storms may have received a total of more than $1 billion in improper or illegal payments."

The most unfortunate thing demonstrated by these reports is that the victims of the storm were clearly penalized a second time by waste, fraud, and abuse in the relief mechanisms set up to help them. It is a matter of trust and a matter of accountability and we owe it to the victims of the Hurricane to do better. We owe that to the hardworking American taxpayers who funded the relief as well.

There is no doubt that there is a lot of work still to be done – both in meeting the needs of the victims of Katrina and Rita and in rebuilding the infrastructure of the region. But we must make certain that the money that Congress sends to help these victims rebuild their lives actually gets to the people who need it most. Simply pouring money into the region without any controls for accountability and oversight helps no one.

Congressman Scott Garrett

February 6, 2007

Congressman Sires Opening Statement for Committee on Financial Services Hearing entitled, "Federal Housing Response to Hurricane Katrina"

Mr. Chairman, I want to thank you for your leadership in calling this hearing today. It is a shame that 17 months after Hurricane Katrina devastated the Gulf Coast region, the task of repairing homes and rebuilding housing in the region remains largely unfulfilled. But we are making progress today; by highlighting what still needs to be done. I am hopeful that all those affected by Katrina and, in particular, those who have yet to return home will be able to do so soon.

I do not need to spend a good deal of time today sharing the horrible statistics that describe the reality in the Gulf Coast Region. We all know that Hurricane Katrina devastated 90,000 square miles and made 770,000 people homeless. We know that nearly 300,000 homes were completely destroyed or made uninhabitable because of Katrina. And we know that the numbers of evacuees who have returned home is low, especially in the Ninth Ward of New Orleans where only 20 percent of these residents have returned home.

Many residents of New Orleans and other hurricane-affected communities long to come home, yet they cannot because safe and affordable housing is not available. The vibrancy of a community is tied to the residents who call it home. By bringing folks back home, the region will see an improved economy with more jobs, stronger familes, and more students who are ready to learn.

I look forward to hearing what our witnesses have to say, but I am specifically interested in learning what we, here in Congress, can do to bring the people and their communities back together. Thank you, Mr. Chairman.

GENE TAYLOR
4TH DISTRICT, MISSISSIPPI

COMMITTEE ON ARMED SERVICES

CHAIRMAN
SUBCOMMITTEE ON SEAPOWER AND
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STATEMENT OF REP. GENE TAYLOR

Federal Housing Response to Hurricane Katrina

Committee on Financial Services, February 6, 2007

Thank you, Chairman Frank, for calling this hearing. Thank you also for all the help you have provided to me and my constituents since Katrina.

The flood insurance buy-in bill that you and Chairman Watt drafted, to help homeowners who had homeowners insurance but not flood insurance, eventually led to the Mississippi and Louisiana homeowner assistance programs that were funded through the CDBG program. Although the House Republican leadership and the Bush Administration blocked our bill, Sen. Cochran was able to gain approval for homeowner assistance using CDBG funds.

The Mississippi program is very similar to our bill except that it took a year for HUD and the state to create and implement the new program. Our bill would have provided relief much more quickly by allowing homeowners to file flood insurance claims, up to the amount of their homeowners policy, that would be funded with disaster appropriations.

We are very grateful for the CDBG funds, but HUD and the state created a slow, bureaucratic, procedure where the situation called for expedited action. Homeowners had to wait and wait for assistance while the state tried to verify every detail with insurance companies, lenders, FEMA, SBA, and other agencies. Those companies and agencies did not have extra personnel or motivation to quickly verify each application. Homeowners should have been able to provide copies of their documents, sign affidavits, and then get their checks, with the clear understanding that any fraud would be prosecuted to the full extent of the law.

While the state was treating every disaster victim with suspicion, the Mississippi Development Authority, the state's economic development agency, saw no problem giving a contract to the State Senate Finance Committee Chairman and two other state legislators. I am sorry to report that the State Ethics Commission said it was okay for a state agency to award a contract to a legislator who has influence over that agency so long as only federal funds, and no state funds, are involved. I hope your committee will pass language to prevent that in the future.

In addition to the housing assistance grants, Mississippi is using the CDBG funds to build water and sewer infrastructure, to rebuild public housing units, to rebuild utility infrastructure, and to temporarily subsidize homeowners insurance in the state wind pool. While I agree that those are important needs on the Coast, I want to be sure that homeowners receive all the assistance they should get from the grant program. For that reason, I ask the committee to require full accountability in the grant program. There should be a list of who was paid and how much they were paid. These are federal tax dollars, so we need to know that they were spent fairly and appropriately.

Seventeen months after Katrina, South Mississippi's recovery is still delayed by the refusal of several insurance companies to pay fair wind claims. I wrote to Chairman Frank asking that the Financial Services Committee conduct investigative hearings about the denial of thousands of Katrina wind claims wherever insurers could blame flooding. I am very grateful that Mel Watt, Chairman of the Oversight and Investigation Subcommittee has scheduled a hearing for February 28. I intend to lay out the case at that time for a full investigation of the actions of the insurance companies and the engineering firms, adjustment firms, and other contractors they used to deny claims.

For thousands of destroyed properties in Mississippi, insurers assigned all damages to flooding covered by the National Flood Insurance Program and none to their own windstorm policies. The Mississippi Coast suffered several hours of very destructive hurricane winds before inundation by the storm surge. Insurers paid billions of dollars of wind claims inland, where they could not possibly blame flooding. In the 79 counties

north of the three counties on the Gulf, insurers paid more than 250,000 claims totaling more than $3.5 billion. Claims were paid in every county in Mississippi, as far as 300 miles inland.

Insurance claims data from the three Gulf Coast counties show that the National Flood Insurance Program and the Mississippi wind pool paid much more than did private insurers. NFIP estimates it will pay approximately 18,000 flood claims in the three Mississippi Gulf Coast counties for a total of $2.6 billion. That is an average of $142,000 per claim, where the average policy was $148,000. HUD will pay an additional $3 billion in CDBG funds to assist homeowners who did not have flood insurance.

I am convinced that insurance adjusters billed the flood insurance program for some damage that should have been covered by private wind insurance. Last year, Mr. Frank and Mr. Oxley helped make sure that I could offer an amendment to the flood insurance reform bill to have the Inspector General of Homeland Security investigate those claims. My amendment passed by voice vote. Although the Senate did not pass the flood insurance bill, Senator Lott was able to add that provision to the Homeland Security Appropriations Act. The Inspector General is required to report his findings by April 1.

Insurance companies have a conflict of interest when we allow them to decide whether to assign damages to the federal flood program or to themselves. The flood insurance program does not provide sufficient oversight to protect the federal taxpayers. The contract between NFIP and an insurance company requires an adjuster to represent the flood program as well as the insurance company. The federal regulations require the adjuster to make a proper adjustment, and apply the same standards to the flood claim as to the wind claim. That certainly did not happen in South Mississippi.

There is documented evidence of cases in which insurance companies or their contractors pressured engineers to revise their reports or ordered a second report if the first report concluded that damage was caused by winds. Once they learned they could not control all of the engineers, State Farm simply stopped ordering engineering reports. Instead, the

company sent a "Wind-Water Claims Processing Protocol" from its headquarters in Illinois instructing their adjusters to pay nothing on a wind claim if any of the damage could be caused by flooding.

State Farm used Haag Engineering and adjusters from E.A. Renfro to justify denials of wind claims. Both companies have a history of questionable actions, including a 2006 decision against State Farm's denial of 1999 tornado claims in Oklahoma. The Oklahoma jury found that State Farm acted with malice and recklessly disregarded its duty to act fairly and in good faith by employing Haag Engineering and E.A. Renfro. At the February 28 hearing, I will ask Mr. Watt's subcommittee to investigate State Farm, Haag, Renfro, and any other partners that conspired against consumers and taxpayers.

Later this week, I intend to introduce a bill to create a multi-peril insurance option to the flood insurance program. That bill will create a new program to provide wind and flood coverage in one policy. In order to be fiscally responsible and honor our commitment to pay-as-you-go budgeting, the premiums would be based on the actual risk with no subsidy. If this bill is enacted, property owners will be able to buy insurance and know that their damage will be covered. They would not have to hire lawyers, engineers, and adjusters to try to prove what damage was caused by wind and what was caused by water.

If insurance companies get away with placing the burden of proof on homeowners to prove that damage was caused by wind, I am afraid that many people will not evacuate the next time a major hurricane approaches the Gulf Coast. I have had friends tell me that they will stay behind next time with video recorders to document the damages.

There is an urgent need for a wind and water insurance policy for the 53% of American who live in coastal states. In recent months, insurance companies have cancelled wind policies in coastal areas from Massachusetts to Texas. In state after state, companies threaten to leave unless the state approves higher deductibles, higher premiums, and places the highest risk areas into state-sponsored risk pools.

I am grateful that Chairman Frank has committed to holding a hearing on the multi-peril insurance bill sometime in March. The bill would ensure the availability of wind insurance in coastal areas. It also would increase the reach of flood coverage among property owners who are at low to moderate risk of flooding.

I look forward to working with the committee on these important insurance issues.

Opening Remarks of
Honorable Maxine Waters, D-35th CA

Committee on Financial Services

Hearing "Federal Housing Response to Hurricane Katrina"

Room 2128, Rayburn House Office Building

February 6, 2007

10:00 AM

Good Morning Mr. Chairman and ladies and gentlemen. I would like to thank Chairman Frank for holding today's hearing on the "Federal Housing Response to Hurricane Katrina." This hearing is long overdue, because the victims of Katrina are facing an affordable

housing crisis and immeasurable human tragedy in the Gulf Region, particularly in the City of New Orleans.

People are suffering because many individuals and families want to return to the Gulf Region. However, there is very little if any affordable housing to which to return. The public housing stock was decimated by the storms, and its condition in many cases worsened by malignant neglect. The infrastructure is inadequate to support housing. Homeowners who want to rebuild are being asked to do the impossible. Many homeowners who have lost everything, and have yet to receive a dime from State authorities in Louisiana and Mississippi for damaged or loss homes, although the funds for their homes is funded through federal Community Development Block Grant program funds that the Congress appropriated last year -- $16.7

billion in CDCG funds with $10.4 billion to Louisiana and $5.5 billion to Mississippi since of January 2006. I want the record to show that these are funds that Members of Congress, including myself, wanted to go directly to the people of the Gulf Region.

Unfortunately, the response of the federal government to the housing needs in the Gulf Region can be best described as "temporary." Interestingly, on September 1, 2005, HUD posted its response on its Website indicating that a housing subsidy of $10,000 per displaced household would be made available, regardless of income, to supplement temporary housing costs for one year. That same day the proposal was removed from the HUD website, never to be seen again. This was the prelude to the one of the nation's worst responses to a disaster in our

history. To make matters worse, FEMA rather than HUD attempted to manage the housing needs in the devastated areas. FEMA received the major portion of funds contained in two appropriation bills for the initial emergency response and repair, $62.3 billion. On June 15, 2006 Congress gave FEMA an additional $6 billion. We now realize that FEMA was not equipped then, nor is it today to address housing issues related to disasters. The House passed legislation last year which would have removed responsibility for housing from FEMA and transferred it to HUD.

As you know, FEMA was providing rental assistance to 700,000 households. Currently, 33,000 households are receiving rental assistance. So, does HUD have the infrastructure to better serve the housing needs of these 33,000 households? FEMA just recently extended housing

assistance to households displaced by Katrina through February 2008.

Part of the housing crisis in the Gulf Region is linked to the state of public housing. One of the hardest hit areas in the Region is the City of New Orleans, where more than 14,000 public housing units were damaged or destroyed by the hurricanes. While many public housing units were scheduled for demolition years ago, HUD and HANO have slated 5000+ units for demolition to make way for substantial redevelopment. However, there are many, including myself, who do not want to see the wholesale dismantling of public housing in New Orleans. I believe that a phased development approach in New Orleans will allow those tenants who want to return to New Orleans the opportunity to return, while enabling the City to undertake

development efforts that will be in the best interest of the community, particularly those who lost housing and want to return. We must not lose sight of the fact that development for development sake will not work in New Orleans, because most if not all of the social infrastructure in many communities in the Gulf Region has been destroyed -- hospitals, schools, churches, businesses as well as security.

One of the major efforts in the Gulf Region, include making homeowners whole again. In Louisiana, the State established the "ROADHOME" program, with the promise to pay up to $150,000 per household to rebuild in the State of Louisiana, although at last count fewer than 400 of the more than 100,000 homeowners who have applied had collected a single dime under program. What really

concerns me is that the funding for the ROADHOME program are federal CDBG funds that we in Congress appropriated for the sole purpose of rebuilding in Louisiana -- $10.4 billion. Rebuilding can not take place when the requirements being imposed on homeowners, some of whom are elderly or who have lost everything, are being screened for fraud and the like. Indeed, under the ROADHOME program there is no way to pay $150,000 to the 100,000 who have applied. I do not believe that the State of Louisiana has any intention to use all of the CDBG funds for its ROADHOME program.

Mr. Chairman. I have many questions for today's witnesses. I hope that the testimony today will answer many of those questions because the victims deserve answers. Thank you.

Financial Services Committee Hearing to Examine Federal Housing Response to Hurricane Katrina

Prepared Statement of
Julie M. Andrews
Residents United
February 6, 2007

We, the people of New Orleans public housing, need to come home in order to rebuild our cities, to reform our communities, to raise our children, who are victimized in other cities. As displaced people, other poor and oppressed communities feel we are taking something away from them.

We need to come home.

When Mayor Ray Nagin said "citizens come home," we thought we were citizens also. Many people who were shipped across the country come from far away with what little they had when they heard the mayor's message, and were again displaced. Over 60% of the city's properties remain damaged from Hurricane Katrina. However, the majority of the livable units are in public housing—and yet these units remain fenced off and boarded up by the Housing Authority of New Orleans (HANO) and HUD. While other citizens were allowed to salvage their personal belongings, our possessions were stolen and vandalized because we were not allowed back. Citizenship is not based on homeownership. We are citizens too.

Employment opportunities are great in New Orleans. It is hard to work in a city where you do not have a home. While billions of dollars are given to contractors of pay employers from other states, and house them in hotels, we, the working poor in New Orleans, are able, willing, ready, to come home so we can rebuild our city ourselves—just as our ancestors did many years ago.

When opportunists come to New Orleans to exploit our livelihood, with their vision of what the new post-Katrina New Orleans should look like, they sour the gumbo. We make New Orleans what it is. The housing developments, B.W. Cooper, C.J. Peete, Guste, Iberville, St. Thomas, Florida, Fischer, St. Bernard, Lafitte, and Desire, housed over 5,100 families. Today, many of these units are livable, but we are locked out.

We would like to work with you to bring our residents home. We are organized, and we ask that you join us to open all public housing units. At this time, the rich are getting richer, and the poor are being further oppressed by the vicious plot to eliminate the low-income people of New Orleans, most of who are people of color. It is an abomination to attempt to replace one race of people with another for the sake of economic gain.

The housing developments have been a safety net, protecting us against the hurricanes and providing us with our communities when no else wanted us in theirs.

Our people want to come back to our communities, and we need this now more than ever. As displaced victims, our seniors are being denied a full range of medical services, our children are being denied a safe haven for education, and we are denied jobs. We want to come home. Without this population of people, our communities remain desolate, our schools are closed, and our businesses suffer.

The calls and cries of our people are deafening. We need to come home. To be displaced in this wealthy country is an embarrassment to our government. The message that we are getting is that America does not care about us. While the war in Iraq is going on and billions of dollars are being sent there to restore the damage that this country has caused, how can we not take care of what is going on right here at home? We, as citizens of the United States of America, deserve the right to return to our homes in New Orleans, to our culture, to our heritage, to our communities, to our families, to our jobs. We are working diligently to stay in contact with our residents and to contact more residents who have been lost through the displacement process. We pray that you work with us to provide a venue for our people to return to their homes.

WRITTEN STATEMENT OF
DEPUTY SECRETARY ROY A. BERNARDI
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HEARING ON THE

"FEDERAL HOUSING RESPONSE TO HURRICANE KATRINA"

BEFORE THE

COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2007

Chairman Frank, Ranking Member Bachus, distinguished Members of the House Committee on Financial Services; it is a privilege to appear before you today on behalf of the Department of Housing and Urban Development (HUD).

Today, I share with you HUD's recovery efforts in the Gulf Coast following the devastation caused by the trio of hurricanes that battered the region almost a year and a half ago. We have taken great strides in the recovery effort; yet, there are still many challenges that lie ahead, especially in Louisiana. This testimony focuses on three things:

1. The $16.7 billion in Community Development Block Grant (CDBG) supplemental funds for long-term recovery;
2. The recovery of New Orleans Public Housing; and
3. Continuing affordable rental housing challenges.

In response to the disasters, the Federal Government has committed more than $110 billion to help the Gulf Coast, including $16.7 billion for the CDBG program. The legislation passed by Congress for the CDBG program was clear in its intent: the Federal Government would not dictate to local communities how they were going to use the money in their recovery efforts. The Gulf States and their governors were designated with the principal responsibility for the design, implementation, and performance of their rebuilding efforts. HUD has and will continue to move quickly with reviewing and approving state recovery plans. HUD has received and approved $10.5 billion worth of recovery plans from the affected States. HUD has and will continue its role in offering guidance and assure compliance with the law, including the prevention of waste, fraud, and abuse.

Recovery is taking time --- only $1.2 billion of the CDBG funds have been expended. Leading the way has been the Mississippi Homeowner Assistance Program where more than 10,000 families have received checks to help compensate them for their losses and assist them as they rebuild their lives. Mississippi has also used critical CDBG recovery funding to complete a master plan for infrastructure that develops long-term regional solutions to water, sewer, and storm drainage needs of Gulf Communities. This master plan is a necessary first-step in the redevelopment of existing neighborhoods and the creation of new, safer communities.

While the task before Mississippi is tremendous, the task before Louisiana is substantially greater. Its homeowner program alone has over 100,000 applicants. While only a handful of loans have closed to date, we are looking forward to a rapid escalation in program implementation over the next six months.

I will now address recovery issues for New Orleans Public Housing. As Secretary Jackson said in August 2006 when he visited New Orleans, "every family who wants to come home should have the opportunity to come back... HUD's goal is to bring families back to quality housing." HUD is working with the local community to redevelop New Orleans public housing so families will have the opportunity to return to better, safer neighborhoods. The C.J. Peete, B.W. Cooper, Lafitte and St. Bernard public housing

developments are being redeveloped to make way for a mixture of public housing, affordable rental housing and single-family homes. HUD has also announced plans for mixed-income affordable housing, homeownership opportunities and services for the former families of Lafitte. Of the approximately 5,100 units of public housing that were occupied and affected by the disaster, nearly 2,000 units have been repaired and are habitable. Over 1,200 families have already come back to New Orleans or will be coming back within the next 90 days to occupy these units. As Louisiana and the other affected States develop their solutions to the challenges they face in public housing, HUD will continue to offer its support and guidance.

Our efforts to provide rental housing assistance to displaced families and individuals are well documented. The Office of Public and Indian Housing (PIH) issued guidance to the nation's more than 3,000 Public Housing Authorities (PHAs) on how to assist public housing residents displaced by Hurricane Katrina.

HUD has worked aggressively to provide previously-HUD assisted displaced families and homeless individuals with housing stability during this displacement period by paying Katrina Disaster Housing Assistance Program (KDHAP) and Disaster Voucher Program (DVP) rental subsidies. Through the DVP, HUD issued over 30,000 DVP vouchers and assisted close to 25,000 families to find and occupy affordable rental units. The program has been operated successfully and is fiscally sound. Both HUD's Office of Inspector General and the Government Accountability Office have audited HUD's performance and commended the Department on its ability to deliver timely services.

As pre-disaster HUD-assisted housing units damaged by Hurricanes Katrina and Rita become available, the Department remains fully committed to providing displaced families the opportunity to reoccupy their pre-disaster HUD-assisted housing. In November 2006, HUD convened several meetings in New Orleans, Gulfport, and Houston with representatives of the major stakeholders, including public housing residents, pre-disaster and DVP PHAs, tenant advocacy groups, and owners of Section 8 voucher units. The purpose of these meetings was to solicit feedback on the best strategy for returning families to their homes prior to issuing the "final" HUD re-occupancy policies for families displaced by Hurricanes Katrina and Rita. Final guidance was issued in January 2007. HUD has a team of over 17 program staff at the Housing Authority of New Orleans (HANO) working alongside HANO staff in attempting to contact these families and making arrangements for their return. HUD is also in the process of issuing public service announcements and working with nonprofit agencies in Houston and other areas to locate these families and help them return home.

While New Orleans public housing is an important and visible piece of providing affordable rental housing in the region, it represents only a small number of the 112,000 rental units seriously damaged by the storms in the five State Gulf Coast region. In total, 13 percent of the damaged rental stock in the Gulf Region was subsidized housing. Although mostly unsubsidized, 75 percent of the damaged stock was occupied by low-income households.

A pre-storm weak housing market in the Gulf Coast resulted in a relatively affordable housing stock. The affordable homes, half of them in New Orleans, were not high-end properties. Many were built in the 1950s or earlier and had numerous quality problems. While families would in certain cases "double-up" or have extended family reside with them, nonetheless, there was moderately affordable shelter.

That situation has changed dramatically since the storm. Not only are there 112,000 fewer rental units in the five State Gulf Coast region, there is increased demand for the non-damaged rental units. This demand comes in the form of construction workers moving to the area to accelerate recovery, from displaced high- and low-income renters, and also from higher-income homeowners who are temporarily renting units in the area while their houses are repaired. Some of this demand is likely to be short-term, but in the meantime it quickly increased rents. In response to the rent inflation, HUD has increased its Fair Market Rents for New Orleans by 45 percent since the storm. Increasing Fair Market Rents, however, does not address the near disappearance of affordable rental units.

Immediately, in the aftermath of Hurricane Katrina, the Department's goal was to repair, rehabilitate or rebuild the affordable housing projects to the greatest extent possible to ensure that the residents could return as quickly as possible to the Gulf Coast region. The Department has been diligently working with the project owners to develop recovery plans and identify the resources needed to make the repairs and complete the rehabilitation or rebuilding of these projects. Through these efforts, 98 percent of the projects in the Department's portfolio have recovery plans. At this time, out of the 82,404 [HUD-associated] units in the areas impacted by Katrina, there has been a permanent loss of only 263 affordable rental housing units. We have not foreclosed on any of the HUD- assisted projects and have asked mortgagees to extend forbearance to the HUD-insured projects. To date, the Department has not seen an increase in multifamily insurance claims.

The lack of affordable rental units means construction workers need to be paid more, increasing the cost of reconstruction. It also pushes low-wage workers out of the area, having a dangerous trickle down effect on the industries that depend on low-wage workers. This is particularly dangerous for the economic viability of New Orleans, where the economy is based on low-wage workers. For low-wage workers, housing should be within reasonable commutes and at reasonable prices.

Rebuilding the affordable rental housing stock is not going to be easy. The majority of the rental units, over 60 percent, were in 1-to-4 unit dwellings. It is much harder to compel small landlords to repair a low-value property that provides a low return on investment than to get a large landlord to repair a property. Even with subsidy from the CDBG program, it is difficult to convince these landlords to repair their properties.

Again, the Department made the commitment early on to work with the owners to repair, rehabilitate or rebuild the impacted affordable housing units. We have been holding, and will continue to hold, meetings with the owners, we assisted in developing recovery plans

and identified and continue to identify funding resources. The Department has provided flexibility on the use of reserve funds, has suspended Section 8 contracts until such time as the units are rebuilt, and is using our authority under Section 318 to move projects to other locations if necessary to ensure safe, decent, and affordable housing. There were a total of 1,054 HUD-assisted or -insured projects with 82,404 units in the areas that were impacted by the Katrina. Today, 981 projects with 73,423 units have been repaired or rehabilitated and are fully operational. (The overwhelming majority of these units are HUD insured. We do not control occupancy data on those units. We are seeing in New Orleans that as soon as units go online they are snapped up – after the owner offers the right of first refusal to the original tenant.) This number increases every day as units are completed. All projects impacted in Alabama are fully operational and all repairs have been completed. In Mississippi, repairs of approximately 85 percent of the projects are completed. In Louisiana, of the 407 impacted projects, there are approximately 100 projects that are still being repaired, being rebuilt, or are in the process of obtaining funds to complete the necessary restorations.

Multifamily property repair and replacement also faces obstacles of a different sort, most notably land acquisition and project design. The delays caused by these factors threaten the ability to fully utilize the Low Income Housing Tax Credits allocated for recovery in the timeframes mandated by law.

Even after housing is rebuilt in New Orleans, there will be far less affordable housing stock than before the storm. While these families are currently served by FEMA, many in Houston and Atlanta, there needs to be a long-term housing solution for them.

The path ahead for rebuilding affordable rental housing is daunting. The Federal Government has done a lot to help the States, and I am confident that the States are on the right path to addressing their many challenges. It is a path, however, that is going to take longer than we want.

Mr. Chairman, Members of the Committee, people need help now. We are committed to using our full authority to assist these families to recover, stimulate economic development, and restore hope to communities throughout the Gulf. Thank you.

Statement of

Edgar A.G. Bright, III, CMB
President, Standard Mortgage Corporation
Member of the Residential Board of Governors of the
Mortgage Bankers Association

Before the

Committee on Financial Services,
United States House of Representatives

On

February 6, 2007

Chairman Frank, Ranking Member Bachus and members of the Committee, my name is Edgar A.G. Bright III, CMB, and I am President of Standard Mortgage Corporation in New Orleans. I also serve on the Residential Board of Governors of the Mortgage Bankers Association (MBA), the national trade association for the real estate finance industry[1].

The events of August and September 2005 are etched into all of our minds, particularly those of us who watched neighbors and friends face challenges few of us could have imagined before Hurricanes Katrina and Rita hit.

As President of Standard Mortgage, I was faced with the immediate task of accounting for my employees after Katrina hit. All of them and their immediate families were safe, but many sustained damage to their homes, including myself.

Shortly thereafter, a group of Standard Mortgage employees convened in Dallas to meet with FICS, our data processing company, and Fannie Mae. We began executing our disaster recovery plan from the offices of FICS and Fannie Mae. Standard Mortgage was also assisted in Dallas by First American and Freddie Mac. Our headquarters had been flooded and we were restricted from returning to our building for six weeks. We were forced to relocate temporarily to Baton Rouge. A Standard Mortgage "SWAT" team pulled all essential data and paper files out of the headquarters. Mail service was literally unavailable for months.

Simultaneously, we began to assess our loan portfolio and instituted a policy of forbearance on all loans in the Katrina area. The entire industry quickly followed suit. The massive forbearance policy caused significant capital shortages for us. We borrowed money from Ginnie Mae to ensure payments to Ginnie Mae Mortgage Backed Securities investors. We have since paid those loans back completely.

In the immediate aftermath of the storm, my focus was on recovery and ensuring that my customers had access to their loan information and insurance information. Having experience with previous disasters, we also knew that the insurance check endorsement process would be massive. It was. We reassigned 75 percent of our origination and servicing staff to process the thousands of insurance loss drafts through our several origination offices in the ensuing months.

To give you an idea of the impact on the storm on our customers, I would like to share some statistics. Of the 28,000 loans we serviced pre-Katrina, 20,000 were in a FEMA declared disaster area. Of those 20,000 loans, 8,000 homes were in the highest

[1] The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 500,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 3,000 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.

impacted areas. Over half of the 8,000 heavily damaged properties are secured by FHA and VA loans.

Industry Actions in the Immediate Aftermath of Katrina
The entire industry was called to action to help borrowers affected by Hurricanes Katrina and Rita. Two days after Katrina made landfall, the MBA sent a letter to its members encouraging them to offer all available relief to borrowers. Federal regulators and the secondary market later provided guidance on what was expected of financial institutions in this field.

The initial period of forbearance was critical in the short term. As you may recall, the storm hit on August 29th. Most loans have payment dates of the first of the month. With a full evacuation of the city under way, few people had access to their paperwork. This forbearance period was able to give the region the breathing room it needed in those early days.

Forbearance does not come without a cost however. Today's mortgage market involves not just the borrower and lender, but several other participants as well. A borrower meets with a loan officer or broker and takes an application. The entity that funds the mortgage often sells that loan into the secondary market, to an investor, such as Fannie Mae, Freddie Mac or one of a growing number of private-label securitizers. The right to "service" the loan (interact with the consumer, collect payments, handle escrow funds, etc.), is either retained by the loan originator or sold to another company. Whoever services the loan is responsible for making payments to the investor *whether or not a borrower is making payments.*

The relationship between servicer and investor is an important one to understand. It is the contractual duty of the servicer to make principal and interest payments to the investor as long as the loan is still viable. When a servicer grants forbearance, the company is agreeing to make payments for the borrower, in expectation that the borrower will cure and pay back the funds. Servicers, however, often have to borrow funds to cover the payments they have to make to investors. In our case, we borrowed money from Ginnie Mae to advance to their MBS holders, a rather unusual situation. Servicers have many other responsibilities to investors. The standard servicing contract details the servicing fee the servicer receives for performing the servicing functions on behalf of the investor. The typical servicing fee is 0.25 percent of the loan balance, or $250 for a $100,000 loan balance per year.

Nationally, in those early days after the storm, the lending industry, and millions of other Americans, began to open their hearts financially to people who needed help. The MBA, for example, made a $100,000 contribution to the American Red Cross. MBA followed that contribution up with a $500,000 donation to Habitat for Humanity to provide for a program management office that is still leading Habitat's re-building efforts in the Gulf Coast. Member companies of the Financial Services Roundtable, many of whom are also members of MBA, contributed over $93 million in cash contributions to hurricane relief agencies, with $65 million in direct corporate contributions, and over $28

million in employee matching funds. All of us on the Gulf Coast were heartened to see the degree to which our fellow Americans reached out to help us.

When the scale of the problem became clear in the weeks after the storm, leaders of our industry gathered in Washington, D.C. to plot a longer-term course to address these problems. It was clear by October of 2005 that there would be a need for the federal government to step in not only to address the short-term problems, but to also help address the longer-term problems of re-building as well. The industry agreed to create a working group made up of major lenders, servicers and their trade associations.

The industry working group was an example of ideal industry cooperation. While working in an anti-trust-sensitive fashion, we were able to identify common problems and discuss paths toward solving them. One of the early challenges we encountered were our agreements with the secondary market and how we would live up to our commitments.

At the end of November 2005, right around the Thanksgiving holiday, we marked 90 days from Katrina's landfall. This was an important date because without the extension of forbearance, our standard secondary market contracts tell us that after 90 days of non-payment, procedures should begin to foreclose on a loan. While that is a reasonable standard to follow usually, this was far from a usual situation. Our friends in the consumer, civil rights and labor communities, like our industry, understood how devastating a massive wave of foreclosures would be at that particular time. The last thing our industry wanted to do was to add to the challenges that so many people were facing in the region.

Thanks to the leadership of state and federal banking regulators, Fannie Mae, Freddie Mac, the Federal Housing Administration, Department of Veterans Affairs and other key players, however, disaster was avoided. An industry practice was established that forbearance in the worst-impacted areas should continue and would be re-visited every 90 days. This was a watershed event. Despite predictions of thousands of foreclosures, virtually nobody impacted by the storm was foreclosed upon.

Longer-Term Solutions

In November and December of 2005, we were also focusing on a longer-term solution to the problems of the region. It was becoming more and more clear that a major federal investment would need to be made. Absent that, our investors would begin demanding that we move to some sort of final disposition of the properties. At that point the first truly long-term proposal appeared, that drafted by Congressman Richard Baker, a senior member of this Committee. His plan was a well-thought out proposal that moved all of us from dealing with today to how we deal with the future. While the Congressman's plan ultimately did not receive Administration support, no discussion about the early phase of the region's recovery would be complete without including this critical effort.

An idea that did gain support was for a large-scale investment in the region through existing programs, mainly the Community Development Block Grant (CDBG) program. At the end of December 2005, as part of the FY 2006 Defense and Supplemental Appropriations Act (PL 109-148), Congress appropriated $11.5 billion through CDBG to, among other things, assist homeowners. Later appropriations increased this funding. While the states of Mississippi and Louisiana submitted proposals to the U.S. Department of Housing and Urban Development (HUD) detailing how they would use the funds to assist homeowners, the centerpiece of both programs was plans to provide up to $150,000 of assistance to impacted homeowners.

By funding these programs, Congress and the President put the region on the path to recovery. This was an extraordinarily important achievement. Until this time, the discussion within the real estate finance industry dealt with how we would have to finally dispose of the properties, possibly through mass foreclosures, followed by sales of properties to consolidators. After these programs became a reality, we were able to see a path toward recovery. Despite efficiency issues in disbursing funds that have arisen in both states, lenders and homeowners now see that additional funds are on their way.

Mississippi designed their plan to help make up for gaps in insurance coverage. Many homes in Mississippi were flooded because of the extraordinary storm surge that came ashore as part of Katrina. Homeowners whose properties hugged the coastline generally carried flood insurance, received settlements from the National Flood Insurance Program (NFIP) and filed claims with their hazard insurance carriers for wind damage. However, the extent of catastrophic flooding extended beyond the flood zone. Homeowners with mortgages who live outside a Special Flood Hazard Area (SFHA) are not required to have flood insurance, while those who are inside do have to purchase it (and if they do not, mortgage servicers must "force-place" it or face significant penalties). Since flooding is excluded from homeowner insurance policies, homes without flood insurance that were destroyed were without funds to rebuild or repair.

When Mississippi first formulated their plan for CDBG funds, the plan looked much different than it does today. Lenders were to assist in overseeing that the funds were used to repair properties. When Phase I of the Mississippi plan was issued for comment to the public, however, the program was redesigned as a direct compensation to the homeowner. The reason for this change was due primarily to the problems with complying with the National Environmental Policy Act (NEPA). I mention this here only to stress a later point about the need to review the efficacy of NEPA during times of crisis. Under Phase I, homeowners who had an insurance policy are eligible to receive a grant of up to $150,000 or the insured value of their home, based on the extent of damage to the home. The grant amount would be reduced by any insurance, SBA loan or FEMA payments. Homeowners who have to elevate their houses to comply with building codes to avoid future floods could receive an additional $30,000 to cover these costs.

The Louisiana plan, which is called The Road Home, seeks to solve a very different problem. In Louisiana, homes were destroyed that were thought to be protected by

flood control systems and thus some areas were not deemed high risk flood zones (i.e., SFHAs). Due to the catastrophic failure of these systems, water flooded the city and was not drained for weeks. Therefore, the problem was not just a gap in insurance, but rather how to bring enough capital into the city to bring back the more than 300,000 citizens that were displaced for what would be an extended period of time and to ensure that the CDBG funds remained in Louisiana for economic and re-building purposes.

Louisiana's plan gives homeowners three choices: stay at the property and repair it, sell the property to the state and stay in Louisiana, or sell the house to the state and relocate out of state. Awards, also capped at $150,000, are based on the lesser of the pre-storm value of the home or the estimated cost to repair. It was evident that a primary objective of the state had to be to ensure rebuilding of affected parishes. Awards, therefore, are designed to meet these objectives. Citizens who decide to rebuild are provided the maximum amount of award available under the program. Grant funds used to rebuild are not being directly disbursed to homeowners, but are being deposited into disbursement accounts, to be drawn as funds are needed for repair. Similarly, if a citizen sells the property but purchases another property in the state, the maximum grant award is available. Award amounts would be reduced by several factors. If no insurance was carried at all on the property, but should have been (such as no flood insurance on a property in the flood plain), awards would be reduced by 30 percent. People who leave the state would also have their grants reduced by 40 percent.

Louisiana's plan is fundamentally different from Mississippi's because they address two different problems. Louisiana is trying to repopulate the New Orleans area and re-vitalize a shattered city. In addition, they want to protect citizens who receive awards from being victimized by unscrupulous contractors. Mississippi is trying to help homeowners address gaps in insurance coverage. Both are worthy goals. MBA and the real estate finance industry continue to be active partners in making these programs a success.

While both programs have faced challenges getting funds into the hands of homeowners, it is important to remember the enormous task that is at hand. In an insurance situation, the process is relatively simple. Eligibility is determined by whether insurance was in place at the time of the event. After the event an adjuster visits the property, makes an assessment, determines whether the damage was caused by a covered peril and, if so, delivers funds, subject to appeal. These processes were built over decades of business need, process improvement and negotiation. Lenders also play a vital role in insurance situations. Lenders can file insurance claims on the borrower's and lender's behalf. Lenders can often intercede in insurance disputes, provide copies of original policies, verify the borrower's identity and monitor (secure) the funds for rebuilding. In the case of distribution of grant awards, entire programs and processes had to be set up. There was no real back-up system for dealing with lost title documents and questions of identity. Obtaining property values or damage estimates was difficult. Eligibility rules had to be established, valuation models had to be created, title issues needed to be cleared and dozens of other issues have arisen. While many

homeowners are frustrated by the slow pace of awards, both states have done admirable jobs with these programs. There are lessons that can be learned from their experiences, but all in all the states have done a great job.

Current Status

As these programs serve the people of Louisiana and Mississippi, many homeowners continue to receive forbearance on their loans, over 500 days after Katrina. Our forbearance policies have worked. Data collected and released by the MBA[2] show that immediately after the storm, at the end of the fourth quarter of 2005, there were almost 50,000 loans that were over 90 days past due. By September 2006, that number had fallen to fewer than 17,000, but foreclosures were begun on fewer than 4,000 properties in the state up to that point in 2006, and most of these were outside the storm area.[3] For comparison purposes, in the First Quarter of 2003, long before the storm, about 4,000 loans were over 90 days past due, and there were about 2,000 new foreclosures. The comparable figures for Mississippi are: over 18,000 loans were 90+ days past due in the 4th Quarter of 2005 but fewer than 9,000 by September 2006. In the first three quarters of 2006, foreclosure began on under 3,500 properties in Mississippi. In the First Quarter of 2003 about 2,000 loans were over 90 days past due, and there were about 800 new foreclosures in Mississippi.

The cost to the mortgage industry to offer forbearance on this scale is enormous. The interest payments alone that servicers must advance to investors amount to an average of $10,000 per home per year. Given the long term delinquency rates we are seeing, a reasonable estimate of the total cost of these policies is $258 million.

Loans that are over 90 days past due generally move into foreclosure. The fact that so many loans in these states are over 90 days past due, yet the new foreclosure rates are relatively low, shows that there are thousands of people who continue to receive forbearance. Delinquency and foreclosure data are only collected at the state level, so we cannot be sure what proportion of these loans are in the impacted area. However, it is safe to assume that the vast bulk of loans over 90 days past due, but not in foreclosure, are in the impacted areas. Specifically, we can estimate that about 10,000 people in Louisiana and 4,000 in Mississippi continue to receive forbearance. Our lenders were surprised that many borrowers did not want extended forbearance and are continuing to pay their mortgages on time.

Once again, this forbearance is done voluntarily by servicers and the secondary market. It does not come without cost. While servicers no longer have to advance principal and interest payments on some of the GSE loans in forbearance, a significant percentage of

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[2] Mortgage Bankers Association: National Delinquency Survey, 3rd Quarter, 2006. Data from this study are not aggregated below the state level. The full survey can be found at: http://www.mortgagebankers.org/ResearchandForecasts/ProductsandSurveys/NationalDelinquencySurvey.htm

[3] "foreclosure begun" means the loans have started the process of foreclosure but have not been sold at foreclosure sale. Loans are classified "in foreclosure" according to investors' or local requirements. Investor standards define "in foreclosure" as meaning the loan has been referred to a foreclosure attorney or first legal action has occurred. Mortgage Bankers Association, National Delinquency Survey. Only 1 out of 4 properties "in foreclosure" reaches foreclosure auction. Mortgage Bankers Association, The Residential Mortgage Market and Its Economic Context in 2007, January 30, 2007.

private-label and all government loans remain in the securities and continue to require pass-through of principal and interest to investors. Lenders are still required to pay tax and insurance payments, manage these loans and perform basic property preservation.

Lessons Learned and Suggested Remedies

The experience of these storms and their aftermath has given us a template for action in the event of another catastrophe. However, while the homeownership piece of this tragedy was better addressed than many other parts of the response to the storm, there are significant lessons that can be learned. We present the following issues for consideration:

A. NEPA

The National Environmental Policy Act (NEPA) was one of the greatest challenges the MBA encountered when working with the states in their development of plans to implement the disbursement of CDBG funds. NEPA effectively hamstrung the states into how they could design their grant distribution program. Here is the problem: NEPA requires that "every federal agency evaluate the potential environmental impacts of major federal actions significantly affecting the quality of the human environment."[4] CDBG grants are subject to NEPA and other environmental laws contained therein, including historic preservation, floodplain management and wetland protection, coastal zone management, sole source aquifers, endangered species, wild and scenic rivers, air quality, farmland protection, HUD environmental criteria and standards, and environmental justice.

What this means is that HUD or its "designee" (the state) cannot specify the use of CDBG funds specifically for *rebuilding*, for example, without performing environmental assessments on each and every property indicating any impact of rebuilding (the "federal action") on historic preservation, floodplain management and wetland protection, coastal zone management, sole source aquifers, endangered species, wild and scenic rivers, air quality, farmland protection, HUD environmental criteria and standards, and environmental justice. While these are laudable goals, properties were pre-existing and thus the impact of rebuilding pre-existing housing would have no significant *new* impact on these particular concerns or could be addressed locally, such as with historic preservation.

Moreover, NEPA, in this context at least, has little to do with clean up of hazardous substances caused by hurricane damage or ensuring the safety of citizens before they repair or rebuild. What is even more troubling is that there are broad exemptions and exclusions offered under NEPA for national disasters, yet there is no one federal entity in charge of "activating" them. At one time, MBA considered requesting that each agency responsible for enforcing these environmental laws officially "waive" NEPA or "activate" the exemptions and exclusions, but we quickly determined such a task was futile. Time was of the essence and this was just too time-consuming. In the end, HUD and the states did a remarkable job of crafting plans that complied with NEPA, but the process was difficult, time consuming and even today, the states are not given the

[4] (42 U.S.C. § 4332(2)(C))

freedom to impose controls on the use of the funds. We recommend creating a mechanism that would allow the President of the United States or another appropriate government entity to "activate" the NEPA exemptions and exclusions or otherwise waive NEPA for the purpose of rebuilding pre-existing housing after a disaster.

B. Duplication of Benefits

One of the continuing obstacles that homeowners face is receiving the proper amount of funding to make the necessary property repairs. Under the Stafford Disaster Relief and Emergency Assistance Act[5] federal agencies are not permitted to give recipients of federal assistance duplicate benefits. While in theory this statutory requirement makes sense, in practice it is causing some deficiencies in funding.

In the case of residential homeowners, duplicate benefits are those federal benefits obtained by the homeowners that are for the same purpose as those provided by another source, i.e., private insurance, FEMA, or SBA benefits to repair the home. As an example, a "duplication of benefit" will occur when CDBG funds, combined with a SBA loan for structural repair (and other sources of relief or funds for repair), exceed the SBA's estimate of damage. Unfortunately comparing an SBA loan and a CDBG grant is like comparing apples to oranges because they use different valuations of damage and often cover different line items of damage. This situation results in the state being required to pay down the SBA loan with CDBG grant funds, but it leaves the homeowner with insufficient funds to repair the property. This occurred in Mississippi, where homeowners were awarded CDBG grants, but received no funds or had significant deductions because the money went to another government agency to pay down a loan or payback grants. While paying down SBA loans with grant funds can be advantageous if all property repairs are completed, it is problematic when CDBG money is still needed to complete the rebuilding. Likewise, repayment of FEMA grants should not be triggered upon mere receipt of CDBG funds.

To avoid these deficiency problems, MBA recommend that SBA benefits be defined as the value of the interest rate subsidy--that is the value of the discounted interest rate on the SBA loan when compared to a market rate loan. Because a loan is a liability, the SBA component should be treated differently than insurance and grants. This recommended approach was used in New York after 9/11 when compensation grants were awarded to encourage people to move back to the City. In addition, MBA suggests that the agency (i.e., the state) "creating the duplication" should have the right to make the duplication of benefits calculation, because it can trim some time off getting grant proceeds to the recipients. We want to commend the SBA for their diligent and quick work on these matters. SBA has been very receptive to complex challenges such as this and is working with the current duplication of benefits definition to make sure that borrowers who still need money get it. MBA, therefore, reiterates that our recommendations are merely suggestions for increasing efficiencies today and in the event of another large scale disaster.

C. Coordinate Valuations Among All Government Entities

[5] 42 USC 5155

As was the case after Katrina, valuations and appraisals of damaged properties are often conducted numerous times by numerous agencies after natural disasters. There should be some mechanism to "share" this information among agencies. The ability to communicate among all agencies and even the private sector would reduce the number of valuations being performed, thus saving the federal government and taxpayers money and speeding up delivery of disaster assistance. One component that is critical to achieving this objective is a common electronic language that ensures data is entered and stored consistently, and with the same definitions by all, so that computers "can talk to each other" and data and be sorted and manipulated as desired.

D. Study to Explore the Most Efficient Means to Dispense Federal Assistance

By all means, Congress, the federal agencies and state agencies involved in housing recovery have done laudable jobs in providing home repair assistance to victims of Hurricanes Katrina and Rita. The fact that money has been appropriated, plans developed, obstacles overcome and grants are available and being awarded is truly remarkable and I, along with my fellow citizens, am truly grateful. The long road we took and the lessons we learned along the way should not be forgotten. With this purpose in mind, MBA recommends that the federal government undertake a study that would document the lessons we have learned so that those who come behind us and face similar challenges can benefit from our wisdom and even our mistakes. The study should document the processes that have worked and more importantly explore if there are ways to "build a better mouse trap". The study could cover broad policy decisions such as the appropriate federal vehicles for disbursing federal dollars to small details such as underwriting standards for SBA loans or caps and eligibility limitations on FEMA grants. It's worth the effort.

E. Enhancements to Government Programs

I would now like to turn to specific issues of concern for the mortgage banking industry. Mortgage companies have pledged their support to assist borrowers and the communities they serve during this crisis. However, many of the mortgage companies that have faithfully provided credit to these communities and have granted borrowers substantial forbearance and other assistance, will face their own challenges as some property owners decide not to return to the area or do not apply for CDBG grants. Lenders are likely to incur significant loan losses when borrowers choose not to rebuild, are unable to rebuild or fail to apply for CDBG grants. While it is still too early to predict the exact magnitude of financial losses, some effort should be made now to ensure mortgage companies have appropriate and reasonable controls over loan losses.

MBA believes it is critical to begin discussing these business concerns and possible solutions before they become a crisis. At this point, lenders have not and do not want to progress to foreclosure on properties in severely impacted areas. At some point, however, foreclosures and other unfavorable dispositions will be necessary to stabilize and revitalize areas. Unfortunately FHA and VA programs do not pay standard insurance claims in the event of foreclosure on damaged properties. Servicers, who only administer the loans (e.g. receive the small administration fee), are thus stuck absorbing the catastrophic risk of the hurricanes with these government loans

programs. Failure to address these issues will ultimately chill the industry's participation in these programs that have traditionally served low- and moderate-income areas, including the Gulf states. Since Katrina, at least one large lender has decided to no longer originate and service FHA loans. Others have decided to no longer bid on FHA servicing. We fear more will leave the program if this concern is not addressed.

F. Treatment of FHA Non-Conveyable Properties.

The Federal Housing Administration (FHA) provides credit insurance against the risk of foreclosure losses associated with loans originated according to FHA standards. FHA generally pays an insurance claim when it takes title (conveyance) to a property as a result of foreclosure. To convey a property and receive insurance benefits, however, FHA requires that the property be in "conveyance condition" (i.e., saleable condition). Properties that have sustained damage attributable to fire, flood, earthquake, tornado, hurricane, boiler explosion (for condominiums), or the lender's failure to preserve and protect are not eligible for insurance benefits unless they are repaired prior to conveyance of the property to the FHA. While HUD has in the past accepted properties in "as is" (damaged) condition on a case-by-case basis, this is rarely done. Moreover, HUD will deduct from the "as is" claim the estimated cost of repair. HUD should accept conveyance of damaged properties and not adjust the claim for the cost of repair when there was no failure on the part of the servicer to obtain hazard or flood insurance pursuant to federal law or if a borrower is eligible to apply for CDBG grant funds, but fails to do so. In addition, to the extent that a property is not conveyable (i.e., condemned, demolished by local, state, or federal government or deemed to be a Superfund site, etc), HUD should be permitted to pay the full claim without taking conveyance of the property. At this time, MBA does not believe HUD has the statutory authority to manage claims in this manner.

G. VA No-bids

Unlike the FHA, The Department of Veterans Affairs' (VA) Loan Guaranty Program does not provide 100 percent insurance against default losses. The VA is unique in passing risk of declining market prices to servicers because it provides only a limited guaranty. The guaranty varies, but generally covers 25 percent of the original loan balance. In the event of a liquidation sale (i.e., foreclosure), the VA uses a statutory formula to determine if it will pay only the guaranty or pay the servicer the outstanding debt (called "total indebtedness") and take title to the property. When the latter occurs, the VA sells the real estate owned to recoup the amount paid to the servicer.

When the former occurs and the VA determines not to take title to the property, it will issue what is called a "no-bid" Advice Letter. A no-bid occurs, by statute, when the net value (fair market value minus a statutory VA "holding cost" factor) is less than the unguaranteed portion of the total indebtedness (unpaid principal balance, allowable interest and advances less any credits). When this occurs, VA will pay the amount of the guaranty, but will not take title to the property. The servicer thus takes any loss after the resale of the property. These losses can be substantial, and in the wake of Hurricane Katrina, could be catastrophic.

Most VA loans are in Ginnie Mae Mortgage Backed Securities and, thus, we reiterate that servicers do not get the benefit of the principal and interest payments. The principal and interest is passed through to security holders, who are protected 100 percent against principal loss by Ginnie Mae's guaranty. The servicer takes the principal, interest and even out-of-pocket loss exposure to a large degree, despite the fact that they receive only a small administration fee per loan as income. Servicers are thus not equipped nor are they compensated to absorb *catastrophic* principal, interest and other losses. While it is true that servicers are aware of the risk exposure associated with the VA program, we believe this risk exposure is one factor for the shrinking demand for VA products. We are concerned that without some targeted reduction, servicers may abandon the program altogether as too risky or will increase rates to price for the catastrophic risk. Standard no-bid risk (non-catastrophic) already accounts for one-quarter to one-half percent higher interest rates on VA loans than FHA-insured loans.

In an effort to provide the VA with flexibility in this area and to assist mortgage companies in containing total losses, we ask that Congress consider providing the VA authority to waive the statutory requirement to declare no-bids. We ask that VA be permitted to take conveyance to a property and pay the total indebtedness and out-of-pocket expenses in cases of federally declared disasters areas without having to abide by the no-bid calculation. We also suggest allowing the VA to pay a claim even when conveyance does not occur due to unique circumstances, such as a declaration of hazardous waste contamination on the property.

We believe that by making the necessary statutory changes to these programs, these agencies will have more comprehensive authority to manage the issue of damaged properties and claims after a catastrophic disaster. The changes will demonstrate the federal government's commitment to these programs that will attract participants to the program. Without these changes, more lenders and servicers are likely to abandon these products as foreclosure losses begin to mount, thus affecting the future viability of programs specifically designed for low- to moderate-income households.

Conclusion

The mortgage industry responded admirably and correctly to the myriad of challenges spun from the destruction of Katrina and Rita, despite significant cost. While we have outlined some problems with various federal laws that have caused delays or reduced benefits, the government at all levels deserves commendation as it relates to CDBG funding. In a relatively short time, Congress injected billions of dollars into a region that needed it and the states designed significant programs to disburse the funds to individual homeowners. While not perfect, this is a significant achievement that deserves recognition.

These programs will not be enough, however, to re-vitalize the region, particularly in New Orleans. While Mississippi has thriving tourist and aquaculture industries, the City of New Orleans faced significant and persistent problems before the storm hit. If the city is going to recover to its pre-storm level, addressing the needs of homeowners will

not be enough. Basic services, public and private, need to be strengthened. Significant progress has been made with education and healthcare. However, rental and public housing continue to be problem areas.

There is also a need to maintain and increase the number of private services – the little things that make urban communities thrive, such as locally owned dry cleaners and restaurants, the basic services that people depend on have to be given an opportunity to return. Without all of these elements coming back, more and more people will move out of the city, further depressing housing prices. This can create a vicious circle, as people make the economic decision that it is less expensive to let a house sit vacant than to sell or rent it. This leads to further depressed housing prices, leading to foreclosures and all of the social ills that come along.

We will do all we can to ensure that the Gulf Coast comes back and is better than ever before. We have already shown our willingness to sacrifice for this cause. But our sacrifice will not be enough. This is a national problem, and national solutions need to continue to be put into place to ensure that the region returns better than it ever was. We urge Congress to consider our suggestions.

Financial Services Committee Hearing to Examine Federal Housing Response to Hurricane Katrina

Prepared Statement of
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February 6, 2007

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Financial Services Committee Hearing to Examine Federal Housing Response to Hurricane Katrina

Prepared Statement of
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February 6, 2007

Chairman Frank and members of the Committee, I would like to thank you for the opportunity to testify today on the federal housing response to Hurricane Katrina. I am here on behalf of my clients, the more than 4,000 families who remain displaced from New Orleans more than 17 months after the storm because of the federal housing response, which was to lock them out of their homes and prevent their return to New Orleans. Today joining me are residents of New Orleans public housing who have traveled to Washington, D.C. to represent their families, neighbors, and friends in urging you to support their right to return immediately.[1]

My name is Judith Browne-Dianis, I am co-director of and senior attorney at Advancement Project, a racial justice legal action organization that works with grassroots organizations to achieve a just democracy. I am a graduate of Columbia University School of Law and served as managing attorney and director of the Fair Housing Program at the NAACP Legal Defense and Educational Fund. With more than 13 years of civil rights litigation experience in the areas of fair housing, voting rights, education, employment and health care, I have spent the last 17 months protecting the rights of Hurricane Katrina survivors through litigation and advocacy. Advancement Project has filed litigation to stop evictions from rental properties and demolition of homes without due process and to establish out-of-state satellite voting for displaced voters. We have also advocated for financial resources for renters who have no remedy under Louisiana's Road Home program and for low-income families. Lastly, we have exposed the exploitation of immigrant workers in New Orleans and the exclusion of African-American workers from reconstruction jobs in the city.

Prior to Hurricane Katrina, there were 5,146 families living in public housing.[2] On August 29, 2005, these families were among those ordered to evacuate New Orleans in the immediate wake of Hurricane Katrina. Like the other predominately vulnerable – elderly, children, and disabled – evacuees, they took only what they could carry and were stranded for days before government assistance found its way to them. Like thousands of other evacuees, public housing residents expected to return when the mandatory evacuation order was lifted six weeks later. The basis for their expectation was eminently reasonable: Most of their homes sustained little or no damage. Today, most of these families are still waiting to come home.

In the context of a humanitarian crisis unseen before on U.S. soil, HUD's response was to shutter habitable public housing and to shut citizens out of their homes. In the backdrop of a colossal crisis of affordable housing in New Orleans, HUD's response is to embark upon a

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[1]Attached are letters supporting the residents' right to return submitted by: Amnesty International USA; Robert R. Elliott, concerned citizen and former General Counsel to HUD; the Greater New Orleans Fair Housing Action Center; and Advocates for Environmental Human Rights. *See* Attachment A.
[2]There were an additional 3,000 units that the Housing Authority of New Orleans (HANO) kept vacant, despite having a waiting list of more than 8,000 families, who had applied but did not yet receive public housing, and despite the fact that many families were not even able to get placed on the waiting list. *See* Exhibit A, *HANO Annual Plan for Fiscal Year Beginning 10/2003*, pgs. 8-9.

scheme, without an interim plan to bring residents back home, to re-design public housing -- a design that will shrink the number of affordable units and take years to complete.

But as Congress recognized right after the storm, this is a crisis, not an opportunity. Congress mandated that HUD preserve all public housing to the extent possible and made available funds that HUD could and should have used to re-open undamaged or minimally damaged units immediately. HUD, however, ignored Congress' mandate. Most of New Orleans' public housing continues to be locked up. And in June 2006, instead of welcoming families home, Secretary Alphonso Jackson unveiled a plan to demolish four of the biggest developments -- approximately 5,000 units in total -- and to create far fewer housing units for low-income families in New Orleans. Under this plan, most residents will remain displaced for another three to five years, if not forever.

For months prior to that announcement, Advancement Project heard from residents that they wanted to return. Thus in late June, along with attorneys Bill Quigley of Loyola Law School, Tracie Washington, and the law firm of Jenner & Block, LLP, we filed a federal class action lawsuit to secure their right to return. This action, *Anderson v. Jackson,* is currently pending and is in the process of being scheduled for trial.

We cannot ignore the role that race has played in the overall federal response to Hurricane Katrina. For days, tens of thousands of African Americans were left stranded by all levels of government as the floodwaters in New Orleans rose. Many public housing residents were among those left behind. Many of them stayed in the sturdy, elevated, brick buildings of Lafitte, St. Bernard, C.J. Peete, and B.W. Cooper, where they felt safe. Days passed and the federal government slowly came to the rescue. As many Americans watched this tragedy unfold, they could not deny that race still matters. On the one-month anniversary of the storm, HUD Secretary Alphonso Jackson wrote the script for what was to come when he stated that New Orleans "is not going to be as black as it was for a long time, if ever again."[3] Congressman Richard Baker (R-LA) all but applauded the tragedy, stating that "[w]e finally cleaned up public housing in New Orleans. We couldn't do it, but God did."[4] No one expected that they would not be welcomed home quickly after the trauma they suffered. But race, unfortunately, has been front and center in the federal response to the housing crisis in New Orleans.

Our clients want to return to their homes now. The cruel, unjust, and illegal actions of federal and local housing agencies are incomprehensible. Residents of public housing want to return to work, their communities, and be reunited with their families. They want to have a voice in discussions about the future of their homes and their neighborhoods. These families have a right to return and should be able to do so immediately.

The Congressional Housing Response

Congress' mandate concerning affordable housing in New Orleans after Hurricane Katrina was responsive to the magnitude of the crisis. Hundreds of thousands were displaced in the aftermath of the storm. New Orleans' affordable housing stock took a huge hit from

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[3]Lori Rodriguez, et al., *New Orleans' Racial Making in the Air: Some Black Areas May Not be Rebuilt HUD Chief Says*, THE HOUSTON CHRONICLE (Sept. 29, 2005) at B1, *available at* http://www.chron.com/disp/story.mpl/front/3374480.html.

[4]Charles Babington, *Some GOP Legislators Hit Jarring Notes in Addressing Katrina*, THE WASHINGTON POST (Sept. 10, 2005), at A04, *available at* http://www.washingtonpost.com/wp-dyn/content/article/2005/09/09/AR2005090901930.html

Hurricane Katrina. Of the city's approximately 142,000 units that were damaged or lost, an estimated 112,000 – 79 percent – were affordable to low-income households.[5]

In this context, Congress directed HUD to preserve, to the extent possible, all public housing in areas affected by Hurricanes Katrina and Rita.[6] Moreover, Congress appropriated funds for this mandate, permitting fungibility between public housing and voucher funds through Section 901 of the December 2005 supplemental bill (and by extending fungibility every year since). The key purpose of Section 901 was to give agencies the funding and flexibility needed to make these immediate repairs to public housing units that had not been severely damaged or destroyed. Congressional intent was clear: to allow as many families as possible to return home quickly.

HUD has, for the most part, not only ignored this mandate in the context of New Orleans but has in fact done the exact opposite. HUD was slow to issue notices implementing Section 901. The Housing Authority of New Orleans (HANO), whose recovery and redevelopment plans are directed by the HUD receivership team,[7] still has not made repairs to and has not reopened most of the units that they had deemed after the storm habitable or repairable. Furthermore, HUD is moving swiftly to implement plans to destroy perfectly habitable housing that would keep thousands of public housing families displaced for years.

HUD's response to Hurricane Katrina in New Orleans

HUD's plans in New Orleans has transitioned over time from promises of welcoming families home quickly to plans of re-development over a period of several years, with no interim plan of bringing home all of the families who not only want to return but have a right to return.

In its initial assessment after the hurricane, HANO determined that most developments had units that could be reopened with some work. Specifically, HANO found that:

- St. Thomas and Fischer developments experienced only minor damage;
- Iberville, Guste, C.J. Peete, Lafitte, and BW Cooper experienced minor to moderate damage (though around 300 units in BW Cooper experienced no flooding and little wind damage); and
- St. Bernard, Florida, and Desire sustained some severe damage.[8] (But even in these cases, the presence of damage often was restricted to first floors, not upper floors where the flooding did not reach.)[9]

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[5] *NLIHC Estimates 71% of Units Lost in Gulf Coast Were Low Income*, National Low Income Housing Coalition, *available at* http://www.nlihc.org/detail/article.cfm?article_id=2670&id=48.
[6] Act of Dec. 30, 2005, P.L. 148; 119 Stat. 2680.
[7] In 2002, HUD placed HANO in receivership. As a result, through its management team, HUD is responsible for managing the day-to-day operations of the housing authority, including the assessment of damages to HANO's public housing units and redevelopment plans. *HUD Names New Recovery Advisor and Receiver to Advance Current HANO Hurricane Recovery Efforts* (Apr. 14, 2006), *available at* http://www.hud.gov/news/release.cfm?content=pr06-043.cfm. For this reason, this Statement refers to the actions taken by HANO as those taken by HUD.
[8] *Housing Authority of New Orleans Post-Katrina Frequently Asked Questions*, *available at* http://www.hano.org.
[9] Bill Sasser, *Locking Out New Orleans' Poor* (June 12, 2006), *available at* http://www.salon.com/news/feature/2006/06/12/nola_housing/index_np.html.

HANO announced that they intended to clean, repair and open Iberville first, followed by C.J. Peete, then a quadrant of about 300 units at B.W. Cooper, and finally, Lafitte.[10]

As the one-year anniversary of Hurricane Katrina approached, these promises remained unfulfilled and appeared to be retracted. During the months following the storm, HANO boarded up and fenced off several developments. Steel plates were mounted on the doors and windows of Lafitte. Fences were erected, topped with razor wire, around St. Bernard, Florida, and B.W. Cooper. Although HANO claimed they were securing the buildings, residents accurately perceived that they were being kept out of their homes. Moreover, the buildings were not uniformly secured; C.J. Peete, for example, was left wide open and therefore the homes and infrastructure in that development were damaged from vandalism.

Then HUD made known its objective. On June 14, 2006, Secretary Jackson announced a plan to demolish four of New Orleans' largest developments, with more than 5,000 units among them: C.J. Peete, B.W. Cooper, Lafitte, and St. Bernard.[11] The plan would constitute the largest demolition in the city's history,[12] destroying more than 70 percent of New Orleans public housing stock, which totaled 7,100 units.

HUD rationalized its decision to raze these affordable housing units by stating that they "endured moderate to severe damage,"[13] despite the prior acknowledgment that some of these units suffered only minor water damage and many could be habitable again once repaired.[14]

Furthermore, HUD and HANO moved forward with plans for redevelopment despite the fact that it is much cheaper to repair units than to demolish and rebuild them. HUD estimated:

- The cost to repair Lafitte public housing development is $20 million. The cost to completely overhaul the development $85 million. The estimated cost for demolishing and rebuilding Lafitte is more than $100 million.

- The cost to repair St. Bernard public housing development is $41 million. The cost to substantially modernize the development is $130 million. The estimated cost to demolish and rebuild St. Bernard is $197 million.

- The cost of substantially renovating B.W. Cooper public housing development is $135 million. The estimated cost to demolish the development is $221 million.[15]

Even these estimates of demolition and redevelopment are questionable. Subsequent HUD documents indicate that HUD may not know how much redevelopment will cost.[16]

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[10] *See* Exhibit B, *Housing Authority of New Orleans Post-Katrina Frequently Asked Questions* (Apr. 2006).
[11] *See* Exhibit C, *HUD Outlines Aggressive Plan to Bring Families Back to New Orleans' Public Housing* (June 14, 2006).
[12] Susan Saulny, *5,000 Public Housing Units in New Orleans Are to Be Razed*, THE NEW YORK TIMES (June 15, 2006), *available at* http://www.nytimes.com/2006/06/15/us/15housing.html?ex=1308024000&en=7e1599e4112fed5d&ei=5088&partner=rssnyt&.
[13] *See supra* note 11.
[14] *Four N.O. Housing Developments Will Be Demolished*, THE TIMES-PICAYUNE (June 15, 2006), *available at* http://www.nola.com/news/t-p/frontpage/index.ssf?/base/news-5/1150356990188590.xml&coll=1.
[15] Exhibit D, *Housing Authority of New Orleans: Preliminary Recovery Plan for the Redevelopment and Repair of Public Housing Properties: Summary*, pgs. 18,22,24.

Furthermore, the current redevelopment plans will further exacerbate the affordable housing crisis by eliminating 3,200 public housing units:

- St. Bernard will go from 1,400 apartments to 465 apartments, only 160 of which will be public housing units for very low-income families. There will be 160 tax-credit, mixed-income and 145 market-rate units.
- C.J. Peete will go from 723 units to 410, 154 will be public housing eligible, 133 tax-credit, mixed-income and 123 market-rate units.
- B.W. Cooper will go from 1546 to 410, 154 will be public housing eligible, 133 tax-credit mixed-income, and 123 market-rate units.[17]

The justification proffered for the demolition is questionable. Documents obtained from HANO indicate that HUD and HANO misled the public to justify their plans. As officials were drafting talking points about their plan, William Thorson, the HANO receiver (a HUD employee appointed by HUD to run the day-to-day operations of HANO), recommended that staff "tak[e] photos of the worst of the worst ...Pictures are worth a 1,000 words," and to check for the presence of lead apparently not to evaluate safety, but to justify its demolition plans even though "the per unit cost [of repairs] is relatively low."[18] Thorson also directed staff to use scare tactics by using news articles about murders at another development, "the idea being that reopening Lafite as before would create another Iberville."[19] In another instance, HUD admits that the interior damage in C.J. Peete is minimal and overall it was moderate, but makes note that since Hurricane Katrina, the vacant property has "become a prime location for retail and residential development."[20] HUD's plan is clearly not about habitability and cost of repairs. Nor is HUD concerned about the immediate affordable housing crisis or the despair of displaced survivors of Hurricane Katrina. Many observers believe this is about race, class and prime land.

To date, HUD has failed to make good on the little it has promised to residents. HUD promised to open 2,000 units by August 2006. This date was moved back to September; it was again delayed to December. To date, only 1,100 units have been re-opened since Hurricane Katrina. While HUD and HANO have moved slowly to bring families home, they have aggressively pursued their plans for demolition and disposition. HANO abbreviated consultation with residents and has sought to shorten the timeline of review of its demolition plan. In addition, Requests for Qualifications have been published and qualifications were received on January 5, 2007, for the St. Bernard, C.J. Peete, and B.W. Cooper developments. HUD is presently reviewing these applications. While plans for redevelopment are being fast-tracked, plans for the return of residents are at a standstill.

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[16] *See* Exhibit E, Email from William C. Thorson to Kedrin T. Simms, copied to Kevin Gallagher, Patricia Arnaudo, Dominique G. Blom, Jeffrey Riddel, Donald Babers, Justin R. Ormsby, re: Public housing (Aug. 2, 2006) ("The issue of rebuilding costs is somewhat of a premature issue for HANO at the moment.")
[17] Requests for Qualifications for B.W. Cooper, C.J. Peete, and St. Bernard, *available at* http://www.hano.org/contractors.htm
[18] Exhibit F, Email from William C. Thorson to Jeffrey Riddel, copied to Dominique G. Blom, C. Donald Babers, and Justin Ormsby, re: working draft of talking points (Aug. 4, 2006).
[19] *Id.*
[20] Exhibit G, *HANO Preliminary Recovery Plan, C.J. Peete Housing Development* (Apr. 24, 2006).

Residents' Right to Return and Right to a Voice

For months after Hurricane Katrina, residents of public housing attempted to return home but were unsuccessful. When the mandatory evacuation was lifted, many public housing residents returned with the masses of other New Orleanians hoping to clean up and resume their lives. But residents of public housing were not welcomed. Residents reported being forced by police officers to leave their perfectly habitable units. Other residents, happy to find that their homes untouched by the flood waters, were told by HANO that they could not re-occupy them; HANO staff told them they would let them know when they could move back in but they heard nothing. Most public housing residents have lived in limbo in far away places, uncertain about their futures and never getting answers from HANO.

Although time has passed, a majority of public housing residents still want to come home. In October 2006, HUD reported that an estimated 65 to 70 percent of the families want to return to New Orleans.[21] We believe the number is higher. In fact, according to a recent survey conducted by Providence, one of the agencies with whom HUD contracted to redevelop the Lafitte development, 90 percent of the Lafitte residents want to return.

Many residents are in fact, desperate to return home. The reasons are clear. They have been separated from their homes and the surrounding communities and are dispersed throughout other parts of Louisiana, in Texas, Georgia, Florida and other states. For many of them, this is their first time outside of their beloved New Orleans. They have been separated from their families or forced to live in cramped and inadequate conditions in the homes of friends and family members. As displaced persons, many have encountered stigmatization and discrimination. Many have been unable to find employment in their new cities, a problem that the statistics have confirmed is pervasive: In September 2006, the Bureau of Labor Statistics estimated that the unemployment rate for Hurricane Katrina evacuees who remain displaced is triple that of those who have returned.[22] Many are falling deeper into poverty as they struggle to pay utilities and other expenses associated with displacement. In addition to the trauma they underwent in the days and weeks after Katrina, they now suffer from the strain of displacement.[23]

Uncertain as to their future and suffering severely in their present circumstances, HUD's June 2006 demolition announcement came as another devastating blow to residents. On June 27, 2006, we filed *Anderson v. Jackson*, on behalf of all New Orleans public housing residents, all of whom are African American, who were displaced from their units in the aftermath of Hurricane Katrina and who want to return to their homes and to New Orleans. The action was filed against Secretary Alphonso Jackson, HUD, HANO, C. Donald Babers (HUD appointee as HANO Board of Commissioners), and William C. Thorson (HUD appointee as Executive Administrator), in the U.S. District Court for the Eastern District of Louisiana. Motions for a preliminary injunction and summary judgment are pending, as well as a motion to dismiss in which HUD claims it is not responsible for the actions taken.

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[21] *See* Exhibit H, Letter from Secretary Alphonso Jackson to the Honorable Barney Frank (Oct. 3, 2006), pg. 8.

[22] *See* Katy Reckdahl, *Razing a Community: Second in a two-part series*, GAMBIT WEEKLY, Oct. 31, 2006, *available at* http://www.bestofneworleans.com/dispatch/2006-10-31/news_feat.php

[23] For a thorough discussion of the deleterious impact of displacement and community dismemberment, *see* Mindy Thompson Fullilove, *Root Shock: How Tearing Up City Neighborhoods Hurts America, and What We Can Do About It* (2004).

The *Anderson v. Jackson* lawsuit alleges that, by failing to re-open public housing and subsequently proceeding to destroy the residents' homes, the defendants have violated federal and state laws. First, defendants' refusal to permit the return of these 4,000 families has an adverse impact on African-Americans and thus is unlawful under the Fair Housing Act (Title VIII of the Civil Rights Act of 1968). Statements of officials such as Secretary Jackson and actions taken also violate the Fair Housing Act by denying housing on the basis of race. Second, the defendants' actions and inaction constitute violations of the U.S. Housing Act of 1937. By failing to repair units leaving them to further deterioration, defendants have effected a *de facto* demolition in violation of the U.S. Housing Act. In addition, defendants' failed to consult with residents about the demolition as legally required. Third, plaintiffs assert that by denying them their homes without notice or an opportunity to be heard, defendants' actions violate the Due Process Clause of the U.S. Constitution. Fourth, plaintiffs make various state claims derived from their rights under their valid leases.

Lastly, plaintiffs have placed their right to return in the larger context of international human rights. For several years, the United States has been a co-sponsor of the United Nations' resolution that adopted the "Guiding Principles on Internal Displacement." According to this document, which has been endorsed and expounded upon by the U.S. State Department,[24] the victims of Katrina are "internally displaced persons" because they were displaced within their own country as a result of a natural disaster. By not permitting displaced residents to return, and by not making special efforts to ensure their full participation in the planning and management of their return or reintegration, HUD is violating international law.

Residents of public housing were marginalized and neglected by HUD and HANO prior to Hurricane Katrina – nothing has changed. Federal law requires that residents be consulted prior to demolition of public housing ostensibly so that they may participate in decisions about their homes and communities. HUD and HANO wanted to short-circuit this process. As HUD's appointed receiver to HANO, William Thorson, admitted: "The public/Resident portion of the process is the most controversial not to mention time consuming. It would be nice if we could by pass the public portion of the PHA plan process... If there was a way to do that, it would be swell."[25]

Accordingly, HANO paid lip service to the consultation process by hosting one consultation meeting to address demolition of all four developments more than five months after HUD's June 14, 2006 demolition announcement. In fact, it was not until Judge Ivan Lemelle (E.D. LA) pressured the *Anderson* defendants to consult residents that they made a minimal attempt to do so. HANO finally convened one *en masse* resident consultation meeting on November 29, 2006. Even if one is to believe in theory that true "consultation" was intended in these circumstances, HANO convened the meeting to ensure that minimum consultation could in fact occur. For example, HANO held only one meeting in New Orleans (when the majority of residents are displaced outside of the city), provided no transportation, held the meeting on a week night when residents previously stated that a weekend was far better, and held it at a location that was not handicap accessible and where the public transportation stopped running before the meeting ended. Several residents reported that they never received notice of the meeting.

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[24] *See* Exhibit I, Advocates for Environmental Human Rights, *Recommendations for Preventing Human Rights Abuses in the Reconstruction of the Hurricane-Damaged Gulf Coast Region of the United States.*
[25] Exhibit J, Email from William Thorson to Orlando Cabrera, copied to Donald Babers re: Demo Game Plan (July 21, 2006).

Despite these significant barriers, resident participation at the November 29, 2006 meeting was overwhelming, illustrating residents' profound interest in having input into decisions concerning their homes and city. An estimated 350 people attended the meeting, including residents who traveled from Texas, to oppose the demolition. About 50 individuals provided comments on HANO's demolition and disposition plans. Approximately 30 residents and four elected officials provided comments; the balance was community stakeholders. The residents who provided oral comments represented each public housing development and some scattered sites. Each and every speaker voiced opposition to HANO's plan. Not one person spoke in favor of demolition. Their message loud and clear – they do not want their homes demolished.[26]

In addition to questioning the consultation process, the *Anderson* litigation challenges defendants' assertions that thousands of units of New Orleans public housing are uninhabitable.[27] In October of 2006, we sent an architecture expert from MIT and a mold expert (who has conducted many post-Katrina reviews) to assess a sample of the units in each of the four developments. The experts found that:

- The "great majority of the units ha[ve] no visible mold growths" and the work necessary to remove mold "would be minimal consisting mainly of housecleaning and sanitizing the room surfaces."[28]
- Damage at Lafitte is "minor" and "easily repaired."[29]
- C.J. Peete is "substantially intact and recoverable," and [m]any units are in good condition."[30]
- First-floor units at B.W. Cooper received "minor damage commensurate with the level of flooding," and only minor repairs are required in the upper units.[31]
- Second and third floor units at St. Bernard are also in good condition.[32]

The architecture expert found no structural or nonstructural damage was found that would reasonably warrant any cost-effective building demolitions. He concluded that demolition is not supported by the evidence. He further stated:

> "[R[eplacement with contemporary construction would yield buildings of lower quality and shorter lifetime duration, the original construction methods and materials of these projects are far superior in their resistance to hurricane conditions than typical new construction and, with renovation and regular maintenance, the lifetimes of the buildings in all four projects promise decades of continued service that may be extended indefinitely."[33]

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[26]An official transcript of the November 29, 2006 HANO resident consultation meeting is available at http://www.justiceforneworleans.org/index.php?module=article&view=71&c2ffc9a09089e409f6a701be34f2d1a3=a78f55e0dfe0ef647df64343e8324eb5.

[27]*See* Attachment B for photographs of the interior of sample Lafitte, B.W. Cooper, C.J. Peete, and St. Bernard apartments.

[28]Exhibit K, Declaration of David Martinez, at ¶¶ 6-7.

[29]Exhibit L, Declaration of John Fernandez, at ¶ 7.

[30]*Id.* at ¶ 8.

[31]*Id.* at ¶ 9.

[32]*Id.* at ¶ 10.

[33]*Id.* at ¶12.

These expert assessments, as well as historic preservation concerns, confirm what the residents themselves already knew: The New Orleans public housing developments are amongst the most valuable, durable, and solid buildings in New Orleans.[34]

HUD Worsens Affordable Housing Crisis

Since 1996, the number of public housing units in New Orleans has been drastically reduced. In 1996 there were 13,600 units; only 7,100 units were left at the time of Hurricane Katrina, of which only 5,146 were occupied. Hundreds of units were vacant, slated for demolition prior to Hurricane Katrina but the need for affordable housing was immense. Approximately 18,000 families (approximately 8,000 for public housing and 10,000 for Section 8 vouchers) were on HANO's waiting list in 2005. Hurricane Katrina and HUD exacerbated this crisis of affordable housing.

As noted previously, out of the 142,000 units that were damaged or lost in New Orleans due to Katrina, 112,000 – 79 percent – were affordable to low income households. The rebuilding of these units or new affordable housing has been painstakingly slow. The Louisiana Hurricane Housing Task Force in December 2006 stated that there is an "urgent need" for 45,000 affordable rental units in Louisiana, 30,000 in New Orleans alone.[35] With this severe dearth of affordable housing, and damage to other housing, rents have skyrocketed. While 32 percent of renters in New Orleans paid less than $500 per month pre-Katrina, average rents have increased more than 70 percent from slightly under $800 to $1,357 a month.[36] Arguably, rents at the lower end of the market have increased more drastically.

In this stark scenario, it is nothing short of shocking that HUD would be opting for the least swift, most costly way to deal with public housing in New Orleans. A number of displaced public housing residents have been receiving vouchers through the Disaster Voucher Program, which provides up to $1,490 a month for rental assistance. In the own words of HANO's counsel, this is "a very generous governmental housing benefit." But the residents are not looking for a generous government solution. What they need is an expedious, effective solution that will help them return home to New Orleans.

Furthermore, these vouchers, and other housing vouchers, are useless in New Orleans. With an occupancy rate of nearly 100 percent, residents cannot find available housing upon which to utilize vouchers. In the rare instance in which a vacancy exists, landlords will not accept housing vouchers. For a snapshot assessment of housing available to voucher recipients, we conducted a survey in partnership with Common Ground Collective. Of the 238 apartment complexes called, five were immediately available to voucher recipients, of which one was exclusively for elderly renters. Approximately 16 apartments reported to accept vouchers but were not accepting recipients at the time – these apartments had wait lists ranging from

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[34]In addition to the issue of habitability, the historic preservation community has raised concerns about the demolition plans. *See* Exhibit M, Letter from the National Trust for Historic Preservation to the Honorable Alphonso Jackson (Dec. 6, 2006). *See also* Nicolai Ouroussoff, *All Fall Down*, THE NEW YORK TIMES (Nov. 19, 2006), *available at* *http://www.nytimes.com/2006/11/19/weekinreview/19ouroussoff.html?ei=5088&en=e2951eb8880134d5&ex=1321592400&partner=rssnyt&emc=rss&pagewanted=print*.

[35]Deon Roberts, *Unaffordable Problem: N.O. Needs 30,000 Low-Income Rental Units*, NEW ORLEANS CITYBUSINESS (Dec. 4, 2006), *available at* *http://www.neworleanscitybusiness.com/viewStory.cfm?recID=17465*.

[36]Jeffery Meitrodt, *Rising Rent*, THE TIMES-PICAYUNE (Oct. 15, 2006), *available at* http://www.nola.com/archives/t-p/index.ssf?/base/news-6/116089224652770.xml&coll=1.

three months to two years; one apartment had 1,200 applicants on a waiting list; others reported that their waiting list was closed indefinitely.

HUD defends its plan to demolish most of New Orleans' public housing stock at a time when the city still cannot house the majority of its residents by claiming that its plan to replace the existing stock with privately-owned, mixed-income developments is a way to deconcentrate poverty and build better housing. But as a *New York Times* architecture reporter noted, "[t]his argument seems strangely disingenuous in New Orleans."[37] The reporter went on: "Built at the height of the New Deal, [New Orleans'] public housing projects have little in common with the dehumanizing superblocks and grim plazas that have long been an emblem of urban poverty. Modestly scaled, they include some of the best public housing built in the United States."[38]

Landmark and preservation groups concur. In its letter to Secretary Alphonso Jackson, the National Trust for Historic Preservation reminded the Secretary of a process created by law that mandates HUD to consider the impacts upon historic resources of any redevelopment plans. In its letter, the Trust urges Secretary Jackson to utilize this process to "explore the benefits of re-using these buildings as a cost-effective means of providing affordable housing in a timely fashion to the citizens of New Orleans."[39] The Trust cautions that while wholesale demolitions may be the first impulse, "Hurricanes Katrina and Rita already have caused the loss of thousands of homes, and we are threatened with the loss of thousands more unless we carefully explore alternatives."[40]

Residents' Demands

New Orleans public housing residents want to return home. They are tired of living dispersed throughout the United States with no indication of when they can return. They want to resume their lives in New Orleans and to be a part of the rebuilding of their city, their communities, and their homes.

Residents want the immediate return of public housing families to their habitable pre-Katrina units. In addition, they seek to have a genuine consultation process regarding any redevelopment plans prior to the issuance of Requests for Qualifications and Requests for Proposals and thus, prior to the execution of any contracts for redevelopment. They want to ensure that every family that resided in public housing pre-Katrina has the right to return to a public housing unit in New Orleans. Lastly, they seek to increase the number of affordable housing units in New Orleans to accommodate the overwhelming need.[41]

On behalf of displaced and locked out public housing families of New Orleans who want to return to New Orleans, I urge Congress to take all steps necessary to expeditiously return residents to their homes and to ensure that they may participate in decisions about the future of their communities.

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[37] *See supra* note 34 Nicolai Ouroussoff, *All Fall Down*, THE NEW YORK TIMES.
[38] *Id.*
[39] *See supra* note 34 Letter from the National Trust for Historic Preservation to the Honorable Alphonso Jackson.
[40] *Id.*
[41] As in the case of HUD's response in Mississippi, there must be a mandate of one-for-one replacement in New Orleans. *See Jackson Approves $100 Million Program to Help Five Mississippi Public Housing Authorities to Recover from Hurricane Katrina* (Aug. 17, 2006) *available at* http://www.hud.gov/news/release.cfm?content=pr06-098.cfm

Attachment A

House Committee on Financial Services

Statement by Amnesty International USA
February 6, 2007

Introduction

Amnesty International USA commends the House Committee on Financial Services for examining conditions in the Gulf Coast related to Hurricane Katrina. Amnesty International believes that the best and most effective way to secure and rebuild lives is by utilizing human rights laws, guidelines and structures.

Amnesty International's 1.8 million worldwide members are dedicated to working on behalf of economic, cultural, social, civil, and political rights. For more than four decades, our work has been guided by the Universal Declaration of Human Rights and other international standards as these have evolved, including the Guiding Principles for Internally Displaced Persons. Our most recent annual report summarizes human rights concerns in 149 countries and territories. We are an independent and non-partisan organization and receives no funding from any government.

We are pleased and honored to provide testimony for today's session. Our statement demonstrates how adequate housing is a recognized human right under international standards and obligations, and describes the housing situation in New Orleans before and after Hurricane Katrina, along with other related human rights concerns. It provides a brief background on the Guiding Principles and promotes their applicability to housing concerns in New Orleans. We conclude with recommendations for Congressional action.

Housing as a Human Right

The right to adequate housing guarantees access to a safe, habitable, and affordable home with protection against forced eviction. Without adequate housing, an individual is vulnerable to human and natural forces, compromising other human rights including family life, health, education, employment and privacy. The right to adequate housing is clearly supported by international law built on the foundational Universal Declaration of Human Rights. Article 25 states: "Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including...housing."

The International Convention on the Elimination of All Forms of Racial Discrimination, to which the USA is a party, includes, in Article 5, an undertaking by states' parties to:

> *to prohibit and eliminate racial discrimination in all of its forms and to guarantee the right of everyone, without distinction as to race, color, or national or ethnic origin to equality before the law, notability in the enjoyment of the following rights:...(e) in particular...(iii) the right to housing*

The right to adequate housing is also protected in Article 14(2)(h) of the International Convention on the Elimination of Discrimination Against Women, Article 27(3) of the Convention on the Rights of the Child, and Article 11 of the International Covenant on Economic, Social and Cultural Rights, all of which have been signed by the United States. The latter provides for: "the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing...States Parties will take appropriate steps to ensure the realization of this right." As a signatory state to these treaties, the USA is bound under the Vienna Convention on the Law of Treaties to not do anything to undermine the object or purpose of the treaty.

Despite the clear and unequivocal status of the right to adequate housing in international human rights law and standards, including in conventions which the USA has signed and ratified, it remains true that 100 million people in the world have no place to live and over a billion are inadequately housed, according to UN estimates.[1] Courts worldwide are increasingly acting to uphold housing rights where governments have failed to comply with their obligations to respect, protect and fulfill these human rights.[2]

New Orleans Housing Before August 2005

The significant risk of hurricane-induced flooding in New Orleans was experienced and understood after the 1965 Hurricane Betsy flooded 164,000 homes.[3] Betsy's rainfall and storm surge caused levees along the Industrial Canal and the Mississippi River Gulf Outlet to fail, leading to devastating flooding. When the levee system was rebuilt after Betty by the Army Corps of Engineers, it was engineered to only withstand a fast moving Category 3 Hurricane, despite the risk of future Category 4 or 5 hurricanes that could put parts of New Orleans under 20 feet of water.[4] For fifty years, the United States employed a levee system that could not protect millions of New Orleans residents from the significant loss of life, housing, and well-being that would accompany a major hurricane.

While residents of public projects were forced to evacuate from Hurricane Katrina due to minor flooding and the lack of governmental services following the hurricane, the projects were on relatively high ground and suffered relatively little damage as noted by Amnesty staff during site visits. We have included recent pictures of the buildings from the Loyola Law Clinic to indicate their current conditions and suitability for repair.

The four main projects currently closed to residents and being considered for demolition were built immediately following the passage of the U.S. Housing Act of 1937; this legislation instituted the U.S. Housing Authority and tasked it with providing public housing for low-income families. The projects now slated for demolition – CJ Peete/Magnolia, B.W. Cooper/Calliope, St. Bernard, and Lafitte – encompassed 7,300 units and stand in the third, sixth and seventh wards.

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[1] United Nations Press Release, "Commission on Human Rights Hears Reports from Special Rapporteurs on Rights to Housing, Health and Education," 29 March 2005.
[2] The Constitutional Court of South Africa, for example, has upheld the right to adequate housing in a wide range of cases including *Government of the Republic of South Africa v Grootboom*, [2001] 4 SA 46 (CC).
[3] PBS series, *Nova*, "Storm that Drowned a City".
[4] *Civil Engineering Magazine*, "The Creeping Storm," June 2003.

During the past twenty years, there has been growing pressure to demolish housing projects as the buildings stood on centrally located and thus valuable land. By the time Hurricane Katrina made landfall, the number of existing public units had decreased from a high of 13,694 in 1996 to 7,600 in 2005.[5] An example of this reduction was the replacement of the 1,600 unit St. Thomas project with the mixed income River Garden development, with only about 40 occupied by low-income tenants to date.[6] This decrease of over 97.5% of affordable housing units in this particular case is likely to be replicated citywide if demolition of the four projects occurs.

The Department of Housing and Urban Development (HUD) defines its mission as "[increasing] access to affordable housing." Yet HUD's support of Hope VI funding for demolition of low-income housing in favor of insufficient mixed-income units runs counter to the Department's stated goal. This changed emphasis has accelerated a slow drumbeat of decreased access to affordable housing into a race to take advantage of the impact of Katrina. The overall picture is unflattering: by not providing for the safety of New Orleans residents, the United States created conditions of displacement that it is making permanent by tearing down an already reduced stock of affordable housing.

New Orleans Housing Post-August 2005

Sixteen months after Hurricane Katrina, less than half of New Orleans residents have returned.[7] Foundational to the right to return is housing, but with 55% (4,195) of the 7,600 public housing units facing demolition[8], HUD (as controlling agent through receivership of the Housing Authority of New Orleans) has almost single-handedly eliminated affordable housing in New Orleans. Without public options, private rentable housing is experiencing vacancy rates of 1% and rent increases of 15-40%.[9] Unequal opportunities to return are consequently creating rapid demographic shifts, with an older, whiter and wealthier New Orleans population post Katrina. Without affordable housing, low-income communities and people of color now make up a smaller percentage of the current New Orleans metropolitan population than before Katrina.[10]

Permanent housing in New Orleans has become an even scarcer commodity, underscored by the fact that, since March 2006, the number of occupied emergency trailers and mobile homes has swelled by 30,164 units, while the number of households receiving rental assistance has increased by 33,350.[11] Most dramatically, if demolition of the four major public housing developments proceeds, public housing in New Orleans will have been reduced by 75% in the past decade.

Other Human Rights Considerations

Human rights affected in the immediate and long-term aftermath of the hurricane are diverse and significant, and do not just include economic and social rights, but political and civil rights. The

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[5] *Times Picayune,* "Activists Link Homelessness to Federal Spending Priorities," Gwen Filosa, November 15, 2006.
[6] *Salon,* "Locking Out New Orleans Poor," Bill Sasser, Oct. 30, 2006.
[7] *The New York Times,* "Outlines Emerge for a Shaken New Orleans," Adam Nossiter, Aug 27, 2006.
[8] *Times Picayune,* "Activists Link Homelessness to Federal Spending Priorities," Gwen Filosa, November 15, 2006.
[9] National Low Income Housing Coalition, Memo to Members: Vol 11, No. 30, August 4, 2006
[10] The National Alliance to Restore Opportunity to the Gulf Coast and Displaced Persons, "The Aftermath of Katrina and Rita: The Human Tragedy Inflicted on the Gulf Coast."
[11] The National Alliance to Restore Opportunity to the Gulf Coast and Displaced Persons, "Progress in the Gulf Coast: 10 Months Later."

United States has ratified the International Covenant on Civil and Political Rights, yet has failed to uphold rights protected under the Covenant that include Articles 2 (discrimination), 6 (life), 12 (movement), and 26 (discrimination). After Katrina, thousands of mainly poor and African American residents were left stranded for days in increasingly desperate and unsafe circumstances, without adequate food, housing or access to even emergency health care. Many were left vulnerable to attack as police abandoned the city.[12]

The lack of housing opportunities for tens of thousands of New Orleans residents is compounded by the absence of schooling and health care opportunities. These challenges are most keenly felt in communities marginalized by race, ethnicity and class, and include waiting lists for public schools that are less than 50% open (56 of 128)[13], and the closing of the only public hospital (Charity). Additionally, environmental cleanup has been inadequate. To date, millions of tons of toxic sludge are believed to remain in the greater New Orleans area. AIUSA has mobilized its nationwide membership to demand that the Environmental Protection Agency (EPA) meet its legal obligation to remove the millions of tons of toxic sediment that are estimated to still linger in the wake of Hurricanes Katrina and Rita.[14]

We would also like to draw attention to the recommendations of the United Nations (UN) Human Rights Committee (the expert body on implementation of the International Covenant on Civil and Political Rights) to the US Government, after considering the USA's second periodic report in 2006. The Committee urged the USA to review its practices and policies to ensure the full implementation of its obligation to protect life and of the prohibition of discrimination against IDPs, whether direct or indirect, as well as of the Guiding Principles on Internal Displacement, in the areas of disaster prevention and preparedness, emergency assistance and relief measures. It further urged the US to increase its efforts to ensure that the rights of poor people and in particular African Americans, are fully taken into consideration in the post Katrina reconstruction plans with regard to access to housing, education and healthcare.[15]

Background on the Guiding Principles for Internally Displaced Persons

The United Nations General Assembly adopted the "UN Guiding Principles for Internally Displaced Persons," which are non-binding, but set out authoritative standards based on existing instruments of international human rights and humanitarian law. The Guiding Principles offer protection from forced displacement and protection to IDPs at all stages of displacement: during displacement (including humanitarian assistance) and in the return, resettlement and reintegration processes. These principles have been systematically undermined in New Orleans in the aftermath of Hurricane Katrina.

The Guiding Principles seek to addresses the gap in protecting the displaced that exists between international and domestic law. When individuals cross international borders to secure life and liberty, they may be protected as refugees if they fear persecution on return based on the factors delineated in the Convention. Refugees have legal rights, protection and assistance from the UN

[12] Information Clearing House, "Second Amendment Nixed in New Orleans," Kurt Nimmo, Sep. 9, 2005.
[13] AP, "Recovery Remains Slow in New Orleans a Year After Katrina,"Aug. 12, 2006.
[14] NRDC, *On Earth*, "Rough Burial," Elizabeth Royte, Spring 2006.
[15] Human Rights Committee, 10-28 July 2006, Consideration of Reports Submitted by States Parties under Article 40 of the Covenant, Concluding Observations on the United States of America.

High Commissioner for Refugees (UNHCR) and are supported by national mechanisms including the United States' $774 million Migration and Refugee Assistance account.[16]

Internally displaced persons (IDPs) are typically among the most vulnerable populations, often coming from disadvantaged ethnic groups and poverty-stricken communities. They enjoy no established resource stream, international body, or a formal system of rights and laws. As nationals within their own country, they are dependent on often antagonistic or non-responsive governments that allowed or enabled the conditions that created the displacement.

To help support this vulnerable population, the United Nations High Commissioner for Human Rights developed the non-binding Guiding Principles on Internal Displacement in a process organized by the Brookings Institution. These principles consider IDPs to be:

> Persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized State border.

The Principles note that national authorities have the primary duty to protect the public from experiencing conditions leading to displacement. When displacement occurs, national authorities are to provide humanitarian assistance without discrimination. They are to ensure IDPs are accorded full equality in the exercise of all human rights as do other persons in that country. They also have the right to an adequate standard of living including adequate food, water, housing, as well as the right to education and to the highest attainable standard of health including access to adequate health services.

The United States has endorsed and called attention to the Principles on multiple occasions. The U.S. Agency for International Development (USAID) has noted: "Governing authorities in affected countries hold primary responsibility for IDPs; their wellbeing, security, safe return home and resettlement."[17] Betty King, former United States Ambassador to the Economic and Social Council of the United Nations, has noted, "All states should apply internationally recognized norms with regard to internally displaced persons" and support the Guiding Principles as the "normative standard for international treatment of internal displacement."[18] Department of Homeland Security Special Advisor Igor Timofeyev has noted, "The United States strongly supports these voluntary principles and recognizes that they provide a useful framework in addressing the numerous challenges posed by internal displacement. Indeed, they articulate multiple important protections that also find expression in the Covenant [on Civil and Political Rights] which is of course a legally binding treaty."[19]

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[16] United States Institute of Peace, "Orphans of Conflict: Caring for the Internally Displaced," Donald Steinberg.
[17] USAID, *USAID Assistance to Internally Displaced Persons Policy,* Oct 2004
[18] US Mission Geneva Press Releases, Statement by Ambassador Betty King Of the United States of America To the Economic and Social Council On Special Economic, Humanitarian and Disaster Relief Assistance: Strengthening the Coordination of the Emergency Humanitarian Assistance of the United Nations, July 11, 2001.
[19] US Mission to the United Nations in Geneva Press Release, "U.S. Meeting with U.N. Human Rights Committee, U.S. Delegation Response to Oral Questions from the Members of the Committee," July 18, 2006.

Applicability of the Principles to Housing in New Orleans

Principle 28 of the Guiding Principles calls for the domestic government to recognize the human right of displaced people to return home. Specifically, domestic governments must:

> [A]llow internally displaced persons to return voluntarily, in safety and with dignity, to their homes or places of habitual residence ...Such authorities shall facilitate the reintegration of returned or resettled internally displaced persons. Special efforts should be made to ensure the full participation of internally displaced persons in the planning and management of their return or resettlement and reintegration.

The United States government should therefore provide Katrina IDPs with the choice to return to their former homes or to resettle. IDPs should be informed about the true conditions and future plans of their neighborhoods and of resettlement options. If IDPs return, the government should provide assistance for reestablishing livelihoods and communities. IDPs should also be allowed to influence the future of housing and public facilities and infrastructure, and play an active apart in the planning and management of their return and reintegration. If the government decides that reconstruction must be prohibited, that decision should be made in close consultation with IDPs, who should then have assistance in relocating and reestablishing their livelihoods and residences and/or compensation.

While prohibition of reconstruction might be appropriate for certain parts of the city, we believe it is currently not relevant for public housing units. The units must be reopened and restored, and specific care must be taken to ensure permanent displacement does not change the character of an area by race or class. Residents should also be enfranchised to play a role in shaping the long-term decisions of how they will be kept safe from future displacement and how their long-term housing needs will be met.

Specific Recommendations

The United States government has the capacity and obligation to respond to the needs of internally displaced persons around the world, including within its own borders. It should act immediately for Gulf Coast IDPs, and in a manner that promotes their dignity and well-being.

Consequently, Amnesty International USA recommends that the House Committee on Financial Services use its authority to ensure that HUD:

• End demolition plans for CJ Peete/Magnolia, B.W. Cooper/Calliope, St. Bernard, and Lafitte, and provide funds required to ensure adequate housing, including restoration of these facilities.

• Ensure that everyone affected by any demolitions of public housing units are provided sufficient alternative accommodation.

• Consult with affected communities to ensure relief and resettlement programs are appropriately designed and administered so as to ensure respect their human rights.

• Support survivors by developing a transitional and permanent housing plan that will enable resettlement and reintegration, and respect their human rights – in particular their right to adequate housing.

• Ensure survivors have access to information to enable them to genuinely and effectively participate in shaping administrative decisions which affect the exercise of their housing rights.

• Provide training for HUD and other federal, state and local officials on the human rights of IDPs.

St. Bernard
New Orleans

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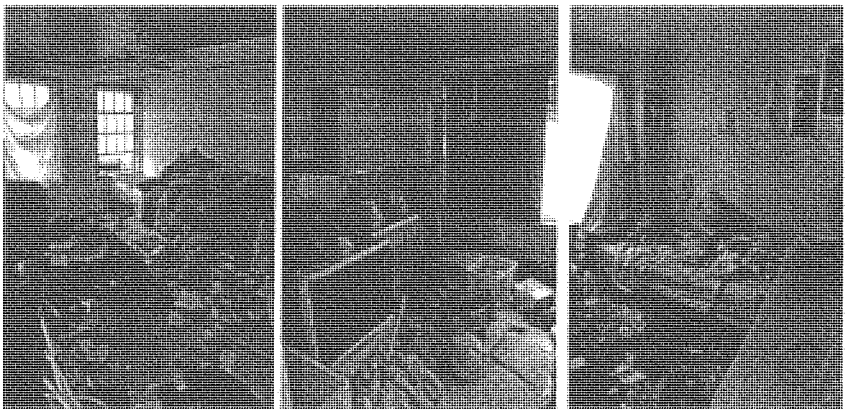

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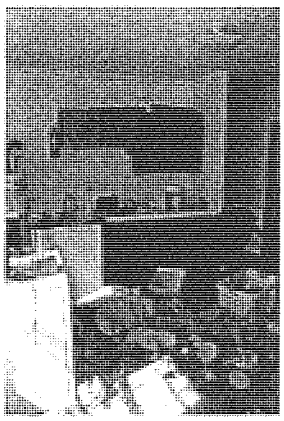
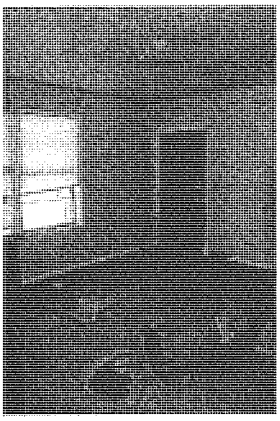
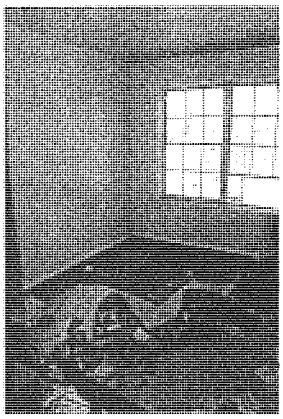
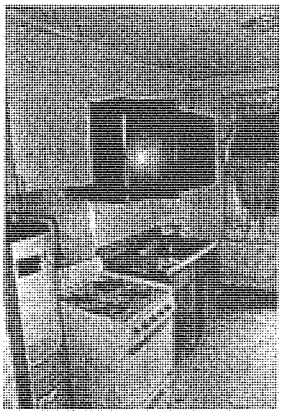
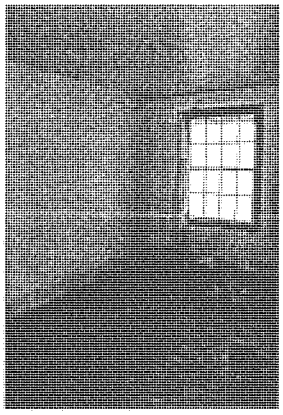


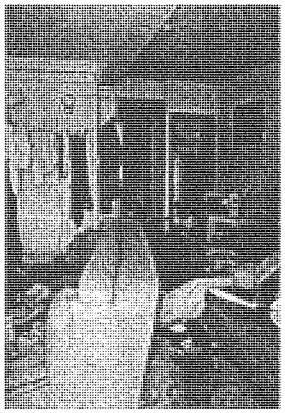




3919 DuPlessis



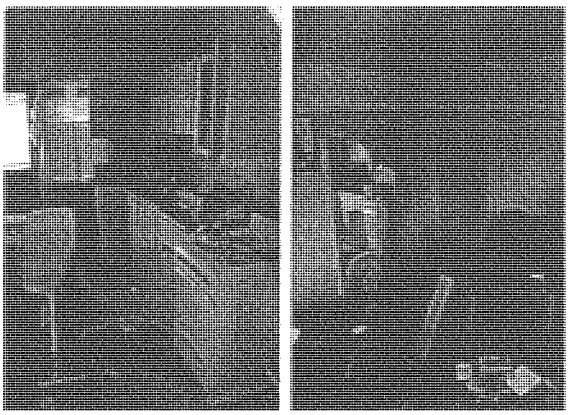




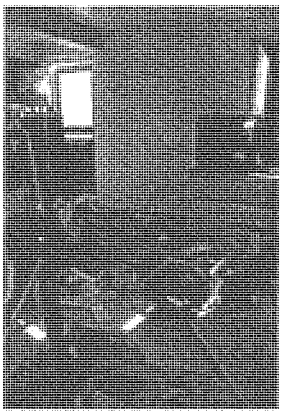
B.W. Cooper
New Orleans

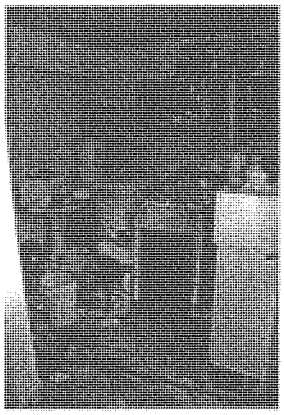
1226 Rocheblave

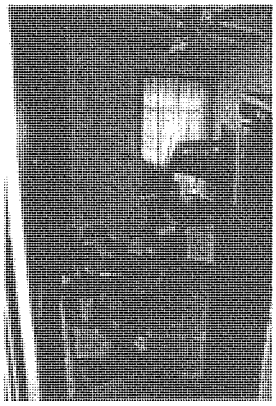
3609 Erato



1213 S. Miro







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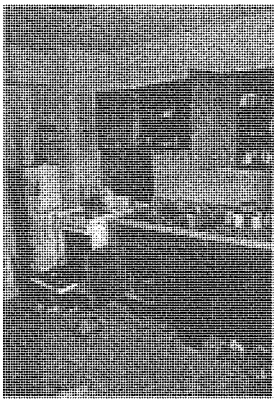
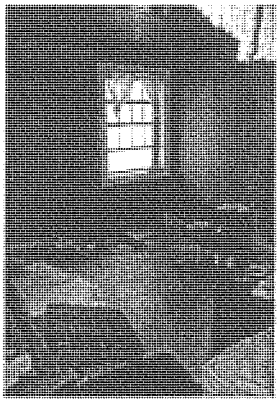
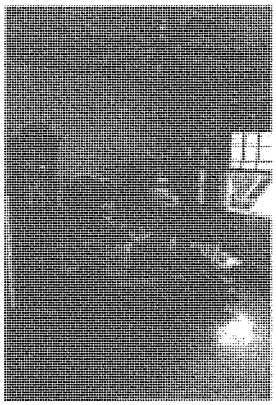
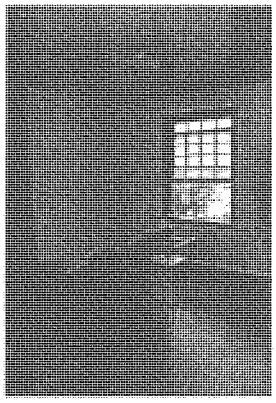




C.J. Peete
New Orleans

2406 Washington





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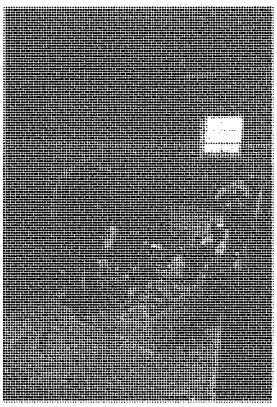
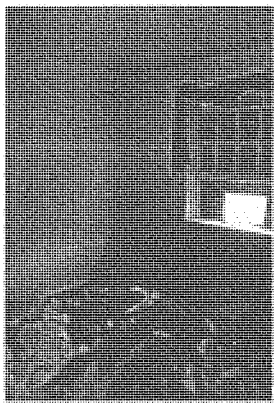
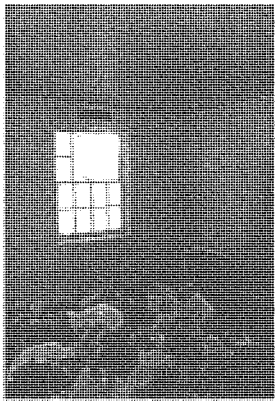

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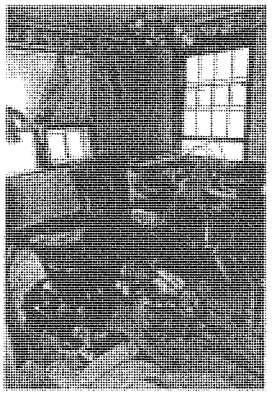

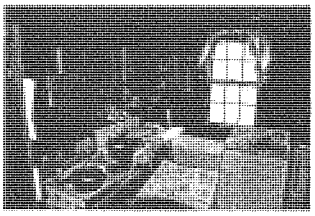

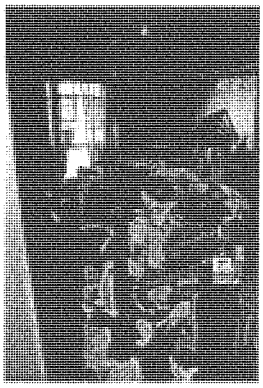

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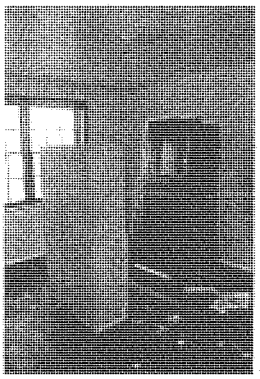

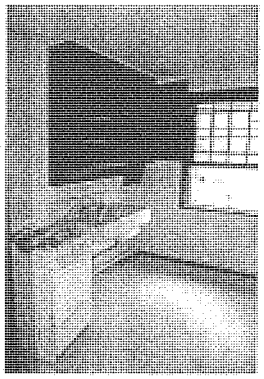

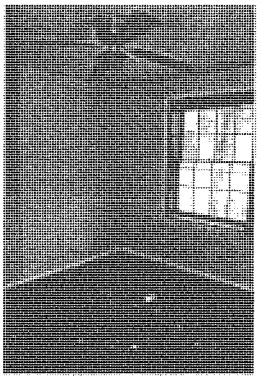

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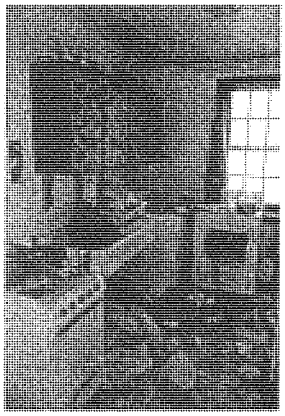

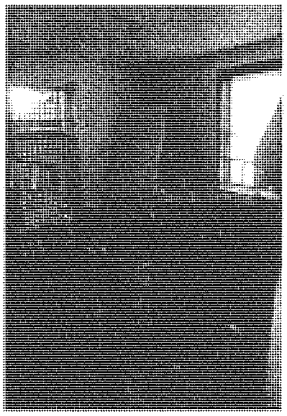

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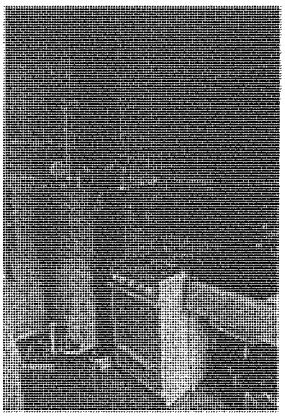

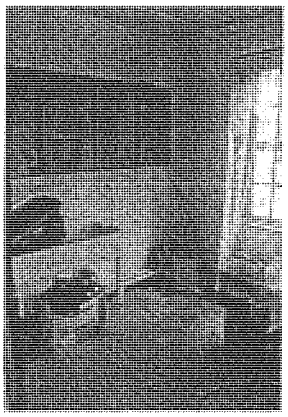

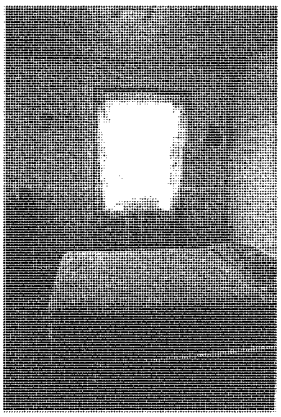

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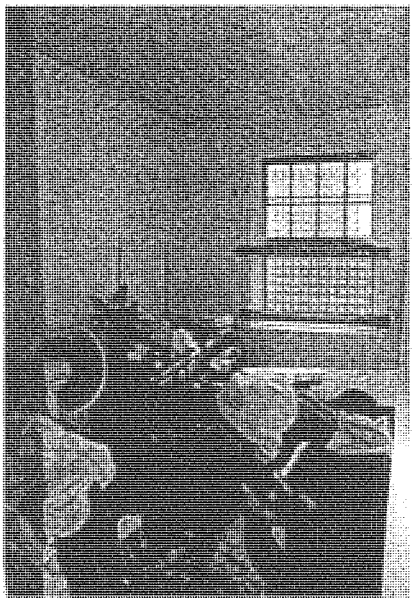

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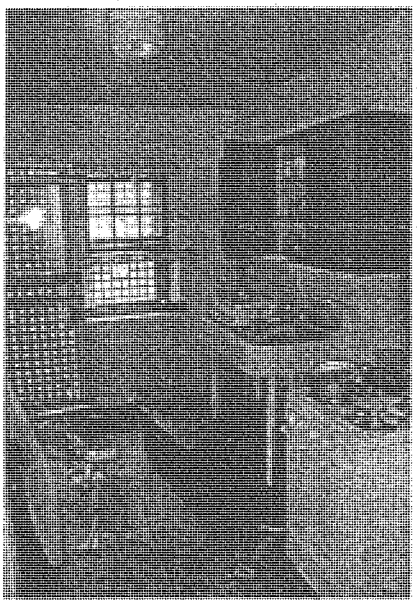

Robert R. Elliott
SUITE 500
3251 PROSPECT STREET, N.W.
WASHINGTON, D.C. 20007
202-338-5835 FAX 202 333-1522

February 5, 2007

RE: Letter of Support In Conjunction with Advancement Project's Prepared Statement for the Committee Hearing on the Federal Housing Response to Katrina

To the House Committee on Financial Services:

My name is Robert R. Elliott. I write to you as a concerned citizen to voice my apprehension about the federal government's response to the post-Katrina public housing crisis in New Orleans.

I served as the General Counsel of HUD from 1974 to 1977. During my tenure, I oversaw the original implementation of the Community Development Block Grant Program, the Section 8 Housing Program and other programs. I also was responsible for the legal implementation of the "operating subsidy" of all conventional public housing. I practiced law in housing-related matters for 35 years.

I was alarmed when I read in the newspapers about plans to demolish public housing in New Orleans. As a concerned citizen, I contacted representatives of the public housing tenants and visited New Orleans during the week of January 15, 2007. I examined housing units in the following four New Orleans public housing developments: St. Bernard, Lafitte, B.W. Cooper, and C.J. Peete.

When I examined these housing developments, I found it astonishing that HUD would plan to demolish them because they are extraordinarily sound structures. They are well located. They are low rise (three and four story structures) and are laid out well with good open areas. And most important, they are in the place suffering the most acute shortage of affordable housing in the nation, and could promptly be put back in service at relatively low cost.

It is particularly shocking that HUD and others could propose the demolition of most of New Orleans' public housing apartments when, due to the City's incredibly severe housing crisis, people of limited means are living in small FEMA trailers so far away that they have to commute for hours to and from work.

These four developments are structurally sound. Due to the strength of their construction, they withstood the winds of Hurricane Katrina far better than did the "stick

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built" homes in the area. I was told that people sought refuge in these projects during Katrina due to their strength. And it is obvious that wind damage was minimal in most cases, again due to the strength of the structures.

The buildings do need renovation. There is some damage from the hurricane and additional damage by reason of governmental decisions that intentionally left them vacant for no valid reason.

These buildings can be readily renovated. The apparent intention to have the deteriorate for many months -- supporting arguments for demolition – has not in any way caused the cost of renovations to be untenable.

HUD's proposal to demolish these buildings and construct them anew is unsupported if the Committee will compare the realistich costs of their renovation as compared to the high costs of demolition/new construction. The buildings could be repaired and renovated for far less than what it cost to demolish and reconstruct them. HUD's proposal would waste scare federal resources. I say this with the benefit of having been involved professionally in extensive renovations of multifamily buildings.

Demolition of so many acres of buildings would also cause massive environmental depredation.

The wastefulness of HUD's plan is compounded by the fact that it would take far longer to demolish and reconstruct the buildings than it would make the necessary repairs. The delayed timing of providing housing is, first and foremost, a further hardship on those most hard hit by Hurricane Katrina. And in terms of costs to the government, additional housing assistance costs, such housing vouchers, are run up by the delayed timing as compared to renovation of the four public housing developments.

In addition to the cost concerns, one cannot but question the real agenda of those who support demolition by using the justification of "deconcentrating poverty" in New Orleans. Deconcentration has been a legitimate issue in certain high-rise, dense public housing project in some cases. That is not the case here. The housing developments at issue in New Orleans are low rise three and four story structures, with open ground, trees, and desirable design.

Given the lack of a real justification for HUD's demolition plan in New Orleans, it is no wonder that the low income minority tenants of the four public housing developments read into the demolition proposal a clear message: "You are not wanted in New Orleans."

Respectfully submitted,

Robert Elliott

Robert R. Elliott

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GREATER NEW ORLEANS
FAIR HOUSING ACTION CENTER
Celebrating 10 years of fighting housing discrimination

February 2, 2007

Congressman Barney Frank, Chairman
House Committee on Financial Services
2252 Rayburn H.O.B
Washington, DC 20515-2104

Re: House Committee on Financial Services Hearing on Federal Housing Response to Hurricane Katrina

Dear Congressman Frank:

I write to you on behalf of the Greater New Orleans Fair Housing Action Center, Inc. (GNOFHAC), a private, non-profit organization that for the past 11 years has provided education, outreach, and enforcement with respect to the fair housing laws throughout the New Orleans metropolitan area.

As you consider matters jurisdictional to the Federal Government that may be hampering the Gulf Coast rebuilding process, I request that you strongly consider the role of the United States Department of Housing and Urban Development (HUD). In its efforts to demolish public housing in New Orleans, HUD has made it extremely difficult for public housing residents, all of whom are African-American, to return to New Orleans. As such, we request that you use your authority to force HUD to reconsider its demolition plans for public housing in New Orleans, and instead make the immediate return of public housing residents its primary goal.

Prior to Hurricane Katrina, HANO provided housing to approximately 14,000 families (49,000 individuals) through its public housing and housing choice voucher programs. HANO managed 7,379 public housing rental units, 5,146 of which were occupied. HANO had an allocation of 9,400 Housing Choice Vouchers pre-Katrina, with 8,981 vouchers utilized and another 700 issued to individuals searching for units. Additionally, 10,873 families were on HANO's voucher waiting list. Therefore, the struggle for affordable housing in New Orleans existed before the storm.

Since Katrina, a mere 1,100 families have returned to public housing units. Only 2,900 families received emergency vouchers, and out of that number, only 1,297 families have been able to secure an apartment through the use of a voucher due to the increased rents that families face in New Orleans. Given the dearth of affordable housing and the state of the rental market, a move towards mixed income housing—which will result in a large net loss of affordable units—would hurt the people HUD says it is trying to help.

228 St. Charles Ave, Suite 1035, LA 70130 877-445-2100 504.596.2100 Fax: 504-596-2004 www.gnofairhousing.org

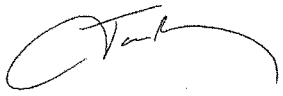
New Orleans has experienced recently the impact of mixed income housing on its affordable housing stock. In 2000, HANO, through a HOPE VI grant, redeveloped the St. Thomas public housing development. More than 1,500 units of public housing were demolished and slated for redevelopment as "River Garden Apartments" (River Garden). At the time of redevelopment, approximately 1,700 people lived at St. Thomas. River Garden's developer and management company, Historic Restoration Inc. (HRI), originally proposed to build a mixed-income community consisting of 80 percent public/low-income housing units and 20 percent market-rate units. However, the final redevelopment plan, which was formulated after HUD awarded HRI a $25 million grant, consisted of just 22 percent public/low-income housing units and 78 percent market-rate units--a near reversal of its original numbers.

In August of 2005, five years after 1,700 St. Thomas residents were displaced by the redevelopment, only 59 of the 122 public housing units at River Garden were occupied by public housing residents. River Gardens was left undamaged by Hurricane Katrina. But rather than offering the 69 vacant public housing units to displaced public housing residents, for one full year after the storm, HANO and HRI leased 44 of the 63 available units to employees of HANO, and the remainder of those 63 units to public housing-ineligible households. To date, HANO and HRI have failed to identify eligible former St. Thomas residents or other qualified public housing residents for placement in all of 122 units.

HOPE VI, as played out through the redevelopment of St. Thomas, has failed New Orleanians in dire need of affordable housing. Current plans to demolish and redevelop the St. Bernard, C.J. Peete, B.W. Cooper, and Lafitte housing developments are modeled upon the St. Thomas blueprint, despite the fact that nearly seven years after redevelopment began, only a handful of public housing residents have obtained housing there. HANO and HUD's decision to demolish public housing, instead of renovating and reopening these developments, denies New Orleans' poorest residents the opportunity to return home and ensures a future lack of affordable housing in a city that needs it now more than ever.

Again, we urge you to use your authority to force HUD and HANO provide immediate public housing in New Orleans.

Sincerely,



James H. Perry
Executive Director

Advocates for Environmental Human Rights

A nonprofit, public interest law firm dedicated to defending the human right to a healthy and safe environment

February 1, 2007

The Honorable Barney Frank, Chairman
House Committee on Financial Services
2252 Rayburn House Office Building
Washington, DC 20515-2104

Dear Congressman Frank:

We appreciate your bold leadership in supporting the right of return for the thousands of people who remain displaced from their homes and communities seventeen months after Hurricane Katrina. In particular, we look forward to the hearing that will be convened by the House Committee on Financial Services on February 6, 2006 to probe federal housing responses to Hurricane Katrina.

Based in New Orleans, Advocates for Environmental Human Rights ("AEHR") provides legal services, community organizing support, public education, and advocacy campaigns that are focused on defending and advancing the human right to a healthy environment. Since Hurricane Katrina, our work has expanded to advocating for human rights protections in the treatment of the displaced residents of New Orleans and the Gulf Coast region.

As you know, actions taken by our federal government have exacerbated the disastrous consequences of Hurricane Katrina by creating a housing crisis that harms public housing tenants, homeowners, and renters. Less than two months after the hurricane, Secretary Alphonso Jackson of the Department of Housing and Urban Development ("HUD") infamously proclaimed to the media that New Orleans "will be less black." Soon after, Secretary Jackson installed metal plates over windows and doors on public housing in New Orleans that sustained minor hurricane damage, barring entry by tenants. Currently, Secretary Jackson seeks to fast track the demolition of public housing in New Orleans in complete disregard of the housing rights of 5,000 families.

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Further, the Bush Administration has approved funds for residential repair and rebuilding in Louisiana that would provide on average a woefully inadequate grant of $50,000 to homeowners who lost everything. (Leslie Eaton, *10,000 Get Grant Letters on Rebuilding in Louisiana*, THE NEW YORK TIMES, Dec. 1, 2006). These funds provide no direct benefit to renters, who comprised 60% of the pre-hurricane population of New Orleans and are unable to afford the rents that have skyrocketed since the storm. (Staff Reports, *Renters in New Orleans Want Road Home, Too,* NEW ORLEANS CITY BUSINESS, Nov. 27, 2006).

For the thousands of people who remain displaced, the Federal Emergency Management Agency ("FEMA") has established significant barriers to housing assistance, which has provoked courts to condemn the agency's actions.

> [FEMA] must free the evacuees from the 'Kafkaesque' application process they have had to endure. . . . It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare those beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights.
> *ACORN v. FEMA*, No. 06cv1521 (Nov. 29, 2006).

> [This Court] has seen scant evidence that desire for openness and clarity guided any of FEMA's communications, and this obfuscation has acted much to the detriment of the plaintiffs, and indeed, the entire country.
> *McWaters v. FEMA*, No. 05-5488 (E.D. La. 2006).

The Bush Administration has created a housing crisis that prevents predominantly African American and poor people from exercising their right of return, and is entirely contrary to the position it has taken to promote the right of return for displaced persons in international arenas. The fact is that for several years, our US government has been a cosponsor of United Nations' resolutions that adopted the *Guiding Principles on Internal Displacement* "as an important tool for dealing with situations of internal displacement" and welcomed the fact that "an increasing number of States, United Nations agencies and regional and non-governmental organizations are applying them as a standard." (United Nations, Commission on Human Rights, Res. 2003/51, 4/23/2003; United Nations, General Assembly, Res. 54/167, 12/17/99).

The UN *Guiding Principles on Internal Displacement* address the specific needs of internally displaced persons, and identify rights and guarantees that are relevant to: (1) protecting people from being displaced by a natural or man-made disaster; (2) protecting and assisting people during displacement; and (3) providing the necessary means for people to return or resettle. (United Nations, Commission on Human Rights, *Further Promotion and Encouragement of Human Rights and Fundamental Freedoms, Including the Question of the Program and Methods of Work of the Commission on Human Rights, Mass Exoduses and Displaced Persons*, E/CN.4/1998/53/Add.2, Feb. 11, 1998, available online at http://www.unhchr.ch/Huridocda/Huridoca.nsf/0/d2e008c61b70263ec125661e0036f36e?Opendocument).

Endorsing the UN *Guiding Principles on Internal Displacement* as "a useful framework for dealing with internal displacement," the U.S. State Department established a comprehensive

policy for protecting the human rights of people who are displaced by a man-made or natural disaster in October 2004 (US State Department, *USAID Assistance to Internally Displaced Persons Policy*, PD-ACA-558, Oct. 2004, pp. 1-2, 6, available online at http://www.usaid.gov/policy/ads/200/ 200mbc.pdf).

Our government's *Assistance to Internally Displaced Persons Policy* recognizes that prolonged displacement threatens people who are forced to leave their homes as a result of a disaster, but remain within their sovereign nation. (*Id.* at p. 3). Most notably, this policy asserts that the US government is committed to protecting people in all phases of displacement through the following actions:

Humanitarian Assistance

- Provide housing, food, water, sanitation systems, healthcare,
- Provide access to education, training, microcredit, legal documents, trauma counseling, locating families, and support to improve self-reliance

Return and Transition Assistance

- Provide transportation to return home
- Help to reclaim land, and rebuild houses and businesses
- Support displaced persons to create stronger civil society
- Safeguard the rights of female-headed households

Long-term Development assistance

- Construct infrastructure, health systems, and schools
- Develop modes of transportation and transportation routes
- Support access to vocational training and business loans

(*Id.* at p. 7).

While our government supports protecting and assisting people who are displaced in foreign countries, it has systematically denied those same protections and assistance for US citizens displaced by Hurricane Katrina.

It is profoundly evident that changes must be made to the Stafford Act, the federal law governing disaster response, which establishes that virtually all federal responses to a disaster are discretionary acts that are completely immune from lawsuit. (42 USC §5148). Mandatory acts are limited to: (1) matters under federal control as established by the US Constitution or federal law (42 USC §5191(b)), and (2) the duty to not discriminate (42 USC §5151). Under the Stafford Act, US citizens have no legal claim to disaster assistance because even those things that the Stafford Act describes as "essential assistance" – including emergency medical care, shelter, clearing roads and bridges, demolition of unsafe buildings, dissemination of health and safety information, and reduction of immediate life-threatening risks – are all discretionary. (42 USC §5170b). However, even within the confines of the Stafford Act, more could be done by the Bush Administration to support the right of return, especially when one considers that this administration has established a policy that addresses the needs of displaced Gulf Coast residents.

For these reasons, we respectfully request your support in

- blocking federal funds that would allow HUD to carry out its scheme to demolish public housing in New Orleans and deny housing to the 5,000 families who are public housing tenants;
- sponsoring legislation that provides sufficient housing grants for all people affected by Hurricane Katrina; and
- sponsoring a resolution that calls on the Bush administration to implement human rights standards, namely the UN *Guiding Principles on Internal Displacement* and the State Department's *Assistance to Internally Displaced Persons Policy*, in the reconstruction and re-inhabitation of New Orleans and the Gulf Coast region.

We appreciate your attention to this matter, and are available to further assist your efforts to achieve a just, sustainable, and anti-racist rebuilding of New Orleans and the Gulf Coast region.

Very truly yours,

Monique Harden
Co-Director & Attorney

Nathalie Walker
Co-Director & Attorney

Exhibit A

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

PHA Plans

5 Year Plan for Fiscal Years 2001 - 2005

Annual Plan for Fiscal Year Beginning 10/2003

NOTE: THIS PHA PLANS TEMPLATE (HUD 50075) IS TO BE COMPLETED IN ACCORDANCE WITH INSTRUCTIONS LOCATED IN APPLICABLE PIH NOTICES

HUD 50075
OMB Approval No: 2577-0226
Expires. 03/31/2002

PHA Plan
Agency Identification

PHA Name: *Housing Authority of New Orleans*

PHA Number: *LA 001*

PHA Fiscal Year Beginning: *10/2003*

Public Access to Information

Information regarding any activities outlined in this plan can be obtained by contacting: (select all that apply)

- ☒ Main administrative office of the PHA
- ☐ PHA development management offices
- ☐ PHA local offices

Display Locations For PHA Plans and Supporting Documents

The PHA Plans (including attachments) are available for public inspection at: (select all that apply)

- ☒ Main administrative office of the PHA
- ☒ PHA development management offices
- ☐ PHA local offices
- ☐ Main administrative office of the local government
- ☐ Main administrative office of the County government
- ☐ Main administrative office of the State government
- ☐ Public library
- ☒ PHA website
- ☐ Other (list below)

PHA Plan Supporting Documents are available for inspection at: (select all that apply)

- ☒ Main business office of the PHA
- ☐ PHA development management offices
- ☐ Other (list below)

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Expires: 03/31/2002

☐ Other housing market study
Indicate year:
☐ Other sources: (list and indicate year of information)

B. Housing Needs of Families on the Public Housing and Section 8 Tenant- Based Assistance Waiting Lists

State the housing needs of the families on the PHA's waiting list/s. **Complete one table for each type of PHA-wide waiting list administered by the PHA.** PHAs may provide separate tables for site-based or sub-jurisdictional public housing waiting lists at their option.

Housing Needs of Families on the Waiting List			
Waiting list type: (select one) ☒ Section 8 tenant-based assistance ☐ Public Housing ☐ Combined Section 8 and Public Housing ☐ Public Housing Site-Based or sub-jurisdictional waiting list (optional) If used, identify which development/subjurisdiction:			
	# of families	% of total families	Annual Turnover
Waiting list total	16,102		404
Extremely low income <=30% AMI	10,144	63%	
Very low income (>30% but <=50% AMI)	4,992	31%	
Low income (>50% but <80% AMI)	966	6%	
Families with children			
Elderly families	563	3%	
Families with Disabilities	1317	8%	
Race/ethnicity	African-American 99%		
Race/ethnicity			
Race/ethnicity			
Race/ethnicity			

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Expires: 03/31/2002

Housing Needs of Families on the Waiting List			
Characteristics by Bedroom Size (Public Housing Only)			
1BR	1,617	10%	
2 BR	7,029	44%	
3 BR	5,923	37%	
4 BR	1,278	8%	
5 BR	178	1%	
5+ BR	22	0%	

Is the waiting list closed (select one)? ☐ No ☒ Yes
If yes:
How long has it been closed (# of months)? **23 months (since July 2001)**
Does the PHA expect to reopen the list in the PHA Plan year? ☒ No ☐ Yes
Does the PHA permit specific categories of families onto the waiting list, even if generally closed? ☒ No ☐ Yes

Housing Needs of Families on the Waiting List			
Waiting list type: (select one) ☐ Section 8 tenant-based assistance ☒ Public Housing ☐ Combined Section 8 and Public Housing ☐ Public Housing Site-Based or sub-jurisdictional waiting list (optional) If used, identify which development/subjurisdiction:			
	# of families	% of total families	Annual Turnover
Waiting list total	8,250		564
Extremely low income <=30% AMI	6,270	76%	
Very low income (>30% but <=50% AMI)	1,650	20%	
Low income (>50% but <80% AMI)	330	4%	
Families with children			
Elderly families	549	7%	
Families with	1,721	21%	

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Expires. 03/31/2002

Housing Needs of Families on the Waiting List			
Disabilities			
Race/ethnicity	**African-American 99%**		
Race/ethnicity			
Race/ethnicity			
Race/ethnicity			
Characteristics by Bedroom Size (Public Housing Only)			
1BR	**1,963**	**24%**	
2 BR	**3,594**	**44%**	
3 BR	**2,210**	**27%**	
4 BR	**425**	**5%**	
5 BR	**51**	**1%**	
5+ BR	**7**	**0%**	

Is the waiting list closed (select one)? ☐ No ☐ Yes ***See note below***

If yes:

How long has it been closed (# of months)?

Does the PHA expect to reopen the list in the PHA Plan year? ☐ No ☐ Yes

Does the PHA permit specific categories of families onto the waiting list, even if generally closed? ☒ No ☐ Yes

NOTE: In February 2003 all site-based waiting lists were closed except at the Guste High Rise. A waiting for the new Fischer Elderly units will be opened in the coming months.

C. Strategy for Addressing Needs

Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list IN THE UPCOMING YEAR, and the Agency's reasons for choosing this strategy.

(1) Strategies

Need: Shortage of affordable housing for all eligible populations

Strategy 1. Maximize the number of affordable units available to the PHA within its current resources by:

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Exhibit B

4|06

HOUSING AUTHORITY OF NEW ORLEANS POST-KATRINA FREQUENTLY ASKED QUESTIONS

Hurricane Katrina's devastation to the Gulf coast and the City of New Orleans caused severe distress for the low-income families served by the Housing Authority of New Orleans (HANO). These families were realizing the success of years of planning for the revitalization of the Agency's deteriorated public housing portfolio. On August 29, 2005, HANO, led by the HUD installed Receiver Team, was in the midst of major redevelopment of five of its ten large conventional public housing sites. Two stalled HOPE VI programs at the Desire and St. Thomas public housing communities were moving forward and redevelopment work at three additional sites, Fischer Homes, Florida Homes and Guste Homes began in January 2005.

In the immediate aftermath of Hurricane Katrina, HANO pursued its mission to provide housing for the City's low income residents. Within a week, satellite offices were established in Dallas, Houston, and Atlanta to assist with the housing of evacuated families and other staff soon mobilized in New Orleans to assess the damages to HANO properties. Within six weeks, construction was resumed at two of the four sites under development at the time of the storm, and clean-up and minor repair efforts were initiated at other sites.

HANO is working diligently to return its residents home to New Orleans and to continue to revitalize its housing stock. In doing so, it is hampered by the same things that challenge other businesses in New Orleans: the lack of adequate housing for its staff, limited utility availability in the City, damage to its office facilities making them temporarily unusable, and increased costs for construction materials. As HANO moves forward, it frequently encounters questions regarding the status of its programs and the time period for reopening its housing sites. Below are responses to these frequently asked questions.

PRIOR TO HURRICANE KATRINA, HOW MANY PUBLIC HOUSING UNITS DID HANO MANAGE?

Prior to Hurricane Katrina, HANO managed a total portfolio of 7,379 rental public housing units. These units included a combination of 10 large public housing communities and over 700 scattered sites throughout the New Orleans community. Of these, 5,146 units were occupied. Many of the vacant units in HANO's inventory were slated for demolition.

PRIOR TO HURRICANE KATRINA, HOW MANY HOUSING CHOICE VOUCHERS DID HANO ADMINISTER?

HANO had an allocation of 9,400 Housing Choice Vouchers pre Katrina, with 8,981 vouchers utilized and another 700 issued to individuals searching for units.

HOW MANY RESIDENTS WERE SERVED BY HANO PRIOR TO HURRICANE

KATRINA?

Prior to Katrina, HANO provided housing to approximately 14,000 families (49,000 individuals) through its public housing and housing choice voucher programs.

WHAT WAS HANO'S REDEVELOPMENT STRATEGY PRIOR TO HURRICANE KATRINA?

Prior to Hurricane Katrina, HANO had embarked upon a massive redevelopment campaign to revitalize its deteriorating public housing portfolio. The HUD installed Receiver Team led the staff and a team of consultants to move forward two stalled HOPE VI programs at the Desire and St. Thomas public housing communities and began work on the redevelopment of three additional housing sites, Fischer Homes, Florida Homes and Guste Homes.

The renewed investment at these five sites totaled approximately $700 million and included both privately developed and HANO developed projects. Funding for these projects included tax exempt bonds, low income housing tax credits, HOPE VI Demolition and Revitalization Grants, Capital Fund Programs, Affordable Housing Program grants, private debt, and City and State funding. Development plans included the construction of public housing, Section 8 project-based, Low-Income Housing Tax Credit, market rate rental, and homeownership units for a total of 3,163 mixed-income units.

In the three years prior to Hurricane Katrina, HANO completed redevelopment of 1,015 housing units for a total investment of $186 million; another 691 units were under construction when Katrina hit, representing $155 million in investment. HANO was also planning to develop another 1,457 mixed financed, mixed income units at key sites

WHAT HAS HANO DONE TO LOCATE ITS PUBLIC HOUSING AND SECTION 8 POPULATION? WHERE ARE THEY?

HANO implemented several initiatives to locate its residents immediately following the hurricane. Staff was placed in Houston to establish a call center for residents and a database for tracking the locations and needs of those families. Other employees were placed in cities with large concentrations of HANO residents to work with the local public housing authorities to initiate an assessment process for HANO evacuees. Staff in areas such as Jackson, Atlanta and Dallas conducted resident assessments and briefings in an effort to locate HANO clients and to assist them with their needs. Resident information, complete with updated contact information, a needs assessment and plans for returning to New Orleans, is being tracked in a central database in New Orleans. HANO has also coordinated with HUD to track families that have been assisted by HUD and/or FEMA. To date, the KDHAP database reports that approximately 13,000 HANO clients have been assisted with the greater populations being in Texas, Louisiana and Georgia respectively.

HANO has also established a process to assist families on their return visits to New Orleans to retrieve personal property as well as on their permanent return.

HOW MANY FAMILIES HAVE RETURNED TO THEIR PUBLIC HOUSING COMMUNITIES IN NEW ORLEANS?

Approximately 876 public housing families have returned to their units at Guste, Fischer, St. Thomas and some scattered sites. The total number of emergency vouchers (Katrina Disaster Housing Assistance Program & Disaster Voucher Program) that were issued is approximately 2,900 and 1,297 are leased up.

Based on client assessments conducted by, the trend indicates that approximately 60% of HANO's public housing families plan to return.

HOW MANY PUBLIC HOUSING COMMUNITIES WERE DAMAGED BY HURRICANE KATRINA? WHAT IS THE EXTENT OF THE DAMAGE?

HANO's public housing inventory sustained varying degrees of damage, from minor to severe. St. Thomas (River Garden) in Uptown and Fischer on the West Bank received minor damage and no flooding. Iberville received moderate wind damage along with Guste in Central City and C. J. Peete where there was also minor flooding. Lafitte sustained flood damage, with water standing up to 12 inches in the units and B. W. Cooper sustained damage from as much as 24 inches of water. Mold hazards have infiltrated many of the units at Lafitte creating the need for hazard abatement. St. Bernard, Florida and Desire received significant flooding and sustained severe damage. Florida and Desire experienced complete devastation and based on preliminary reports may require complete demolition.

HANO HAS A LOT OF OPEN SPACE AT ITS CONVENTIONAL SITES AND A LOT OF SCATTERED SITE VACANT PROPERTIES? WHY HASN'T HANO LET FEMA PUT TRAILERS ON THESE SITES FOR NEW ORLEANS RESIDENTS?

HANO and HUD are working to identify sites that may be available for residents and are working to place FEMA trailers at Imperial for HANO staff.

IS HANO CONTINUING TO TAKE APPLICATIONS FOR ITS HOUSING PROGRAMS?

HANO is not taking applications for its housing programs at this time. HANO is concentrating on getting families with leases an opportunity to return to their units.

WHAT IS THE PLAN TO REOCCUPY PUBLIC HOUSING?

HANO has begun the reoccupancy of its housing communities. HANO initiated reoccupancy at the sites that sustained the least amount of damage. Families began the

reoccupancy of St. Thomas, Fischer, Guste and Hendee Homes (a scattered site community) approximately four weeks after the storm. The reoccupancy continues at these sites. Reoccupancy at the Iberville is taking place in a more strategic manner. HANO is making needed repairs at Iberville for reoccupancy by former HANO residents. Reoccupancy is occurring on a building by building basis. A small quadrant, approximately 300 units at BW Cooper, sustained no unit flooding and little wind damage. Staff is working to clean and repair those units and to develop cost estimates to repair the remaining flood damaged units. HANO is working on specifications to bid the repairs needed at Lafitte. St. Bernard, Florida and Desire public housing sites sustained severe damage and HANO is working to develop a plan to address the rebuilding of these communities.

WHAT IS HANO DOING TO REPAIR/REBUILD ITS PUBLIC HOUSING COMMUNITIES?

HANO developed a process shortly after Katrina to assess damages to its properties. HANO subsequently developed a priority listing of developments that would be cleaned and repaired for reoccupancy at the pre-Katrina levels, based on severity of damage. With in-house and contracted resources, HANO has completed repairs on approximately 900 units at its conventional and scattered sites and is cleaning and repairing additional units at Iberville. Following the completion of Iberville, HANO will make repairs to units that were previously occupied at C. J. Peete, B.W. Cooper, and Lafitte. HANO has also worked with local contractors and utility providers to re-establish utilities at the sites in a prioritized manner.

HANO is also moving forward with development plans that were in place at the time the hurricane occurred. The agency anticipates submitting eight tax credit applications in the spring for projects that were in planning as well as additional scattered site developments to maximize funding that is being made available to parishes affected by Katrina. Development plans include completing the construction of 82 units at Guste and building an additional 167 on site and 100 offsite; completing 123 units under construction at Fischer and developing 76 homeownership units, 26 rental units and 22 lease to own units on the site; and completing an additional 872 units of mixed-use, mixed-income housing on and off site for St. Thomas. Additional plans are being made for the redevelopment of C. J. Peete and several scattered sites.

WHERE ARE HANO'S NEW OFFICES IN NEW ORLEANS LOCATED?

HANO's administrative office is located at 4100 Touro Street, New Orleans, Louisiana 70122. The Section 8 office is located at the Christopher Park Homes Community Center at 2000 Murl Street, New Orleans, LA 70114, and the Maintenance/Management Office is located in the Lafitte Development Community Center.

Exhibit C

This page is located on the U.S. Department of Housing and Urban Development's Homes and Communities Web site at http://www.hud.gov/news/release.cfm?CONTENT=pr06-066.cfm.

News Release

HUD No. 06-066
Donna White
(202) 708-0685
www.hud.gov/news/

For Release
Wednesday
June 14, 2006

HUD OUTLINES AGGRESSIVE PLAN TO BRING FAMILIES BACK TO NEW ORLEANS' PUBLIC HOUSING
Plan includes having 2,000 units opened by August, raising voucher values to expand local rental opportunities

NEW ORLEANS - Housing and Urban Development Secretary Alphonso Jackson today unveiled the agency's plan to accelerate the return of public housing families back to New Orleans. The plan includes rehabilitating and reopening about 1,000 public housing units in the next 60 days, raising the value of HUD Disaster Vouchers, and redeveloping New Orleans public housing to bring better housing opportunities for families displaced by Hurricane Katrina.

"President Bush said soon after Hurricane Katrina ravaged the city that he is committed to rebuilding the great city of New Orleans," said Jackson on a teleconference in Washington. "We are making the President's vision a reality with an innovative plan that will not only reopen nearly half of the city's public housing, but also provide an economic and social renaissance to several New Orleans neighborhoods.

There are currently about a 1,000 residents back in public housing units at Iberville, Guste, Fischer, River Garden (formerly St. Thomas) and Hendee Homes. The plan announced today will accelerate the cleanup and repair of additional units at these developments, which will ultimately mean the Housing Authority of New Orleans (HANO) reopening another 1,000 units by August. Rehabilitating these units will give nearly half - of the 5,000 families displaced last August an opportunity to return to New Orleans.

Jackson also directed HANO to increase the Fair Market Rate (FMR) in New Orleans by 35 percent. The increase should help create more rental housing opportunities for displaced families. FMRs, which HUD sets annually for communities, determine how much a voucher is worth in local communities. This move increases the value of HUD's Disaster Vouchers that are being given to displaced families. For example, the current FMR for a 2-bedroom apartment is set at $696. Applying the new payment standard will boost the voucher to $940. The same goes for other apartment s ranging from one to 4-bedrooms.

"Any New Orleans voucher recipient or public housing resident will be welcomed home," said Jackson. "Rebuilding and revitalizing public housing isn't something that will be done overnight. We want to ensure the public housing of the future is

a source of pride for all residents of the city."

HUD will also use a mix of federal public housing funding HANO receives annually, as well as bond funds and Low Income Housing Tax Credits to redevelop C.J. Peete, B.W. Cooper, Lafitte and St. Bernard, which endured moderate to severe damage. The units will be demolished to make way for a mixture of public housing, affordable rental housing and single-family homes. Two developments - Desire and Florida - suffered severe damage. HANO will continue to work with the developers of the Desire HOPE VI community as they work through the insurance and rebuilding process. Until these developments are finished, HUD will assist families from communities with a continuum of Disaster Vouchers, Section 8 Vouchers, and Tenant Protection Vouchers that will continue to cover rent wherever they have relocated.

HUD is the nation's housing agency committed to increasing homeownership, particularly among minorities; creating affordable housing opportunities for low-income Americans; and supporting the homeless, elderly, people with disabilities and people living with AIDS. The Department also promotes economic and community development, and enforces the nation's fair housing laws. More information about HUD and its programs is available on the Internet at www.hud.gov and espanol.hud.gov.

###

U.S. Department of Housing and Urban Development
451 7th Street, S.W., Washington, DC 20410
Telephone: (202) 708-1112 Find the address of a HUD office near you

Exhibit D

Housing Authority of New Orleans
Preliminary Recovery Plan for the Redevelopment and Repair of Public Housing Properties
Summary

William J. Fischer Housing Development

Address: 2030 L.B. Landry
Site Size: 49 acres

HUD Project Number	Year Constructed	Original Units	Pre-Storm Units	Pre-Storm Occupancy	Post-Storm Occupancy*	Unit Type
LA48P001016	1965	1,005	180	78	57	Family
LA48P001062	2004	40	40	30	35	Senior
LA48P001068	2005	60	60	57	38	Senior

* Occupancy as of April 14, 2006

Pre-Katrina Status:

The Fischer Senior Village was completed in May 2005 as a modernization project and was fully occupied in August 2005. Construction at Fischer I and III was approximately 27% complete in August 2005 when the hurricane occurred.

Post-Katrina Status:
Fischer received minor damage; units were repaired at the Senior Village and the Low-Rise. Construction of Fischer I and III began again approximately two months after the hurricane.

Redevelopment Plan Summary
Approved with the 2003 Bond Issue and the 2003 HOPE VI Revitalization Plan.

Developer: Crescent Affordable Housing Corporation (an affiliate of HANO)

Unit Distribution:

249 Rental
75 Homeownership
22 Lease-to-Own
347 Total Units

Total Construction Cost: $82.6 million

Permanent Financing

	HUD Funds
$7,249,401	HOPE VI Revitalization
$3,226,475	HOPE VI Demolition
$11,293,647	CFFP Bond
$3,571,471	HANO AFR Loan
$15,000,000	HANO Capital Fund
$43,340,994	Subtotal
	Other Funds
$24,969,299	Tax Credit Equity
$540,614	Program Income/Deferred Fee
$122,258	GIC Interest
$4,495,195	City of New Orleans
$1,635,438	CDBG - State
$674,000	AHP
$1,265,000	Soft second funds
$5,954,552	Mortgage/down payment
$39,256,356	Subtotal
$82,597,350	Total*

*Does not include post-Katrina recovery or cost increases of $767,589 for Fischer I and $1,041,182 for Fischer III.

EXHIBIT
Q

HANO 010812

B.W. Cooper Housing Development

Address: 3402 Earhart Boulevard
Site Size. 55 acres

HUD Project Number	Year Constructed	Original Units	Pre-Storm Units	Pre-Storm Occupancy	Post-Storm Occupancy*	Unit Type
LA48P001007	1942	690	682	900	0	Family
LA48P001012	1954	860	792	615	0	Family

* Occupancy as of April 14, 2006

Pre-Katrina Status:
Prior to the storm, B. W. Cooper needed extensive repairs and had a large number of vacancies. HANO had received HUD approval to demolish a portion of the site, 118 units at LA1-7 and 220 units at LA1-12 pursuant to a Section 202 waiver.

Post-Katrina Status:
B.W. Cooper received extensive damage. Although the majority of the units are inhabitable, approximately 252 units received less damage and could be repaired. Forty-five (45) of these have been repaired to meet UPCS standards and roof repairs have been made on 252 units.

B.W. Cooper - Redevelopment Alternatives

1. Sale of Property
2003 ADGST appraised value with 3% annual inflation factor: $37.4 million
Assumes site is cleared of all buildings and ready for development.

2. Repair of Units and Bring Up to Code Compliance (282 units only)
All units would be repaired and retained as ACC units

Cost Estimate	$3,751,000
% of TDC	8%

3. Extensive Modernization (all units)
All units would be substantially rehabilitated and brought up to HQS standards. Improvements would include landscaping and repairs to streets and utilities.

Cost Estimate	$135,306,760
% of TDC	55%

4. Demolition of All Units and New Construction

	ACC	TC	Market	Total
Number of Units	275	275	275	825

Cost Estimate	
Demolition	$5,075,000
Infrastructure	$48,967,490
Community Facility	$6,842,550
New Construction	$160,875,000
Total	$221,760,040
% of TDC	162%

Lafitte Housing Development

Address: 2101 Lafitte Street
Site Size: 27.2 acres

HUD Project Number	Year Constructed	Original Units	Pre-Storm Units	Pre-Storm Occupancy	Post-Storm Occupancy*	Unit Type
LA48P001005	1941	896	895	865	0	Family

* Occupancy as of April 14, 2006

Pre-Katrina Status:
Although the units at Lafitte do not have standard size kitchens, prior to the storm, the housing site was considered by many to be the best in HANO's inventory of developments yet to be revitalized.

Post-Katrina Status:
Lafitte received extensive damage. None of the units are habitable.

Lafitte - Redevelopment Alternatives

1. Sale of Property
2003 ADGST appraised value with 3% annual inflation factor: $8.7 million
Assumes site is cleared of all buildings and is ready for development.

2. Repair of Units and Bring Up to Code Compliance
All units would be repaired and retained as ACC units

Cost Estimate	$20,825,200
% of TDC	14%

3. Extensive Modernization
All units would be substantially rehabilitated and brought up to HQS standards. Improvements would include landscaping and repairs to streets and utilities.

Cost Estimate	$84,354,252
% of TDC	57%

4. Demolition of All Units and New Construction

	ACC	TC	Market	Total
Number of Units	135	135	135	405

Cost Estimate	
Demolition	$4,325,000
Infrastructure	$12,318,950
Community Facility	$4,561,700
New Construction	$78,975,000
Total	$100,180,650
% of TDC	149%

St. Bernard Housing Development

Address: 3801 St. Bernard Avenue
Site Size: 52 acres

HUD Project Number	Year Constructed	Original Units	Pre-Storm Units	Pre-Storm Occupancy	Post-Storm Occupancy*	Unit Type
LA48P001008	1942	744	713	408	0	Family
LA48P001013	1943	720	720	550	0	Family

* Occupancy as of April 14, 2006

Pre-Katrina Status:
Prior to the storm, the St. Bernard site needed extensive repairs to bring it into compliance with local codes.

Post-Katrina Status:
St. Bernard received extensive damage. None of the units are habitable.

St. Bernard - Redevelopment Alternatives

1. Sale of Property
2003 ADGST appraised value with 3% annual inflation factor: $14.6 million
Assumes site is cleared of all buildings and is ready for development.

2. Repair of Units and Bring Up to Code Compliance
All units would be repaired and retained as ACC units

Cost Estimate	$41,434,800
% of TDC	17%

3. Extensive Modernization
All units would be substantially rehabilitated and brought up to HQS standards.
Improvements would include landscaping and repairs to streets and utilities

Cost Estimate	$130,630,416
% of TDC	55%

4. Demolition of All Units and New Construction

	ACC	TC	Market	Total
Number of Units	260	260	260	780

Cost Estimate	
Demolition	$4,790,000
Infrastructure	$34,577,417
Community Facility	$5,702,125
New Construction	$152,100,000
Total	$197,169,542
% of TDC	152%

Exhibit E

William C. Thorson
08/02/2006 10:29 PM

To: Kedrin T. Simms/CIR/HHQ/HUD@HUD
cc: "Kevin Gallagher" <kevin_j._gallagher@hud.gov>, "Patricia Arnaudo" <patricia_arnaudo@hud.gov>, Dominique G. Blom/PIH/HHQ/HUD@HUD, Jeffrey Riddel/PIH/HHQ/HUD@HUD, C. Donald Babers/FPM/FTW/HUD@HUD, Justin R. Ormsby/PIH/FTW/HUD@HUD
Subject: Re: Public housing question

PHAs typically insure their stock with private insurers. There have been a number of PHA originated companies aimed insuring PHAs (eg Housing Authority Risk Retention Group).

The issue of rebuilding costs is somewhat of a premature issue for HANO at the moment. And by the way, not simple.

The stock was distressed and obsolete before the hurricane. The hurricane only compounded a bad situation. Prior to the hurricane, hano embarked on a substantial redevelopment effort under the H6 program, involving Fisher, Guste, and Florida. This involved demolition and redevelopment of the units in mixed income/mixed finance settings.

After the hurricane, approximately 1000 units were reoccupied. HUD/HANO determined that another 1000 nonflood impacted units could be repaired and occupied on a temporary basis pending further redevelopment efforts. In addition to completing the existing H6, HANO submitted approximately 11 tax credit applications to develop for approximately 300 units. At the same time, it was determined that there would be a complete redevelopment of CJ Peete, St Bernard, BW Cooper and Lafite. The first part of the process will be for HANO to apply for approval to demolish the approximately 3,800 units (or approximately 1/2 of the current HANO inventory of 7,000 units). Efforts are underway to amend the PHA Plan and submit the demo/dispo apps. After that, we will be doing RHF s for developers to submit proposals to redevelop the sites in a mixed income, mixed finance, deconcentrated manner.

Now you know why I said the answer for HANO is not that simple. I do believe that PDR did some extensive work on Katrina and may have included more global answers to your questions.

From the Big Easy, WCT
Kedrin T. Simms

Kedrin T. Simms
08/02/2006 04:28 PM

To: "Patricia Arnaudo" <patricia_arnaudo@hud.gov>, "William Thorson" <william_c._thorson@hud.gov>, "Kevin Gallagher" <kevin_j._gallagher@hud.gov>
cc:
Subject: Public housing question

Pat/Bill/Kevin:
Quick question--how do public housing authorities insure their PH stock. IE how is it rebuilt after a hurricane?

Do we have any numbers on the cost of rebuilding HANO or others affected by Katrina and how was this funded?

Thanks!

Sent from my BlackBerry Wireless Handheld

Jeffrey Riddel

Jeffrey Riddel
08/03/2006 06:37 PM

To: William C. Thorson/PIH/HHQ/HUD@HUD
cc: Dominique G. Blom/PIH/HHQ/HUD@HUD
Subject: working draft of talking points

Bill,

FYI - there is a desire to have talking points for HUD/HANO use as well as for the Lafitte partners and City. Attached are my initial thoughts. Please provide any thoughts/suggestions/additions/deletions/etc.

Thanks.

Jeff

Jeffrey H. Riddel
Acting Director, Office of Capital Improvements
US HUD
Office of Public Housing Investments
451 7th Street, SW, Room 4130
Washington DC 20410

phone: 202-708-0614, extension 7378
fax: 202-401-2370

----- Forwarded by Jeffrey Riddel/PIH/HHQ/HUD on 08/03/2006 06:34 PM -----

Jeffrey Riddel
08/03/2006 06:31 PM

To: ASolis@enterprisecommunity.org
cc: Stephen C. O'Halloran/PA/HHQ/HUD@HUD, Dominique G. Blom/PIH/HHQ/HUD@HUD
Subject: working draft of talking points

All,

As I continue to think about Lafitte, attached below is my working draft of potential talking points, subject to further refinement. We will talk in the morning.

Jeff

Draft Talking Points.do

Jeffrey H. Riddel
Acting Director, Office of Capital Improvements
US HUD
Office of Public Housing Investments
451 7th Street, SW, Room 4130
Washington DC 20410

phone: 202-708-0614, extension 7378
fax: 202-401-2370

William C. Thorson
08/04/2006 02:26 PM

To: Jeffrey Riddel/PIH/HHQ/HUD@HUD
cc: Dominique G. Blom/PIH/HHQ/HUD@HUD, C. Donald Babers/FPM/FTW/HUD@HUD, Justin R. Ormsby/PIH/FTW/HUD@HUD
Subject: Re: working draft of talking points

I think we want to attack this more aggressively.

Reac inspections are ass follows: 0 out of 100 post Katrina, 33 out of 100 in 2005 and 48 out of 100 in 2003. Not sure why there was not score in 2004.

I thnk as we move forward we need to use this imperical data to our advantage. Justin: Please check with Raymond to find out if it had Lead. That would be an important fact but don't want to say it without evidence. Also, we might want to take photos of the worst of the worst parts, particularly the interior, mold, pealing paint, old broken down kitchens. Pictures are worth a 1,000 words. Also get them copies of the times/picy on the murders at Iberville. the idea being that reopening lafite as before would create another iberville.

also be careful on the numbers.....if there are 800 units id it costs 80 million to repair, the per unit cost of repair is relatively low. Shelley may have better, more robust numbers.

Also, check the spelling of Lafitte. Does it have one or 2 "t". Maybe I have been misspelling it all this time, another one of my faults.

As a result, I would be more inclined to say something like:

Why demolish lafite.

> Lafite was built in 1941. it has received little modernization over its lifetime rendering the property significantly obsolete as to its physical condition. HUD inspections have consistently rated this project in the substandard range, eg 0 out of 100 in 2006, 3 out of 100 in 2005 and 48 out of 100 in 2003. Hurricane Katrina made the physical condition of Lafite worse than it was before the hurricane. Prior to Katrina, it is conservatively estimated to cost $80 million to meet HUD's Uniform Physical Condition Standards, including at least $20 million just to meet local codes. The property is also substantially obsolete as to design relative to the community. Lifite has over 800 units for low and very low income families on a single site. The social and economic admosphere, including potential for crime and drugs, is not conducive to a healthy and safe family environment, particularly for children. Were HANO to repair and repopulate Lafite, it would likely be experiencing similar crime related problems as is currently the case in Iberville. As you know, there have been 5 murders during the last 4 months. It is fortunate that no children were the victims of this horror, yet. HANO, HUD and Providence/Enterpirse all believe the time to stop warehousing HANO families in substandard conditions is now and that they deserve better.
>
> HANO's redevelopent plan calls for a joint venture that would produce a substantial number of housing units including 900 subsidzed units providing replacement housing that HANO can not now provide. In addition, the proposal would likely capitalize on private managment prevent some of the the past causes that led to Lafetes deteriorated condition.

Or words to that effect. I am not too fussy.

The rest of the talking points regarding the proposal look fine to me.

Hope that helps.

WCT

C.J. Peete Housing Development

Pre- Hurricane Status

The C.J. Peete site consists of two public housing sites with a total of 1,403 units, including 723 original units at LA1-2 and 680 units at LA1-10. Over the past six years the 680 units at LA1-10 were demolished, leaving a cleared site that is ready for new development. Prior to the hurricane, HUD had approved demolition of 202 of the 723 units located at LA1-2. Many of the remaining 521 units are under state and/or federal protection for historic preservation.

Only 144 of the remaining 723 units were occupied at the time Hurricane Katrina struck in August 2005. The remaining units were long-term vacancies.

C.J. Peete was selected as the next HANO site for rehabilitation. HANO had contracted with Perez APC to develop a land use plan for the entire CJ Peete site, with preliminary plans taking into consideration the restrictions of the Memorandum of Agreement with the SHPO and without these restrictions. These plans were nearing completion in August 2005.

Hurricane Damage

As shown in the table below, C.J. Peete received moderate damage from Hurricane Katrina.

	Units	Post Storm Condition
Housing Units	723	Exterior damage: roofs; windows and doors; flashing and trim; excessive debris, automobiles, and garbage; damage to overhead electrical lines Interior damage is minimal
Community Center	NA	Flooded to approximate 18-inches Interior flood damage throughout

Post-Hurricane Status

Since the hurricane, the vacant property at C.J. Peete has become a prime location for retail and residential development. On a portion of the vacant property, HANO plans to develop 100 affordable housing units. In April 2006 HANO submitted two LIHTC applications, each for 50 units. One of the sites will also include a community center.

HANO has selected an architect for the site and is finalizing contract negotiations. Following execution of this contract, the architect will work with the SHPO to eliminate or reduce the restrictions placed on HANO by the MOA with SHPO. Once this is done,

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0001

THE SECRETARY

October 3, 2006

The Honorable Barney Frank
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515-6050

Dear Representative Frank:

Thank you for your letter of August 15, 2006, raising questions about the Department's future plans for affordable housing in the city of New Orleans. Replies are enclosed to all of your questions. As you know, both public housing and the entire housing stock across the Gulf Coast were severely impacted by the recent hurricanes. Accordingly, the Housing Authority of New Orleans (HANO) has developed a multifaceted approach to redevelopment, new construction, and aggressive use of vouchers in the private sector market to bring affordable housing units online as quickly as possible.

HANO has developed a strong resident outreach program to communicate with its customers on both current conditions and future plans for housing. Former residents have received a letter and questionnaire to determine their individual circumstances so that those who want to come home will be able to do so.

HANO and HUD are working together with local, state, and other federal agencies to provide as much coordination as possible in this large undertaking. The data and information enclosed will confirm that there are approximately 1,000 units of public housing currently in use and another 1,000 units in the process of being re-populated. Additionally, tax-credit projects, the restart of previously "under construction" projects, and the increase of Fair Market Rent rates will contribute to the process of making more units available for residents who wish to move back to New Orleans.

Thank you for your interest and support for the rebuilding effort in New Orleans.

Sincerely,

Alphonso Jackson

Enclosure

Response to Congressional Inquiry (Responses in Bold)

Demolition or Disposition Rules and City Approval
How will HANO/HUD comply with the Demolition or Disposition rules in the public housing proposal announced in the June 14, 2006, HUD press release?

HANO will submit demolition/disposition applications in accordance with the requirements of Section 18 of the United States Housing Act of 1937, as amended, and related regulations found under 24 CFR part 970.

Public Participation
What is HUD's plan for engaging public housing residents in decisions that affect the future of public housing in New Orleans?

The HUD Receiver Team meets regularly with the public housing leadership from all development sites. Residents are able to voice their opinions and concerns regarding agency plans for the future of public housing in New Orleans. HANO is also scheduling forums in Baton Rouge, Memphis, Dallas, Atlanta, and Houston to notify residents of redevelopment plans and activities in New Orleans.

Please tell us who we should be working with to ensure public participation.

Interested parties may contact HANO's Communications Department to gain information on activities that provide opportunities for resident participation and recent events that affect public housing residents.

What means for public participation will HANO employ in developing the 2006 Public Housing Agency Plan? What is the date of the public hearing? What is the schedule for involving the Resident Advisory Board, other tenants, and community groups?

HANO will make its draft Public Housing Agency (PHA) Plan for Fiscal Year (FY) 2007 available for 45-day public comment and conduct a public hearing to discuss the Plan. The Agency's tentative timelines call for posting the PHA Plan for public comment the week beginning October 16, 2006, and holding a series of Resident Advisory Board (RAB) meetings during that interval. The public hearing is tentatively scheduled for December 6, 2006.

HANO will make the PHA Plan available for review by HANO tenants, citizens-at-large, and community groups at its eastbank and westbank facilities and will also post

the Plan on the Agency's website at www.HANO.org. Additionally, HANO staff will be available to coordinate with the RAB members as they communicate and correspond with the tenants of their respective developments/councils concerning HANO's PHA Plans. Comments and recommendations will be considered in preparing the final Plan for submission to HUD for approval.

Public Housing and Helping Individuals Return to New Orleans

When will HANO/HUD make affordable housing units available to public housing residents, and how many affordable units will it provide over the next 12 months? How many units will be affordable at 30% of adjusted income to residents with incomes below 30% AMI, 50% AMI?

As part of their joint mission, HANO and HUD are continuously working to make affordable housing units available to public housing residents. Over the course of the next 12 months (i.e., by September 30, 2007), a total of 205 affordable units will be constructed of which 142 will be public housing units. All 205 units will serve families at or below 60 percent AMI. Twenty of these units are already on-line at the Fischer site.

Which units does HANO/HUD plan to bring on-line and when? Please provide us with the most recent comprehensive timetable for rehabilitation and re-occupancy for each development individually.

The information requested is provided in the following table:

PUBLIC HOUSING UNITS SCHEDULED FOR REHABILITATION & REOCCUPANCY				
PROJECT	**UNITS AVAILABLE FOR OCCUPANCY AS OF AUG. 31, 2006**	**UNITS AVAILABLE FOR OCCUPANCY BY SEPT. 30, 2006**	**UNITS AVAILABLE FOR OCCUPANCY BY DEC. 31, 2006**	**COMMENTS**
B. W. COOPER LA1-7	0	311	311	311 units are scheduled for repair by Sept. 30, 2006. Although revitalization planning for B.W. Cooper is still underway,

PUBLIC HOUSING UNITS SCHEDULED FOR REHABILITATION & REOCCUPANCY				
PROJECT	**UNITS AVAILABLE FOR OCCUPANCY AS OF AUG. 31, 2006**	**UNITS AVAILABLE FOR OCCUPANCY BY SEPT. 30, 2006**	**UNITS AVAILABLE FOR OCCUPANCY BY DEC. 31, 2006**	**COMMENTS**
				HANO anticipates demolishing the 311 units for future redevelopment of the site.
FISCHER ELD 2 LA1-68	60	60	60	
FISCHER ELD. LA1-62	40	40	40	
GUSTE HOMES LA1-15 (ELD. HR)	365	365	365	
GUSTE HOMES LA1-15 (LR)	178	178	100	78 units will be demolished to make way for the next phase of new construction at Guste. The last 100 units will be demolished later to accomplish the final phase of Guste redevelopment.
IBERVILLE LA1-3	191	673	836	482 units are scheduled for repair by Sept. 30, 2006. Another 163 units are scheduled for repair by Dec. 31, 2006.

PUBLIC HOUSING UNITS SCHEDULED FOR REHABILITATION & REOCCUPANCY				
PROJECT	**UNITS AVAILABLE FOR OCCUPANCY AS OF AUG. 31, 2006**	**UNITS AVAILABLE FOR OCCUPANCY BY SEPT. 30, 2006**	**UNITS AVAILABLE FOR OCCUPANCY BY DEC. 31, 2006**	**COMMENTS**
FISCHER HOMES LA-16 (LR)	78	78	0	All remaining units at Fischer Low-Rise will be demolished to make way for the next phases of Fischer redevelopment.
RIVER GARDENS LA1-58	78	122	122	
SCATTERED SITES (ALL PROJECTS)	109	109	187	
TOTALS	**1,099**	**1,936**	**2,021**	

How many of the reopened units will be available in the long term to pre-Katrina residents?

Of the 2,021 units re-opened by December 2006, a total of 411 units (311 at B.W. Cooper and 100 remaining units at Guste) will ultimately be removed to make way for the construction of replacement housing. As referenced above, a total of 205 affordable units are scheduled to come on-line in the next 12 months, of which 142 will be public housing units. Another 236 affordable units are scheduled to come on-line by December 2008, of which 174 will be public housing units.

What criteria (e.g., percentage of units damaged beyond a certain amount/extent to repair) is HANO/HUD using to decide whether to repair damaged units or to demolish them?

As mentioned above, HANO is using the demolition criteria delineated under Section 18 of the United States Housing Act of 1937, as amended, and related regulations found at 24 CFR part 970.

Will HANO/HUD formally commit to one-for-one replacement of pre-Katrina housing stock?

Given the substantial resource limitations, HANO cannot formally commit to one-for-one replacement of its pre-Katrina housing stock. However, HANO will work closely with HUD, HANO residents, state and city governments, and business and community partners to maximize the replacement of its public housing stock. Toward that end, HUD recently approved a joint public-private venture that will ensure that the nearly 900 families who once lived in Lafitte will have the opportunity to return to their neighborhood. HANO, Providence Community Housing – the Catholic post-Katrina initiative – and Enterprise Community Partners have formed an alliance to plan the redevelopment of the Lafitte site and the surrounding Treme, Tulane and Gravier neighborhoods. Also, 8 of HANO's 11 tax credit applications were recently funded under the 2006 Gulf Opportunity (GO) Zone program totaling 236 housing units to be constructed by December 2008. HANO will continue to expand upon these rebuilding efforts by working aggressively to leverage resources needed to provide replacement public housing in New Orleans.

What is the current number of New Orleans residents who are voucher holders?

Currently, there are 3,067 voucher holders being assisted by HANO.

How many DVPs has HANO issued to residents?

HANO has issued approximately 5,185 DVPs to residents.

How many DVPs has HUD issued to former New Orleans public housing residents?

HUD has issued 3,625 DVPs to former New Orleans public housing residents.

How many DVPs has HUD issued to former HANO voucher participants?

HUD has issued 9,239 DVPs to former HANO voucher participants.

	Former HANO Public Housing Residents	*Former HANO Voucher Participants*
How many voucher holders used their vouchers within HANO's jurisdiction?	555	1,988
How many within neighboring PHAs?	200	712
How many within Louisiana?	804	2,984

How many outside of Louisiana?	1,477	4,416

How many vouchers has HANO issued to families who have not leased up?

As of this reporting, 2,128 vouchers have been issued to families that have not leased up.

How many vouchers is HANO leasing up each month?

Currently, HANO leases up approximately 200 vouchers per month.

What polices and/or further assistance will HANO/HUD provide to voucher holders who are still attempting to find suitable housing?

As directed by HUD Secretary Alphonso Jackson, the Fair Market Rate (FMR) in New Orleans was increased by 35 percent. The increase will help create more rental housing opportunities for displaced families. This move increased the value of HUD's Disaster Vouchers that are being given to displaced families. For example, the current FMR for a two-bedroom apartment is set at $696. Applying the new payment standard will boost the voucher to $940. The same goes for other apartments ranging from one to four bedrooms. Also, HANO provides rental property listings to voucher program participants that are updated on a weekly basis. HANO's Client Services Department provides relocation/housing search assistance to residents by transporting them to view properties when transportation is an issue. Additionally, HANO works closely with and supports the efforts of its Landlord Advisory Committee to educate landlords on HUD rules and regulations, as well as assisting where possible with resolution of tenant issues.

<u>Voucher Payment Standard</u>
How will HANO/HUD deal with voucher participants who have already leased up and whose landlords desire more rent?

Landlords with previously leased tenants are eligible for a rental increase at the one-year anniversary of the tenant's contract. Sixty days prior to the tenant's anniversary, HANO will accept and begin processing requests for rental increases.

Will HANO/HUD approve a landlord's request for reasonable increases in rent in a timely fashion?

HANO is processing rent increases as expeditiously as possible. HUD anticipates that these requests will be addressed within a 30-day time frame.

Will HANO/HUD continue the policy of providing for an exception (i.e., increase) to the payment standard for people with disabilities that need the increased payment standard as a reasonable accommodation and advise voucher participants of that policy?

HANO's current payment standard, which is at 120 percent of the Fair Market Rents, equals the variance allowed for disabled families. However, HANO does have a policy that provides financial assistance for retrofitting units to accommodate disabled families.

How will HANO/HUD notify people with disabilities that they may be able to get HUD approval for a higher public subsidy as a reasonable accommodation?

HANO will continue its outreach to the disabled community through its various partnerships with agencies that service the disabled community. Through these partnerships, HANO will keep the disabled community advised of all available housing opportunities.

Will HANO make administrative fee funds available for landlords to make units handicap accessible as it has done in the past?

HANO currently has a policy that provides financial assistance for retrofitting units to accommodate disabled families.

What action is HUD taking to ensure that disaster victims with vouchers can port to other PHAs?

Voucher holders can port to any jurisdiction; we encourage them to port to PHAs that are administering the DVP program, which expands housing opportunities.

<u>Resident Survey Forms</u>
How is HANO/HUD tracking and communicating with displaced residents?

In the aftermath of Hurricane Katrina, the HANO Client Services staff continues to work with residents who have returned to New Orleans and those who are currently relocated in the major population centers of Atlanta, Baton Rouge, Dallas, and Houston. Specifically, staff worked to complete surveys that gathered current contact information for displaced residents, family composition profiles and the families' self-described needs. These surveys were collected on-site at Federal Emergency Management Agency-sponsored Disaster Recovery Centers, local PHAs, by phone and on the HANO website. Additionally, HANO has also worked in conjunction with HUD

and FEMA to compile a list of current contact information for HANO residents. This list is updated on a monthly basis and has been used when HANO has sent information via mail to displaced residents.

What response has HANO/HUD received regarding its resident survey forms, and what does it plan to do with this information?

To date, HANO has received just over 8,500 completed surveys from displaced residents. This accounting includes both public housing and Section 8 program participants. The information collected in the surveys is being put into a data bank and will be used to make contact with residents and to make referrals to appropriate service providers and agencies in the cities where they are currently residing. HANO is working with the United Methodist Committee on Relief (UMCOR) to link with service providers and community partners, both in New Orleans and the aforementioned cities, to provide much needed assistance and services to its residents.

How many of its former 5,146 public housing families does HANO know how to reach? How many pre-Katrina Section 8 voucher holders does HANO know how to reach? How many of these families want to return?

HANO receives ongoing updates from HUD and FEMA that track and provide contact information for more than 98 percent of former public housing and Section 8 program participants. Based on a sampling of completed surveys, an estimated 65 to 70 percent of the families want to return to New Orleans.

<u>Tax Credit Applications</u>

What is the status of the pending GO Zone application and when will they be made available for viewing?

Four applications were submitted in March 2006 for Reprocessing Applications and all were awarded. They include: Imperial I, Imperial II, General Ogden, and Mazant Royal projects. Seven applications were submitted in April 2006 for GO Zone funding and the following four were funded: C J Peete I, Fischer IV Part 3, Guste IIB, and Tchoupitoulas. Projects pending are Guste IIA, Fischer IV Part 5, and C J Peete II. While it is possible that these could be funded from the 2007 funds carried forward to make additional 2006 awards, it is not likely that these will be funded due to restrictions on multi-phased projects. All applications are available at HANO.

What are the specifics on how the $6,182,410 approved for New Orleans public housing will be spent for the construction of 271 units?

With regard to the applications submitted by HANO, a total of $4,720,253 was awarded by the Louisiana Housing Finance Authority for the construction of 236 affordable units. The specific projects are listed in the response immediately above.

It is our understanding that an additional 11 Low Income Housing Tax Credit Applications were filed by HANO with the Louisiana Housing Finance Authority to develop several 24-unit properties across the city, resulting in the construction of 361 units. Will the 361 units be public housing units?

The applications filed by HANO are referenced in the earlier responses under this category. The request was for a total of 361 units, but those 8 applications funded represent a total of 236 units, of which 174 are public housing units.

DVP and the Homeless

What will happen to those who were homeless before the storms when the DVP ends if they would not ordinarily qualify for Section 8 assistance of Public Housing?

Under the DVP, all participants will have the opportunity to go back to the programs in which they participated at the time of the storm.

Funds Available to HANO to Rebuild Public Housing

What is HANO's current budget and how does it plan to use available funds to open up public housing units immediately for residents to return?

HANO is currently in the process of preparing an application/plan to HUD for authorization to use the funding flexibility under Section 901 of the 2006 Emergency Supplemental Appropriations Act. Section 901 provides housing authorities located in areas most heavily impacted by Hurricanes Katrina and Rita with the opportunity to combine and flexibly use their Operating, Capital, and Housing Choice Voucher funds for the purpose of assisting families who were receiving housing assistance prior to the hurricanes and were displaced from their housing by the hurricanes. Consistent with HUD guidance, HANO's Section 901 Fungibility Plan will describe the sources and uses of funds with a description of units to be renovated, repaired, or built and administrative functions to be undertaken. HANO's Section 901 Fungibility Plan will be completed within the next 3 weeks.

Accessible Units for the Disabled

How many units are available for residents with disabilities as of June 25, 2006?

As of June 25, 2006, there were approximately 168 units available for residents with disabilities. Since then, another two accessible units were added to the inventory with the opening of the Fischer I units.

What is HANO's plan to fully comply with Section 504 of the Rehabilitation Act of 1973's requirement that 5% of new construction and projects undergoing substantial alterations be accessible for residents with mobility impairments?

HANO will fully comply with Section 504 of the Rehabilitation Act of 1973 by incorporating a minimum of 5 percent accessible units for residents with mobility impairments.

Advocates for Environmental Human Rights

A nonprofit, public interest law firm dedicated to defending and advancing the human right to a healthy environment

RECOMMENDATIONS FOR PREVENTING HUMAN RIGHTS ABUSES IN THE RECONSTRUCTION OF THE HURRICANE-DAMAGED GULF COAST REGION OF THE UNITED STATES

Background

The reconstruction of the Gulf Coast region is being governed by the Stafford Act, the inadequacies of which are profoundly evident as hundreds of thousands of Gulf Coast residents, who are predominantly African American and poor, remain displaced sixteen months after Hurricane Katrina. Governmental actions, pursuant to the Stafford Act, have worsened the crisis of displacement by evicting internally displaced Gulf Coast residents from temporary shelter and arbitrarily denying housing to displaced residents. The U.S. Department of Housing and Urban Development plans to demolish 70% of the public housing units in New Orleans, Louisiana – several of which sustained little or no damage from the hurricane – which exacerbates the housing crisis for approximately 5,000 families. Louisiana residents have been subjected to a flawed federally-funded governmental program, known as "The Road Home," which establishes a confusing and inefficient application process for homeowners to receive inadequate repair/reconstruction grants, and offers ineffective support for the majority of New Orleans residents who are renters.

There has been no action by the U.S. Department of Justice ("DOJ") to launch a comprehensive investigation into the abusive treatment of hurricane evacuees by law enforcement and military personnel, which has been documented by non-governmental organizations as well as local governmental authorities. Similarly, DOJ has not protected reconstruction workers from abuse, exploitation, and discrimination by governmental contractors.

The response of governmental authorities to the dire need for rebuilding and staffing public schools and healthcare facilities has been woefully deficient. Hurricane-related environmental impacts, such as toxic mold, arsenic contamination of soil, and debris disposal, have been inadequately addressed by the U.S. Environmental Protection Agency. Governmental inaction on these issues creates severe and negative consequences for public health and quality of life for Gulf Coast residents.

The lack of adequate housing, healthcare, schools, and environmental protection for displaced Gulf Coast residents, who are predominantly African American, and the abusive treatment of hurricane evacuees and reconstruction workers, who are predominantly people of color, constitute a denial of human rights protections by governmental authorities that must be corrected by implementing human rights standards, as called for by the United Nations' Human Rights Committee in the "United States

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of America Concluding Observations," 87th Session, July 10-28, 2006.

Role of the State Department

The U.S. State Department has a critical role in guiding the reconstruction of the Gulf Coast region by calling on governmental authorities to implement the *United Nations Guiding Principles on Internal Displacement*, which have been endorsed by the State Department "as a useful framework for dealing with internal displacement." (*USAID Assistance to Internally Displaced Persons Policy*, PD-ACA-558, Oct. 2004, pp. 1-2, 6).

On October 2004, the State Department's Agency for International Development established the *Assistance to Internally Displaced Persons Policy*. This policy expresses the U.S. government's commitment to protecting the human rights of populations displaced by man-made or natural disasters with the recognition that "[internally displaced people ("IDPs")] are among the world's most vulnerable populations" (*Id.* at p. 3) because, similar to the situation of internally displaced Gulf Coast residents, IDPs:

- have no special legal status and no protection under international law
- are subjected to governmental restrictions on humanitarian assistance & long-term development aid
- are uprooted multiple times for years
- who are women and children are subjected to abuse and neglect
- return to destroyed homes and towns, hostile local officials, and face obstacles to returning home, and
- suffer prolonged displacement which sets back progress in education, healthcare, infrastructure, & local governance.

(*Id.* at p. 3).

This policy repeatedly expresses the U.S. government's commitment to protecting the human rights of IDPs, and lays out a plan of action, pursuant to this commitment and the *United Nations' Guiding Principles on Internal Displacement*, that involves the following:

Humanitarian Assistance

- Provide housing, food, water, sanitation systems, and healthcare
- Provide access to education, training, microcredit, legal documents, trauma counseling, assistance in locating families, and support to improve self-reliance

Return and Transition Assistance

- Provide transportation to return home
- Help to reclaim land and rebuild houses and businesses
- Support to establish accountable local governance and stronger civil society
- Safeguard the rights of female-headed households

Long-Term Development Assistance

- Construct infrastructure, health systems, and schools
- Develop modes of transportation and transportation routes
- Support access to vocational training and business loans

(*Id.* at p. 7).

As discussed above, governmental actions regarding the treatment of internally displaced Gulf Coast residents have been contrary to the State Department's human rights policy for internally displaced persons, as well as the *United Nations' Guiding Principles on Internal Displacement.*

Conclusion

The written response to the United Nations Human Rights Committee's *Concluding Observations* by the U.S. Mission to Geneva (a delegation whose members included representatives of the U.S. State Department and Department of Justice) recognizes that human rights issues involved in the continuing aftermath of Hurricane Katrina are within the competence of the U.N. Human Rights Committee's review of the U.S. government's compliance with the International Covenant on Civil and Political Rights. The U.S. Mission acknowledges that the aftermath of Hurricane Katrina, among other issues, is a matter under "active consideration . . . by federal and state courts under U.S. law, and by agencies." Further, the U.S. Mission asserts that it is "happy to examine the Committee's views closely and draw any appropriate conclusions from them."

While we commend the U.S. governmental representatives for their response, it is imperative that direct action is immediately taken to implement the *United Nations' Guiding Principles on Internal Displacement* in order to protect the human rights of Gulf Coast residents and ensure compliance with the International Covenant on Civil and Political Rights.

"Shelley Smith"
<ssmith@hano.org>
07/25/2006 07:06 PM

To: <william_c._thorson@hud.gov>
cc: <c.donald_babers@hud.gov>, <justin_r._ormsby@hud.gov>, "Kelly Gardner" <Kgardner@hano.org>, "Judith Moran" <jmoran@hano.org>, "Dorian Rawles" <drawles@hano.org>, "Valerie Brown" <vbrown@hano.org>
Subject: RE: Demo Game Plan

Here's the revised Agency Plan schedule which takes us to a September 22nd HUD submission date and then assumes an October 23rd (30 day) plan approval from HUD. I have coordinated these revised dates with Judith and the key milestones will be reflected in the revised gant chart that is forthcoming.

The pending areas of concern with regard to the Agency Plan are: completing the CFP/RHF 5-year funding projections and corresponding action plans; and completing the mandatory conversion preliminary assessment. We also need to discuss your concerns regarding the proposed definition of subtantial deviation. Tom Elias of NTI assisted with the substanital deviation definition and is available at your convenience to join us by conference call.

Thanks,

Shelley

-----Original Message-----
From: william_c._thorson@hud.gov [mailto:william_c._thorson@hud.gov]
Sent: Friday, July 21, 2006 1:45 PM
To: Shelley Smith; Judith Moran
Cc: c.donald_babers@hud.gov; justin_r._ormsby@hud.gov
Subject: Demo Game Plan

Can we do a new gant chart monday or tuesday at latest?
----- Forwarded by William C. Thorson/PIH/HHQ/HUD on 07/21/2006 01:42 PM -----

William C. Thorson
07/21/2006 01:42 PM

To: Orlando J. Cabrera/PIH/HHQ/HUD@HUD
cc: C. Donald Babers/FPM/FTW/HUD@HUD
Subject: Demo Game Plan

Don mentioned about that you didn't remember seeing the demo schedule. I sent this 6/2. I am certain Judith prepared a gant chart as we discussed which was a little more refined than below. I cn't locate it at the moment, Lotus Notes doesn't always list all of the docs in All Documents. I though I sent that to you as well.

We are a little off at the moment and will revise the schedule early next week and sent a new gant chart.

The biggest obstacle is the PHA Plan that requires us to post it for 45 days, have meetings with the resident groups and the public. Following that, we can send it to the field office for approval. We also have to go to the SAC.

The public/Resident portion of the process is the most controversial not to mention time consuming. It would be nice if we could by pass the public portion of the PHA plan process and just do the amendment and be done. We could cut 2 months off the process. If there was a way to do that, it would be swell. I did talk to Bessy and she was not encouraging.

We are working on the demo app simultaneously. The critical piece is the justification. Given the suit, I can pretty much guarantee the plantiffs will go over the justification with a fine tooth comb, so it has to be good and it has to be tight. We are nearly finished going through that process and we will submit it to the SAC as soon as it is done. Ainars can look at and be ready to approve immediately when we come with the final pieces (eg approved pha plan, letter from the mayor.

WCT

----- Forwarded by William C. Thorson/PIH/HHQ/HUD on 07/21/2006 01:23 PM -----

William C. Thorson	
06/02/2006 06:38 PM	To: Orlando J. Cabrera/PIH/HHQ/HUD@HUD cc: Subject: Demo Game Plan

Below is a list of key data points and dates to give a sense of how long it would take us to get a demo done. There are some time frames, I am not 100% confident on (design phase), but too a rough educated guess. We do have a multiple award A/E IQC so we save a lot of time there.

Multiple demo apps at the same time would take a little more time, but not much

Keep in mind that we would have to amend the PHA plan which requires a public meeting. Also requires a letter from the mayor.

I am assuming that we would do tasks concurrently where possible. this would cut the time frame. I would also assume we bypass the field office.

I would further recommend we import Ainars Rodins, Director of the SAC. He would come here and make sure the app is perfect the first time, carry it back to his staff in Chicago, then see that it gets speedy service. Normal SAC processing time is 100 days. Since we will be doing tasks concurrently this is not a problem.

Demolition Life Cycle

UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF LOUISIANA

YOLANDA ANDERSON, et al.,	)	
	)	
Plaintiffs,	)	**CIVIL ACTION NO. 06-3298**
	)	
v.	)	**SECTION "B"**
	)	**JUDGE LEMELLE**
ALPHONSO JACKSON, et al.,	)	
	)	**MAGISTRATE 5**
Defendants.	)	**MAG. CHASEZ**
	)	

DECLARATION OF DAVID MARTINEZ

I, David Martinez, declare as follows:

1. I am a licensed mold assessor/consultant. My wife, Diana, and I founded and have owned Martinez Environmental Surveys, LLC since 2001. The business is registered as a minority woman-owned business. We have performed over 500 mold assessments and consultations, many of those in the New Orleans area since October 2005.

2. I was retained by Plaintiffs in *Anderson v. Jackson*, to provide a mold assessment of public housing units in New Orleans post-Hurricane Katrina.

3. During the week of October 15, 2006, I visually surveyed 133 apartment units in four New Orleans public housing projects: Lafitte, C.J. Peete, B. W. Cooper and St. Bernard. These surveys were performed to randomly assess any mold or water damage within individual apartment units. These assessments consisted of a visual inspection of each site with mold sampling consisting of surface and wall cavity samples in sites that had visible mold or were suspected of having hidden mold contamination.

4. Visual inspections consist of physically looking for visible mold growths or tell-tale signs of hidden mold contamination and/or water damage leading to mold growth. Sixteen surface samples and two wall cavity samples were collected to confirm the presence or absence of mold spores. The types of mold as well as their intensity levels will determine the remediation scope of work for any mold remediation of those sites which may have mold spore contamination. Mold remediation may not be necessary in sites not contaminated or of normal moisture content and acceptable levels of mold spore content. The following are my preliminary findings:

Lafitte - 40 units surveyed

5. Inspection of the wall construction techniques and materials revealed that there are no organic materials within the walls of this project. Organic materials would sustain the presence and growth of any mold spores when moisture penetrates the walls. Flood water intruded to approximately 2" in the units surveyed affecting only the wooden baseboards and flooring. The units were well ventilated and secured by steel shutters. Ventilation reduces the opportunity for mold spore amplification or growth.

6. The great majority of the units had no visible mold growths and the mold that did appear on a minimal number of walls is anticipated to be a analyzed as a common allergen. This allergen has amplified due to the uncontrolled climate in these units over the past year. The dirt, grease, ransacked personal effects, other organic matter and humidity in the units is sustaining the mold growth. There was no mold observed under the several layers of vinyl floor tiles that have lifted due to flooding in some apartments. Active condensation, blistered and peeling paint also is an indication of uncontrolled high

humidity within the past year and poor ongoing maintenance pre-Katrina.

7. Mold remediation of these units would be minimal consisting mainly of housecleaning and sanitizing the room surfaces. Occupancy of these units could be immediate.

C.J. Peete - 16 units surveyed

8. Building materials and construction are similar to the Lafitte project with no organic matter within the walls able to sustain any hidden mold growth. Flood waters did not enter these units, therefore no hidden mold damage resulting from the flood is suspected and no wall cavity samples were collected. Surface samples were collected to confirm visual observations of light mold growth on some walls.

9. Active condensate due to high uncontrolled humidity appeared to be the source of minimal surface mold contamination on a small number of walls. The surface mold that appeared in these units is suspected to be a common allergen being sustained the organic matter in the dirt, grease, ransacked personal effects, other organic matter and humidity in the units.

10. Several apartments appeared ready for move-in as they had fresh paint and new floors. The balance of the project may be made immediately habitable simply by housecleaning and sanitizing the room surfaces.

B.W. Cooper - 35 units surveyed

11. Water intruded to the baseboard level, therefore a wall cavity sample and other surface samples were collected to assess any potential hidden mold growths.

12. Well over half the units surveyed appeared to have no visible surface mold. Floor coverings were lifting due to flooding and standing water in some units is due to open windows and doors.

13. These units can be easily and quickly cleaned and sanitized to allow for immediate occupancy .

St. Bernard - 44 units surveyed

14. Water intruded to the 3.5 foot level therefore water damage to the lower floor's contents was extensive. However, second and third story floors and ceilings were in very good condition. The surface mold and peeling, blistered paint only occurred in a small percentage of the units. Active roof leaks due to rotted roof decking causing some ceiling damage occurred in three of the units surveyed.

15. The environmental condition of these buildings is good and can be improved for immediate occupancy simply by clearing the units of all debris and sanitizing the room surfaces of the second and third storys. First floor units may need minor floor repairs.

16. In conclusion, the great majority of the units in these four housing projects can be made environmentally safe and immediately habitable with minor repairs including; windows with climate control (heating and air conditioning), minor floor repairs on the flooded lower floors, clearing of household debris and surface sanitizing of walls, floors and ceilings.

I declare under penalty of perjury, and pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct.

Executed on October _23___, 2006

DAVID MARTINEZ

UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF LOUISIANA

YOLANDA ANDERSON, et al.,	)	
Plaintiffs,	)	CIVIL ACTION NO. 06-3298
v.	)	SECTION "B"
	)	JUDGE LEMELLE
ALPHONSO JACKSON, et al.,	)	
Defendants.	)	MAGISTRATE 5 MAG. CHASEZ

DECLARATION OF JOHN E. FERNANDEZ

I, John E. Fernandez, declare as follows:

1. I am an Associate Professor of Architecture, faculty member of the Department of Architecture, Building Technology Program, at the Massachusetts Institute of Technology. My expertise is in the lifecycle performance and composition of materials used for buildings. I have been conducting research, publishing and teaching at MIT since 1999. I am a registered architect in the State of New York and have a Bachelor Degree from MIT (1985, Department of Architecture) and a Master of Architecture from Princeton University (1989, School of Architecture).

2. These preliminary findings are the result of my assessment of public housing units in New Orleans conducted during the five day period, October 16 to 20, 2006. My consultant services in the production of this assessment were commissioned by the Plaintiff in the case of Anderson, et al. v. Jackson, et al.

3. The intention of the survey was to identify damage to both the buildings and individual residential units that can be directly attributable to Hurricane Katrina. The focus of my survey was the assessment of the physical structure and shell of the buildings and the interior conditions of the residential units themselves.

4. I conducted a visual survey of 140 units in four public housing projects: Lafitte, C.J. Peto, B.W. Copper, and St. Bernard.

5. My inspection and assessment found that no structural or nonstructural damage was found that would reasonably warrant any cost-effective building demolitions. While I found a range of Katrina-related damage to these buildings, I did not find any conditions in which the integrity of the structure and exterior envelope of the buildings or the interior conditions of residential units themselves could not be brought to safe and livable conditions with relatively minor investment.

6. I also found that there was only a minimum use of cellulose-based materials (wood in rough openings and baseboards and paper in the rare use of gypsum wall board for example). This lack of organic material significantly aided in the very low incidence of moisture retention in the walls and floors of the buildings.

7. LaFitte: I found damage at LaFitte to be minor and consisted primarily of damage to windows and doors from high winds and interior damage from first floor flooding. I found no damage to the structure. The brick masonry is in good condition, showing no signs of Katrina-related damage. Roof damage in several buildings can be easily repaired. Many units only require thorough cleaning to achieve safe and livable conditions. Several units I inspected are essentially in "move-in" condition.

8. C.J. Pete: I found the foundation, brick masonry wall and roofs of buildings at C.J. Pete to be substantially intact and recoverable. Despite missing windows and the many holes in the roof, I did not see widespread water damage to units within. Many units are in good condition. Several I inspected are essentially in "move-in" condition, upon thorough cleaning and some repair to windows. Most interior surfaces of units require only minor plaster patching, baseboard replacement and painting. However, vandalism and theft is apparent and the buildings need to be secured to prevent further damage.

9. B.W. Cooper: My inspection of B.W. Cooper shows that these buildings resisted damage from Katrina quite well. I found the foundation, structure, exterior wall and roof to be substantially intact. The units experienced only minor damage commensurate with the level of flooding in the interior. In first floor units damage from flooding requires replacement of portions of flooring, wood baseboards, plaster walls, electrical sockets and wiring to achieve a safe and livable condition. In upper units, minor repairs and thorough cleaning alone is required.

10. St. Bernard: I found the foundation and brick masonry of St. Bernard to be in good condition. However, the roofs of many buildings are damaged and are resulting in water entering the units below. This damage can be easily repaired. First floor units that were flooded require renovation to replace portions of baseboards, plaster walls, ceilings, and electrical wiring. I found second and third floor units to be in good condition. Several of these units were in very good "move-in" condition, requiring only a thorough cleaning. Those with water damage from above require some replacement of ceiling and flooring materials.

11. Preliminary general conclusions that pertain to all four housing projects can be arrived at because of the following determining factors: all four projects were constructed of essentially the same materials in the structural and nonstructural portions of the buildings, all four projects were similarly planned in long blocks of units with interspersed courtyards, and damage to units in all projects was primarily dependent on the presence of flooding in the unit.

12. Therefore, the general conclusions are: demolition of any of the buildings of these four projects is not supported by the evidence of the survey, replacement of these buildings

with contemporary construction would yield buildings of lower quality and shorter lifetime duration, the original construction methods and materials of these projects are far superior in their resistance to hurricane conditions than typical new construction, and with renovation and regular maintenance, the lifetimes of the buildings in all four projects promise decades of continued service that may be extended indefinitely.

I declare under penalty of perjury, and pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct.

Executed on October 23, 2006

JOHN E. FERNANDEZ
Associate Professor
Massachusetts Institute of Technology

NATIONAL TRUST
for HISTORIC PRESERVATION®

Protecting the Irreplaceable®

RICHARD MOE
PRESIDENT

December 6, 2006

The Honorable Alphonso Jackson
Secretary
U.S. Department of Housing and Urban Development
451 7th St. SW, Suite 10226
Washington, DC 20410
Fax 202-708-6092

Dear Secretary Jackson:

Section 106 of the National Historic Preservation Act of 1966 sets forth a rational process to consider the impacts of federal actions upon historic resources. At no time is this process more important than right now as your department and the Housing Authority of New Orleans consider the redevelopment of four public housing developments in New Orleans. The Louisiana State Historic Preservation Office has determined that the Lafitte, C.J. Peete, B. W. Cooper, and St. Bernard housing developments are eligible for listing in the National Register of Historic Places. Therefore, the provisions of Section 106 apply.

The National Trust for Historic Preservation urges you to utilize the Section 106 process to explore the benefits of re-using these buildings as a cost-effective means of providing affordable housing in a timely fashion to the citizens of New Orleans.

Hurricanes Katrina and Rita and their aftermath have caused the loss of thousands of homes in the Gulf Coast, and we are threatened with the loss of thousands more unless we carefully explore alternatives to wholesale demolitions, which is so often the first impulse.

Safe, sanitary, attractive and affordable housing is in short supply in New Orleans right now. Creative re-use of existing resources will go a long way to meeting a need so critical to the city's recovery.

The National Trust, including Walter Gallas, Director of our New Orleans Field Office, stand ready to assist you in this review in all appropriate ways.

Sincerely,

Richard Moe

RM:wg:tra

cc: John Nau, Chairman, Advisory Council on Historic Preservation
John Fowler, Executive Director, Advisory Council on Historic Preservation
C. Donald Babers, HANO Commisssioner
William Thorson, HANO Executive Administrator
Ray Nagin, Mayor, City of New Orleans

Recipient of the National Humanities Medal

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Dedicated solely to ending America's affordable housing crisis

Testimony of Sheila Crowley, MSW, Ph.D.
President of the National Low Income Housing Coalition
presented to the
Financial Services Committee
United States House of Representatives
February 6, 2007

Chairman Frank, Ranking Member Bachus, and Members of the Committee, thank you for the opportunity to testify today about the housing circumstances of low income people whose homes were damaged or destroyed in the 2005 Gulf Coast hurricanes.

I am Sheila Crowley, President of the National Low Income Housing Coalition; our members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens. The National Low Income Housing Coalition does not represent any sector of the housing industry. Rather, NLIHC works only on behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems.

It is important to note at the outset that the scope of the housing crisis that occurred after the hurricanes is vast and the problems with the response are numerous and difficult. My testimony coupled with that of my fellow witnesses will just begin to inform you of the magnitude of the task we face as a nation. That task is to "do what it takes," in the President's words, to rebuild the lives, homes, and communities that were shattered by Hurricanes Katrina and Rita.

The importance of solving the housing problems of survivors of Gulf Coast hurricanes cannot be overstated. In the absence of assuring safe, decent, and affordable homes for everyone whose homes were damaged or destroyed, nothing else we do will matter very much. Commerce, education, health care, transportation, and government all depend on a stably housed populace. As important, recovery from the trauma and loss experienced by individual people depends on their ability to have a decent home that they can afford in the neighborhood and community of their choosing. The Federal Gulf Coast Recovery Coordinator Donald Powell said that after fixing the levees, his priority was "housing, housing, housing."

The hurricanes exacerbated the pre-existing nationwide shortage of housing that is affordable to the lowest income people. There are 5.6 million more extremely low income households in need of rental housing in the United States than there are homes that rent at prices

these families can afford.[1] At least 70% of the 300,000 homes that were severely damaged or destroyed by Katrina alone were affordable to low incomes families.[2]

Nearly a year and a half after the storms, an unknown number of families, but certainly no fewer than 150,000, remain displaced today. While many middle class people who owned their homes are still waiting for insurance settlements, FEMA assistance, and the grants promised by state governments funded through CDBG, my testimony will only address the issues facing low income people, whose situations remain far more precarious. Suffice it to say that the many problems with getting rebuilding funds into the hands of middle class homeowners, who have been the primary focus of our housing intervention, pale in comparison to what has and has not happened for low income people.

It is important to both distinguish between the temporary housing response and housing rebuilding response and to understand how they are interrelated to attempt to fully comprehend the complexity of what faces us. I will begin with the Temporary Housing Programs.

TEMPORARY HOUSING: FEMA

Beyond mass shelters, temporary housing for displaced people has taken the form of hotel rooms, cruise ships, tents, travel trailers and mobile homes, and rent assistance provided in at least four different ways. Attached is a time line that describes the ups and downs of the temporary housing programs. With the exception of rent assistance for displaced households who were living in some form of HUD-assisted housing prior to the hurricanes, all of the temporary housing has been administered by FEMA.

Let me just say that in my 30 years as a social worker, I have seen my share of poorly conceived and poorly executed social service programs. Nothing comes close to the horrors of the FEMA rent assistance programs in response to Katrina. The best description of the program is from U.S. District Court Judge Richard Leon who ordered FEMA to "free these evacuees from the 'Kafkaesque' application they have had to endure."[3] Attached are exhibits from the case filed against FEMA in which four social workers and an attorney in Texas describe their experiences in dealing with FEMA on behalf of their clients. They speak for themselves.

On May 3, 2006, FEMA reported that of the total of 723,262 households who had received rent assistance under its 408 (Individual and Household) program, 246,786 had requested recertification, but only 180,636 had been approved. Another 60,000 households received rent assistance under the 403 (Public Assistance) program, some of whom were transferred to the 408 program during the summer of 2006. As of January 26, 2007, FEMA reported that the number of households still receiving FEMA rent assistance was down to 36,525.

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1 NLIHC tabulations of 2005 American Community Survey PUMS.
2 National Low Income Housing Coalition. (2005c, September 22). Hurricane Katrina's Impact on Low Income Housing Units Estimated 302,000 Units Lost or Damaged, 71% Low Income. Research Note #05-02.". Washington, DC: NLIHC.
3 ACORN v. FEMA, Case 1:06-cv-01521-RJL, Document 17. (U.S. District Court of the District of Columbia. 2006, November 29).

Fifty-three percent are in Texas and 28% are in Louisiana. The remaining 19% are in every state except Vermont and Wyoming, with Arkansas and Tennessee with the next highest percentages of .3% each.

We can certainly assume that some portion of the nearly 800,000 households who got rent assistance from FEMA in the months immediately after the hurricanes have reestablished themselves and no longer need aid. After all, receipt of disaster rental assistance is not means-tested. However, given the cases that we know about in which FEMA terminated aid in error or failed to provide a reasonable appeal process through which such a determination could be made, we must conclude that a substantial number of displaced households are not receiving disaster assistance that they need and to which they are entitled to under law. Those who are still in the program and those who were wrongfully terminated are likely those with the lowest incomes and most complex problems who do not have the personal resources or social support systems to become reestablished.

In the most recent lawsuit against FEMA, the judge ordered FEMA to review terminations of rent assistance of approximately 5,500 households in Texas. Upon review, FEMA found that 18% of the households had been terminated in error and were reinstated. And these were households in Texas, mostly in Houston, where local officials were very proactive in their outreach and case management services to displaced households. We can make a rough, but conservative, extrapolation, to estimate that at least 124,000 of all households that received rental assistance should have received the assistance for a longer period than they did and that many continue to be eligible today.

The deadline for termination of housing aid, both rent assistance and travel trailers/mobile homes, was to be February 28, 2007 for Katrina survivors and March 31, 2007 for Rita survivors. [FEMA reports that 96,054 households were still living in manufactured housing as of January 26, 2007, all of whom are in Louisiana (66%), Mississippi (31%) and Texas (3%).] FEMA officials have recently announced that this assistance will be extended for another six months.

In the days immediately after the disasters, numerous voices from across the political spectrum called for housing assistance for displaced people to be in the form of Section 8 housing vouchers issued by the Department of Housing and Urban Development and managed by local public housing agencies. The Senate passed legislation to that effect on September 15, 2005, but the measure was rejected by the House and the Administration. Nonetheless, in its own "lessons learned" report issued in February 2006, the White House called for HUD to lead housing efforts in future disasters. Representatives Richard Baker (R-LA) and Barney Frank (D-MA) co-sponsored legislation to transfer all disaster housing aid that would be needed for 30 days or more to HUD. H.R. 5393 was voted out of the Financial Services Committee on June 14 last year.

Recommendations:

FEMA should be required to undertake a comprehensive review of all households whose temporary housing assistance was terminated. For all households who were wrongfully terminated, FEMA should reinstate them if they can demonstrate continuing eligibility and

financial need for housing assistance using HUD criteria, i.e. incomes at or less than 80% of the area median and paying more than 30% of their income for their housing.

Further, all reinstated households should be transferred to the HUD Section 8 housing voucher program and continue to receive assistance as long as they remain eligible. Congress must appropriate sufficient funds for these vouchers. Once the displaced household is no longer eligible for the voucher, the voucher itself will terminate.

FEMA should be required to immediately establish data collection, analysis, and management systems such that its service delivery can be made transparent and accountable.

Finally, important reforms were made to the Stafford Act in the last Congress that will improve FEMA's housing response in future disasters. We are recommending additional reforms this year.

TEMPORARY HOUSING: HUD

The one temporary housing responsibility assigned to HUD was for the displaced people in the affected areas who had been living in HUD-assisted housing prior to the storms. These included families or individuals who had Section 8 housing vouchers or who lived in public housing, project-based Section 8, housing for the elderly, disabled, and people with AIDS, and people enrolled in HUD funded homeless assistance programs. HUD estimates that 32,000 HUD-assisted households were displaced and eligible for disaster rent assistance. First under a mission assignment from FEMA and then under direct appropriations to HUD in the December 2005 supplemental appropriations, HUD created what became known as the Disaster Voucher Program. Displaced households were given Section 8-like vouchers to rent housing wherever they were. The most recent report from HUD is that approximately 22,000 of the eligible households were participating in DVP. The status of the other 10,000 households is unknown.

Disaster vouchers are due to expire on September 30, 2007. When authorizing the HUD disaster vouchers, Congress also gave public housing authorities in the Gulf Coast permission to use previously appropriated public and assisted housing funds for the repair of damaged HUD-assisted properties. This fungibility will end with the end of the disaster vouchers. HUD staff report planning to convert former Section 8 voucher recipients back to the regular program on September 30. Those who were living in public or other project-based assisted housing will be converted to "tenant protection vouchers" by September 30, until such time as their units have been made ready for reoccupancy. At that point their housing assistance would revert from vouchers back to project-based assistance through whatever HUD program they were in prior to being displaced.

Setting aside for the moment the fact that HUD has no intention of replacing all of its damaged or destroyed assisted housing, there is another serious flaw in this plan. It presumes that every HUD-assisted displaced family will 1) want to return to the community from which it was displaced and 2) if it does not, can afford to stay in the community in which it has resettled without rent assistance. A family that has built a new life in another community, especially a community with more opportunities than the one it came from, should not have to make the

choice between living in its new community or living in a home it can afford. In the absence of valid and reliable data about where displaced HUD-assisted households would choose to live if allowed to choose, plans on their behalf are bound to fail.

Recommendations:

HUD needs to find the 10,000 HUD-assisted households who did not sign up for the Disaster Voucher Program. They are entitled to continued housing assistance.

HUD should immediately issue an RFP for a survey of a representative sample of all displaced HUD-assisted households to determine how they are faring and where they would prefer to settle if they had a choice. This survey should be conducted by an independent research entity, such a survey research lab affiliated with a university.

Based on findings from the survey, HUD should estimate the number of displaced HUD-assisted households who do not want to reoccupy their assisted units. Congress must appropriate sufficient funds to provide these households with Section 8 vouchers. Once the displaced household is no longer eligible for the voucher, the voucher itself will terminate.

REBUILDING: PUBLIC AND ASSISTED HOUSING

Residential properties that were built as a result of federal housing policy and that were subsidized by the federal taxpayers that were damaged or destroyed by the storms were the unique responsibility of the federal government to assure their repair or redevelopment. First and foremost, it was the responsibility of HUD to develop an estimate of what it would cost to repair or redevelop public and assisted housing, and request whatever amount was not covered by insurance from the Congress in one of the supplemental appropriations bills. Reliance on the Community Development Block Grant funds and the Low Income Housing Tax Credits allocated to the states to meet the housing needs of the vast numbers of families who did not live in federally subsidized housing was wrong. It also delayed reopening of the public and assisted stock unnecessarily.

If HUD has done such an assessment of the number of damaged public and assisted housing units since the preliminary numbers that were released in February and March 2006, it has not made it available for public consumption.

With regard to public housing in particular, you have heard and will hear a great deal at this hearing about public housing in New Orleans. I hope you will also attend to the public housing that sustained major damage or was destroyed in Mobile, AL and Biloxi, MS. Out of concern about the news reports, announcements, and rumors about demolition and redevelopment of public housing in New Orleans and elsewhere, a collection of low income housing advocates developed a set of principles to guide decisions about redevelopment of public housing in the Gulf Coast.

The first principle is that any public housing that was evacuated, but sustained limited enough damage that it can be reoccupied with repairs only, should be repaired and reopened with

all deliberate speed. The second is that there should be a moratorium on any demolition and redevelopment of public housing in the Gulf Coast that was never evacuated or was evacuated, but has since been reoccupied, until such time as the supply of rental housing affordable to the lowest income people has been replenished.

The third principle pertains to circumstances in which an independent evaluation determines that the public housing is beyond simple repair and must be partially or completely redeveloped. In those cases, HUD must assure one-for-one replacement of all units, the absolute right to return for all tenants in good standing, and authentic participation in the redevelopment plan by displaced residents who desire to be involved.

These principles were presented to HUD Secretary Alphonso Jackson in November 2006. They are attached to this testimony.

Let me offer a word about the situation with public housing in New Orleans. It is hard to imagine how HUD could have handled the issues associated with the Housing Authority of New Orleans (HANO) any worse than it did. I consider the responsibility for the extreme adversarial situation that HUD/HANO and some residents now find themselves in to be a direct result of HUD's heavy-handed, thoughtless announcements of demolition, and its unlawful pursuit of its goals for HANO properties.

The U.S Housing Act of 1937, as amended in 1998, is quite clear about the duty of a public housing authority to actively and publicly engage its residents and the community-at-large in any plans for the future of public housing. Moreover, public housing plans are required to be consistent with the Consolidated Plan of the locality where the public housing is located. HANO has not come close to meeting these and many other requirements.

HANO has long had the reputation as a dysfunctional and corrupt institution, plagued by mismanagement, rapid leadership turnover, and interference in its operations by local officials. HANO allowed its properties to deteriorate into seriously substandard condition. Due to the poor quality of its stock and its myriad management deficiencies, HANO has been in partial receivership since 1979 and full administrative receivership since 2002. Please note that of the 3000 public housing agencies nationwide, only 15 have been put in receivership since 1979. HANO may be the worst of the worst. HANO is essentially run by HUD now. There is no discernable difference between HANO and HUD as decision-making authorities with regard to public housing. So the violation of the public housing statute by HANO lies with HUD itself.

There is one more statutory requirement that HUD is violating that I want to mention. If a troubled housing agency is taken into administrative receivership, HUD has two years to restore the agency to a non-troubled status. If the agency remains troubled after two years, HUD is required to turn to a judicial receiver. HUD should have done so with HANO long before Katrina.

The conflicts of interest with HUD as the HANO receiver are quite problematic. For example, HUD has to review demolition applications from public housing agencies and warrant that the necessary engagement of resident and community input has occurred. When HUD and

the public housing agency are one and the same as are HUD and HANO, there is no one to protect the interests of residents and the community.

A very troubling conflict has arisen in this particular situation. HUD as HANO has applied to the State of Louisiana for both GO-ZONE Low Income Housing Tax Credits and CDBG disaster recovery funds for the redevelopment of four public housing complexes in New Orleans, competing with other applicants for these resources. As the agency responsible for oversight of the CDBG funds, HUD should not also be competing for these funds as a grantee. Moreover, there is some speculation that HUD's remarkable success in competing for both Louisiana's LIHTC and CDBG funds may be an indication of the State's dependence on the good will of the HUD Secretary. It should be noted that this conflict would have not occurred if Congress had funded HUD directly to repair or replace public and assisted housing in the Gulf, and the funds allocated by the state to HANO had been put to use on housing for other low income people in Louisiana.

Recommendations

Congress should direct HUD to immediately appoint a judicial receiver for HANO, who will carry out federal policy and will be an impartial arbiter of the resident and community interests at stake in the future of public housing in New Orleans.

Congress should direct HUD to adopt rules and regulations for all public housing in the affected areas of the Gulf Coast that reflect principles for redevelopment outlined earlier.

HUD should immediately issue an RFP for independent contractors to assess the current condition of all public and assisted housing in the affected areas and estimate what additional resources are needed to complete repairs and reconstruction. Congress should appropriate such funds.

REBUILDING: AFFORDABLE RENTAL HOUSING

One of the tragedies of the deep divisions in New Orleans about the future of public housing there is that it has diverted advocacy attention and resources away from the much larger problem of the failure to repair and replace low cost unsubsidized rental housing. The State of Louisiana estimates 82,000 rental homes in the state sustained severe or major damage, that 47% of the housing in the affected areas was rental housing, as were 55% of the homes in New Orleans.[4] Even if there were sufficient resources to reproduce that level of rental housing, there appears to be very little will to do so. Assisting home owners is the top priority of both Louisiana and Mississippi plans for their CDBG allocations, with attention to rental housing as an afterthought.

The major federal resource for rental housing was the allocation of Low Income Housing Tax Credits. Tax credit properties must have rents set to be affordable for people with incomes at

4 State of Louisiana, The Road Home. (2007). *Small Rental Property Program Small Owner & Owner Occupant Round 1 Application Handbook.* Baton Rouge: Author.

50% or 60% of the area median. The initial estimate of units these tax credits would produce was 54,000 units of rental housing.[5] The reality is that the GO-ZONE LIHTCs will likely produce as few as 25,000 units in Mississippi and Louisiana because the costs of constriction have skyrocketed. And many of those will be lost if Congress fails to extend the placed-in-service date for tax credit properties.

Of the $16.7 billion that Congress appropriated in disaster CDBG funds, $1 billion was designated to repair or replace the affordable rental housing stock, including public and assisted housing. Moreover, Congress granted the states unusual flexibility in who can be served by their CDBG funded programs. Instead of 70% of the funds benefiting people with incomes at or below 80% of the area median (low income), only 50% were required to serve this income group and HUD was allowed to waive even the 50% threshold for compelling need.

In Mississippi, HUD did grant such a waiver. Of Mississippi's $5.6 billion CDBG allocation, $3.2 billion was dedicated to what has turned out to be an undersubscribed home owner grant program. One hundred and five million dollars were set aside for repair of public housing and $125 million for a rental repair program that will provide $25,000 grants to small landlords to repair properties with four or fewer units. In exchange for these grants, landlords must agree to keep the units affordable to primarily middle income households for a period of 7-8 years. Mississippi still has $1.5 billion for which it has no plans at this point. Meanwhile, almost 30,000 households in Mississippi are still living in FEMA trailers.

The condition of the trailer dwellers in Mississippi is deteriorating rapidly. A study done by researchers from Columbia University of a sample of 576 randomly selected Mississippi families living in FEMA trailers found that trailer living was taking its toll. The lower one's income prior to Katrina, the more likely one was not to be working now. The children showed many symptoms of persistent emotional distress. Adults who are parents or caregivers report heightened levels of depression and anxiety. Rates of health insurance coverage have plummeted as former workers remain out of the workforce and one in six children in need of medical attention did not try to receive care. And rates of absenteeism from school are rising among elementary and high school students alike. [6]

The Louisiana Road Home plan pays more attention to rental housing needs than does the Mississippi plan. Some of the state's $10.4 billion CDBG funds were set aside to capitalize an operating fund to provide rental subsidies to make LIHTC units more affordable to lower income households. The high cost of construction means more CDBG funds have gone to gap financing of LIHTC developments and less for the operating subsidy. Advocates argued strenuously for an allocation of Section 8 project-based vouchers to be the operating subsidy for LIHTC units and continue to assert that Section 8 is the best method for filling the gap between the operating costs of a rental unit and what a tenant can afford.

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5 Fischer, Will and Barbara Sard. (2006, February 27). *Housing Needs of Many Low-Income Hurricane Evacuees Are Not Being Adequately Addressed.* Washington, DC: Center on Budget and Policy Priorities.
6 Abramson, D., R. Garfield, & I. Redlener. (2007). *The Recovery Divide: Poverty and the Widening Gap Among Mississippi Children and Families Affected by Hurricane Katrina.* NY: Columbia University National Center for Disaster Preparedness.

Louisiana has also dedicated $869 million of its CDBG allocation to a "small rental property program." The purpose is to assist private landlords with repairs to one to four unit rental properties that have damage estimates of more than $5,200. The application process was just made public in the last two weeks. Landlords will receive forgivable loans of $20,000 to $72,000 in exchange for renting to tenants with incomes at 80%, 65% and 50% of the area median, with rents set at affordable rates. The longer affordability is maintained, the more of the loan is forgiven. The number of units that can be repaired under the program is approximately 20,000. None will be affordable to the lowest income families.

The final form of housing assistance I want to call to your attention is the FEMA pilot program that will fund permanent housing. Congress appropriated $400 million for this program. These funds will be used primarily to produce "Katrina cottages." These are small modular structures that will take the place of FEMA trailers, but are permanently located. Most people like the concept. However, to date, no policy has been established as to the long term ownership of these units and who will benefit from them. There are no income eligibility criteria. Is it a good use of taxpayer dollars to pay for a permanent structure on someone's property in which the family will live temporarily while repairing their damaged home? What happens to the Katrina cottage when the family moves back into its home? Does it become the guest house?

Clearly more resources are needed if the Gulf Coast is to have enough housing for the people who live there now and the people who will come there in the future. To date, no resources have been dedicated to rental housing for people with incomes below 30% of the area median. In the New Orleans MSA, this is $15,690 a year; in the Gulfport-Biloxi MSA, it is $14,040.[7] These are the people who make up the low wage work force, who are the backbone of the tourist economies of these areas. This is precisely the population who would be assisted with housing built or repaired with the Affordable Housing Fund in the GSE regulatory reform bill that the committee will take up in the coming months. The proposal is that the fund should be initially directed to states where the housing supply has been affected by the Gulf Coast hurricanes.

A final word on rebuilding of affordable housing in the Gulf Coast must be about the inequitable distribution of the funding. Although Louisiana sustained three quarters of the housing damage, the state received only 61% of the resources. Texas sustained direct damage from Hurricane Rita and received more Katrina evacuees than any other state by far. Yet, Texas has received only 3% of the housing funds.

Recommendations:

Congress should engage in careful oversight of the use of the CDBG funds allocated for Gulf Coast recovery. Are the programs that the states have developed doing what they are intended to do? How quickly and how well are the funds being spent? Who is being served?

Congress should immediately pass legislation to extend the placed-in-service date of the LIHTCs allocated for Gulf Coast recovery.

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7 Wardrip, K., D. Pelletiere, & S. Crowley. (2006). *Out of Reach 2006.* Washington, DC: National Low Income Housing Coalition.

Congress should establish policies about the long-term ownership and use of Katrina cottages and similar structures funded through FEMA's pilot housing program.

Congress should appropriate funding for Section 8 project-based vouchers to provide operating subsidies for new rental housing produced in the Gulf Coast affected areas.

Congress should enact GSE regulatory reform legislation that includes an Affordable Housing Fund to support the production and preservation of rental housing affordable to extremely low income families and direct the resources to states where the housing supply has been affected by the Gulf Coast hurricanes for the first two years.

CONCLUSION

Hurricane Katrina will be remembered as a seminal event in American history. The emptying of whole communities happened overnight. The dimensions of the diaspora are unknown in modern America. The destruction is so vast that it is only possible to comprehend by going to the Gulf Coast and seeing for oneself. Katrina is about wrenching hundreds of thousands of people from homes to which most will never return. Katrina is about the sudden and complete loss of all that home means – safety, respite, privacy, comfort, and security.

Katrina is also about the generosity of ordinary people. One of the ways Katrina will be remembered is by the common decency of many people who traveled to the Gulf to volunteer to put a new roof on for a stranger or to strip moldy sheetrock out of houses still standing. Would that it could be enough for the considerable charitable instincts of the American people to suffice in the face of a disaster of this scope.

But it will not. Human beings organize governments to do what individuals cannot do for themselves, with protection and recovery from wholesale catastrophe at the top of the list. Unless policy and practice take a different turn from where they appear to be heading at this turn, Katrina will be remembered as a massive public failure - a failure of political will to "do what it takes."

The future of public housing in New Orleans is just one skirmish in the larger battle of who wants to return, who has the right to return, who will be able to return, who will be welcome to return, and who decides. Polling data suggests that somewhat less than half of evacuees want to come home. [8] Indeed, Katrina has given some people a chance for a better life. Yet, there are others for whom home is home, and nothing else will do. For many people, the reality is that they just do not know what to do. They are paralyzed by depression and cannot make good decisions.

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8 Dangerfield, P. (2006, January). *Citizen Participation: Informing Public Policy For Rebuilding New Orleans.* Total Community Action, Inc. & Associates, New Orleans, LA. Retrieved from http://www.tca-nola.com/publications/citizen-participation.pdf.; *Washington Post*/Henry J. Kaiser Family Foundation/Harvard School of Public Health. (2005, September). *Survey of Hurricane Katrina Evacuees.* Retrieved from http://www.washingtonpost.com/wp-srv/politics/polls/katrina-poll91605.pdf; Zogby, J., J. Bruce, R. Wittman, & K. Scott. (2006, March). *A Second Survey of Hurricane Evacuees Living in Houston.* Zogby International for the City of Houston.

Or they cannot make personal decisions until official decisions are made, which have been slow in coming.

Massive dislocation and loss have already happened and cannot be undone. But how Americans decide to ameliorate the suffering that it caused is a choice we still can make. A commitment to a national housing agenda that assures a sufficient supply of affordable housing for everyone in neighborhoods and communities of their choosing, including those of limited means, is a good place to start.

The recommendations offered in this testimony are small fixes to glaring problems. They do not add up to a cohesive and comprehensive strategy for the recovery of the people who were displaced and the communities that were destroyed. The lack of such a strategy has severely hampered the recovery to date. The establishment of such a strategy is long overdue and should be Congress's top priority for its Katrina response going forward.

The prospect of families, especially poor, Black families who are already burdened by the legacy of American racism, never having the chance to go home after Katrina should weigh heavily on the hearts of all Americans. The pain of their forced exile will be embedded in the narratives of their families and shape their sense of themselves as Americans for generations to come. Unless everyone who was displaced by Katrina experiences genuine choice about where he or she will settle at the end of the day, Katrina will leave an indelible stain on the American soul.

Thank you for the invitation to come before you today and for your consideration of my remarks.

Dedicated solely to ending America's affordable housing crisis

Timeline of the Federal Government's Temporary Housing Response to Hurricane Katrina

September 1, 2005 - HUD places on its website its proposed response to the storm: a housing subsidy of $10,000 per household displaced, regardless of household income, to supplement temporary housing costs for one year. Private landlords, family members, faith-based organizations, shelters or friends would be eligible to receive the money for housing a displaced family. This proposal was removed from HUD's website that day, and never referred to again.

September 1 – September 22, 2005 – FEMA encourages local governments to create housing programs for evacuees. FEMA promises reimbursement as authorized by Section 403 of the Stafford Act. Such temporary rental housing programs become known as "Section 403 housing."

September 7, 2005 - FEMA announces no-bid contracts with five major corporations to provide trailers and mobile homes for displaced hurricane victims. These contracts call for identifying and leasing large plots of land in Louisiana to house settlements of tens of thousands of trailers and mobile homes.

September 8, 2005 – Senator Sarbanes requests $3.5 billion for 350,000 emergency Section 8 vouchers to house families displaced by the Hurricane. Advocates agree that HUD should be responsible for displaced households' housing needs.

September 14, 2005 - Vice Admiral Thad Allen tells the Associated Press he is in discussion with states about where to locate the government's temporary "trailer cities" for tens of thousands of evacuees.

September 15, 2005 –350,000 emergency Section 8 vouchers for households' displaced by the storms are approved by Unanimous Consent in the Senate, and attached to an FY06 Appropriations bill.

September 15, 2006 – During a House Financial Services Subcommittee on Housing and Community Opportunity hearing, Representative Maxine Waters (D-CA), Ranking Member of the Subcommittee, stresses the urgency of moving people from shelters into transitional and permanent housing. She cautions against current FEMA proposals to erect small towns of up to 25,000 manufactured homes in one space. "This is absolutely unacceptable. I am not in the business of creating ghettos." Representative David Scott (D-GA) is equally adamant in his objections to the creation of densely concentrated trailer parks, calling them relocation "camps."

September 16, 2005 – HUD issues guidance encouraging local Public Housing Authorities to use their existing resources to house evacuees, despite long waiting lists in most communities.

September 18, 2005 – FEMA tells USA Today that it does not plan to set up huge tracts of trailers and mobile homes. "That option is not even being considered."

September 23, 2005 – FEMA and HUD announce transitional housing assistance programs. HUD's program, named the Katrina Disaster Housing Assistance Program (KDHAP) will serve all previously assisted HUD households, or previously homeless individuals. HUD estimates that 65,000 households will be eligible for KDHAP. KDHAP is paid for through a mission assignment with FEMA.

FEMA's housing assistance program will serve all other eligible households displaced by Hurricane Katrina. This program is authorized by Section 408 of the Stafford Act and becomes known as "Section 408 housing." Households

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receive checks of $2358, meant to cover three months of rental payments. They can continue to receive such payments, if they can prove continuing need, up until the statutory cap of $26,200.

September 30, 2005 – In a letter to President Bush, Senator Sarbanes urges that HUD have a more central role in responding to evacuees' housing needs. Thousands of families will need long-term housing assistance, wrote Senator Sarbanes, and such assistance should not come from an emergency response agency such as FEMA.

October 12, 2005 – Six weeks after Hurricane Katrina made landfall, 22,847 people remain in emergency shelters, while 576,136 people are living in motels, and 6,306 individuals are living on cruise ships. At this time, only 7,819 travel trailers and mobile homes are occupied.

October 18, 2005 - Representative Nydia Velázquez (D-NY), a member of the Housing and Community Opportunity Subcommittee of the House Financial Services Committee, writes to President Bush expressing concerns about the Administration's wasteful spending and uncoordinated efforts to house victims of Katrina. She advocates the use of emergency Section 8 vouchers to meet the housing needs of displaced households.

October 28, 2005 – HUD announces a new disaster housing sub-program for those evacuated households that were homeless prior to the disaster, persons with HIV/AIDS, or persons who were permanently housed in HUD Special Needs housing units: Katrina Disaster Housing Assistance Program - Special Needs (KDHAP-SN). The program would have the same benefits as the original KDHAP but be administered through a community's Continuum of Care (CoC) structure. This program never gets off the ground.

November 2, 2005 – FEMA announces it will give the full $26,200 to 60,000 households that lived in the most damaged areas of New Orleans. Few people receive this check and FEMA subsequently denies having made such an announcement.

November 3, 2005 - Widespread reports from the Gulf indicate that many households in need of rental assistance from FEMA are not receiving their checks. Many are being denied assistance for no obvious reason.

November 4, 2005 – The provision of 350,000 emergency Section 8 vouchers is dropped in conference committee from the final FY06 appropriations bill.

November 10, 2005 – A class action lawsuit is filed against FEMA, (*McWaters vs. FEMA*), asserting that large numbers of households in need remain unhoused because of FEMA's poor handling of the housing program.

November 15, 2005 – FEMA announces that on December 1, immediately after the Thanksgiving holiday, it will stop paying the room costs for more than 150,000 displaced people living in more than 53,000 hotel and motel rooms across the country. FEMA said such a move is necessary to make evacuees more "self-reliant" and to help them "reclaim some normalcy." At this time, only 27,842 travel trailers and mobile homes are occupied, out of an estimated need of over 100,000 trailers. Over 2,000 people remain in shelters and almost 7,000 people continue to be housed on cruise ships.

FEMA also announces that as of March 1 they will no longer reimburse cities and states for households in the housing assistance programs that FEMA encouraged the cities and states to create.

November 15 – 18, 2005 - Governor Rick Perry of Texas, Governor Haley Barbour of Mississippi, the congressional delegation of South Carolina, San Francisco Mayor Gavin Newsome, three city agencies in New York and numerous advocacy organizations appeal to FEMA to reconsider the deadline for motel room payments.

November 22, 2005 – Amidst criticism from national and state leaders as well as countless advocates, FEMA announces it will continue to pay for the hotel rooms of hurricane evacuees until December 15. FEMA says that displaced residents in ten states with the largest number of evacuees still in hotel or motel rooms have an opportunity to extend that deadline until January 7.

December 2, 2005 – National housing advocates hold a press conference, calling on the Administration and Congress to improve the federal government's re-housing performance. They recommend that a unified and comprehensive program of housing assistance be established for all displaced households, relying primarily on the existing federal

housing programs.

December 9, 2005 – The House Financial Services Committee holds hearing to investigate FEMA and HUD's housing response to the disaster. HUD declines to attend, causing Ranking Member Barney Frank to threaten to issue a subpoena for Secretary Jackson to testify.

At the hearing, Representative Maxine Waters says, "We cannot express how dissatisfied we are, how upset we are, how embarrassed we are, [at the response to evacuees' housing needs.] ...FEMA is not working," said Ms. Waters. "The federal government's response to the housing needs of displaced people seems to be a case of the right hand doesn't know what the left hand is doing," said Representative Nydia Velazquez. "Individuals don't know how to navigate the system to get assistance, so at end of the day, they aren't getting any."

Representative Barney Frank said, "The announcement of the hotel deadline on the eve of the Thanksgiving holiday was one of the most heartless actions I have ever seen government do." Representative Artur Davis (D-AL) called it "one of the dumbest decisions that has ever been made in government."

Also on December 9, 2005 – In testimony before the House Financial Services Committee, FEMA further explains their March 1 deadline for reimbursing cities and states for their housing programs. By March 1, FEMA expects to have a clear idea of where each household being housed under a state-administered program is, and what its needs are. If eligible, the household will be transferred to the FEMA Transitional Housing Program (Section 408).

Also on December 9, 2005 – In written testimony to the Senate Committee on Homeland Security and Governmental Affairs, Scott Wells, Federal Coordinating Office for FEMA Joint Field Office in Baton Rouge, LA, testifies that FEMA's Individual Assistance process must be reformed. "It is too complicated, which often results in confusion and delays in timely delivery of cash and assistance to individuals." He specifically notes as problematic sending checks separately from letters explaining eligible expenditures.

Also on December 9, 2005 – Senator Sarbanes sends a letter the Chairman and Ranking Member of the Senate Appropriations Committee, proposing that the Committee require that FEMA guarantee at least 12 months of rental assistance for families displaced by Katrina. The letter says that rental assistance would be much more effectively administered by HUD. The letter also asks the Committee to require that FEMA reimburse state and local governments for rental payments for Katrina victims made pursuant to existing leases for up to one year. Finally, the letter urges that the Committee require that FEMA reimburse local housing authorities for the cost of the vouchers used to house Katrina evacuees.

December 10, 2005– Senator Susan Collins, Chair of the Senate Committee on Homeland Security and Governmental Affairs tells the Washington Post, "I have long believed that it would have been far more effective at this stage for FEMA to have given vouchers for housing and to assist people in finding private-sector housing. I think it still is a possibility."

December 12, 2005 – U.S. Judge Stanwood Duval, Jr. of the U.S. District Court for the Eastern District of Louisiana issues a ruling that temporarily stops FEMA from ending its hotel/motel subsidy program on December 15. After calling the disaster agency "numbingly insensitive" and "unduly callous," Judge Duval orders FEMA to continue its short-term lodging program until at least January 7, 2006 for all evacuees nationwide still in hotels and motels. Judge Duval further rules that those individuals who have yet to receive any assistance may remain in their federally subsidized hotel/motel rooms until February 7, 2006.

December 14, 2005 – HUD testifies before the House Financial Services Committee. Representative David Scott questions whether the "call that individuals and housing advocates are increasingly raising, for FEMA's housing responsibilities to be transferred to HUD" should be answered. Brian Montgomery, HUD Assistant Secretary for Housing and FHA Commissioner, responds, "I am aware of that idea, but it is a decision for others to make."

December 15, 2005 – The House Financial Services Committee approves H.R. 4100, the Hurricane Katrina Response Act by a vote of 50-9. The bill authorizes $2.5 billion of funding for emergency Section 8 vouchers, among other things.

December 16, 2005 – By mid-December, 653,531 households displaced by Hurricane Katrina are receiving FEMA

rental assistance.

December 18, 2005 – In an FY06 Appropriations bill, Congress authorizes $390 million for a Disaster Voucher Program, to be administered by HUD. By early February, HUD transitions the KDHAP program into the DVP program, allowing households previously assisted by HUD or previously homeless to receive Section 8-like vouchers.

In the same bill, Congress directs FEMA to provide written guidelines for transitioning evacuees into longer-term assistance by January 13, 2006. FEMA does not comply.

December 25, 2005 - Corporate Lodging Consultants (CLC), the firm contracted by FEMA to manage the hotel program, sends notices to hotels across the country asking them to participate in an Evacuee Census. Hotel managers are asked to provide FEMA with the number of evacuees lodging in their hotels. They also distribute flyers to hotel managers stating that, "The (hotel lodging) program will continue for all evacuees in all states until further notice pending the resolution of certain issues now in litigation."

December 30, 2005 – Hundreds of thousands of people remain on waiting lists for trailers and mobile homes. Only 53,429 trailers have been occupied to date.

January 2, 2006 – FEMA extends the deadline to end the hotel program until further notice. FEMA acknowledges that they still do not know the identities of all displaced households currently living in hotels, nor do they know the location of the hotels housing evacuees.

January 12, 2006 - Judge Duval directs FEMA to extend hotel stays for hurricane evacuees if they are registered with FEMA for temporary housing assistance and they have obtained a hotel authorization code by January 30. For these evacuees, the hotel deadline is extended until two weeks after they have received (or been rejected for) temporary housing assistance. The Judge rules that the earliest evacuees can be terminated from the hotel program is February 13; those living in hotels (and who have registered with FEMA and have a hotel authorization code) in New Orleans or Jefferson parish cannot be terminated from the program until after March 1.

January 13 and 14, 2006 - The Housing and Community Opportunity Subcommittee of the House Financial Services Committee hold field hearings in New Orleans, Louisiana and Gulfport, Mississippi. Mr. Scott Wells, the Louisiana Federal Coordinating Officer for FEMA testified that that FEMA is beginning to investigate new methods of meeting the demand for temporary housing in Louisiana. The agency announces it is looking into renting an entire apartment complex in New Orleans, in order to place eligible applicants into apartments. But, said Mr. Wells, "The cold, hard fact is that people may not be able to move back to their communities for months or years, because the housing stock does not exist."

Mr. Wells said that, soon after the storm, FEMA was putting 30 trailers online each day; they have ramped up to the current average of 500 trailers per day. Mr. Wells acknowledged that this rate is still not fast enough to meet the overwhelming demand, and said that his agency is working to further increase the number of trailers installed.

Representative Maxine Waters (D-CA), Subcommittee Ranking Member, said, "We are hearing about a lot of bureaucratic nonsense in the siting of these trailers." Indeed, Ms. Elise Boyer, an evacuee currently living in a hotel for lack of a trailer, later testified that FEMA has refused to place a trailer in the driveway of her 9th Ward home because the trailer would go four inches over her property line, even though she has obtained permission from her neighbor to do so.

January 20, 2006 –HUD Secretary Alphonso Jackson responds to concerns of local officials from Houston, Texas over how rent will be paid for the city's 150,000 evacuees when FEMA stops reimbursing the city's emergency rental vouchers on March 1. Mr. Jackson says, "If they have not been able to find any other housing, FEMA will switch them over to our program, and we will take up that process for the rest of the time that they'll be on the program," he said. "We're not going to cut anybody off," he said.

February 1, 2006 – During a press conference, U.S. Comptroller General David Walker says, "Housing beyond short-term shelters also…remains a major problem, especially for victims who either cannot return to their community or require housing options in their community if they do return."

February 3, 2006 - Several House Democrats send a letter to Department of Homeland Security Secretary Michael Chertoff, expressing "exasperation with the failure of FEMA to comply with a Congressional directive to issue timely guidance with respect to eligibility for housing assistance under the Section 408 program....FEMA's continued failure to issue guidance clarifying criteria for ongoing eligibility for FEMA rental housing under the Section 408 program is unconscionable."

February 7, 2006 - 10,777 fully furnished, unoccupied manufactured homes are being stored at the Hope, Arkansas airport. To avoid having the homes sink into the muddy ground, FEMA orders jacks for all homes, and begins accepting bids to gravel 293 acres under the homes at an estimated cost of $6 - $8 million. The homes cannot be placed where they are most needed, in Louisiana and Mississippi, because FEMA's own rules prevent it from siting manufactured homes in flood zones. This rule was not considered when the homes were ordered.

February 8, 2006 - House Minority Leadership holds hearing on the post-Katrina housing crisis. Referring to the need for emergency Section 8 vouchers, House Minority Leader Nancy Pelosi said, "We did that successfully after Northridge earthquake in California in 1994. If it was good enough for the California earthquake, it's good enough for Katrina."

February 15, 2006 - The House Select Committee to Investigate the Preparation for and Response to Hurricane Katrina released its final report, "A Failure of Initiative." One of the Committees findings states that FEMA "failed to take advantage of HUD's expertise in large scale housing challenges."

The report notes that, although FEMA has provided rental assistance to over 500,000 households, a key problem with the provision of such assistance was households receiving their rental assistance checks days, and sometimes weeks, before receiving guidance as to how and on what the money should be used. "Use of a voucher system similar to the one administered by HUD could have prevented this mistake...FEMA failed to take full advantage of HUD's expertise and perspective on large-scale housing challenges, such as the agency's experience with voucher programs. HUD and public housing authorities have the expertise and infrastructure to help non- HUD clients during disasters."

Also on February 15, 2006 – HUD testifies before the Senate Banking, Housing and Urban Affairs Committee that it's initial estimate of 65,000 households eligible for KDHAP was too high; HUD now estimates that 24,000 to 32,000 households are eligible for its Disaster Voucher Program (DVP).

February 17, 2006 - A group of disability rights advocates file suit against FEMA, challenging FEMA's failure to provide accessible temporary housing.

February 23, 2006 - The White House releases "The Federal Response to Hurricane Katrina: Lessons Learned." The report finds that HUD, "with extensive expertise and perspective on large-scale housing challenges and its nation-wide relationships with State public housing authorities," was mistakenly not engaged in the housing response by FEMA until "late in the effort." Noting that "HUD's expertise lies in the provision of mid and long-term housing...for those in need," the report recommends that HUD be designated the lead Federal agency for the provision of temporary housing.

Also on February 23, 2006 – FEMA announces it will once again extend the hotel/motel subsidy program that has been providing shelter for hurricane evacuees. FEMA says it will continue to pay for the hotel/motel rooms of evacuees in Louisiana and Mississippi for two additional weeks, until March 15, citing a "severely depleted" housing stock in those states. Only 69,775 trailers and mobile homes are occupied at this time.

March 3, 2006 – To date, 35,631 households in need of continuing rental assistance have been denied by FEMA.

March 8, 2006 – To date, 17,260 households have received Disaster Vouchers from HUD, though only about half have successfully leased apartments with the vouchers. HUD estimates that an additional 9,351 DVP-eligible households are instead receiving some form of FEMA temporary housing assistance. Of the tens of thousands of people believed to have been homeless prior to the disaster, only 20 are receiving disaster vouchers, despite their eligibility for the program.

March 14, 2006 - Senate Homeland Security Committee Chair Susan Collins (R-ME) and Ranking Member Joseph

Lieberman (D-CT) send a joint letter to Homeland Security Secretary Michael Chertoff expressing concern about FEMA's shortfalls in providing temporary housing assistance to survivors of Hurricane Katrina.
"Almost six months after Hurricane Katrina ravaged the Gulf Coast, housing remains among the most pressing challenges facing thousands of residents in the region," wrote the Senators as they cited problems with FEMA's implementation of the hotel/motel program, delivery of mobile homes and provision of Transitional Housing Assistance.

March 15, 2006 – Families continue to wait for needed trailers and mobile homes. 90,547 have been occupied to date.

March 26, 2006 – 5 days before the originally announced deadline, FEMA extends state and local housing programs until May 31.

May 3, 2006 – To date, 51,486 families that applied to FEMA for continuing rental assistance have been denied any further assistance.

May 16, 2006 - Representatives Richard Baker (R-LA) and Barney Frank (D-MA) introduce H.R. 5393, the Natural Disaster Housing Reform Act of 2006. The bill would establish HUD as the lead agency for long-term housing needs resulting from disasters, among other things. Senator Mary Landrieu (D-LA) introduces companion legislation on May 23.

May 19, 2006 – A new class action lawsuit is filed, Watson vs. FEMA, to stop FEMA from ending rent assistance to some 17,000 families on May 31, 2006.

May 25, 2006 - 62 Democratic Members of the U.S. House of Representatives file an amicus curiae brief in support of Waston vs. FEMA. Representatives Regarding FEMA, the amicus brief states that, "the agency continues to engage in a process that is marked by inefficiency, a lack of discernable standards, and seeming disregard for the plight of the vulnerable survivors who are depending on the aid that FEMA is statutorily obligated to provide."

May 29, 2006 – FEMA extends the deadline for 10 local rental assistance programs in Texas, through June 30.

May 30, 2006 - U.S. District Court Judge David Hittner refuses to order federal officials to continue emergency housing programs for Hurricane Katrina evacuees through June 30.

June 16, 2006 – Judge Duval issues his decision in McWaters vs. FEMA. The Judge states, "The Court hesitates to seemingly 'reward' FEMA for what could be considered cagey behavior with regards to FEMA's ever-changing requirements. As the Court has previously found, FEMA's indecision and internal bureaucratic bumbling has strained even the most patient of citizens."

June 16, 2007 - The House Financial Services Committee approves by voice vote sending H.R. 5393, The Natural Disaster Housing Reform Act of 2006, out of Committee with a favorable recommendation.

July 13, 2006 - Judge Hittner grants a preliminary injunction in *Watson v. FEMA* ordering FEMA to pay amounts for utilities for all recipients of Temporary Housing Assistance under the Section 408 program, among other things.

July 25, 2006 – The Sierra Club releases results from its findings of FEMA trailers: 83% of the trailers tested show a high level of formaldehyde, a toxic gas that could pose both immediate and long-term health risks

July 26, 2006 - FEMA's new Director of Recovery, John D'Araujo, Jr., issues a memorandum changing FEMA's recertification policies for households transitioning from the 403 Emergency Sheltering Apartment Program to the 408 Temporary Housing Program.

According to Mr. D'Araujo, the "difficult transition has created some communication and program challenges that require immediate 408 assistance processing modifications...as a result of the multiple and varying 403/408 communications made to State/local governments, landlords and individual evacuees, FEMA has determined that an extension of the 408 recertification period is warranted," but only for households transitioning from 403 to 408.

FEMA has been requiring all 408 recipients to show proof of their continued need for temporary housing assistance

every three months. However, under the new guidelines issued in the memorandum, those households that recently made the transition from the 403 program after being determined eligible for 408 temporary housing will only have to recertify once in order to have their assistance extended through October 31, 2006. Evacuees eligible for this extension who do not meet FEMA's recertification requirements prior to October 31 will not be eligible for additional assistance beyond that date. Those households that do meet the requirements may be eligible for an additional recertification period ending February 28, 2007.

August 1, 2006 – Travel trailers and mobile homes reach their peak occupancy rate: 119,625 occupied.

October 12, 2006 - FEMA extends rental housing assistance for some evacuees of Hurricanes Katrina and Rita. The extension applies to households that originally received rental assistance through a city- or state-administered program, funded through FEMA's Section 403 program, and have successfully transitioned to receiving rental assistance under FEMA's Section 408 rental assistance program. Households displaced from Hurricane Katrina will have their rental assistance extended, without need for recertification, through February 24, 2007. Before the extension, these households were required to recertify for continuing assistance by October 31.

October 17, 2006 - 92 national and Gulf Coast housing and poverty advocacy groups write a letter to Department of Homeland Security (DHS) Secretary Chertoff, HUD Secretary Jackson and FEMA Director Paulison, urging the agencies to address the impending expiration of FEMA's transitional housing programs and subsequent displacement of almost 300,000 households. The letter requests an extension of housing assistance through February 2008.

The letter states, "The scope of the assistance programs still does not match the scale of this catastrophic disaster. Without adjustments to these programs, many families who survived Hurricanes Katrina and Rita are likely to find themselves homeless within the next four to five months. This mass displacement will severely tax the already-stretched resources of Gulf Coast communities trying to rebuild and cities like Houston that generously received and are still hosting over 100,000 displaced families. For the families themselves, another displacement could dismantle any progress gained after last year's hurricanes. Waiting until the last minute to extend deadlines and ensure continued funding, as FEMA infamously did for households living in motels, will impede proactive recovery activities and put more families at risk in the coming months."

November 29, 2007 - U.S. District Judge Richard Leon rules that FEMA must resume rental assistance payments and pay three months of retroactive payments to certain households denied continuing rental assistance from February through August 2006. The agency must continue rental assistance to these households until FEMA can provide clear reasons for a denial of continuing assistance and an opportunity for households to appeal the denial.

Judge Leon ruled in favor of the plaintiffs, agreeing with their claim that letters sent to those denied continuing assistance were "ambiguous and unintelligible," and often gave contradictory information. "It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," Judge Leon wrote. "FEMA's notice provisions are unconstitutionally vague and uninformative, and a more detailed statement of FEMA's reasons for denying long-term housing benefits...must be provided in order to...free these evacuees from the 'Kafkaesque' application process they have had to endure."

December 3, 2006 – FEMA assures Congressional staff that an extension of the 18-month deadline for FEMA housing assistance will be announced sometime during the month of December.

December 5, 2006 – Mississippi Governor Haley Barbour sends a letter to FEMA Director Paulison, urging FEMA to extend housing assistance to households displaced by Katrina through February 2008. He receives no answer.

December 22, 2006 - The US Court of Appeals grants FEMA's request to stay part of US District Judge Richard Leon's order against the agency in the case of *ACORN vs. FEMA*. This means that, contrary to Judge Leon's order, FEMA does not have to reinstate housing benefits for 4,200 Katrina evacuees until after the appeal of the ruling is heard. The Court of Appeals is not likely to take up the case until March.

January 3, 2007 – FEMA tells reporters and Congressional staff that they plan on maintaining the February 28 deadline for assistance for the 33,000 households remaining in FEMA's rental assistance program. FEMA states it will

consider extensions of assistance for the 95,000 households living in FEMA trailers and mobile homes, on a case-by-case basis. No official announcement is made.

January 9, 2007 – The Louisiana Congressional delegation sends a letter to FEMA Director Paulison, urging FEMA to extend housing assistance to households displaced by Katrina through February 2008.

January 12, 2007 – Congressional members meet with FEMA Director Paulison, urging an extension of the deadline for temporary housing assistance. During the meeting, Mr. Paulison states that he will meet with the President later that day, to request an extension for all FEMA housing assistance programs. According to reports from the meeting, Mr. Paulison is optimistic that the President will approve the extension. Mr. Paulison acknowledges the urgency of the matter and says he hopes to announce an extension sometime the week of January 22.

January 12, 2007 – Representative Al Green (D-TX) sends a letter to FEMA Director Paulison, urging FEMA to extend temporary housing assistance to households displaced by Katrina.

January 17, 2007 – Louisiana Governor Kathleen Blanco sends a letter to FEMA Director Paulison, urging FEMA to extend housing assistance to households displaced by Katrina through February 2008.

January 19, 2007 – FEMA staff inform Congressional offices that the President has granted a six month extension, through August 31, 2007, for all temporary housing programs. No formal announcement is made. FEMA staff indicate an awareness that temporary housing needs will likely remain in August, and plans to talk with HUD staff about longer-term solutions.

January 29, 2007 - In written testimony before the Senate Homeland Security Committee, Gil Jamieson, FEMA Deputy Director for Gulf Coast Recovery, affirms that President Bush has directed FEMA to provide an extension, through August 31, of direct housing and financial assistance programs supporting victims of Hurricanes Katrina and Rita. "This extension will give us additional time to work with disaster victims, Federal, State and local partners, and volunteer organizations, to transition victims to more permanent housing solutions," Mr. Jamieson says.

FEMA has still made no formal announcement of the 6-month extension, leaving many questions unanswered.

January 31, 2007 – After successfully reinstating more than 1000 households to FEMA's rental assistance program, ACORN dismisses its lawsuit against FEMA. A full 25% of households covered by the lawsuit were found to have been wrongfully terminated by FEMA. "Despite the government's promises to care for the hurricane victims they failed to protect during the storms, thousands of evacuees were literally left out in the cold by FEMA," said Michael Kirkpatrick, a lawyer for Public Citizen who litigated the case. "Our lawsuit has held the ageney accountable for its failures and resulted in about $6 million in additional benefits to flow to the hurricane survivors."

Declaration of Susanne Seré

1. My name is Susanne Seré. I am an attorney licensed to practice law in the State of Texas. My State Bar Number is 18032340. I also am licensed to practice law in the United States District Courts for the Southern District of Texas.

2. I am employed by Lone Star Legal Aid as the Attorney Manager for the Public Benefits and Special Projects Units, Houston office. As part of my duties with Lone Star Legal Aid, I supervised seminars designed to provide hurricane evacuees with assistance in the preparation of pro se letters to appeal FEMA's denial of eligibility for Section 408 housing assistance. We have assisted hundreds of evacuees from Hurricanes Katrina and Rita.

3. Based on discussions with the evacuees, it was clear that very few, if any, knew the criteria for Section 408 housing assistance eligibility. The overwhelming majority is completely confused by the circumstances, did not understand the reason(s) for the denials of housing assistance and did not know what information must be provided to establish eligibility. Many evacuees had entered into 12 month leases and did not know why their assistance and their leases are being terminated.

4. Many evacuees received several letters from FEMA. Some evacuees had a series of letters resulting in multiple reasons for denial. Evacuees had letters that were confusing and at times appeared to be contradictory. For example, one evacuee received a denial letter based on "insufficient damage"; approximately one month later she received another letter stating that the basis for denial is that "applicant withdrew voluntarily". At least one evacuee received a letter from FEMA stating that she was eligible for Section 408 assistance and then received a subsequent letter stating that she was ineligible.

5. Many evacuees received vague denial letters from FEMA. Some letters gave the reason for denial as "other" or "other reason". Some letters stated that FEMA was "sending this letter to help clarify the termination of FEMA's subsidy of your current rental unit" but gave no reason for the denial. Evacuees' attempts to obtain clarification from FEMA frequently resulted in further confusion.

6. One evacuee who had been denied on the basis that he had withdrawn his request for assistance called FEMA to discuss his denial. When he explained that he had not withdrawn his application, he was advised that the denial might be based on "insufficient damage" because he failed to meet the inspector at his pre-disaster residence.

7. Several evacuees believed the reason for their denials was because of a failure to meet with an inspector to assess damages to their pre-disaster residences. One evacuee was in the hospital at the time of the scheduled inspection and so notified FEMA. Another evacuee had met with an inspector to survey the damage but failed to meet with a second inspector when notified of the inspection at the time it was in progress over 100 miles away. Many evacuees simply were unable to travel the distance to return to their pre-disaster residences and were unaware that they could request a representative to act on their behalf.

8. Several evacuees that we have seen were denied on the basis that they are receiving other housing assistance, but the only housing assistance they are receiving is the Section 403 assistance that is being terminated. Another evacuee was advised by FEMA that she would need to obtain a statement from HUD indicating that she is not receiving housing assistance from HUD.

9. I have been with legal aid for over 27 years. After meeting with these evacuees and listening to their stories, I have to conclude that their plight with FEMA may be the most confusing and chaotic circumstances I have seen.

10. FEMA has scheduled the termination of the 403 program for the majority of evacuees in Houston for August 31, 2006 based on FEMA's position that a final determination regarding 408 eligibility has been made. It is my understanding that approximately 1800 evacuee households will continue to receive 403 rental assistance for the month of September because FEMA has not made a "final" determination regarding 408 eligibility. Because many of the evacuees have little income, they will undoubtedly face eviction when September rent is due.

11. In Texas, the eviction process is very short. A landlord first needs to give a three day notice to vacate (or one day if the lease allows). After the notice to vacate expires, the landlord can file the eviction case with the justice court. The justice court schedules an appearance within six to ten days. If the court rules for the landlord, the writ of possession can be issued after five days. However, once a tenant defaults, a landlord does not have to accept the rent and can instead choose to evict the tenant. In my experience, landlords that end up filing eviction cases usually do not want the rent, but instead require the tenant to vacate.

12. Unless FEMA is required to provide proper explanations of denials to evacuees and is required to continue the 403 program until they do, many evacuees that would otherwise be entitled to housing assistance will likely be evicted.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Susanne C Seré Date: 8/30/2006
SUSANNE SERE

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Declaration of Michelle A. Akers

I, Michelle A. Akers, declare the following based on my personal knowledge:

1. I am over 21 years of age and competent to make this declaration.

2. I have been a Hurricane Relief Case Manager from September 26, 2005 to August 1, 2006. I work for a nonprofit agency called Caritas of Austin that works with the low income and working poor as well as the homeless population. I have a degree in social work a Masters in Counseling and am license to practice in Texas. .

3. In this capacity I have worked with all types of hurricane survivors and their families to become self sufficient in Austin. I have seen in some capacity over 60 individuals/families as well as completed outreach activities on behalf of the needs of the survivors.

4. I have numerous problems with FEMA. One problem of late has been been proof of identity. FEMA has told people that a state identification card and a social security card are not enough. One client had to provide verification of a social security number and copies of IRS documents even though she had sent in the typical identification information. Another concern is lack of information. The notices from FEMA are unclear and usually fail to describe the problem with any specificity. Appeals take months in many cases. Often people do not have one week if it involves rental payment because the client will face eviction without assistance. Because the information system is so poor and the appeals take so long, people who are otherwise entitled to assistance are evicted while the red tape is being sorted out. If the notices and information were approved, the problem could hopefully be addressed the first time before it is too late.

5. FEMA's system, even now, has been the most difficult system to deal with compared to all the other systems I navigate. FEMA appears to change the guidelines, deadlines and definitions of what they require in mid stream. It is frustrating and very demeaning for the residents of the Gulf Coast to have to continue to prove they are worthy of these benefits when they are victims of a natural disaster.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Michelle A Akers Date: 9/5/06

Michelle A. Akers, LSW, MA
ReEntry Case Manager
Caritas of Austin
479-4610 Ext #242
makers@caritasofaustin.org

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Declaration of Zeynep Kleiman

I, Zeynep Kleiman, declare the following based on my personal knowledge:

1. I am over 21 years of age and competent to make this declaration.

2. I am a social worker and have been a part-time employee at Caritas of Austin Hurricane Relief Program since February 2006. I've worked with about 20 Katrina survivors.

3. It has been a very frustrating process to deal with FEMA in general. About 90 percent of my clients have been disabled and their needs have been very high. I have found communications with FEMA to be very confusing, unclear, and intimidating for my clients. The letters FEMA sent out do not specify the reason for denial clearly and sometimes no reason is given at all. You can get even have two contradicting letters one after another. FEMA's documents are vague and confusing enough to me, but they are totally worthless to many of my clients who have literacy issues or low education. Calling FEMA does not always solve the problem either. My experience calling FEMA to get specifics about a case or to check on a claim has varied according to who answers the phone. I have talked to some FEMA workers that claim to know exactly what I needed to do and attempted to be very helpful. Of course, the information they provided did not always work. In fact, most of the time FEMA workers were not able to give me a decent answer or any assistance after being on the phone with them for 45 minutes.

4. As frustrating as it is, I will continue to work with hurricane survivors and help them go through obstacles because I know a lot of them would have quit fighting if they didn't have support.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Zeynep Kleiman, LCSW Date: 9-8-06

Hurricane Relief Team Case Manager

Caritas of Austin

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Declaration of Nova McGiffert

I, Nova McGiffert , declare the following based on my personal knowledge:

1. I am over 21 years of age and competent to make this declaration.

2. I am a case manager with a nonprofit called Caritas in Austin, Texas. I have worked with 19 evacuee households from Hurricanes Katrina and Rita since July. Of those households, 17 have had difficulty with FEMA in either the recertification process or securing benefits at all. Many of my clients have lost valuable time in the appeal and recertification process because of lack of information from FEMA's denial letters and phone representatives.

3. One client, a survivor from Hurricane Rita, has been going back and forth with FEMA on what they call an "Insufficient Damage" appeal for months. He receives contrary information about needed documentation virtually every time he calls FEMA. The letters from FEMA are of little help. Because he lives far from his hometown, securing photographic documentation of his home's damage took over one month. When he finally called FEMA with the photographs in hand to ask how to best send the pictures, the FEMA representative told him that photographs are insufficient proof of damage. The reasoning she gave is because FEMA's scanners do not present a clear enough picture to use as evidence. Now he is told that he needs a formal estimate from a licensed contractor of the amount of damage. He is now one month closer to homelessness and without emergency rental assistance, this client and his 13 year-old son would be in line at the shelter. He is on social security disability and has been actively looking for a part-time job.

4. If FEMA had to specifically state the problem in writing, and provide an explanation of what is required to address the problem, my clients would be better able to qualify for assistance

timely. The current system wastes valuable time and places an unfair burden on evacuee families. FEMA's system has been confused from the beginning and has yet to be improved. I am hoping something can be done to prevent another family from becoming homeless that should not be.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Date: 9/6/06

Nova McGiffert

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Declaration of Kirsten Mindrum

I, Kirsten Mindrum, declare the following based on my personal knowledge:

1. I am over 21 years of age and competent to make this declaration.

2. I am a case manager for survivors of Hurricane Katrina at the Arc of the Capital Area, a local nonprofit in Austin, Texas. My involvement with FEMA began when I volunteered with FEMA from October 26 to November 24, 2005, as a part of a collaboration between FEMA and the US Peace Corps. During this time I met with evacuees in the state of Oklahoma who, two months later, were still living in hotels. I assisted them with their FEMA application, and gave information and guidance on how to obtain long-term shelter and resources. Beginning Feb. 21, 2006, I began my job at the Arc of the Capital Area, providing case management to Katrina survivors with disabilities. I have worked with about 35 families at this agency, 25 of which needed assistance with acquiring their FEMA benefits.

3. I have found many FEMA employees to be helpful and straightforward with the information they have available to them. I knew some FEMA employees who were working 80 hours per week and doing everything that they could. However, I have come across major inconsistencies and contradictory information relayed by FEMA employees in what seems to be a process that intentionally weeds out disaster victims by being unclear about the information that FEMA requires. For example, Client A was deemed ineligible for continued rental assistance. Client A and I are informed that an inspection needs to be done at the damaged dwelling. Though the house has been torn down, and rebuilt, the inspector still needs to see the inside of the house. Though this is purposeless in acquiring any information about the damaged dwelling, Client A finds a family member with a key to meet the inspector. Two weeks later, we check with FEMA's helpline (1-800-621-FEMA) again. Now, there is a problem with shared households.

Applicant A lived with her mother in New Orleans. They were separated after the hurricane and Client A ended up in Austin, TX and mother in Atlanta, GA. Both have acquired jobs in their respective cities and Client A is supporting her 17-year-old brother who is enrolled in school in Austin, TX. An appeal is written to explain. Several weeks later, another call to FEMA is made, and now there is a problem with the mother having flood insurance and there being no landlord tenant relationship between the mother and Client A. None of the FEMA notices explain this, what to do, or how to address the problem. The notices are so vague FEMA uses them to claim a multitude of problems, one after another. There is no transparency, and information is being withheld which drags out the process of appeal and leads to evictions and homelessness.

4. The process of finding out what documentation is needed by FEMA can be extremely difficult. Applicant B has written three housing plans (a requirement for continued rent assistance FEMA says), all deemed inadequate by FEMA. The FEMA hotline representative is unable or unwilling to tell the survivor or me why the housing plan is inadequate. After waiting two weeks for the housing plan to be processed each time, Applicant B is now in court being evicted. Now she will not be eligible for HUD's Public Housing either. FEMA withheld information that was needed by my client, and has done so in many other cases. This is wrong. Disaster victims should know what is needed from them. These are only two examples amongst 25. As I stated earlier, I trust FEMA Helpline employees on the phone to be straightforward with the information that they have available to them. The problem may lie here---the complete information is not available to them either, and it is certainly not available to the evacuees or their advocates. Of course I cannot imagine what evacuees face without assistance from a caseworker. FEMA's system is extremely difficult with assistance from a caseworker like me who has an office, internet access and a fax machine. It must be even more difficult for a survivor without help. FEMA's notices must be improved at the very least so the process is fair for everyone.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Kirsten Mindrum _____ Date: 9/6/06

Kirsten Mindrum

Principles for Redevelopment of Public Housing Damaged by Hurricanes Katrina and Rita

The need for rental housing affordable to the lowest income people is acute in the communities affected by Hurricanes Katrina and Rita. *HUD and local public housing authorities (PHA) have an obligation to repair and reopen as much public housing as possible as soon as possible.*

Some public housing in the Gulf Coast affected areas has been reoccupied by its residents or the residents never evacuated. Given the acute shortage of rental housing that is affordable to the lowest income people in the Gulf Coast affected areas, *HUD should declare a moratorium on any demolition, disposition, or redevelopment of public housing that is currently occupied* in the Gulf Coast affected areas for the foreseeable future.

However, for those *public housing buildings that are currently closed and where it is independently determined that partial or complete redevelopment is required* to assure the long term sustainability of housing affordable to the people who lived there prior to evacuation, the following principles should apply.

1. No redevelopment of public housing damaged by Hurricanes Katrina and Rita will result in a net loss of the number of physical publicly assisted rental units, including accessible units, that were in the jurisdiction prior to Katrina or Rita nor will any redevelopment result in a net loss of any rental housing units that were in the jurisdiction prior to Katrina and Rita that are affordable and targeted to extremely low income households. New development will not decrease the number of rental units with three or four bedrooms needed by large families.

2. Redevelopment must take place with all deliberate speed, so that residents can return home and reoccupy units as soon as possible.

3. All residents of public housing in good standing at the time of evacuation must have the absolute right to return to a publicly assisted housing unit that is at least comparable to, and preferably an improvement of, the unit from which the household evacuated.

4. If the exact unit from which the household evacuated is not habitable, the household must be offered the following choices:
    - for a household living outside of the jurisdiction where its public housing unit is located:
        - the household can continue to occupy the unit it is currently in with guaranteed continued Disaster Voucher assistance (DVP) until such time as its new unit in its home jurisdiction is ready for occupancy. If the PHA in the jurisdiction where the household is now living is not participating in DVP, HUD shall provide an alternative means by which the household can participate in DVP. HUD shall obtain an extension of the 18 month limitation on use of DVP assistance.
        - the household can return to its home jurisdiction and reside in another rental unit that the PHA will provide (either public housing or private housing rented with continued Disaster Voucher

assistance) until such time as its new unit is ready for occupancy. HUD shall obtain an extension of the 18 month limitation on use of DVP assistance.
    - the household can opt to receive a portable Housing Choice Voucher (HCV) and give up its lease on its public housing unit. If at a later point, a household who has given up its public housing lease returns to its original jurisdiction and wishes to live in public housing, the household will be given a preference on the public housing waiting list.
- for a household living in the jurisdiction where its public housing unit is located:
    - the household can continue to occupy the unit it is currently in with guaranteed continued Disaster Voucher assistance until such time as its new unit in its home jurisdiction is ready for occupancy. HUD shall obtain an extension of the 18 month limitation on use of DVP assistance.
    - the household can opt to receive a portable Housing Choice Voucher and give up its lease on its public housing unit. If at a later point, a household who has given up its public housing lease returns to its original jurisdiction and wishes to live in public housing, the household will be given a preference on the public housing waiting list.

5. Every displaced public housing head of household must be informed of his or her housing choices now and provided with appropriate counseling and other support services needed to make the best possible choice for his or her household. If the household has reconfigured, the current head of household must be provided with the appropriate counseling.

6. Every displaced adult public housing resident, wherever he or she may be, whose household makes the choice to return to redeveloped public housing must be offered a genuine opportunity to be an active participant in the redevelopment planning including the design of the new homes and projects.

7. When a household gives up a lease, thereby creating a public housing vacancy, the PHA must first offer the unit to another displaced public housing household and then go its waiting list if there are no other displaced public housing households who are interested. The offer of a unit shall be on the same conditions as outlined in #4 above. If the PHA exhausts all names of displaced public housing households who want to return and of applicants on its waiting list and still has vacancies, it must open up a new round of applications and offer eligible applicants the same choices outlined in #4 above until all vacancies are filled.

8. HUD must provide or assure sufficient funding to fully implement these requirements.

9. HUD must provide all public housing households displaced by Hurricanes Katrina and Rita with timely and complete information about these and other policies and about the status of public housing redevelopment in the jurisdictions from which they evacuated.

October 10, 2006

Catholic Charities USA
ENPHRONT (Everywhere Now Public Housing Residents Organizing Nationally Together)
Enterprise Community Partners
Florida Legal Services
From the Lake to the River: The New Orleans Coalition for Legal Aid and Disaster Relief
Lawyers Committee for Civil Rights Under Law
National AIDS Housing Coalition
National Alliance to End Homelessness
National Community Reinvestment Coalition
National Fair Housing Alliance
National Housing Conference
National Housing Law Project
National Housing Trust
National Law Center on Homelessness and Poverty
National Low Income Housing Coalition
New Orleans Legal Assistance
New Orleans Neighborhood Development Collaborative
Oxfam America
PolicyLink
Providence Community Housing, New Orleans
Technical Assistance Collaborative
Texas Low Income Housing Information Service
U.S. Jesuit Conference

Statement of

David Garratt

Acting Director of Recovery

Federal Emergency Management Agency

Department of Homeland Security

Before the

House Financial Services Committee

U.S. House of Representatives

February 6, 2007

Good Morning Chairman Frank, Ranking Member Bachus, and Committee Members.

I am David Garratt, Acting Director of Recovery at FEMA. It is an honor to appear before this committee to discuss FEMA's involvement in the Federal housing response to Hurricane Katrina. We at the Department of Homeland Security and FEMA appreciate your interest in the housing challenges presented by the scope and scale of Hurricane Katrina that we continue to face.

Hurricane Katrina, in conjunction with several other devastating storms of the 2004 and 2005 Hurricane Seasons, thoroughly tested the capabilities of FEMA, the Department, and the Nation, including the many States and communities across the country who hosted displaced evacuees from the affected Gulf Region. The magnitude of devastation from Hurricanes Katrina and Rita was overwhelming; it taxed and strained assistance resources and capabilities at all levels. Yet, while these disasters tested our plans and processes as never before, FEMA, working closely and collaboratively with our Federal and State partners, has provided more assistance, and provided that assistance faster, than ever before.

- 44 States and the District of Columbia received Emergency Declarations and have been reimbursed for over $750 million in sheltering expenses.
- Approximately $6.3 billion has been provided to over 1 million households through FEMA's Individual and Households Program.
- More than 120,000 households have been provided temporary housing units (travel trailers and mobile homes) through FEMA's Direct Housing Mission.
- Over $6 billion of Public Assistance funding has been provided to LA, MS and AL to reimburse expenses for Emergency Protective Measures, Debris Removal and Infrastructure Repair.

While much work remains, and many years of rebuilding lie ahead, we have made tremendous progress, and we will continue to do so.

I recognize that the Committee's focus today is centered on the ongoing efforts to rebuild housing in the Gulf Coast Region, so I will focus my comments on the FEMA Recovery Programs and initiatives that directly relate to this important and continuing effort.
Under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, FEMA is authorized to provide housing assistance via our individuals and households program, which includes: rental assistance, home repair assistance, home replacement assistance, and direct housing. I'll discuss each briefly, but before doing so would like to note that the temporary housing assistance programs and authorities in force during Hurricane Katrina were not designed to provide long-term housing solutions. FEMA Temporary Housing Assistance, as authorized by Section 408 of the Stafford Act, was instead designed to provide a safety net, allowing FEMA to support eligible victims with timely but temporary accommodations while they work to find a permanent housing solution as part of their individual road to recovery. Nevertheless, FEMA will continue to work closely with those agencies and organizations that are better able to assist those remaining victims with continuing long-term housing needs.

Let me begin with Rental Assistance: FEMA may provide rental assistance for eligible individuals whose homes have been made uninhabitable or inaccessible due to the disaster and whose insurance benefits do not cover alternative living expenses. In the case of Hurricane Katrina, the majority of this assistance has been provided to evacuees residing outside of the

damaged area. In total, more than $2.1 billion of rental assistance has been distributed to over 672,000 households. Currently 35,000 continue to receive a form of rental assistance payment.

Home Repair Assistance. For eligible applicants from Hurricanes Katrina and Rita, FEMA is authorized to provide up to $5,200 in home repair assistance to eligible victims of Hurricane Katrina. Repairing a home to make it livable, where that option exists, is a preferred remedy, as it keeps people in their homes, in their communities, and is cost effective. However, in an event as massive and destructive as Hurricane Katrina, this is not always a viable option, as many families suffered major damage to, or total destruction of, their homes. However, for the many families that sustained moderate or minor damage to their homes, this is often the fastest and best housing assistance remedy. To date, FEMA has provided over $318 million in home repair payments, helping make more than 129,000 homes habitable across the Gulf Region following Katrina.

Home Replacement Assistance. FEMA is authorized to provide up to $10,500 in home replacement assistance to eligible victims of Hurricanes Katrina and Rita. Thus far, in the four Gulf States most heavily impacted by Katrina and Rita (Alabama, Louisiana, Mississippi, and Texas), FEMA has provided more than $300 million to over 29,000 households to assist them towards the purchase of replacement housing. It is important to note that neither the repair nor replacement assistance that FEMA provides is intended to substitute for insurance, nor can FEMA assistance duplicate any insurance benefits.

In most disaster settings, temporary housing needs can be adequately addressed by FEMA rental, repair, or replacement assistance. However, as we are all acutely aware, Katrina was no typical disaster. Katrina destroyed or significantly damaged tens of thousands of housing resources, greatly limiting our standard temporary housing options. In such a situation, where traditional fixed housing resources are not available, FEMA can provide direct housing assistance, in the form of temporary housing units, to eligible applicants.

Direct Housing Assistance can be acquired from the Federal government by purchase or lease, (such as apartments), but, most often, through the provision of manufactured housing (travel trailers and mobile homes). Following Katrina, both options were employed. Direct leases were secured to house evacuees outside the impacted area and manufactured housing was provided within the most heavily damaged areas of Louisiana, Mississippi, and Alabama, providing the option for many disaster victims to remain in their communities and close to their jobs, families, friends, and their children's schools. In some cases, families were able to remain on their own property.

- At present more than 91,000 applicants continue to receive a form of direct housing.
- Over the course of the last 17 months, FEMA has housed more than 120,000 households in temporary housing units (travel trailers and mobile homes). In a sign of progress, the total number of households currently living in temporary housing has decreased to 91,000 and 96 percent of the housing requests have been resolved.
- 80 percent of temporary housing units are on private sites where individuals are rebuilding their homes.
- For pre-disaster renters or those without a private site, FEMA has constructed over 115 group sites in order to house individuals in Louisiana.

Direct housing is initially authorized by the Stafford Act for up to 18 months from the date of the disaster declaration, but the President may extend that period if he determines that, due to extraordinary circumstances, it would be in the public interest to do so. President Bush directed

FEMA to provide an extension of both the direct housing and the financial housing assistance programs; the new extension allows FEMA to continue to provide housing assistance through August 31, 2007. This extension gives us additional time to continue our work with disaster victims, federal, state and local partners, and volunteer organizations, to transition victims to more permanent housing solutions.

Congress recently took some important legislative steps to help us address the challenges of disaster housing, both for those affected by Hurricane Katrina, and those who may be faced with similar housing needs in future disasters.

In the 2006 emergency supplemental, Congress appropriated $400 million to FEMA for a pilot program that could identify and evaluate new alternatives for housing disaster victims in the aftermath of a disaster. That legislation required that FEMA target the funding and assistance to those States most affected by the hurricanes of 2005. Accordingly, Alabama, Florida, Louisiana, Mississippi, and Texas were invited to submit applications as part of a competitive process to identify the most innovative and promising alternative disaster housing solutions. This competitive grant process was designed to ensure that those proposed projects that met the greatest number of selection criteria received first consideration. The alternative housing pilot program (AHPP) grant guidance was released September 15, 2006, and applications from the five eligible gulf coast states were due October 20, 2006. Each of the five eligible states submitted applications, which collectively contained 29 discrete project proposals. The 29 proposals totaled almost $1.2 billion in requested grant money, well in excess of the $388 million made available for award, with the remaining $12 million (three percent of the total)

reserved for necessary administrative costs, management costs, the pilot evaluations, and any needed amendments. The Department of Housing and Urban Development (HUD), a key partner of ours in this pilot program, will lead a formal evaluation of all approved pilot projects. Five projects were selected by FEMA for potential grants across the four states that submitted competitive applications. Each project is being reviewed to ensure viability, and, upon successful completion of that review, will move forward to funding.

The FY 07 Homeland Security Appropriations Bill also made broad changes to the Stafford Act, many designed to allow FEMA greater flexibility in meeting future disaster housing needs. Key changes include the requirement for a pilot program that will allow for the repair of pre-existing rental units under FEMA housing assistance, as well as a requirement to develop a national disaster housing strategy. There are other changes, and work on all of them is well underway.

While finding housing for the many displaced households of Hurricane Katrina has been, and will continue to be a challenge, FEMA remains committed to providing or coordinating continued assistance to these victims. Together, with our federal, state, local, private, and voluntary agency partners, we will continue to pursue assistance solutions that will effectively and compassionately help individuals and households recover and re-establish their lives in the gulf coast region.

Thank you. I am prepared to answer any questions you may have.

UNITED STATE HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCIAL SERVICES

TESTIMONY SUBMITTED BY:
DERRICK JOHNSON, STATE PRESIDENT
MISSISSIPPI STATE CONFERENCE NAACP

February 6, 2007

Good afternoon and thank you for the opportunity for the Mississippi State Conference of the NAACP to participate in this hearing. My name is Derrick Johnson and I am the State President of Mississippi NAACP.

Founded in 1909, the National Association for the Advancement of Colored People (NAACP) is the nation's oldest and largest civil rights organization. The Mississippi State Conference of the NAACP has been active in providing civil rights advocacy for over 62 years with a mission to ensure the political, educational, social, and economic equality of rights of all persons and to eliminate hatred and discrimination.

The day following Hurricane Katrina stuck the Mississippi Gulf Coast, I received a call from our Branch President Mr. James Crowell, a resident of East Biloxi, seeking emergency assistance for the residence of East Biloxi. East Biloxi is a working class community which consists of mainly working class and poor residents and is about 40% African-American, 40% Vietnamese, and poor whites. However, it was days before any governmental or relief agencies established a presence in the area following the hurricane to provide any assistance or relief. In responds, MS-NAACP, with support from our regional office in Atlanta, GA, coordinated and loaded three truck loads of food, water, clothes, and other items within five days of the Hurricane.

Our East Biloxi office was completely damaged as we setup a distribution center at a local Baptist Church. After surveying the Gulf Coast and rural communities affected by Katrina, we identified a pattern where African-American and low-income

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TESTIMONY SUBMITTED BY:
DERRICK JOHNSON, STATE PRESIDENT
MISSISSIPPI STATE CONFERENCE NAACP

communities were not receiving aid from FEMA, the American Red Cross, and other relief agencies. As a result, MS-NAACP setup 22 distribution centers across the affected area serving an estimate of 50,000 victims of the Hurricane within two weeks of the storm.

With over 134,112 homes receiving damage and 65,000 completely destroyed, more than 50,000 received flood damage and 35,000 of those homeowners having no flood insurance[1]. Hurricane Katrina was by far the worst natural disaster in Mississippi's history. Shortly after Hurricane Katrina made landfall, the Governor of Mississippi announced the formation of the Governor's Commission on Recovery, Rebuilding and Renewal, of which I was later invited to serve as a vice-chair. In the Commission's final report to the Governor it found that:

> "While the hurricane's winds and waters affected everyone in its path, some were affected more dramatically than others. The role of personal assets in enabling people to survive and recover is important, and the presence or absence of assets, and insurance on those assets, will determine who can participate in the long-term rebuilding of South Mississippi."

However, the commission's finding, as were most of their recommendations, would go on deaf ears with Mississippi's Executive Branch.

The Federal Government appropriated Mississippi just under $5.1 billion in Community Development Block Grant (CDBG) funds an amount that is greater than Mississippi total state budget. These funds were completely administered by the

[1] Benjamin Mokry "Estimate of Destoryed Damaged by Hurricane Katrina in Mississippi" Mississippi Home Corporation: Jackson, MS. October 2005; and Mark Bernstein, et al. Rebuilding Housing Along the Mississippi Coast Ideas for Ensuring an Adequate Supply of Affordable Housing Rand Corporation: Santa Monica, CA 2006.

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executive branch with no provision under state or federal law for the state legislator to have any input or oversight on how funds would be dispersed. As a result, there have been numerous concerns raised about contracts awarded to private companies to administer CDBG funds including questions about a locative contract awarded to current sitting state senator.

With the requirements that 70% of CDBG funds be used to benefit primarily low and moderate income persons being WAIVED by the federal government, Mississippi initially instituted a plan that provided no provisions for home renters and other low income victims of the storm[2]. The Executive Branch designed the "Hurricane Katrina Grant Program" exclusively for Gulf Coast homeowners. The program was highly undersubscribed and only about half of those expected (17,639) applied. To date, approximately 10,000 people have received checks amounting to $677,969,715.

Through ongoing community pressure and over year after Katrina, the state announced in December 2006, a second phase for the use of CDBG funds for low income homeowners. Unlike the first phase, which was developed largely in isolation from community input, the second phase incorporated many recommendations from people living and working on the MS Gulf Coast to expand the reach to the recovery money. As

[2] Mississippi Hurricane Katrina Grant Program Phase I required residents to meeting the following criteria to be awarded a CDBG grant:

1. You owned and occupied your home,
2. Your home was located on one of the three coastal counties
3. Your primary resident
4. Maintained homeowner insurance
5. Your home was outside the pre-Katrina designated flood zone

Homeowners who qualified could receive the up to $150,000 or the insured value of their home.

a result of the collaborative process between the executive branch and community groups, the second phase will be much more inclusive of low-income, elderly and disabled people than the first phase and will reduce the need to borrow money to rebuild. We are in support of the second phase and the process that was used to develop it.

Affordability has emerged as one of the most prominent threats to rebuilding efforts on the Mississippi Gulf Coast. While affordability issues affect homeowners and renters in different ways, the issues have the same effect of pricing long time residents out of Gulf Coast housing market. Increases monthly insurance payments for homeowners have become extremely expensive and increased premiums for rental units are passed down in the form of higher rents.

Insurance scenarios have greatly affected housing affordability. Insurance policies issued since the hurricane have increased monthly payments by $200-$300. Property values have also risen significantly since the storm making homeownership less attainable than prior to the storm. All policies renewed and new policies written by the Mississippi Windstorm Underwriting Association have experienced a 90% increase as of Oct. 2, 2006. A home valued at $100,000 with $40,000 in contents will jump from $1017 to $1924 per year in insurance premium payments. Additionally, homeowners are expected to have a hazard insurance policy (currently valued at about $500 per year) and a flood insurance policy (currently valued at $200 a month).

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Rising property values have also raised affordability challenges. The following table illustrates property value trends in Harrison County:

Harrison County Neighborhoods **Home Prices Pre and Post Hurricane**			
Neighborhood	**Pre Hurricane Home Prices**	**Post Hurricane Prices**	**Increase**
Low-income	$53,400 - $63,000	$111,000 - $127,500	93% - 98%
Moderate	$110,000 - $115,290	$152,500 - $165,000	39% - 43%
High	$158,000 - $187,000	$223,000 - $240,000	28% - 41%
Source: Residential Real Estate Comps: Harrison County			

Renters also face a unique set of circumstances in that affordable rental units may not be replaced 1 for 1 as this requirement was WAIVED in the 2005 Federal Supplemental Bill passed by congress. According to FEMA estimates, nearly 6,000 rental units were either severely damaged or destroyed. The following characteristics are contributing to increase in market rents:

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DERRICK JOHNSON, STATE PRESIDENT
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- Storm damage to existing units has created a scarcity in an economy driven by service sector employment which contributes to a high number of employees in low-wage jobs that require an affordable place to live;
- Influx of government, private sector and nonprofit workers / volunteers from outside the Gulf Coast has increased competition for existing units.

According to a 2004 apartment survey conducted by Gulf Regional Planning Committee, the average rent for a two-bedroom apartment in Gulfport was $561 and the average rent in Biloxi was $581. Recent information collected by the GRPC puts those figures currently at close to $700.

Additionally, there are few incentives to rebuild affordable rental units for developers. While significant levels of Low Income Housing Tax Credits have been made available there are limited efforts to create units that are affordable for a family of four with annual incomes below $37,500. During the first round of Tax Credit Allocations, credits were allocated to build 1,006 units. At least 120 of the units will be built for families of four with annual incomes at $23,450 and 20 will be built for families of four with annual incomes of around $19,000. At least three other projects will include units at 50% and 60% of the area median income; however I do not have information on those units at this time.

UNITY
of Greater New Orleans

A Collaborative of 60 Agencies
Working to End Homelessness
Bringing New Orleans Home

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Testimony of
MARTHA J. KEGEL
Executive Director
UNITY of Greater New Orleans

Before the Committee on Financial Services
U.S. House of Representatives

Hearing on the "Federal Housing Response to Hurricane Katrina"
February 6, 2007

TESTIMONY

Thank you for inviting me to testify today on behalf of UNITY of Greater New Orleans, an award-winning collaborative of 60 non-profit and governmental agencies providing housing and services to end and prevent homelessness in New Orleans and neighboring Jefferson Parish.

Since Katrina and the catastrophic levee failures, the agencies in the UNITY collaborative are struggling mightily every day to meet even a fraction of the housing needs that we see. We estimate, based on data from our agencies and the counts of outreach agencies, that there are a minimum of 12,000 persons who are literally homeless on any given day in New Orleans and Jefferson Parish – twice the number of persons who were homeless pre-Katrina. These are persons who are living on the streets, in cars, in abandoned buildings, and in housing designated for the homeless. Untold thousands more are at grave risk – paying unaffordable rents that have skyrocketed in a market in which so much housing was destroyed, or living in severely overcrowded conditions, or living in housing which lacks utilities or essential facilities. These numbers are in addition to those living in FEMA trailers, or as some call them, FUMA trailers, since physicians have linked them to adverse health conditions such as asthma and allergies. These numbers are in addition to all those who yearn to come home but cannot because of the lack of decent affordable housing in New Orleans.

Many of the people experiencing literal homelessness in New Orleans are elderly and people with disabilities. Prior to Katrina, we did not typically see persons over 65 years of age living on the street or in abandoned buildings. But since Katrina, our street outreach workers have found people as old as 88 years of age living in abandoned buildings. As is typical across the country, people with disabilities are disproportionately at risk for homelessness. In the extremely stressful and uncertain post-Katrina environment, mental illness and substance abuse are sharply on the rise in New Orleans in the general non-homeless population, so it makes sense that we are also seeing large increases in serious mental illness and substance addiction among the homeless, in addition to persons with chronic physical illness, HIV/AIDS, and physical disabilities.

The housing situation for the poorest, most vulnerable people in New Orleans is bleak and, indeed, desperate. Yet we are optimistic as we look to the future, because we are absolutely committed to rebuilding New Orleans in a better, more inclusive way. We are dedicated to working with government and the private sector to ensure that New Orleans provides a home for all of its people, including the poorest and most vulnerable – those who are already home and those who yearn to come home.

When the levees failed, the whole world watched in horror as New Orleanians struggled for survival. As the waters rose, people spent days trapped in attics and on rooftops in broiling heat. Thousands languished without food and water at the Superdome and Convention Center. More than 1500 people in southeast Louisiana died.

Many of those who stayed behind were elderly or disabled. Many were poor, living in substandard housing and lacking sufficient supports in the community that could have enabled them to evacuate.

The tragedy of Katrina highlights the need to systematically improve the way people with mental or physical disabilities and elderly people with special needs are housed in our community. A proven strategy known as Supportive Housing, which has the capacity to transform the lives of our most vulnerable citizens, is part of the Louisiana Recovery Authority's plan. The Supportive Housing model provides affordable apartments linked to supportive services that are designed to enable residents to live independently while preventing homelessness or costly institutionalization. Case management services ensure that people receive needed mental and physical health care, are able to be good tenants, and are assisted to find employment if possible.

Around the nation, Supportive Housing has been proven in research studies to be a cost-effective alternative to institutionalized settings for people with a variety of disabilities. It also has been proven effective in preventing and ending homelessness. Moreover, it has been shown to have a positive stabilizing effect on neighborhoods, proving to be a catalyst for redevelopment.

In recent years, Supportive Housing is the only type of affordable housing to receive increased annual support from Congress. There is strong support from Republicans and

Democrats alike. Why? Because Supportive Housing works. And because it helps the people who truly need our help.

"People with disabilities want to go back home, just like everybody else," says Nell Hahn of the Advocacy Center, a Louisiana disability rights group. In the 2000 census, almost 250,000 residents of the New Orleans metropolitan area were disabled. Of these, almost 25,000 people were blind or deaf, over 100,000 people had significant mobility impairments, and almost 65,000 people reported mental disabilities. The size of New Orleans' disability community is not unique for an urban area, according to Daniel Sutherland of the U.S. Department of Homeland Security.

The Louisiana Supportive Housing Initiative

UNITY of Greater New Orleans, the National Alliance to End Homelessness, and other local, state and national advocates for the homeless, the frail elderly, and people with disabilities persuaded the State of Louisiana to include a Permanent Supportive Housing initiative in the Louisiana Road Home Plan. As approved by HUD and Congress, the Plan calls for creating 3000 units of Permanent Supportive Housing in the hurricane-impacted areas using hurricane recovery funds, including GO Zone Low Income Housing Tax Credits for capital, and CDBG funds in the Supplemental Appropriation for supportive services, rental subsidy, and capital gap financing. In August 2006, we persuaded the Louisiana Housing Finance Agency to require all GO-Zone tax credit developments to set aside at least 5 percent of their units as Permanent Supportive Housing and to create incentives to do more than 5 percent.

To make this Supportive Housing initiative a reality for the most vulnerable of our residents, however, we will need additional help from Congress. Because construction and insurance costs in the GO-Zone have escalated as a result of Katrina and Rita, the GO-Zone credits and the Supplemental Appropriation CDBG funds will not create the number of housing units originally anticipated. The projects funded by the GO-Zone tax credits will create an estimated 800 Permanent Supportive Housing apartment units, leaving us about 2,200 units short of the 3000-unit Permanent Supportive Housing goal. Moreover, the high costs of construction and insurance meant that CDBG funds were tapped for gap financing at a far higher rate than anticipated, leaving little for the rental subsidies that are so vitally needed to make Permanent Supportive Housing affordable for the extremely low income people for whom it is intended.

In addition, the December 2008 placed-in-service deadline for the GO-Zone tax credit developments made it necessary for state housing officials to create a very short timetable for the tax credit applications. This in turn made it difficult if not impossible for nonprofits, who tend to be the most committed to providing housing for extremely vulnerable people, to participate in the GO-Zone tax credit program because they did not have time to get site control of appropriate properties and draw up plans.

During the coming months, we hope to work with you and other Members of Congress so that we can obtain:

(1) at least 2,200 Project-Based rent subsidies for the GO Zone, which are essential to make our Supportive Housing affordable for those for whom it was intended,
(2) additional GO-Zone tax credits so that we can reach the 3,000-unit Permanent Supportive Housing goal for the GO-Zone and so that nonprofits can participate in the program to create Supportive Housing for the chronically homeless and other extremely vulnerable persons;
(3) additional funds for property acquisition and gap financing so that nonprofit Permanent Supportive Housing projects for the most vulnerable populations are financially feasible; and
(4) an extension of the placed-in-service deadline so that we do not lose any of the 800 units of Permanent Supportive Housing in the GO-Zone tax credit projects already funded.

As a New Orleanian, I thank the Members of this Committee for your commitment to rebuild New Orleans, one of our oldest American cities which has given so much to our nation, not only our energy resources, but also our unique cultural resources. The great culture of New Orleans, which gave the world the gift of jazz and so much more, is a grassroots culture, coming up from our neighborhoods, coming up from our people, often our very poorest people. Our people cannot come home, our culture cannot survive, without affordable housing. We thank you for your commitment to our Permanent Supportive Housing initiative, in which Congress is a vital partner, in order to ensure that New Orleans will be rebuilt in an inclusive way, so that the most vulnerable people have both the housing and services they need, at home at last.

As President Bush stated eloquently in his speech from Jackson Square last September, "We want people to come home for the best of reasons – because they have a real chance at a better life in a place they love."

James R. Kelly
Chief Executive Officer
Providence Community Housing
Catholic Charities Archdiocese of New Orleans

Oral Testimony
U.S. House of Representatives
Committee on Financial Services

February 6, 2007

I would like to thank Chairman Frank, Ranking Member Bachus, House subcommittee Chair Waters and the other members of the committee for the opportunity to appear before you. I am honored – and humbled – to be here today.

I am Jim Kelly, from New Orleans, CEO of Catholic Charities and CEO of a new independent Catholic housing initiative, Providence Community Housing.

Since 1727, Catholic religious orders and groups have been providing care to the poor of our nation. In fact, Catholic health, education and charities all trace their roots back to the 9th ward of New Orleans. In the past seventeen months, Catholic Charities has reached out and served over 700,000 people. We have delivered 70 million pounds of food and water, provided counseling and information to over a half million people, and through our emergency centers distributed millions of dollars in direct assistance to families in need.

Shortly after the storm, we knew that we were facing a housing crisis never imagined or experienced before by our country. I attended the very first "trailer" planning meeting with FEMA. It became very clear to me that these FEMA trailers were not going to be the answer.

A group of Catholic organizations, charities and CDC's therefore came together to see how we might use our joint talents, experience and resources to help bring people of all races, cultures, faiths, and backgrounds home. Last April, Providence Community Housing, was formed with the mission of bringing home 20,000 victims of Katrina by repairing, rebuilding and/or developing 7,000 homes and apartments.

In partnership with Catholic Charities, one of its sponsors, and with assistance from 9,000 volunteers, we have gutted and cleaned out over 800 homes and 800 apartments. Now we are attempting to assist these low income seniors to navigate the Road Home Program. Our staff, volunteers and seniors are finding this challenge to be even more difficult. The system is painfully slow, bureaucratic, and filled with a maze of legalese. For those seniors receiving insurance, mortgage companies are applying pressure for the pay off of the mortgages, leaving little or nothing for home repairs. Providence has now taken to repairing the homes – and fronting the money -- to our elderly friends. With assistance from NeighborWorks America, we are in the midst of developing a business

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plan for efficient, affordable and scalable homeowner rehab of low and modest income homes.

Whether you are staying in an overcrowded home with family, or a trailer, or an apartment eighty miles from your job, the stress and strain cannot be imagined. My friend Connie's house flooded on Bienville in mid-city, first she lived in a retreat center – 6 to 8 people per room -- helping homeless families, then she and her husband lived with her sister – sleeping on the two couches in the living room, finally they got a trailer. These trailers are very small and very cramped. Three months ago, Connie's husband had a heart attack. He recovered back on his sister-in-law's couches. He won't go back in the trailer.

In partnership with UJAMAA CDC – another of our sponsors, we have recently launched a pilot modular housing initiative for families like Connie's in need of real housing. Together with our other CDC partners: Tulane/Canal, Mary Queen of Vietnam and a soon to be formed Hispanic CDC, we are constantly exploring any and all options to rebuild our housing stock – our homes, our neighborhoods.

With a recent major award of Go Zone housing tax credits, we hope to soon refinance and begin rebuilding 902 apartments for low income seniors – who desperately want to come home. Insurance quotes, when we can get them, are coming in 400 - 600% over pre-Katrina rates. We are hopeful that some type of a special insurance reserve fund could be established. We are also hoping HUD will award supplemental income to project based section (8) contracts for these properties, and others like them, if not they will not have ample operating funds to open. But without a decrease in rates – or some new insurance vehicle, and without supplemental section (8) income, financial investors simply will not step up to buy the tax credits.

Fannie Mae and Chase have shown the most interest in investing in New Orleans but after them the list thins. Investors like insurance companies are concerned about another Katrina, something completely out of our control. They are also very concerned about the December '08 placed in service date. The longer Congress takes to pass the needed legislation to push the date back two years, the longer the market will remain skittish – and the greater the possibility that many of our seniors will never come home.

Providence, with our partner Enterprise, is working on a plan that would phase the redevelopment of the Lafitte public housing complex. We are anxious to have residents return as soon as possible. Last Thursday night, I attended a public meeting where the historical value of these buildings was under discussion. Miss Johnson, a member of the Lafitte resident council, leaned over and asked if I would call her the next day – and so I did. She asked me who all those people were at the meeting. She had never seen them before. I explained that most of them were preservationists. She said that they did not represent her. Yes, she wanted to come home as soon as possible but she wanted new homes and apartments for her family and friends like the ones they had voted on in September at our week long home planning charette with over 200 fellow residents. No large apartment buildings but instead singles and shotgun doubles that were both apartments and homes. She wanted new apartments that were larger, and had more bedrooms for the children.

I explained that we were advocating for a phased redevelopment where a large number of apartments would be reopened for those who wanted to come home right now.

Redevelopment of the new homes would then begin on the other unoccupied blocks. I reminded her that when complete, there would be a one to one replacement of all 900 subsidized units plus 600 new homes for first time homeowners. I asked Miss Johnson, based on her knowledge, how many families wanted to come home today. She thought between 300 and 400, probably closer to 300. This is the same number that our resident outreach staff has estimated.

Over the years, I have restored and converted over 200,000 square feet of historic churches and schools into apartments for the poor and the elderly. I was shocked when a leading preservationist told me recently that a resident's views, a resident's vote shouldn't matter. They were only renters.

I pray each day for a resolution to the public housing debate. The Times Picayune, the local daily newspaper, has said it is a question of building it right or building it fast. I do not believe that it is an either/or proposition. I believe a phased redevelopment is not the middle ground but rather the right ground. It allows residents to come home today while also allowing the building of healthy, diverse, vibrant communities where families' and children's lives are filled with plenty of opportunities and a host of dreams – that can come true.

Providence is working as fast as possible on many different housing fronts throughout New Orleans. We are at some stage of planning and/or development of over forty-three hundred homes or apartments. We, however, are not developers. We are simply driven by our mission to bring home 20,000 of our neighbors who have experienced tremendous pain and real suffering for seventeen months.

Since my first days in the Superdome and at Armstrong Airport, we have been blessed by so many from across the country: during those early weeks of emergency relief, during the months of recovery, and now as we begin the years of rebuilding. Our good friends at Catholic Charities USA and Enterprise -- Neighborworks, Fannie Mae, Chase, Credit Suisse, the Order of Malta, and dozens of other corporations and organizations -- have reached out to assist us.

We are most grateful for all the support and funding that we have received from Congress. Sadly, the clear majority of these billions have not gone for the rebuilding of our homes. A Gulf Coast Housing Trust Fund, additional low income housing tax credits, increased CDBG monies for soft seconds, a larger more ample supply of project based section (8) vouchers, and more funds for public housing will all be needed in the near future if we are truly going to provide the opportunity, the right, for all of our citizens: rich and poor, black, white, and brown, to return.

Katrina has taught us: that there are no simple answers, that we will make plenty of mistakes. To be successful, we will need a spirit of humility and collaboration. If we focus on the victims of Katrina, who we have been called to serve, then God, who loves these families infinitely more than we do, will bless our efforts together.

My prayers of gratitude to this committee for all you have done, and will do, for the good and brave people of Louisiana. Thank you.

James R. Kelly, President and CEO, Providence Community Housing

Kelly spearheaded the formation of Providence in response to the critical need for housing for the hundreds of thousands of victims of Katrina. He has recruited national and regional partners to assist the independent (501 c 3) non profit in the repair, renovation, and development of 7,000 homes and apartments. With assistance from Providence's well respected sponsors, he has secured an outstanding Board of Directors, a top notch team of community development and housing professionals, and the essential capital necessary to begin their rebuilding campaign.

In addition to overseeing Providence, Kelly serves as CEO of Catholic Charities/ Archdiocese of New Orleans, a $60 million dollar health and community service organization. During his tenure, he has actively pursued the expansion of the agency's emergency, transitional and permanent supportive housing. Since Katrina, Catholic Charities has played a major role in the community's relief and recovery efforts, both on the service and advocacy fronts.

As President of Willwoods Community during the 90's, Kelly oversaw the development of 300 units of assisted care living and the purchase, refinancing and renovation of 1,500 affordable, mixed-income apartments in the New Orleans area. Malta Square on Canal Street, Holy Angels Apts. in the Bywater, and St. Ann Apts. in Treme were award winning historical conversions.

In the 80's, Kelly was Senior Vice President of Development for Covenant House in New York. His team's success provided the funding for program expansion in North and Central America. He was later the founding Executive Director of Covenant House/ New Orleans, on Rampart Street. The city's 1988 top architectural building design respected the neighboring French Quarter and the privacy and dignity of the runaway and homeless youth clients.

Kelly serves on numerous boards, including: Enterprise National Partners Advisory Board, Fannie Mae National Housing Advisory Council, Order of Malta (Washington D.C.), Louisiana Affordable Housing Alliance (Co-chair), Louisiana Association of Non-Profit Organizations (Vice-chair), UJAMAA CDC, Covenant House, First Bank and Trust CDC, Daughters of Charity Health Services, New Orleans Neighborhood Development Collaborative, Unity for the Homeless, and Capital One Community Renewal Fund.

Testimony of Doris W. Koo
President and Chief Executive Officer
Enterprise Community Partners, Inc.

Before the House Financial Services Committee
House of Representatives
February 6, 2007

Thank you Chairman Frank, Ranking Member Bachus, Housing Subcommittee Chair Waters and distinguished members of the Financial Services Committee. My name is Doris Koo and I am the president and chief executive officer of Enterprise Community Partners. I appreciate the opportunity to share with you Enterprise's affordable housing and community development work on behalf of the residents of the Gulf Coast, as well as to outline policy recommendations informed by our on-the-ground development experience to date.

Enterprise is a leading provider of development capital and expertise needed to create decent, affordable homes and rebuild communities. For a quarter of a century, Enterprise has pioneered neighborhood solutions through private-public partnerships with community organizations, financial institutions, local governments and others who share our vision. Enterprise has raised and invested $7 billion in equity, grants and loans to support the creation of 200,000 affordable homes, and is currently investing in communities at a rate of $1 billion a year.

A year and a half after a series of deadly hurricanes devastated Gulf Coast communities, uncertainty looms about the region's future. This is especially true for those communities that low-income, working families used to call home. Hurricanes Katrina and Rita caused $67 billion in damage to housing in the Gulf region; HUD estimates that the two hurricanes caused major or severe damage to 265,000 homes and apartments in Louisiana and Mississippi. Consequently, redevelopment efforts require not just new resources, approaches and solutions, but unprecedented scale in rebuilding.

Enterprise was founded in 1982 by James Rouse, a visionary man who passionately believed that all low-income families should have access to fit and affordable housing as a first step in overcoming poverty. That remains Enterprise's mission to this day. Immediately following the hurricanes, we at Enterprise were compelled to bring our resources and know-how to rebuild the Gulf Coast. Enterprise has actively engaged with local partners, including community-based organizations, public housing authorities, state and local officials and the business community in both Louisiana and Mississippi. All told, **we have committed $200 million in grants, loans and equity investments to develop 10,000 homes and apartments in the region.**

Taking a Comprehensive Approach to Rebuilding

Initially, Enterprise's offices in cities such as Atlanta, San Antonio, St. Louis and Houston helped displaced families access a range of services, including temporary housing and assistance from FEMA. As the flood waters receded, Enterprise, Tulane and Columbia Universities and several local organizations in New Orleans developed a pilot initiative to demonstrate best practices for safe remediation of mold and other contaminants from flooded homes.

In Pass Christian, Mississippi, we worked with other national organizations to create Home Again, which is working closely with residents to provide cost-effective approaches to rebuilding through using modular homes. Fifteen families are now proud owners of these new homes in Pass Christian, with 55 more homes underway. In Biloxi, Enterprise has committed to rebuild up to 1,500 sustainable affordable homes for families and seniors in partnership with the local housing authority. Enterprise provided the Biloxi Housing Authority a $500,000 line of credit and helped secure an additional $18 million in credit facility through one of our financial partners. Through this financing as well as intensive property management and sustainable development expertise and assistance, we hope to help provide affordable, high-quality homes for lower-income working families that are central to Biloxi's rebounding economy.

In New Orleans, we are partnering with Providence Community Housing to finance the rehabilitation of more than 1,000 apartments for low-income seniors, and to revitalize the historic Treme community through the development of 1,500 affordable and market-rate homes and apartments.

To date, Enterprise has provided more than $2 million in grants and $7.5 million in loans to organizations working in the gulf coast region, and has worked with partners to secure Gulf Opportunity Zone Low Income Housing Tax Credits for the development or rehabilitation of more than 1,600 affordable homes. In addition, Enterprise and our partners are working to create the Louisiana Loan Fund for predevelopment and acquisition debt for not-for-profit developers in the state. We thank Congress for allocating Section 4 Capacity Building and Affordable Housing resources to jumpstart this fund, which leverages $15 million in Community Development Block Grants from the State of Louisiana with $30 million in private sector capital. Enterprise and our partners raised this capital with the assistance of the Living Cities community development funding consortium led by the nation's leading foundations, financial institutions and philanthropies.

Addressing the Needs of Public Housing Residents

When Katrina struck, more than 5,000 very low-income households, including many seniors, lived in public housing in New Orleans. Though before the storm they were provided with adequate shelter, public housing residents in New Orleans had to live with overcrowding, crime and drugs in antiquated apartments with obsolete utilities and poor infrastructure.

Enterprise is working in partnership with residents, local organizations and government agencies to ensure that the approach to rebuilding public housing in the Gulf does not result in the rebuilding of concentrated poverty, unhealthy building conditions and isolation from jobs, transportation and services. We believe we can do better.

After careful review of qualifications, HUD selected the team of Enterprise and Providence Community Housing to partner with them to redevelop a public housing development, the 27.5 acre former Lafitte public housing complex in the Treme neighborhood. Providence is the post-Katrina Catholic housing initiative. Its members represent the largest private providers of community services in the city.

Enterprise and Providence appreciate the opportunity to work with the residents of the Lafitte/Treme community to develop a shared vision for a new and stronger community. We are working closely with many of the Lafitte and Treme residents to plan a vibrant community that is equitable, affordable and sustainable and that delivers on the following commitments:

- Right of return for all 865 resident families who lived in the Lafitte development before Katrina to return to better quality homes and a healthier neighborhood.
- One for one replacement of 900 subsidized homes, the same number as in the Lafitte development before the storm, integrated in mixed-income communities on and around the site.
- Development of an additional 600 for-sale homes affordable to working families and first time homebuyers.

HUD has agreed to these conditions as terms of our continued partnership in redeveloping Lafitte. **We believe that these principles are necessary components of all Gulf Coast rebuilding.** HUD and housing authorities in the gulf coast region should commit to residents' right to return, if they so choose, to comparable units paying comparable rents, now or later, consistent with the federal Uniform Relocation Act. HUD and housing authorities should commit to one for one replacement of public housing in the gulf coast region, preserving affordability even if we can't physically preserve the existing housing units. This will take special allocation of resources beyond what has already been appropriated, but it absolutely can and must be done. We have seen this work, in successful HOPE VI and other community development efforts around the country. And residents and communities are better off because of it.

Additionally, Enterprise and Providence are committed to:

- Resident participation in planning and developing more vibrant Treme and Tulane/Gravier neighborhoods; and
- Assisting in the redevelopment and creation of minority- and women-owned businesses in the critical business corridors surrounding Lafitte.

It is also clear that displaced families – former public housing residents as well as other low-income families – need access to case management services, counseling and other

direct assistance. As part of the Lafitte development proposal, Providence has committed $2.5 million for these purposes. Approximately 550 Lafitte families have completed comprehensive needs assessments and are accessing services. Working through a proven network of community-based and national non-profit organizations, we recommend that to the extent they have not done so, HUD and housing authorities in the gulf coast region should provide immediate relocation counseling to all displaced public housing households, wherever they are.

Providence is also contributing approximately 200 scattered-site properties in the neighborhood for immediate development of affordable housing for former Lafitte families. Through its affiliates, within one year Providence will provide 150 apartments for elderly former residents in the surrounding communities. We will aggressively explore additional opportunities for residents to return to New Orleans during a proposed phased redevelopment. The proposed redevelopment plans envision a major, long-term effort to return economic vitality to the Treme and Tulane/Gravier neighborhoods, including the construction of 1,500 new units of safe, quality, affordable housing on and around the Lafitte site.

Enterprise and Providence have obtained a capital commitment of up to $20 million in loans to acquire other sites in connection with the redevelopment. The partnership has secured $12.8 million in low income housing tax credits and $27 million in block grant funds from the state of Louisiana and other resources from HANO and HUD toward the redevelopment of Lafitte.

Role of Federal Resources in Rebuilding the Gulf Coast

The rebuilding resources that Congress has provided to the Gulf Coast states present a unique opportunity to create revitalized, mixed income communities of choice.

The Low Income Housing Tax Credit program is the most critical tool for ensuring affordable housing is preserved across the Gulf Coast, particularly in New Orleans. The Gulf Opportunity Zone Act of 2005 provided the five states directly impacted by these hurricanes – Louisiana, Mississippi, Alabama, Texas and Florida – with a valuable resource: increased allocations of Low Income Housing Tax Credits. The tax credit program is a tried and true vehicle for building affordable rental housing and is absolutely essential to rebuilding affordable rental housing in the Gulf. Louisiana received an annual allocation of $56.8 million and Mississippi received $35.4 million in GO-Zone tax credits for each of three years, nearly seven times pre-hurricane allocations. In Louisiana alone, these credits will potentially leverage more than $1 billion in private investment to create as many as 20,000 affordable apartments for the working poor, seniors and other vulnerable populations.

Section 8 housing voucher assistance is instrumental in disasters to minimize hotel and shelter stays for families seeking transitional housing, and to provide families with greater choice and stability. Properties with project-based Section 8 have proven to be far

more viable for investment from the private sector in the face of a highly volatile market and also allow developers to serve the lowest income individuals in the region.

Addressing Challenges to Redevelopment

Sound public policies will profoundly shape the region's recovery, and will give low-income people and communities a vital role and a real voice. In my 25 years of affordable housing development experience, including seven years leading development for the Seattle Housing Authority, I have seen projects succeed and fail based both on underlying policies and commitment to residents and community.

I would like to outline the difficulties we see in Gulf Coast redevelopment, and recommend ways that Congress can help to address these problems. Without mitigation, these issues will eventually jeopardize our ability to rebuild.

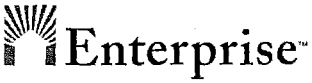
GO-Zone Tax Credit Extension

In recognition of the efficacy of the Low Income Housing Tax Credit in building urgently needed affordable rental housing, Congress generously allocated approximately $136 million in Gulf Opportunity Zone, or GO-Zone, tax credits to the five states directly impacted by the 2005 hurricanes. However, the current deadline requires that any project seeking these GO-Zone credits must be "placed in service" by December 2008. This is quite simply an unworkable timeframe given the serious challenges facing development in the Gulf, including unstable land and construction costs; unavailability of insurance coverage; uncertain FEMA elevation requirements; and a short-handed local construction workforce.

The placed-in-service deadline for these credits must be extended beyond December 2008 in order to maximize the amount of affordable and market rate housing units that can be produced. If not, any credits allocated in 2007 or 2008 will effectively be unusable as developers do not have adequate time to finance and construct these developments. Real estate speculators and developers have already acquired substantial land parcels for market-rate uses. Congress must move quickly to address this urgent situation, and pass legislation to extend the completion time for the Gulf Opportunity Zone Tax Credits until 2010 at minimum.

Rising Insurance Costs

Insurance costs have made financing projects difficult and in some cases impossible. In our experience, investors have not been willing to invest in tax credit developments that do not have a firm commitment of insurance coverage, including coverage for excess flood and complete property insurance. Our own estimates show that insurance premiums are in some cases more than 10 times that of pre-Katrina rates. Since any increase in operating cost affects the level of rent and therefore housing affordability, the high cost of insurance will make the cost of operating affordable housing far higher than most projects can absorb.



One specific example is a brand-new, 76-unit senior housing development currently sitting vacant on the Mississippi coast because the owner cannot afford to insure the property. The quote the owner has received for insurance on small efficiency units in this development is $8,000 per unit, per year. The total rental income for that unit is only $6,000 per year. And this is without the levee and elevation concerns compounding development in New Orleans.

Another example is a portfolio of elderly housing rehabs in Louisiana with average insurance estimates at $1,800 per unit, per year – just for wind coverage. Before the hurricanes, insurance costs were only $300 per unit, per year for this development. In 2005, Enterprise's national portfolio average for property insurance was $327 per unit, per year. We estimate that for a 100-unit property, every $100 increase in annual insurance costs per unit will require a $130,000 increase in the building's operating reserve. No project can offer affordable rents given this economic reality.

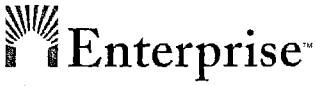
Enterprise is working hard to underwrite the risk of development in the Gulf Opportunity Zone and to get investors comfortable with affordable housing properties being developed by our partners. Very few insurers are active in the impacted GO-Zone region and those that remain are awaiting resolution on an overall industry approach to underwriting multi-family housing. Investors will not be comfortable with placing equity in tax credit development until this issue is resolved.

Congress has the opportunity to take a very proactive approach in alleviating these insurance issues. We encourage Congress to form a reserve fund to help mitigate insurance risks, write down insurance costs and restore investor confidence the Gulf. Congress should work with states to support the development of flexible pilot initiatives that will become models to help solve this problem, not only in the Gulf but in places where future disasters are likely to occur. In some states, such funds already exist. Congress should study the models for these funds in disaster-prone states and enact federal legislation to support state efforts to overcome these insurance issues.

Additional Policy Recommendations

Enact Affordable Housing Fund Legislation

Solutions in the Gulf demand creativity. Enterprise commends Chairman Frank, Representative Waters and all the members of this Committee who are dedicated to creating new resources for affordable housing through an Affordable Housing Fund. The 109th Congress passed H.R. 1461, the Federal Housing Reform Act. This government-sponsored enterprises reform legislation included an affordable housing fund. For the first two years, those resources would have been dedicated to the Gulf Coast in response to the hurricanes. We urge Congress to enact legislation to create an affordable housing fund with specific targeting to the Gulf Coast. These resources should be used for the production, preservation, and rehabilitation of rental housing for extremely low- and very low-income families, as well as homeownership assistance for families in danger of



foreclosure. The proposed leveraged fund and insurance risk pool detailed above could be implemented as part of an affordable housing fund, ensuring the federal government the most impact for its investment.

Continue to Fund Proven Community Development Programs

Low Income Housing Tax Credits, supplemental CDBG funds with waivers and project-based Section 8 resources have the ability to fund an array of housing recovery activities for all income levels, blend well and are relatively quick to deploy. These resources, along with Section 202 elderly housing resources and Section 4 Capacity Building investments, have not only led the way for revitalization in many of America's cities, but have been vital resources for Gulf recovery and rebuilding activities. Fully funding these critical programs helps to ensure state and local flexibility, but with clear direction and oversight from Congress to meet the needs of low-income renters and homeowners.

Leverage Existing Resources to Preserve Affordability

In conclusion, developers, advocates and Congress must focus on preserving affordability for low and moderate income residents, in healthier, mixed income neighborhoods with opportunities, instead of preserving building structures, many of which have already been lost.

By utilizing and leveraging existing resources – in this case, large allocations of Low Income Housing Tax Credits; Section 8 housing vouchers and project-based assistance; Section 202 elderly housing resources; Section 4 investments; and Community Development Block Grants – we will help to find the best possible ways to preserve and increase housing affordability in the Gulf. In turn, this will help to overcome historic concentration of poverty and to address low-income families' lack of access to jobs, schools, transportation and services.

Congress can ensure that existing federal resources are put to the best possible and most efficient use. Congress can also lead new approaches and support creative innovations that will help the Gulf to rebuild and will help to ensure that there is a comprehensive strategy for overcoming future disasters.

Enterprise stands with the former residents of the Gulf Coast, concerned citizens across this nation and members of this Committee to say that we are committed to responding to what we believe is a moral mandate to create stronger communities free of the injustices laid bare by Katrina. As our founder James Rouse said: What ought to be, can be, with the will to make it so. I thank the Subcommittee for this opportunity to comment and hope that this dialogue will continue. We look forward to working with you to "make it so" – to ensure the best possible outcomes not only for expenditures of public dollars, but for the families whose homes and lives were forever damaged by this disaster, and who will need and count on all our help to return the Gulf Coast to a vibrant, safe and equitable community.

WRITTEN TESTIMONY OF WALTER LEGER, MEMBER OF THE BOARD
OF THE
LOUISIANA RECOVERY AUTHORITY,
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES FINANCIAL SERVICES COMMITTEE

FEBRUARY 6, 2007

Chairman Frank, Congressman Bachus and Members of the Committee, my name is Walter Leger and I am a long-time resident of St. Bernard Parish, Louisiana. Thank you for inviting me to speak to you today on behalf of the Louisiana Recovery Authority about the federal housing response and reconstruction efforts to recover from Hurricane Katrina – the most catastrophic and costly disaster in American history.

The Louisiana Recovery Authority, more commonly known as the "LRA," was created by Governor Kathleen Blanco to coordinate recovery efforts and special funding related to Hurricanes Katrina and Rita. I myself am a volunteer and serve as Chair of the Board's Housing Task Force.

The LRA works in tandem with the state's Division of Administration's Office of Community Development (OCD), which is running the Road Home housing programs and is administering the delivery of the special Community Development Block Grant appropriations provided by Congress for Katrina and Rita recovery, and with the Louisiana Housing Finance Agency, which is administering our Low Income Housing Tax Credit program which Congress dramatically expanded in the GO Zone legislation.

Together, our offices have worked closely with the US Department of Housing and Urban Development (HUD), Chairman Powell's office, the US Small Business Administration (SBA), state agencies, local government leaders and others in an effort to facilitate the recovery of south Louisiana. The opportunity to assist the citizens of the State of Louisiana in this massive recovery effort has been an honor for me, and a challenge that I will never forget.

As I mentioned earlier, Hurricane Katrina was by far the single most expensive disaster in American history. What you might not know is that the storm that hit Louisiana three weeks later—Hurricane Rita—ranks third on the all-time list. Together, the storms caused an estimated $100 billion dollars in damages to homes, property, businesses and infrastructure in Louisiana alone.

Now, about $40 billion dollars of these losses are covered by private hazard and flood insurance, and we also recognize and are sincerely thankful for the estimated $26 billion that is flowing to the State to help us rebuild our homes and physical infrastructure.

But that still leaves a gap of $34 billion dollars… or put another way, that's about $20,000 in unrecovered losses for every household in the state. This funding gap does not include the 127,000 jobs and 4,000 businesses in Southeast Louisiana that haven't come back, which shrunk Louisiana's economy by $11.5 billion last year. This does not count all of the emergency and social services requirements incurred.

So while federal aid and private donations have been unprecedented, Louisiana still has unprecedented needs and we will need the Congress's continued strong support going forward.

But you have called today's hearing to focus on how we are investing the generous appropriations from Congress for housing, so let me address that now. Like many others on the LRA board, I lost my own house in the storm. Words cannot describe the heartache that comes from seeing 14 feet of water envelop your home and all of your personal belongings inside – your clothes, your photo albums, your children's things – gone. All the things that made my house – the physical structure – a "home" were lost forever.

Sadly, more than 200,000 homeowners and renters in South Louisiana suffered the same devastating loss. On August 29, 2005, our lives changed forever. As a result of Katrina, and another blow from Hurricane Rita three weeks later, more than 1.3 million people were evacuated from the area. To date, an estimated quarter of a million people are still unable to return to their homes due to disaster damages.

We had some parishes, including my home parish of St. Bernard, which experienced devastation over 100% of the footprint of the community. It's reported there that we lost every house but three – I have yet to find those three. Fortunately, I have been able to put my personal experience with the storm to use in helping to develop our housing programs for homeowners, renters and small landlords.

ROAD HOME PROGRAM:

The LRA developed the broad policies for and the state's Office of Community Development is implementing *The Road Home*, the largest single housing program ever created. Through our program, eligible homeowners who suffered damage from Hurricane Rita or Katrina may receive up to $150,000 in compensation for their losses to help them get back in their home. As mandated by the federal law, we must deduct insurance benefits and FEMA assistance from their grant. For homeowners to qualify for assistance through The Road Home program:

- They must have owned and occupied the home as their main residence at the time of Hurricane Katrina or Rita
- The home must be a single- or double-unit structure (this includes duplexes where the owner resides in one of the units)
- The property must have sustained at least $5200 in damage from hurricanes Katrina or Rita
- Homeowners who were uninsured but should have carried insurance (for example, those who lived in a flood plain but did not have flood insurance) are eligible for the program, but they will incur a 30 % penalty.

Through The Road Home, eligible homeowners have three compensation options:

- Stay and repair or rebuild your home
- Sell home to the state and relocate elsewhere in Louisiana
- Sell home to the state and relinquish status as homeowner thereby incurring a 40% award penalty

In Louisiana, recovery was about rebuilding housing stock and bringing people home. For that reason, we included a provision in the Road Home that gave people incentive to return to Louisiana by providing funding eligibility based on full-market value if they came back to the state, but only 60% of market value if they decide to sell their home to the program and move elsewhere. This provision is important to the rebirth of south Louisiana. And all Road Home participants are provided with a choice of all options – including ones that do provide full market value if they return home. In addition, homeowners may receive the full award and still move if they "assign" their rights to the grant to a new purchaser who agrees to comply with all program requirements.

For those pioneers that used their own resources to begin repairs and are already back in their homes, the owner is still eligible to apply, provided the initial eligibility criteria are met. Road Home compensation benefits are determined by calculating the lesser of the uncompensated damage cost or the uncompensated loss of value up to $150,000.

I would add that we took special care to create an agreement with the Louisiana banks and national mortgage lenders regarding how grants would be distributed. We developed a Memorandum of Understanding (MOU) with the lenders to prevent Road Home monies from being used to pay off mortgages or cover arrears payments. Because of this arrangement, it is my understanding that Fannie Mae, Freddie Mac and Chase are not foreclosing on homeowners. Unfortunately, many smaller lenders are moving forward with foreclosure. This is an issue that we cannot afford to ignore.

Homeowners do not receive checks directly. Instead, the financial award is placed in a disbursement account and funds are released as related expenses are incurred. The lenders have agreed to pay interest to the homeowners on these accounts and will manage draws according to standard industry practices as outlined in our MOU. . For instance, homeowners that have not yet begun repairs can access up to 10% of their award upon closing. Following that, lenders will make additional payments to the homeowner as progress is made. This will prevent unscrupulous contractors from taking off with people's awards before completing any actual work.

One of the most difficult challenges we faced in designing the Road Home program – both the homeowner and small rental programs – has been dealing with certain federal regulations that can hamstring recovery programs. Although Congress appropriated the CDBG funds to give us the resources we needed to repair and rebuild the damaged homes of Louisianan's impacted by Katrina and Rita, a repair program like the one we envisioned when we first went to Washington would have been subject to time-consuming, expensive, and cumbersome environmental

reviews. These environmental reviews may be appropriate for highway construction and other major construction efforts and may even seem manageable when a state or city is doing a few dozen housing rehabs for low income families. However, they are cumbersome, time consuming, and expense, and therefore inappropriate for repairing and rebuilding 123,000 houses which will occupy the same footprint they did before the storms. They should have been waived by Congress when these programs were funded. Not desiring to subject our citizens to these unnecessary and costly burdens, the Road Home program was reinvented as a "compensation" program, providing compensation grants in disbursement accounts, forgivable compensation loans for low income families, and elevation grants for homeowners who will agree to live in an elevated home (rather than being paid to elevate). This redesign of our program was unfortunately necessary so the program could be implemented as quickly as possible, but this new program design still requires us follow many cumbersome CDBG regulations and has meant that we have had to be creative in order to run a program that meets our goals.

Another area where red tape has limited our efficiency and progress relates to our use of Hazard Mitigation Grant Program (HMGP) funds in support of the Road Home housing program as required by Chairman Powell. The State did not want to use HMGP monies in this way – but we were told the Administration would not support our request for CDBG funding at the level needed, and instructed us to use HMGP to fill our funding gap, even though we were concerned about the red tape associated with it. As of today, FEMA has been unwilling or unable to approve nearly $1.2 billion of funding that is desperately needed for the Road Home program. Much of this bureaucracy would be eliminated if Congress directed FEMA to approve our use of HMGP toward the Road Home program.

The estimated cost of damage is based on a home evaluation. To determine the estimated cost of damage, a home evaluator will visit the home, assess the damage, work in progress, or completed work to estimate the overall hurricane-related damage inflicted on the home. To determine the pre-storm value, homeowners may provide an "arm's length" appraisal (i.e., an appraisal ordered by a lender in conjunction with a loan, not an appraisal ordered by the homeowner) that was completed from January 1, 2000, up to the day before one of the hurricanes affected the homeowner (August 28, 2005, or September 23, 2005). These appraisals will be adjusted to reflect the market rate as of the second quarter of 2005, using figures released by Office of Federal Housing Enterprise Oversight.

Homeowners may also provide an appraisal that was performed post-Katrina or post-Rita to determine the pre-storm value of the home. If an arm's length appraisal is provided, the pre-storm value will be based on the appraisal. If an appraisal is not provided, The Road Home program will determine pre-storm value through alternative data sources.

The compensation grant does not need to be repaid provided the covenant requirements are met including agreeing to:

- Remain in the property for three years (five years if a forgivable compensation loan is received) and use the property as its primary residence.
- Comply with Advisory Base Flood Elevation guidelines (if the residence sustained 51% or more damage according to the local municipality).

- Maintain flood insurance (if in a floodplain) and hazard insurance.
- Ensure that construction complies with building codes.
- A homeowner will sign the covenant at closing. A homeowner may choose to assign the covenant requirements to another homeowner.
- If a homeowner receives a forgivable compensation loan, they are required to maintain owner-occupancy for five years. The homeowner cannot assign the five-year owner-occupancy requirement. If the owner moves out of the home prior to fulfilling that requirement, he or she must pay back the affordable compensation loan on a prorated basis.

We estimate more than 120,000 homeowners are eligible for the program funded by $6.375 billion in Community Development Block Grants and 1.125 billion in Stafford Act Hazard Mitigation Grant Program funds.

For a moment, I should outline the road we traveled to get this program funded in a way that would provide assistance for everyone that needed it to get back in their home – regardless of whether they had insurance or were inside or outside of the flood plain.

In December of 2005, Congress approved $11.5 billion in supplemental appropriations for the Gulf Coast [P.L. 109-148][1]. When this legislation passed, it was approved with a provision capping funding for any one state at no more than 54% of the total appropriated – even though Louisiana received 75-80% of the total damages from Katrina and Rita.

This situation resulted in Louisiana receiving $6.2 billion in assistance, as compared to $5 billion for Mississippi, which experienced a far smaller proportion of total losses. When the State was notified of its $6.2 billion allocation of the supplemental appropriations, we were grateful and appreciative. However, we notified Congress and the White House that that level of funding was insufficient to meet our housing needs in the State of Louisiana, and that additional funding would be needed;

While the White House requested an additional $4.2 billion on February 15th 2006, it took Congress another four months to provide a second supplemental appropriation for the Gulf Coast[2], with hundreds of thousands of Louisiana citizens living in trailers all the while. Once again, however, Congress limited any one state from receiving more than $4.2 billion, once again prohibiting HUD from being able to use its discretion to allocate funds based on the comparative damage levels in each state affected by the storms which would have resulted in Louisiana in receiving an even larger appropriation.

Let me address something we hear about quite often – the comparisons between Mississippi's progress and Louisiana's progress and between Mississippi's program and Louisiana's program. I want to be very clear on this. If we had designed an identical program to theirs, we would have chosen to exclude anyone living in a flood zone. That would have meant some of the most deserving homeowners – those who lost their houses due to the failures of federal levees – in

[1] P.L. 109-148 was signed by President Bush on December 30, 2005, and a notice of award was published by the U.S. Department of Housing and Urban Development (HUD) on January 25, 2006.
[2] P.L. 109-234, which was signed by the President on June 15, 2006, and a notice of award was published by HUD on July 11, 2006.

Gentilly, Lakeview, the Lower Ninth Ward, St. Bernard Parish and Cameron Parish in Southwest Louisiana would have been excluded and left with nothing.

Nor could our low-income families – of which we have a substantial percentage – afford to wait until a second round of homeowner assistance was developed that provided extra assistance to those families with incomes below 80% of the median. Although it added another calculation and verification step to our process, forgivable compensation loans of up to $50,000 for low-income families have been part of our program since its inception.

But as I alluded to earlier, the chief difference between our program and that of our neighbors to the east comes down to one thing. Mississippi's housing program received full funding in December of 2005, while Louisiana waited six more months before our program was fully funded.

So here we are, seven and a half months later. Let me outline the action taken since then:

- The same week we received program approval from HUD, the state's Division of Administration signed contractor ICF International to implement to Road Home program.
- The company set up 10 housing centers throughout the State of Louisiana and another in Houston, Texas. In Louisiana they are in Calcasieu, Cameron, East Baton Rouge, Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany, Terrebonne, and Vermilion parishes.
- More than 105,000 applications have been received and recorded.
- Housing counselors have conducted over 72,000 in-person appointments with applicants.
- Nearly 30,000 homeowners have been notified of their benefit awards totaling $2.49 billion.
- The average award is close to $80,000.

But we would not be here today if this process were free of roadblocks and hard times. The greatest challenge we are facing relates to the most important step of all – the actual award closing. As of this week, just over 500 homeowners have received their awards. I think everyone agrees, this is too slow. We still have 64,000 people calling a trailer home every night and they deserve to be back in their house NOW.

To that end, we are continuing to apply pressure to ICF, insurers and lenders to address roadblocks and expedite the verification and closing process as much as possible, and have spent considerable time and effort to make sure that required data sharing with FEMA and SBA can occur effectively. But as I have learned in my brief career in government, nothing is as simple as it might appear.

We did in fact receive full funding for the program in June of 2006. But those funds came down to us in Louisiana wrapped in red tape with strings leading back here to Washington. I discussed much of this bureaucratic inertia before Senator Lieberman's Committee on Homeland Security and Governmental Affairs during their field hearing in New Orleans last week and received commitments from the Chairman and Senator Obama to explore what options we have for eliminating some of these barriers to our recovery. Senator Landrieu has been leading much of this fight on our behalf for some time now.

One particular area that should be addressed immediately is the SBA's failure to distinguish the difference between a grant and a loan. Although SBA's loans were every bit as slow in coming to our homeowners in the months after the storms as these Road Home grants, many Louisiana families have now received them and are taking advantage of the SBA's lower interest rates on the capital they need to repair and rebuild. As any loan, the borrower signs a binding contract to repay the government this money. However, under regulations of the SBA, if a homeowner receives a grant to rebuild, it must use those funds to repay the SBA, placing a homeowner in a situation again of limiting their resources to rebuild. Since our grant program provides only a portion of the funds

Even the SBA Administrator has admitted that a subsidized-interest-rate loan is not the same thing as a grant, and that a borrower – regardless of the grant – has an obligation to repay the loan note. Nonetheless, SBA has not adjusted their policy. Homeowners going to closing today are having their grant amounts reduced to repay this money back to the federal government immediately, even though they may need it to complete their repairs and have an ongoing responsibility to the federal government (which has already budgeted for these loans) to repay the note with interest.

Another one of the most stringent delays of the program has come from federal requirements that a homeowner's insurance benefits and the Federal Emergency Management Agency's (FEMA) assistance for structural damage must be deducted from our calculation of a homeowner's grant assistance. The deduction of insurance and FEMA funds designed to prevent a "duplication of benefits" are two examples of deductions and corresponding verifications that we have no choice but to include in our program design, but that are taking significant resources and time in order to comply with when attempting to move as quickly as possible to provide assistance to homeowners.

National Flood Insurance Program Overview

Contrary to conventional wisdom, Louisiana's homeowners are some of the most enthusiastic participants in the National Flood Insurance Program (NFIP) compared to any other state in the nation (See Appendix A).

Because most of south Louisiana's Flood Insurance Rate Maps (FIRMs) were from 1985 or earlier, and in light of the data gathered during and after Hurricanes Katrina and Rita, FEMA decided to review/revise the FIRMs for most south Louisiana communities. In the coastal parishes, where storm surge flooding was most severe, FEMA issued Advisory Base Flood Elevations (ABFEs). These ABFEs serve as an interim guidance on safe building for those parishes where the current FIRMs are obviously wrong, but for which new modeling and engineering are necessary before new FIRMs can be produced.

Recognizing that the ABFEs provided the best available science with respect to flood hazard for those communities, the LRA began giving incentives to parishes and local communities to adopt the ABFEs in order to access funds from the Hazard Mitigation Grant Program, as well as other sources that were being made available. Almost all of them have now adopted the ABFE's, meaning that future flood risks will be lessened and giving home and business owners access to

additional benefits under the National Flood Insurance Program. Because the ABFEs result in changes in the expected 100-year flood plain, the flood risk for many structures changes, allowing home and business owners to access Increased Cost of Compliance (ICC) payments that were not available to them before. For instance, homeowners who were previously in Zone B (outside the 100-year flood plain), but are now in flood Zone A (inside the 100-year floodplain) as a result of the adoption of the ABFEs are now eligible for ICC claims of up to $30,000. These funds can be used to elevate or floodproof their homes, reducing their flood risk. This has been a great benefit to many communities, and is a driving factor in at least one community's efforts to adopt the ABFEs.

ROAD HOME RENTAL PROGRAMS:

Across southern Louisiana, approximately 82,000 rental housing units received major or severe damage from Hurricanes Katrina and Rita. Replacement of the damaged or destroyed rental housing in the hurricane ravaged areas is vital to the return of families and a strong workforce, and is a lynchpin of Louisiana's recovery.

All sectors of the economy have reported a workforce shortage due to a lack of affordable housing. Rental housing stock is also imperative to support the return of the high portion of residents that were renters prior to the storms, particularly in New Orleans, as well as the return of homeowners transitioning into repaired and rebuilt homes over the coming months. The repair of rental housing will also help to stabilize soaring rental rates, and help to stabilize communities through reducing blight.

For these reasons, the LRA in close coordination with OCD designed several programs to support the redevelopment of rental housing in storm-impacted areas. Recognizing that the funds available would only rebuild a portion of the units lost due to the hurricanes, the LRA allocated funds for the Workforce and Affordable Rental Programs by formula to ensure that those parishes with the most damaged or destroyed rental housing stock would have adequate resources to replace significant numbers of affordable rental units. Resources are also allocated in a way to prioritize affordability and mixed-income development goals, and to produce units in all ranges of affordability. The Road Home Workforce and Affordable Rental Housing Programs have four broad goals:

- To ensure that the workforce needed to accommodate full economic recovery has access to affordable rental housing;
- To provide affordable rental housing to low income households who could not otherwise afford to return to their communities;
- To ensure that affordable rental housing is provided in the context of high-quality, sustainable mixed-income communities, and
- To ensure that a portion of affordable rental units will host supportive services for families with special needs or high risks following extended displacement.

To support the programs, the State has set aside a total of $1.5 billion in CDBG funds, which will supplement the estimated $1.7 billion worth of private investments triggered by Congress's expansion of the Low Income Housing Tax Credit (LIHTC) program in the GO Zone legislation.

Through the CDBG and LIHTC investments in rental housing, we hope to create an estimated 35,000 units in a broad mixture of deeply affordable units, mixed income development, and 1 to 4 unit rental properties. Of CDBG programs, the LRA has designated $667 million for the Low Income Tax Credit "Piggyback" Program and $869 million for the Small Rental Property Program.

Low-Income Housing Tax Credit (LIHTC) and LIHTC "Piggyback" Program

Through legislation creating the GO Zone, Congress authorized a special allocation of Low Income Housing Tax Credits (LIHTC) to repair and construct affordable rental housing. The LRA made $667 million in CBDG funds through the Piggyback Program, which will be paired with LIHTC, to make feasible mixed income development, deeply affordable units, and units for the elderly and disabled in permanent supportive housing—characteristics not usually found in LIHTC financed developments.

To date, the Louisiana Housing Finance Agency (LHFA), which is the housing finance agency for the state, in conjunction with the LRA and the Louisiana Division of Administration's OCD have worked to allocate 2006 GO Zone Credits and to forward allocate approximately $186 million in 2007 and 2008 GO Zone tax credits. The total development cost of these transactions is approximately $2.7 billion and is expected to yield 17,000 units of rental housing. The last round was awarded in December 2006, and is required to be placed in service by December 31, 2008.

A portion of these LIHTC credits in the 2007 and 2008 rounds were awarded on December 13 along with $440 million in CDBG funds through the Piggyback to provide gap financing and Project Based Rental Assistance in order to assist 33 projects. These projects will create more than 5,700 new rental units in storm damaged areas.

- These include redevelopment of four storm-impacted public housing developments. One of these housing projects will also be producing 244 single family homes for middle income purchasers, bringing the total number of units in these developments to 5,981.
- 26 of these developments will be mixed income projects serving a range of residents including both extremely low income households and market rate tenants.
- In most cases, these mixed income developments will contain at least 60% market rate units and at least 20% deeply targeted units – affordable to households earning less than 40% of the Area Median Income.
- In a few instances, most notably in the redevelopment of Public Housing projects, a second mixed income model was used. In these developments at least 30% of the units were market rate and no more than 33% were deeply targeted units.

The Piggyback Program will also help special-needs populations achieve stable housing and successful lives by providing incentives for developers to create Permanent Supportive Housing (PSH) units. All of the developments in assisted with in the 2007 and 2008 rounds will provide at least 5% of their units for Permanent Supportive Housing (PSH). Many will provide more PSH units than the required set aside. This effort represents the first major development of PSH in the State of Louisiana and the very first PSH units to be provided in mixed income settings.

The program aimed to support an estimated 3,000 units with supportive housing services. Other HUD programs such as the McKinney Vento Act, Project Based Section 8 Vouchers, Section 811, and Section 202 program funds will supplement supportive efforts.

While PSH units will be created through the Small Rental Property Program, the need for vouchers for supportive housing units that can be integrated throughout the community remains. PSH households will require rents affordable for households at 30% AMI down to zero income. Vouchers will be needed to bridge the rent-gap between these affordable units and units that may be underwritten to support rents at the 50% to 80% AMI level.

Small Rental Property Program

Before the disaster, a large portion of low to moderate income working families resided in single-family homes, "doubles" and small, multi-family buildings with four or fewer units that were owned and operated by small-scale landlords, especially in New Orleans where an estimated 70% of rental property was owned by small landlords. In the wake of the storms, it became clear that an unprecedented number of these small, rental properties had been destroyed or severely damaged and were at severe risk of becoming blighted after the storm. For many renters, especially in and around New Orleans, housing was not affordable prior to the storms. According to the 2000 census, over two-thirds of the very low income households, households earning less than 30% AMI, paid over 30% of their incomes for rent, the HUD standard for affordability.

The Small Rental Property Program will provide gap financing in the amount of $869 million, including administrative costs, for the repair of an estimated 18,000 small rental units. In doing so, the program will provide safe and affordable rental housing for working families. The funding will be split among the 13 most impacted parishes according to each parish's documented damage to rental units.

The gap financing will enable repairs to occur and limit the amount of debt and debt service required for properties, so that the owners will be able to charge affordable rents. The program will also prevent blight by rebuilding damaged properties and will stabilize rents in traditional neighborhoods by increasing the supply of housing.

The first round of the program was launched last week on January 29th, and will accept applications through March 15th for as much as $200 million in funding. Award letters will be released at the beginning of April, and the second round will commence immediately thereafter. As the program does not have enough resources to fund all damaged properties, the program currently anticipates a number of rounds of funding to give small landlords multiple opportunities to apply. Multiple rounds will also allow for the program to change award incentives as the results of each round are assessed.

The program will be limited to property owners who owned the unit before the storm, and will provide priority to owner-occupied properties who are not eligible for the Homeowner Program, namely, owner occupants of 3 and 4 unit buildings. The program is limited to 1 to 4 unit rental properties.

On a competitive basis, the program will provide from $18,000 to $72,000 per rental unit. The size of the incentive is determined by the level of affordability provided and the size of the unit. In exchange for accepting financial incentives, property owners will be required to provide affordable rents for households earning at or below 80% AMI. Rents are affordable if they comprise less than 30% of a household's income. Incentives available will be in three tiers based on the income level of the tenants to be served. The maximum amount of subsidy will go to rental units where rents are affordable for households with incomes at or below 50% AMI. Landlords may also choose to apply to the program and propose to charge rents affordable to households at or below 80% AMI, or at or below 65% AMI. The incentive award is in the form of a no payment, forgivable loan at 0% interest, due only upon resale of the property or failure to comply with the agreed-upon restrictions on rents and household incomes during the specified commitment period.

An exception to the rule of pre-storm ownership will be allowed for non-profit entities. There will be a 5% set-aside for non-profits. While non-profits will be allowed to have purchased units since the hurricane, they will be required to provide an affordable unit for twenty years. In addition, non-profits will be in a position to provide units to house supportive services.

First Time Homebuyer Program

Recognizing that households who were renters before the storm could benefit from home ownership, a first time homebuyers pilot program will be created by the Louisiana Housing Finance Agency to allow low- and moderate-income homebuyers to purchase damaged properties and to carry the home through the repair process. The pilot program will be funded through the budget for the Small Rental Property Program through a $40 million set aside. The program will be available in the early spring.

Bringing Residents Home

Rental Registry:

Because the replacement of rental housing will fall far short of the rental housing lost due to insufficient resources, and many residents displaced by hurricanes Rita and Katrina are far from home and inadequately housed, the State is giving priority placement to hurricane displaced residents for all subsidized rental housing units. A total of $2 million in CDBG funds has been budgeted to provide the following resources to displaced renters to help facilitate their return home.

Louisiana has initiated a Call Center and Homeowner Registry to allow former homeowners to indicate their interest in returning to their neighborhoods and investing in their homes. Eligible renters will be notified by mail, telephone, and the www.LouisianaRebuilds.info web portal to the greatest extent possible of the opportunity to access rental information, rental support and other needs for returning citizens.

From www.LousianaRebuilds.info , renters are referred to a web database, www.LAHousingSearch.org, where affordable rental housing is listed, and where they can access applications for income-assisted housing. www.LAHousingSearch.org is sponsored by the Louisiana Department of Health & Hospitals and the Louisiana Housing Finance Agency and is a free, online, searchable registry of housing in Louisiana. Landlords can list properties and benefit from the statewide marketing campaign. Renters may use the site to identify housing and features, both rental and for-sale. Any property owner will be able to list available properties, but units available through the Small Rental Property Program and all units providing supported services will be automatically listed.

Vouchers:

The storm left thousands of residents displaced not only across the state, but in communities across the country. The GO Zone LIHTC allocations, Piggyback Program, and Small Rental Property Program are creating units that will rebuild housing units and should help bring rents down, but units won't be replaced on a significant scale for another year to well over two years. During the rebuilding period, returning home isn't accessible to the middle and lower income tier families unless they are able to secure a FEMA travel trailer site. Citizens who desire to move back and are able to afford their pre-storm rent levels still have difficulty moving home because of a limited housing supply and high rents. Resources to fund a flexible rent subsidy tied to the areas with most displacement would help to provide a stable housing for displaced citizens and transition people home as housing is replaced.

Even those who have a housing option, a job waiting, and the means to pay rent in Louisiana have no way to return. There are hundreds of available units awaiting former public housing residents who have no means to obtain transportation home. FEMA paid to bus families away after the storm, but has not agreed to fully cover their costs of returning home. The need for transportation assistance would enable these residents to begin their journey home, reestablish their links to their communities, and reestablish their careers.

Extension of Placed in Service Date for GO Zone LIHTC's:

The GO Zone LIHTC and CDBG funding for recovery has given Louisiana the opportunity to replace a portion of its lost rental housing stock. Nevertheless, the hurricanes continue to hinder our ability to rebuild housing nearly two years later. Increased construction costs, labor costs, utility costs, and insurance costs have made tax credit projects underwritten last year unfeasible and threaten their viability. Not only do stalled projects risk not being constructed, but the lack of construction is a real deterrent to other private investment.

Current law requires projects receiving 2007 and 2008 GO Zone tax credits with a 30% increase in qualified basis and located outside of the designated qualified census tract to be placed in service on or before December 31, 2008. Approximately 65% of the units receiving tax credits in the GO Zone, underwritten with the increase in qualified basis, are at risk of losing the very credits required for viability if these deadlines are missed. To insure that the units at risk are successfully developed, the LRA, along with the LHFA and its nonprofit partners, the Louisiana

Association of Nonprofit Organizations (LANO) and the New Orleans Neighborhood Development Collaborative (NONDC), are requesting Congress to extend the December 31, 2007 placed in service deadline to December 31, 2009, and to extend the December 2008 placed in service deadline to December 31, 2010.

Per Capita Tax Credits:

In addition, Louisiana receives approximately $8.6 million of Per Capita tax credits annually to satisfy the housing needs of the state. However, Hurricanes Katrina and Rita displaced tens of thousands of households in the GO Zone and distorted the supply and demand balance for affordable housing throughout the entire state. Because GO Zone credits can only be used in Difficult Development Areas within the GO Zone, there is an immediate need for additional Per Capita tax credits to fund the housing needs of people who fled the GO Zone and are now living and working in other regions of the state. To meet the increased demand for housing in non-GO Zone areas of the state, we are also recommending that Congress increase the state's annual Per Capita allocation of low-income housing tax credits from $8.6 million annually to $17.2 million annually for the next five years.

Insurance:

Louisiana is also experiencing increases in the cost of insuring single family homes and rental housing developments. We have preliminarily estimated that insurance premiums have increased one-and-one-half to two times the pre-hurricane rate in the wake of Hurricanes Katrina and Rita. These increases have placed a tremendous burden on home buyers, homeowners and rental housing developers, and especially low- to moderate-income residents.

To help reduce the increased cost of homeowner insurance, a portion of the interest on mortgage loans financed with the LHFA's $236 million of single family mortgage bonds issued during 2006 was allocated directly back to low-income borrower's insurance escrow account as an insurance premium increase offset. The Insurance Premium Offset program deposits up to $165.00 per month into a low-income borrower's escrow account to help take the sting out of higher insurance premiums—as well as providing 30-year fixed rate interest rates, prior to the 2% rebate, at 4.5%.

The LHFA, along with the LRA and OCD, is currently working to develop a similar program for rental housing developers. We are most concerned with the ability of rental housing developments with debt service coverage ratios of 1.2 or less to absorb the higher insurance premiums. Approximately 30 to 35 projects fall within this category of the 240 projects in our pipeline. This represents approximately 2,800 to 3,000 of the 17,000 tax credit units approved for development.

Cost Share:

For the record, there are other issues of fairness and common sense that we would ask Congress to consider when reviewing the progress of our recovery. The costs of responding to truly catastrophic disasters such as Katrina and Rita are extraordinary at all levels of government. For

the State of Louisiana, the FEMA cost-share alone, even after it was adjusted up to 90% Federal share for FEMA's Public Assistance program, is over $1.5 billion. This match requirement further burdens our recovery, given that Louisiana generates only about $8 billion in annual state tax revenues and has only 4.5 million residents.

This $1.5 billion bill also does not include the many costs absorbed by the State which are ineligible for Federal reimbursement, including paying for the increased demand for social services, support for economic development and recovery; helping our communities plan their futures in the wake of these catastrophic events; paying to bring buildings up to the International Building Code (which will make them safer from future disasters); and paying for facility repairs that are required by law or due to deferred maintenance but not covered by FEMA assistance or insurance.

At the local level, some of our parishes have had their economic hearts torn out through the loss of tax base, residents, and economic vitality. Some of our communities are struggling to survive.

Based on this severe impact, and the fact that much of the damages we experienced were the result of the failure of Federal levees which should have held in the face of a Category 3 event like Katrina, we need the Administration's and Congress' support to adjust the Federal cost-share to 100% for all FEMA programs. After the tragedy of 9/11, Congress provided New York with 100% federal cost share to recover from the disaster. They looked at magnitude of what the city and state were facing and leaned forward to cover 100% of the expense. FEMA also approved significantly 100% federal cost share for numerous disasters including Hurricanes Hugo, Andrew and Iniki, yet the same favorable treatment has not been shown Louisiana even though the projected per capita impact of Hurricanes Katrina and Rita in our state exceeds the costs of those disasters by many multiples (See Appendix B). In fact, Louisiana's per capita impact is projected to be $6,700 for every man, woman and child in the State – more than thirteen times that of any other disaster in U.S. history.

As of this point in time, the State of Louisiana as already paid a significant share of costs for this disaster. In addition to disaster costs unrelated to Federal relief programs, we have also paid approximately $400 million to FEMA already to match costs associated with their "Other Needs Assistance"and "Individual Assistance" programs.

The federal government should waive any further state match costs, as they did for New York following 9/11, by increasing the federal cost share to 100% for all disaster relief programs authorized in the Stafford Act including public assistance and hazard mitigation. In the case of Public Assistance, this would only require a regulatory change, as the Stafford Act provides for a minimum Federal share of 75%, but offers no maximum cost-share. The President has this authority to make this happen today. In the case of Hazard Mitigation and Individual Assistance, this would entail an amendment to the Stafford Act or providing an exception to the cost-share structure found in that legislation.

In the face of such catastrophe – particularly since much of it was the result of the failure of levees for which the Federal government had responsibility -- Louisiana's communities should not be required to pay FEMA more than a billion more dollars in cost share.

CONCLUSIONS

Yes, we are making progress but as just outlined, many communities in South Louisiana are still suffering greatly – more than they should be this long after a disaster. In many ways recovery has yet to be felt in our neighborhoods, and in our homes. My neighborhood in St. Bernard Parish is a perfect example – most homes are still vacant and heavily damaged, roads, water and sewer are in disrepair, most businesses have yet to return.

The simple truth is that recovery is not happening quickly enough. Things need to change. It should be noted that the need to provide housing assistance after a truly catastrophic series of events like Katrina and Rita is different from garden-variety disasters. It's not just about helping people – it's about restoring neighborhoods and cultures through the redevelopment of housing. It's important to remember that we didn't have a few hundred or a few thousand homes impacted. We had more than 200,000 homes damaged or destroyed entirely. Entire parishes, entire cultures were devastated.

To say that Louisiana faces challenges in its recovery is an understatement. Replacing 200,000 homes, rebuilding an economy, addressing the issues created by demographic and economic shifts, reconnecting people to their neighborhoods and cultures again – all complex problems that we need to address.

We are all learning each and every day how to make progress. And we are learning lessons and changing our approaches to take into account the reality that the recovery from catastrophic disasters is fundamentally different than recovery from more typical ones. We aren't just rebuilding homes and infrastructure – we are rebuilding civil society and community. That takes new ideas and creativity, along with a commitment to making things work.

I am pleased that the Financial Services Committee has chosen to focus on the tremendously complex housing issues facing our recovery. It is my sincere hope that through the leadership of this committee, we can fix what is broken. Our city and state cannot heal and will not heal until we are back in our homes and living normal lives once again.

Thank you for the opportunity to appear before you today. I'd be happy to take any questions that you may have.

INSURANCE JOURNAL
Texas / South Central News

Report: La. More Insured than any Other State for Flooding

March 20, 2006

In the aftermath of Hurricane Katrina, public officials and insurance experts predicted that the vast majority of property losses from the most costly flood in U.S. history would be uninsured.

But data from the office of Donald Powell, the Bush administration's liaison to the disaster zone, shows that Louisiana was a more enthusiastic participant in the National Flood Insurance Program than any other state in the nation, *The (New Orleans) Times-Picayune* newspaper reported in its March 19 editions.

By Feb. 22, Louisiana residents had received $12 billion in flood insurance payments for claims related to Katrina, nearly as much as all the flood claims before Katrina paid by the government since the National Flood Insurance Program was created in 1968.

The largest chunk of that money landed in the Lakeview neighborhood of New Orleans, where property owners in a single ZIP code, 70124, received checks totaling more than $1 billion by the end of the year. The average payment was $143,023.

The huge payouts caught many people by surprise because so many pundits and members of Congress had predicted a majority of homes would be uninsured.

Members of Congress rose up in righteous indignation to scold residents of New Orleans, one of the most vulnerable cities in America, for failing to buy federal flood insurance and then coming hat in hand and asking to be bailed out with federal money.

House Speaker Dennis Hastert, R-Ill., questioned whether the federal government should spend money to restore sections of the city below sea level, and members of conservative think tanks urged Congress not to put any money into rebuilding properties that lacked flood insurance.

"Although flood insurance is heavily subsidized, many - even most - property owners in New Orleans do not buy this insurance, expecting the federal government to bail them out whether or not they are insured," said Cato Institute Chairman William Niskanen in testimony to Congress about the disaster in September.

In fact, New Orleans and the rest of state participates heavily in the flood insurance program.

Of the 113,053 single-family homes in Louisiana that sustained hurricane-related flood damage in 2005, at least 72,787 - 64.4 percent - were covered by flood insurance, according to Powell's data.

By comparison, just 30 percent of the 28,800 flooded homes in Mississippi had flood insurance.

To pay Katrina claims, the Federal Emergency Management Agency, which oversees the flood insurance program, has had to borrow $18.5 billion from the U.S. Treasury because the agency hasn't collected enough in premiums. In the past 12 years, the agency has borrowed $1.4 billion to recoup after other disasters.

The problem lies in the flood insurance program itself - a rigged actuarial system that doesn't even try to balance its books or calibrate premiums in ways that would encourage safer housing practices in areas that flood repeatedly.

"It's kind of ironic - we've had to borrow so much money that we won't be able to pay it back, and that has been cited as a weakness of the program," said Ed Pasterick, a senior adviser to FEMA. "But in a way, you can cite it as a sign of the program's success. So many people were protected by flood insurance that we had to replenish the fund."

Katrina has made it clear that Louisiana is a standout success in a nation where the vast majority of people living in high-risk areas don't buy flood insurance.

Consider Jefferson Parish, where Metairie became the first community in the nation to join the flood insurance program in 1969. Of the top 100 flood insurance markets, Jefferson Parish has the highest market-penetration rate in the country, with 84 percent of all single-family homes covered by the program, according to an analysis of flood insurance and census data by the newspaper.

Also in the top 10, in terms of market penetration are: St. Bernard Parish, ranking eighth with a 68.4 percent rate, and Orleans Parish, 10th with 66.7 percent. Altogether, six Louisiana parishes have market penetration rates that rank in the nation's top 25.

At the other end of the spectrum is Harris County, home to Houston. Though Harris County has generated the third-highest number of repetitive flood claims in the nation - after Jefferson and Orleans parishes - its penetration rate for federal flood insurance is 25 percent.

On average, just 5.4 percent of single-family homes in the nation's top 100 flood insurance markets have coverage, the newspaper's analysis shows.

Information from: *The Times-Picayune*, www.timespicayune.com.

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The Times-Picayune

New Orleans had better coverage than most other communities
Sunday, March 19, 2006

By Jeffrey Meitrodt and Rebecca Mowbray
Staff writers

In the immediate aftermath of Hurricane Katrina, public officials and insurance experts predicted that the vast majority of property losses from the most costly flood in U.S. history would be uninsured.

Members of Congress rose up in righteous indignation to scold residents of New Orleans, one of the most vulnerable cities in America, for failing to buy federal flood insurance and then coming hat in hand and asking to be bailed out with federal money.

The irony, now revealed in data painstakingly worked up by aides to Donald Powell, the Bush administration's liaison to the disaster zone, is that Louisiana was a more enthusiastic participant in the National Flood Insurance Program than any other state in the nation.

Worth the effort

Until Katrina swamped it in 6 feet of water, the Lakeview bungalow that Marie Callihan shared with her 94-year-old mother had never flooded. Not during Betsy. Not during Camille.

Some of her neighbors thought the neighborhood would never flood, even though it lies below sea level in one of the most flood-prone parts of the United States.

But Callihan knew better. She figured that when The Big One came, it wasn't going to spare her house. So the part-time treasurer at Sacred Heart Federal Credit Union scrimped and saved enough to cover the $1,000 annual premium for flood insurance, even though her mortgage had been paid off for decades, freeing her from any such obligation.

Callihan was in the majority. Two out of three New Orleanians carried flood insurance -- 67 percent -- compared with a national rate of about 5 percent.

"If I could have bought more insurance, I would have," said Callihan, 74, who also paid two car notes and other bills on her $30,000 salary. "But I only had my income, and that wasn't much."

Callihan's fears came true in August. By the time a helicopter arrived to rescue her ailing mother, who was floating near the ceiling on an air mattress, Callihan had watched the floodwaters destroy nearly everything she owned.

Less than a month after an adjuster visited the property in October, Callihan received $197,000 from the National Flood Insurance Program, enough to cover most of her rebuilding and refurnishing costs.

"If I didn't have flood insurance, this whole house would have to be leveled -- and my life would go with it," Callihan said.

Money pours in

Callihan's settlement is part of a river of money that has flowed into the region in the past six months. By Feb. 22, Louisiana residents had received $12 billion in flood insurance payments for

claims related to Katrina, nearly as much as all the flood claims before Katrina paid by the government since the National Flood Insurance Program was created in 1968.

The largest chunk of that money landed in Callihan's Lakeview neighborhood, where property owners in a single ZIP code, 70124, received checks totaling more than $1 billion by the end of the year. The average payment: $143,023.

The huge payouts caught many people by surprise, after all the bellyaching in Congress and elsewhere about Louisiana's profligate ways. House Speaker Dennis Hastert, R-Ill., had questioned whether the federal government should spend money to restore sections of the city below sea level, and members of conservative think tanks urged Congress not to put any money into rebuilding properties that lacked flood insurance.

"Although flood insurance is heavily subsidized, many -- even most -- property owners in New Orleans do not buy this insurance, expecting the federal government to bail them out whether or not they are insured," said Cato Institute Chairman William Niskanen in testimony to Congress about the disaster in September.

Niskanen was wrong about New Orleans. And like New Orleans, the rest of state also participates heavily in the flood insurance program.

Of the 113,053 single-family homes in Louisiana that sustained hurricane-related flood damage in 2005, at least 72,787 -- 64.4 percent -- were covered by flood insurance, according to Powell's data.

By comparison, just 30 percent of the 28,800 flooded homes in Mississippi had flood insurance.

Not enough money

To pay Katrina claims, the Federal Emergency Management Agency, which oversees the flood insurance program, has had to borrow $18.5 billion from the U.S. Treasury because the agency hasn't collected enough in premiums. In the past 12 years, the agency has borrowed $1.4 billion to recoup after other disasters.

The problem lies in the flood insurance program itself -- a rigged actuarial system that doesn't even try to balance its books or calibrate premiums in ways that would encourage safer housing practices in areas that flood repeatedly.

"It's kind of ironic -- we've had to borrow so much money that we won't be able to pay it back, and that has been cited as a weakness of the program," said Ed Pasterick, a senior adviser to FEMA. "But in a way, you can cite it as a sign of the program's success. So many people were protected by flood insurance that we had to replenish the fund."

In fact, as Katrina has made clear, Louisiana is a standout success in a nation where the vast majority of people living in high-risk areas don't buy flood insurance.

Consider Jefferson Parish, where Metairie became the first community in the nation to join the flood insurance program in 1969. Of the top 100 flood insurance markets, Jefferson Parish has the highest market-penetration rate in the country, with 84 percent of all single-family homes covered by the program, according to an analysis of flood insurance and census data by The Times-Picayune.

Also in the top 10, in terms of market penetration: St. Bernard Parish, ranking eighth with a 68.4 percent rate, and Orleans Parish, 10th with 66.7 percent. Altogether, six Louisiana parishes have market penetration rates that rank in the nation's top 25.

At the other end of the spectrum is Harris County, home to Houston. Though Harris County has generated the third-highest number of repetitive flood claims in the nation -- after Jefferson and Orleans parishes -- its penetration rate for federal flood insurance is 25 percent.

On average, just 5.4 percent of single-family homes in the nation's top 100 flood insurance markets have coverage, the newspaper's analysis shows.

Much as Louisiana nursed the hope that the big one would go somewhere else, there was an awareness that the region was a hurricane target, Pasterick said. "Because of that fear and vulnerability, I think there was a sense that, 'We better protect ourselves here.' And thankfully, you did," he said.

Coverage falls short

Local officials who are trying to persuade Congress to spend billions of dollars rebuilding the state cite the insurance data as evidence that residents did their part in protecting against a catastrophic event like Katrina.

The big problem, they say, is that people didn't have enough insurance. Under federal law, lenders have to require only enough flood insurance to cover the outstanding mortgage balance, not the cost to rebuild a home, as is typical on a homeowners policy.

In Louisiana, that often means that someone facing a $150,000 rebuilding project has about $80,000 worth of flood insurance, said Walter Leger, chairman of the Louisiana Recovery Authority's housing task force.

State officials say there is still a $10 billion gap between property damage caused by Katrina and losses that will be covered by insurance.

"Given the risk, our investment in flood insurance was reasonable, but it wasn't sufficient to deal with a storm of this magnitude," said real estate expert Wade Ragas, a consultant to the Louisiana Recovery Authority. "I don't think there's anyplace on the planet where people write insurance based on the idea that large areas are going to be hit with a 35-foot tsunami."

Typically, when a major flood strikes, only 10 percent to 20 percent of the damaged properties are covered by flood insurance, according to Robert Hunter, who ran the National Flood Insurance Program for six years and serves as director of insurance at the Consumer Federation of America.

The problem, according to critics, is that the agency doesn't operate like a real insurance company. The rates it charges for coverage are far too low, the risks are not spread out over a large enough population, and properties that repeatedly generate flood claims are allowed to remain in the program indefinitely without any major adjustment in premiums.

In the past 25 years, the government has shelled out $800 million to settle claims on 10,000 properties that had two to four major losses, an average of $80,000 per property. Buying those properties and turning them into green space through the government's mitigation program, FEMA said, would have cost the government just $450 million.

"Allstate could never run its business like that -- no way," Allstate Insurance Co. spokesman Mike Trevino said. "We'd be out of business."

An identity crisis

The most obvious solution, critics say, is for flood insurance to grow its way out of trouble. But unlike other insurance products, which are advertised aggressively by the industry, flood

insurance is virtually invisible in the marketplace.

In 2005, for instance, private insurers spent $2.7 billion to advertise their products on television and other media, while the government spent just $8.3 million to promote flood insurance, according to TNS Media Intelligence, which tracks advertising spending.

And if there is one type of insurance that needs some marketing muscle, it's flood insurance. Most people who need it don't have it, either because they don't know they live in a flood zone or because they figure the government will come to their rescue if disaster strikes, research shows.

Congress is considering a variety of measures to strengthen the program, such as requiring more people to have flood insurance and increasing the amount of insurance available, but Hunter said the time for small fixes is over.

The integrity of the program must be restored, Hunter told a Senate committee last month. "This means bringing the program back to its promise of covering all high-risk homes and businesses, eliminating unwise construction in the nation's flood plains and taking steps to ultimately achieve actuarial soundness," he said. The only alternative, which Hunter said he deplores, would be to shut down the broken program.

Program takes shape

It was another Louisiana disaster -- Hurricane Betsy, in 1965 -- that provided the impetus for creating the flood insurance program. At the time, flood insurance was largely unavailable in the private market. Insurers shied away from the business because it was so unpredictable -- a single catastrophe could wipe out a company's ability to survive.

With no history to build on, the government had to create the business from scratch. One of the first tasks was creating flood maps that would show which areas of the country were at risk of flooding. Communities were split into zones, with an "A" zone reflecting high risk, and other letters -- B, C and X -- designating areas of low to moderate risk.

To make the policies attractive, the government decided to subsidize the program. Instead of charging actuarial rates, which would generate enough in premiums to cover anticipated losses, the government elected to discount those rates 35 percent to 40 percent.

The subsidy means the government is undercharging its customers about $750 million per year, according to a recent report from the Government Accountability Office. If FEMA removed the subsidy, which primarily involves homes in high-risk areas built before 1975, the price of those policies would jump from $585 to $2,000 per year, according to a government study. About 30 percent of all flood insurance policies are subsidized. Policies on newer homes would not be affected.

At first, flood insurance was purely voluntary and hardly anyone bought it. When Hurricane Camille hit the Gulf Coast in 1969, not a single home damaged by the storm was covered. Three years later, when Tropical Storm Agnes swamped the East Coast, there were only 95,000 flood insurance policies nationwide, and just $5 million of the $400 million in losses were covered.

In response, Congress passed the Flood Disaster Protection Act of 1973, which required all homeowners living in a so-called Special Flood Hazard Area to buy flood insurance if they had loans with federally insured lenders. A special flood hazard area, also known as a 100-year flood plain, is an area in which there is a 1 percent chance of being flooded in any given year.

Though the rule spurred the sale of a million flood policies in four years, critics say the government wound up using the wrong standard. In a 1979 report, the GAO noted that there were 127 floods between 1968 and 1978 that met or exceeded the boundaries of a 100-year flood in

62 counties.

Furthermore, FEMA, in its effort to promote flood insurance in low-risk areas, has noted that nearly 25 percent of its claims have been generated in parts of the country that weren't expected to flood.

Robert Hartwig, chief economist at the Insurance Information Institute, said a more appropriate standard would be the 500-year flood, which would greatly expand the area in which flooding would be considered "high risk."

"Most people think that if they live in a 100-year flood plain, that means a major flood won't happen there for 100 years," Hartwig said. "They don't understand the risk. Over the life of a typical 30-year mortgage, your odds of being flooded in the 100-year flood plain are actually 26 percent. That is pretty high."

Concept gains ground

Hartwig isn't the only fan of the 500-year standard. Several members of Congress have touted the idea as well, and there is a big push to increase the pool of properties that would be required to have flood insurance. In New Orleans virtually the entire city falls within the 500-year flood plain.

As it stands, nearly half of the homes in high-risk areas have no flood insurance, which amounts to nearly 2 million properties, according to a recent study by the Rand Corp.

Among homeowners with mortgages, the participation rate is about 75 percent in high-risk areas, but it falls to 18 percent for homeowners who are not subject to the mandatory participation requirement.

"The only time most people deal with flood insurance is when they buy their house," said Leger, chairman of the LRA's housing task force. "And if they don't live in the flood plain, they're told that they don't need it. But this is New Orleans. We all should have flood insurance."

That's a lesson David Hume is learning the hard way. Three years before Katrina struck, Hume refinanced and remodeled his five-bedroom home in Meraux, but he didn't take out flood insurance because his property is in a "B" zone, an area of low or moderate risk that doesn't require such coverage.

He now faces rebuilding costs of $140,000, but like most local residents he is getting minimal help under his homeowners policy: $30,098 for structural damage. Many insurers are offering nothing at all under homeowners policies, based on the argument that the bulk of damage from Katrina came from rising waters and should be handled through the federal flood program.

To help fill the gap, Hume is taking the $26,200 he got from FEMA for disaster assistance and spending it all on Sheetrock and other construction materials. He took a five-week leave of absence from his job to do much of the rebuilding work himself, but he's still facing some big bills from his roofers, plumbers, electricians and the air-conditioning contractor.

"I'm running out of money," said Hume, who said he was hospitalized for chest pains a few weeks ago. "I'm going to be stuck with a house that's a quarter done."

Cut because of cost

For other residents, the reason for not getting flood insurance was economic. Some people in New Orleans -- especially elderly residents and those living on fixed incomes -- said they couldn't afford the average $400 annual cost of coverage.

Laurette Williams said she hated the idea of going without flood insurance on her Gentilly home, which is in a high-risk zone. That's why she kept the coverage in place for more than 10 years after she paid off the mortgage, even though she usually had to put the payments on her credit card.

But last year, Williams said, the payments were simply more than she could handle. Now she's trying to figure out what to do with her gutted property, which sustained heavy damage after taking on 5 feet of water.

"If I could get an offer of $80,000 as is, I'd sell it to give me something to start over with," said Williams, a licensed practical nurse who has taken a job at a New Orleans nursing home because she can live on the site.

Some residents said they would prefer not to have a choice about whether to buy flood insurance.

"The flood maps don't point out the real risks," said Ervin Thomas, who didn't have flood insurance on two of the three properties he owns in the New Orleans area. "It's misleading to the people who live here."

Thomas said he carried insurance on his house in Metairie because his lender required it, but his two rental properties in the Lower 9th Ward are uninsured because they're in a B zone and did not meet the mandatory provisions.

"I wish it had been a requirement. It wouldn't have been a financial burden," said Thomas, who spent more than $150,000 to purchase and renovate the 9th Ward properties three years ago. "Then I'd have plenty of money to rebuild."

Lax enforcement

Though lenders are supposed to make sure that customers who live in high-risk zones have flood insurance, they don't always get the job done, research shows. After discovering that just 2 percent of the 1,549 victims of a 1998 flood in Vermont had flood insurance, FEMA took a harder look at the records. It discovered that 45 percent of the people living in high-risk areas had mortgages but failed to obtain flood insurance.

Overall, about 25 percent of the property owners for whom flood insurance is supposed to be mandatory don't have it, according to the Rand study. If a borrower fails to buy a flood policy, the lender is supposed to make the purchase and add the cost to the mortgage payment.

Under 1994 legislation, any regulated lender who fails to require borrowers to obtain flood insurance can be fined as much as $100,000 each year.

But federal officials have not cracked the whip. Though the Federal Deposit Insurance Corp., which regulates most of the nation's banks, found that 475 financial institutions had significant violations relating to flood insurance in 2002, the regulator has handed out just 58 fines since imposing its first civil monetary penalty in 2000, according to a recent FEMA study.

Through the end of 2004, the seven agencies that regulate the nation's financial institutions had imposed fines on a total of 95 lenders, with an average penalty of $6,800, the study showed.

Rather than beefing up enforcement activities, reformers say it would be simpler to take lenders out of the equation and require flood insurance from anybody who lives in a high-risk zone, whether they have a mortgage or not.

"Voluntary purchase of flood insurance is an unmitigated failure," Hartwig said. "Most of the

people who could have benefited from flood insurance didn't buy it and won't buy it."

By using the 500-year-flood standard, the government could double the number of homeowners in the program, from about 4 million to 8 million, according Larry Larson, executive director of the Association of State Floodplain Managers.

"If you had a bigger mandatory pool, you'd have a lot more premiums coming in, and that would reduce everybody's rates," Larson said. "You'd also have enough money to pay claims without borrowing money from the treasury."

Another lesson from Katrina, critics say, is that the government isn't letting people buy enough flood insurance. Congress is debating legislation that would increase the limits on residential property from $250,000 to $335,000, and on commercial properties from $500,000 to $670,700.

Some homeowners in the more affluent parts of New Orleans have discovered that the $250,000 limit on structural coverage means they are facing hundreds of thousands of dollars in uninsured losses. Some of the grumbling, however, seems to reflect the mistaken assumption that flood insurance policies should cover the replacement cost of homes when in fact it is meant to cover repairs.

Though some private insurance companies have been willing to cover that gap through so-called excess flood policies, most people in the New Orleans area had no idea before Katrina that the market even existed.

"Agents are not marketing flood insurance to the extent that it can be marketed," Leger said. "I've talked to many people in Old Metairie and Lakeview who were never told it was possible to get excess flood insurance."

Insurers blamed

In general, insurance companies have done a poor job of marketing flood insurance for the federal government, Hunter said.

Though flood insurance is backed by the federal government, a customer can't buy it directly from FEMA. Instead, under a deal that goes back to 1983, private insurers and their agents have an exclusive right to sell flood insurance and handle all claims.

In the past five years, the industry has sold an additional 300,000 policies, or about half the number of new policies sold from 1978 to 1983, when the government was in charge of sales, Hunter said.

"I fault the . . . companies for being very weak at selling this stuff," Hunter said. "The reason we allowed them into the program in the first place is that they promised they would sell a lot of this stuff, and they didn't."

Industry officials said insurers have no profit motive to sell more flood insurance.

"Think about how we run our business," said Allstate's Trevino. "When we spend money on marketing and advertising, we spend it with the expectation that we are going to generate a return on our investment. But there is not a return we can generate here. We don't set the premium. All we can recover are our expenses."

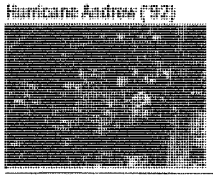
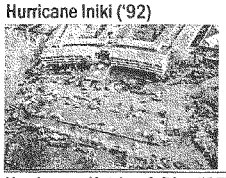
. . . . . .

On Sept.15, 2005, President Bush stood in Jackson Square and promised
“ an unprecedented response to an unprecedented crisis ”

But 18 months later in Louisiana

WE ARE STILL WAITING

to be treated like other states.

Disaster	State	FEMA spend per capita	Cost share waived
9.11.2001	New York	$390	☑
Hurricane Andrew ('92) 	Florida & Louisiana	$139	☑
Hurricane Iniki ('92) 	Hawaii	$234	☑
Hurricanes Katrina & Rita ('05)	Louisiana	$6,700	☐

Treat us fairly.

Testimony to the U.S. House of Representatives
Committee on Financial Services
By Ghebre Selassie Mehreteab, CEO and Co-Chairman, The NHP Foundation
February 6, 2007

Washington, DC

Chairman Frank and committee members, I thank you for inviting me to speak today.

I am the co-chairman and chief executive officer of The NHP Foundation, headquartered in Washington, DC with a regional office in Baton Rouge, LA.

In 1989, The National Housing Partnership, a congressionally chartered corporation, established The NHP Foundation (NHPF) as a nonprofit organization to address America's affordable housing crisis.

NHPF is governed by a board of trustees composed of distinguished citizens in related fields of business and philanthropy, and from the academic world. NHPF is managed by a staff of high-caliber professionals who blend business skills with charitable purpose. (See Exhibit A)

Since 1994, NHPF has preserved 44 properties totaling approximately 9,000 units in 14 states and currently owns a portfolio of 28 properties or approximately 5,000 units in 11 states. Our portfolio includes four damaged properties comprising 952 units in New Orleans and vicinity.

For the first time in almost two decades, we have a Democratic-led Congress and a Republican-led Executive Branch, both with commendable track records of supporting the financing and production of low- and moderate-income housing.

Chairman Frank's mastery of the intricate financing for low- and moderate-income housing is legendary. We have worked with Congressman Frank for many years at the national level, as well as in Massachusetts' 4th Congressional District. The nation is fortunate to have a person of Congressman Frank's expertise as Chairman of the House Financial Services Committee.

Similarly, Secretary, U.S. Department of Housing and Urban Development, Alphonso Jackson has been dedicated to ensuring that low- and moderate-income families break the cycle of poverty and reside in decent housing. The Secretary has used his combined experience in the public housing and private sectors to implement significant financial and management reforms in the Department of Housing and Urban Development. It is no coincidence that last week, after 15 years, the Government Accountability Office announced that HUD's critical housing programs have been removed from its "high-risk" list. Our hope and expectation now, is that the Secretary and his staff will continue working closely with the Committee and others in expediting assistance in the process of rebuilding the Gulf Coast's housing stock.

With both Congressman Frank and Secretary Jackson at the helm, I believe this is an opportune time to take bold action to tackle the acute shortage of affordable housing.

Mr. Chairman and Committee members: Many people ask, "Why hasn't more been done in the Gulf Coast Region?" This is a fair question.

One of the challenges in the production of affordable housing is a financing gap, primarily due to the increased cost of construction and the astronomical cost of insurance premiums. These increased costs have significantly impeded our rebuilding efforts.

Despite a significant amount of federal funds, there has been relatively little progress in the rehabilitation or new construction of housing projects in the region. To the extent of its capacity, NHPF has met many of these challenges through an innovative strategy combining public and private funding.

The NHP Foundation's business model combines elements of a successful real estate enterprise and an efficient charitable organization to create and preserve quality affordable housing.

The NHP Foundation's current activities—with 1,000 units under development and 2,000 units in the pipeline—comprise a true success story. And every day we are getting closer to residents moving back into their homes in New Orleans.

However, there is much more to be done. It is imperative that *all* citizens displaced by Hurricane Katrina have homes again—and as soon as possible. Like you, we believe, the rebuilding of New Orleans and the Gulf Coast is absolutely vital not only to the victims of Katrina, but also to our neighborhoods and communities across the nation.

Mr. Chairman and Committee members, I am grateful for the opportunity to share our experiences in the rebuilding efforts.

Financing Gap

The NHP Foundation has benefited from federal programs, including the Low Income Housing Tax Credit program, and Community Development Block Grant program. We thank you for your financial commitments to these. However, there remains a significant financing gap.

To close this gap, there is a need for grants or interest-free loans from philanthropic organizations, financial institutions, and corporations. I believe private sector institutions, especially those who have an interest in housing, can stimulate and expedite the rebuilding efforts.

The NHP Foundation was able to close the financing gap for new construction and rehabilitation of our Katrina-affected properties through grants and interest-free loans from the Freddie Mac Foundation, the Ford Foundation, the John D. and Catherine T.

McArthur Foundation, the Bush-Clinton Katrina Fund, JPMorgan Chase Foundation, NeighborWorks America, and the State of Qatar. The layering of this public and private financing has enabled us to make significant progress in moving forward to rebuild the housing stock.

Many skeptics question whether true rebuilding of the housing inventory is even possible. Our modest progress on the ground proves that it is possible; rebuilding is happening at this very moment.

The NHP Foundation

Our success in the redevelopment of the housing stock is due to our multi-faceted financial model consisting of public and private funding in addition to grants from philanthropic and corporate sources. This model enables NHPF to have the flexibility needed to efficiently construct and rehabilitate affordable housing—especially in times of acute crisis, such as in the Gulf Coast region.

NHPF believes that developers and owners must look beyond just supplying affordable housing to residents. We must empower residents to break the cycle of poverty by providing supplemental education programs for school-aged children and access to health and wellness opportunities for all residents.

The great need for quality and affordable housing in New Orleans and the Gulf Coast region was only exacerbated by Hurricane Katrina. Yet we did not allow these daunting challenges to prevent us from planning and executing an aggressive recovery program—a program to build 3,000 affordable units serving approximately 12,000 people in the Gulf Coast region. The total cost of this rebuilding effort is estimated to be approximately $300 million.

To date, we are making considerable progress with one third of these units under construction and rehabilitation, amounting to more than 1,000 homes at a total cost of over $100 million in the State of Louisiana.

Financing Structure

NHPF has implemented a financial structure composed of three funding streams:

- Conventional and bond debt amounting to 30 percent, of our total funding;
    - $21 million in conventional loan from Bank of America through its Community Development Group;
    - $9 million in the form tax-exempt housing bonds from State of Louisiana;
- Low-Income Housing Tax Credit equity amounting to 45 percent of our total funding;
    - $45 million in equity from private investors;
- Low interest loans and grants and amounting to 25 percent of our total funding;
    - $20 million from the Community Development Block Grant program
    - $5 million in philanthropic grants and interest free loans

We believe this financing technique could also prove successful for other organizations contributing to the rebuilding efforts and help citizens move back into their homes sooner.

Conclusion

As we all know, flexibility is a necessity in difficult situations. At NHPF, such an approach has been the hallmark of our activities for the past 15 years and will continue to shape our plans in the future.

We ask that philanthropic entities, financial institutions, and corporations increase their contributions and combine their resources with the public sector, and help us close the financing gap. This approach will ensure that the Gulf Coast is rebuilt and our fellow citizens have the housing they need.

Thank you for your time.

Exhibit A

The NHP Foundation Board of Trustees

Ambassador James A. Joseph, ***Co-Chairman***
Visiting Professor, Terry Sanford Institute for Public Policy
Duke University, Durham, NC

Ghebre Selassie Mehreteab, ***Co-Chairman and Chief Executive Officer***
The NHP Foundation
Washington, DC

Ralph F. Boyd, Jr., ***Trustee***
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Chairman, The Freddie Mac Foundation
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Highland Capital Partners
Lexington, MA

Dr. Risa Lavizzo-Mourey, ***Trustee***
President and CEO
Robert Wood Johnson Foundation
Princeton, NJ

Exhibit B

NHPF's Properties in Progress

Walnut Square, New Orleans, LA
After assessing the state of NHPF's properties, we determined that Walnut Square, located in New Orleans East, was the most severely damaged in the storm. For more than 30 days, the entire building was underneath 12 feet of standing water and suffered significant structural damage. In the end, it was not economically feasible to rehabilitate the property, and we were forced to make the tough decision to demolish and rebuild.
When complete, Walnut Square will have 209 mixed-income units, meaning there will be a combination of fair market and affordable housing available, as well as both residential and commercial spaces. As with every NHPF property, we strive to serve the surrounding communities in addition to our residents. Walnut Square will bring local businesses back to the area in addition to affordable housing.

Forest Park, New Orleans, LA
Forest Park in Algiers, a New Orleans neighborhood, was also damaged, though not as extensively as Walnut Square. We are pleased to report that substantial rehabilitation is currently underway. If construction progresses smoothly, occupancy for this residence is even scheduled to begin in May 2007 and be completed by January 2008. Once fully restored, it will have 284 units of affordable housing.

Tangelwood Apartments, Westwego, LA
In contrast to Walnut Square and Forest Park, our properties in Westwego, which is part of Jefferson Parish, were not as badly damaged and will be completely rehabilitated. Tanglewood, consisting of two complexes, contains 384 units of affordable housing and has been nearly fifty percent occupied since the storm.

Lake Charles & Ponchatoula, LA
In addition to the properties we are constructing and rehabilitating in New Orleans proper, we are building 126 single family housing units in Lake Charles and Ponchatoula Louisiana. Our plan is to covert these two properties into homeownership.

With the level of construction underway on NHPF's projects alone and occupancy beginning in the spring of 2007, we believe we are demonstrating that rehabilitation and restoration of New Orleans affordable housing *is* feasible.

Congressional Testimony of James Perry, Executive Director of the Greater New Orleans Fair Housing Action Center – 2/6/07

228 St. Charles Ave., New Orleans, Louisiana
504-596-2100, jperry@gnofairhousing.org

Introduction

Good afternoon, my name is James Perry, I am executive director of the Greater New Orleans Fair Housing Action Center (FHAC). Chairman Franks, Ranking Member Spencer Bachus, and members of the Committee, I would like to thank you for inviting me to speak with you today about fair housing issues facing New Orleans.

FHAC is an 11-year-old private, non-profit civil rights organization established to eradicate housing discrimination throughout the greater New Orleans area. FHAC promotes fair competition and equal opportunity in rental, sales, home lending, and provision of housing-insurance. FHAC is dedicated to fighting housing discrimination not only because it is illegal, but also because it is a divisive force that perpetuates poverty, segregation, ignorance, fear, and hatred.

FHAC is the only full service fair housing center in the state of Louisiana. This means that we are the only group in the state of Louisiana that does both enforcement and outreach about housing discrimination laws.

Zoning and Policy Discrimination by Local Governments

Since the last time I spoke before members of this Committee, a new trend in discrimination has revealed itself – discrimination through zoning and policy by local governments. In the fall of 2006, St. Bernard Parish passed an ordinance that required owners of single-family homes, 93 percent of whom are White in St. Bernard Parish, to rent only to blood relatives. The result, it would be nearly impossible for non-whites to rent in the Parish.

After attempting amicable resolution, GNOFHAC filed a lawsuit against St. Bernard Parish in U.S. District Court, Eastern District of Louisiana in order to prevent the enforcement of its blood relative ordinance. St. Bernard agreed to GNOFHAC's motion for preliminary injunction, and a judge signed the order for the injunction on November 14, 2006. Since then, the Parish has repealed the ordinance, but passed a stricter ordinance in its place that is no longer facially discriminatory, but may have comparable discriminatory effects.

Other cities and parishes in Louisiana have attempted to zone particular groups out of housing as well. For instance, Slidell has worked on a zoning ordinance to limit multi-family development in its borders. Jefferson Parish passed a resolution calling for a limitation on low-income housing in its borders.

I would not that in the case of Jefferson Parish, a Parish council person has made repeated attacks on poor people and all but proclaimed poverty as illegal in the Parish. The actions by the Parish suggest the need for an 8th protected class under the Federal Fair Housing Act – income.

Public Housing

This is particularly obvious when one considers the activities surrounding public housing in New Orleans.

As many of you may know, the Housing Authority of New Orleans (HANO) is in receivership and therefore, run by the United States Department of Housing and Urban Development (HUD). I would submit to you that the HUD receive must be deaf.

Even today, more than one and a half years after Hurricane Katrina, public housing residents complain that they have never been allowed to even enter their apartments to retrieve their belongings – even in complexes like the Lafitte Public Housing Development, that by HUD's estimates, suffered little damage.

I would further note, that in its efforts to demolish public housing in New Orleans, HUD has made it extremely difficult if not impossible for the majority of residents of public housing (most of whom are African-American) to return to New Orleans. As such, we request that you use your authority to force HUD to reconsider and redevelop its plan for providing public housing in New Orleans. Its goal in its new plan should be a process that allows for the immediate return of all public housing residents to New Orleans.

Prior to Hurricane Katrina, HANO provided housing to approximately 14,000 families (49,000 individuals) through its public housing and housing choice voucher programs. HANO managed 7,379 public housing rental units, 5,146 of which were occupied. HANO had an allocation of 9,400 Housing Choice Vouchers pre Katrina, with 8,981 vouchers utilized and another 700 issued to individuals searching for units.[1] 10,873 families were on HANO's voucher waiting list.[1] More than 95 percent of HANO's clients are African American.

Since the storm, a mere 1,300 families have returned to public housing units. Only 2,900 families received emergency vouchers, and out of that number, only 1,297 families have been able to secure an apartment through the use of a voucher.[1]

Organization, has been forced to file suit against the HUD led Housing Authority because in one complexes known as River Gardens, HANO moved its employees into units explicitly reserved for public housing residents. I am on record in the past as calling the St. Thomas River Garden HOPE VI Redevelopment a failure. I would reiterate that concern and note that HUD has stated that this failure is the model for the future of public housing in New Orleans and America. I call on you to reverse this effort immediately.

Internet Advertising Cases

As previously noted, I testified before this Committee twice in 2006. In each instance, I told you about discriminatory advertisements on the Internet after Hurricane Katriana. I quoted ads that said:

- "I would love to house a single mom with one child, not racist but white only"
- "Not to sound racist but because we want to make things more understandable for our younger child we would like to house white children"
- "Provider would provide room and board for $400, prefers 2 White females."
- Please excuse my bigotry, but whites are preferred.

At that time, I told you that we had filed complaints against the web sites and that there was comparable litigation against Craigslist. Working with your staffers, we agreed to wait on the outcome of the litigation before moving towards legislative change of the Communications Decency Act. Well, I regret to inform you that our complaints are at a standstill and the Craigslist won at the district court level. That is, it was ruled in Court that Craigslist is not liable for racist advertisements place on its website. Were the Washington post or New York Times to do the same, they would be held liable and forced to remove the discriminatory ads under the force of law. I urge Committee members to work immediately and aggressively to change the Communications Decency Act so that web site providers are not exonerated from liability when discriminatory ads are posted on their websites.

Accessibility for People with Disabilities

It is important to note that the same issues that I raised with regards to people with physical disabilities remain. FEMA, who has required many homeowners to raise their homes in order to qualify for assistance and Flood Insurance, has made no clear cut plan for making raised homes accessible for wheelchair users. What is good is a renovated, flood proof home with 10 feet of stairs, to a wheel chair user.

Another concern that makes clear, the states lack of commitment to wheel chair users is that the state gutted the safe harbor portions from its newly passed building code. That is, the portions of the building code that insure that buildings are accessible for people with disabilities were completely removed from the code.

Closing

These and many issues confront and confound the rebuilding process. I respectfully request that to the extent possible, your Committee and members of Congress work to confront these issues. With that regard, I submit the following recommendations.

Recommendations:

Make Fair Housing a Primary Component in the Rebuilding Process

Federal, state and local governments should demonstrate their dedication to fair housing by assuring integration in the rebuilding process and implementing fair housing programs. The redevelopment of communities that are integrated in terms of race, national origin, and economic class must be a priority. Municipalities that receive Community Development Block Grant funds are required to affirmatively further fair housing. They should utilize a portion of these funds to fund the education and enforcement programs of local fair housing organizations.

Fund Fair Housing Enforcement

Fair housing enforcement is important for both detecting discrimination and holding accountable those who commit violations. The federal agencies that should enforce the Fair Housing Act include HUD, the Justice Department and the US Department of Agriculture. As the primary agency charged with fair housing enforcement, HUD should fund a national enforcement testing project to uncover the nature and extent of housing discrimination against people displaced by the recent hurricanes and people rebuilding in the Gulf Coast region. It should also take steps to identify predatory lending and home repair schemes. Local fair housing organizations in the Gulf Coast region should receive additional funding from HUD and other entities for their enforcement programs.

Fund Fair Housing Education

Congress should approve funding for a fair housing education campaign, specific to victims of Katrina, to be developed and run in print and electronic media outlets. Resources should be allocated to address the needs of those who respond to the campaign.

Provide Accessible Housing for Persons with Disabilities

In order that they meet accessibility standards and fulfill their obligations to affirmatively further fair housing, FEMA and HUD should incorporate the perspective of disabled citizens in all stages of rebuilding. They should construct shelters and trailers with accessible entrances and place these trailers on pavement easily navigable by standard wheelchairs; train staff on disability rights and assistance in order to more ably provide accommodations such as Braille, closed captioned information and other assistive devices; and assure that FEMA trailers and FEMA and HUD housing be integrated with the larger community.

Government agencies at all levels should ensure that rehabilitated and newly constructed housing meet the highest standards of accessibility.

Hold Federal Agencies Accountable for Upholding the Fair Housing Act

Congress should hold all federal agencies involved in rebuilding, including HUD and FEMA, accountable for meeting the requirements of the Fair Housing Act, the Housing and Community Development Act, and all other civil rights, disability rights and housing laws that apply.

Dedicate Resources to Preserving and Expanding Affordable Rental Housing

The lack of affordable rental housing is acute on the Gulf Coast and prevents many evacuees from returning. Congress and HUD should facilitate their return by providing funds for housing construction and providing rent subsidies in the form of Section 8 vouchers to assist with the high cost of housing. They should increase funding for the Low Income Housing Tax Credit program to induce builders to construct affordable rental units on the Gulf Coast, while requiring that those units help form integrated communities rather than perpetuating segregation. State governments should utilize their funding and target resources to preserve affordable rental housing.

Testimony to
Committee on Financial Services
U. S. House of Representatives
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Housing and the New Orleans Economic Recovery

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Introduction

In November 2005, three months after Katrina had pounded Louisiana and the Gulf Coast causing significant and substantial damage to residential and business properties, schools and hospitals, manufacturing facilities, public infrastructure, and other buildings and facilities, my co-author, Professor Loren C. Scott, and myself presented the Louisiana Economic Outlook for 2006 and 2007.[1] We noted that housing would severely limit the recovery of the New Orleans Metropolitan Area for 2006 and 2007; in October 2006, more than a year after Katrina Professor Scott and myself in the Louisiana Economic Outlook for 2007 and 2008[2] indicated the New Orleans Metropolitan Area would not have a substantial recovery given the absence of an accelerated increase in housing.

Housing, Population, and Employment Facts

Most natural disasters typically run an established course. First, the capital assets of a community are damaged or destroyed, disrupting local and sometimes national economic activity for a short period of time, while putting extra burdens on local, state, and federal governmental agencies, as well as on the private sector. Second, once the damage has occurred the private economy with assistance from federal, state, and local authorities, initiates a recovery process that ordinarily moves the local economy back to its pre-disaster level within a relatively short period of time. Mega-catastrophes such as Katrina are different, not only in degree, but also in kind. Not only did Katrina cause unprecedented damage to the physical infrastructure of the affected areas, but the recovery process has been much more difficult than in any previous natural disaster, specifically in the most heavily damaged areas of the New Orleans Metropolitan Area.

Hurricane Katrina created a surge along the Mississippi Gulf Coast and on the north shore of Lake Ponchartrain in Louisiana essentially wiping homes off their

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[1] **Louisiana Economic Outlook, 2006-2007,** Loren C. Scott and James A. Richardson (E. J. Ourso College of Business, Louisiana State University, November 2005).
[2] **Louisiana Economic Outlook, 2007-2008,** Loren C. Scott and James A. Richardson (E. J. Ourso College of Business, Louisiana State University, 2006).

foundations. In New Orleans the hurricane created breaches in the levee system that led to catastrophic flooding covering over 80 percent of Orleans Parish in water; almost all of St. Bernard Parish; and some of Plaquemines Parish. This was a natural disaster unlike any the United States has had in the last 100 years. Families could not return quickly to their communities because there was no housing. If families cannot return, workers will not be available for businesses that produce goods and services for people throughout the world, and customers will not be available for businesses that service the local population. The lethargic recovery in the New Orleans area is directly tied to the number of days between the storm and the time when families were able to return to their homes; in fact, in a number of neighborhoods in Orleans and St. Bernard Parishes today, families still cannot return to their homes.

Table 1 indicates the damage to housing, which is a good proxy for damage to other capital assets as well, and the disruption of employment, which is a good proxy for disruption to ongoing production processes throughout the economy. Over 87 percent of the housing stock in Louisiana that incurred major and severe damage from both Hurricanes Katrina and Rita was in the New Orleans Metropolitan Area. Even within the New Orleans Metro the distribution of major and severely damages houses is skewed to three parishes—Orleans, St. Bernard, and Plaquemines.

Table 1. Louisiana: Housing (proxy for damaged capital) and Employment (proxy for disruption of production process) (Source: FEMA and Bureau of Labor Statistics)

State/MSA	Louisiana	New Orleans	NO Metro as percent of state
Total Damaged Housing Units	515,249	315,288	61.2%
Severe and Major Damaged Units	204,737	178,601	87.2%
Total as Percent of Housing Stock	31.0%	63.2%	
Gain or Loss of Employment from 8/05 to 12/06	(162,000)	(163,000)	100.0%
Percentage Change in Average Employment, 2005 pre-Katrina/Rita	(8.3%)	(26.7%)	

Katrina affected all housing in the New Orleans area, owner-occupied and rental units. Damaged owner-occupied and rental units by parish are presented in Table 2. First, note the percentage of housing units damaged in these five parishes. Over 70 percent of all houses, both owner-occupied and rental units were damaged in Orleans, Plaquemines, St. Bernard, and St. Tammany parishes. Over half of the houses in Jefferson parish was damaged by Katrina. For the five parishes most affected by the Katrina just over 40 percent of the housing units were rental units with over half of these rental units being single-family dwellings. Orleans parish had the most rental units absolutely and proportionately. Just over half of all housing units in Orleans Parish are rental units. Just over two-thirds of these rental units in Orleans Parish are single-family dwellings.

The rate of the recovery is not related to the owner-occupied/rental unit ratio but to the extent of the damage in the parish. Orleans has a relatively high rental rate compared to the metropolitan area and is still trying to get its recovery rolling. St. Bernard parish is struggling in its recovery and this parish has a very low rental rate for homes. However, it is also true that Orleans parish with a large number of families living in rental units will depend on programs that provide assistance to rental units more than St. Bernard parish will in order to secure housing for persons returning to the parish.

Table 2
Damaged Owner Occupied and Rental Housing Units in Five Parishes Most Affected by Katrina

Parish	Percent Houses Damaged	Damaged Owner-occupied and Rental Units					
		Owner-Occupied	Rental Units				Rental to Total
			Single	MF, <10	MF, >10	Total	
Jefferson	53.0%	56,667	15,572	8,370	13,024	37,146	39.5%
Orleans	71.0%	66,609	46,015	6,799	14,921	67,735	50.4%
Plaquemines	80.0%	5,095	1,887	178	58	2,117	29.4%
St. Bernard	81.0%	14,037	4,360	1,126	706	6,192	30.6%
St. Tammany	70.0%	39,557	6,830	520	1,877	9,235	18.9%
Total		181,965	67,834	16,473	28,709	122,425	40.2%

Owner-occupied and rental housing units are illustrated in Table 3 by neighborhoods in Orleans Parish. It is very important to appreciate the differences in the neighborhoods in New Orleans. The city has two distinct personalities. Certain parts such as the French Quarter, the CBD, the Garden District, and Uptown, those areas with extensive but limited damage, are in the process of recovering. Other areas such as Mid-

City and Gentility have some recovery at this time, but it is limited because housing is simply not available. Areas such as Lakeview, New Orleans East, and the Lower Ninth Ward have very limited recovery because of the nature of the damage to capital assets in these areas. High rental to total housing units rates are present in neighborhoods that were not badly damaged by Katrina such as the French Quarter, the Garden District, and the Central Business District. High rental rates are also present in neighborhoods that incurred major damage from Katrina such as Mid-City and Bywater. Low rental rates are present in neighborhoods such as Lakeview and Gentility, areas that received severe damage from Katrina.

On the ground observations suggest different strategies for rebuilding. For example, in Gentility where the ownership rate is relatively high, many families have returned to live in trailers on their property and are working on their homes in the evenings and on the weekends. In Mid-city where the rental rate is relatively high, one sees more contractors and workers during the day.

Table 3
Owner Occupied and Rental Housing Units in Neighborhoods in Orleans Parish

Parish	Percent Houses Damaged	Damaged Owner-occupied and Rental Units					
		Owner-occupied	Rental Units				Rental to Total
			Single	MF, <10	MF, >10	Total	
French Quarter	32.1%	249	274	131	56	467	65.2%
Garden District	50.1%	3,078	4,549	915	1,275	6,739	68.6%
Uptown	60.8%	8,676	6,631	758	278	7,667	46.9%
Mid-City	75.4%	6,732	12,335	2,055	1,741	16,131	70.6%
Lakeview	83.1%	7,272	1,569	175	108	1,852	20.3%
Gentility	85.1%	9,921	2,917	433	387	3,770	27.5%
Bywater	77.3%	4,784	5,746	426	543	6,715	58.4%
NO East	98.8%	13,621	4,719	972	6,803	12,494	47.8%
Lower 9th Ward	92.1%	2,981	2,395	220	111	2,726	47.7%
Warehouse/CBD	47.8%	162	153	17	129	299	64.8%
Others	73.0%	9,133	4,727	697	3,385	8.809	49.0%
Total	71.0%	66,609	46,015	6,799	14,921	67,735	50.4%

Table 4 illustrates the population changes in the New Orleans Metropolitan Area since Katrina. Population estimates are fragile since there are no census type surveys on a monthly basis, but these estimates provide a benchmark for the overall metropolitan area. Post-Katrina population in Jefferson, Orleans, Plaquemines, and St. Bernard parishes has diminished by over 35 percent, while population in the overall New Orleans Metro has diminished b over 25 percent. Housing, population, and employment are all intertwined.

Table 4. Displaced Persons: Louisiana

• Population	Pre	Post
– Orleans:	462.3	192.5
– Jefferson:	453.6	408.2
– St. Bernard:	65.6	16.2
– Plaquemines:	29.0	22.8
– Total in Bowl	1,010.5	639.7
– St. Tammany:	213.6	248.0
– St. Charles	50.1	51.8
– St. John the Baptist	45.6	49.3
– Total Area hit:	1,319.8	988.8

Dynamics of Employment and Housing

The dynamics of the economy and the importance of housing are illustrated in Figure 1. In 2005 the New Orleans Metro had just over 600,000 persons employed and a housing stock of just over 550,000. As of August 2005 there was not a housing deficiency. Housing did not limit the growth of the New Orleans economy pre-Katrina. Other factors limited the growth of the New Orleans economy.

Katrina disrupted the economy and destroyed a large part of the housing stock. By the end of 2006 employment is up to close to 450,000 persons or about 73 percent of pre-Katrina employment while the housing stock is about 63 percent of pre-Katrina housing. There is a housing deficiency of just about 70,000 homes. This deficiency is

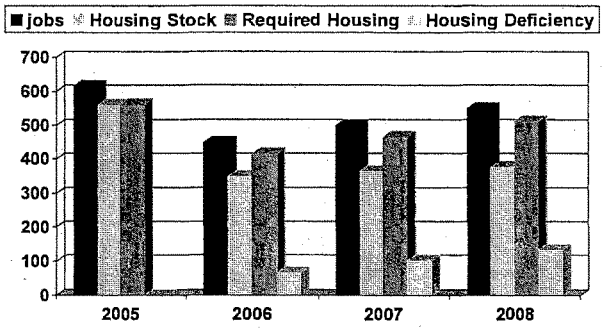
being made up with trailers, some manufactured homes, commuting by persons from parishes outside the New Orleans Metro, and families and friends making more productive use of the existing housing stock. Trailers peaked at just over 73,000 in July 2006 but by January 2007 trailers had dropped to just over 60,000. Obviously, families have found alternatives to trailers during the last six months.

If employment were to grow to 500,000 jobs by the end of 2007 or just over 80 percent of pre-Katrina employment, the housing deficiency will grow to over 100,000 homes; and, if employment were to grow to 550,000 jobs by the end of 2008 or just about 90 percent of pre-Katrina employment, the housing deficiency will amount to over 130,000 homes. New jobs can grow faster than replenishment of the housing stock, but this employment growth and economic recovery will be limited by the ability to replenish the housing stock. For New Orleans to grow economically the citizens must be willing to continue living in trailers or in other temporary housing arrangements or continue to commute from outside the New Orleans Metro if the rebuilding of permanent housing cannot be accelerated.

Projections for the New Orleans economy tend to plateau in about two years because the housing deficiency will prevent other segments of the economy from what would be their natural growth. Projections for 2008 for New Orleans suggest a smaller number of jobs being created than in 2007—the infrastructure to support additional workers is simply not available. Long-term projections have a wide margin of error at this time since there are so many unknowns about the re-development of the New Orleans area such as the workability of the new Unified New Orleans Plan, the success of the housing programs now in place, the success of business development plans such as the true impact of the Go Zone tax incentives, and any new program that might be geared to accelerating the recovery.

The dynamics of the economic recovery becomes more complicated as it takes longer to get families back to the New Orleans Metro. If the families could have moved back to their homes just after Katrina, the recovery would be proceeding along nicely. But because that was not possible due to the extent of the damage, many questions have to be answered before a family can make a commitment. Housing must be available or at least highly probable that it will become available; however, now the family must make sure jobs are available, schooling is available for their children, and basic social services are available. In a perfect world we would solve all of these issues simultaneously. In reality, we have to start with one issue and find a solution for it and then cope with other issues as they come along. Hence, the focus on housing is the starting point for accelerating and maintaining the recovery.

Table 1. Dynamics of Katrina:
Estimated Housing Stock and Estimated Required Housing
2005 – 2008
(in thousands)



As would be predicted the imbalance between workers and families trying to return to the New Orleans area and the deficiency of available housing, housing prices have risen. As an example, the military allowance for housing for military personnel working in Louisiana rose from the 2005 rates to the 2007 rates by 42 percent in the New Orleans region and by 33 percent in the Baton Rouge region. Statewide the military allowance for housing rose by just over 16 percent. These military allowances are based on surveys of the designated areas. In New Orleans apartment rents as reported in the Brookings Institution's ***The Katrina Index*** increased by just over 44 percent from 2005 through 2007. A survey by the New Orleans *Times-Picayune* recorded a surge in apartment rents from $800 to $1,357 or almost 70 percent from pre-Katrina apartment rents to October 2006 apartment rents.

The cost of housing does not reflect other costs associated with living in an area that incurred a significant catastrophic storm, such as insurance costs, utility costs, and other living costs.

Moving the Housing Market Forward

If housing has had such a restraining effect on the overall recovery of the New Orleans economy and is projected to continue to have a limiting influence on the rate of recovery of the New Orleans economy, the question is how can the housing market be moved forward. Is there a public policy or policies that will accelerate the recovery of New Orleans?

Many public policies are focused on the demand side of the housing market—subsidies to provide assistance for persons with certain income characteristics. low interest loans to attract more shoppers to the mix; and, other policies to direct money to households. However, the real constraint is on the supply side at this time. Any large effort to influence the demand for housing will create upward pressure on housing prices, at least in the short term. The higher prices will attract more housing developers, but the market process will not work itself out in several months. This simple fact leads to the first ingredient in any public policy.

We need to have realistic expectations. During the 1990s the entire state of Louisiana added about 13,600 new homes per year. If 13,600 new homes were rebuilt in the New Orleans area each year, it would take almost 15 years to get the housing stock back to its pre-Katrina level assuming all of the damaged homes had to be totally rebuilt and assuming all families decided to return. If the New Orleans area only gets close to 5,000 new homes per year, it will take 40 years to get back to the pre-Katrina level. There is a simple physical constraint on the ability of any area to rebuild/repair almost 200,000 homes quickly. In 2006 the city of New Orleans issued just about 500 new residential building permits for single-home and multi-family units. By November 2006 the city had issued over 54,000 building permits for repairs and rebuilding existing houses. No one knows how many of these persons have started the rebuilding or exactly when they expect to initiate any rebuilding.

Second, tax credits to encourage the building of all types of housing, including affordable housing, provides the incentive to the reconstruction of the devastated housing stock. But, even this type of public assistance will have some resistance from the lack of sufficient workers.

Third, rebuilding requires skilled workers, carpenters, electricians, plumbers, and others. If all families tried to rebuild at once, labor prices would rise dramatically because such a labor pool simply does not exist. The higher wages would attract new workers to these professions. However, it takes time for these new workers to influence the market place. One goal of federal and state employment policy should be to provide

training for those persons who want to become one of these skilled workers. This too has a time dimension to it—again the need for realistic expectations.

Fourth, the housing market responds to economic signals. We want these economic signals to reflect accurately the consensus of consumers. The government may want to influence the market by working through the economic signals that motivate housing developers to respond. For example, the New Orleans tourist industry needs employees to recover. Presently, the tourist industry has about two-thirds of the employees it had pre-Katrina and this number has been relatively stable for the last six months. That is, for the last six months employment in the leisure and hospitality industry has stayed at about two-thirds of its pre-Katrina employment level. This labor market will have to grow if the New Orleans tourist industry is to recover fully. Housing costs will hamper the ability of these workers to return to New Orleans. The industry can respond to the market by raising wages to an extent and this has happened, but the industry has to compete with cities across the nation that compete for the tourist trade. The ability of the tourist industry in New Orleans to raise wages sufficiently to factor in the higher housing costs in New Orleans will be limited by the existence of a very efficient market place.

Government has taken several steps in the case of workers with certain income levels to influence the market through tax credits, community development block grants, and other such processes. The Louisiana Road Home program has allocated $869 million in rebuilding incentives for rental units. Of this amount, $577 million or 70 percent of the total will be allocated to Orleans Parish, while $106 million or 13 percent of the total to Jefferson Parish.

The housing program has established loans based on the income levels of persons who will be renting the apartment. For example, if the renter is making $26,125 or less than the landlord can borrow up to $47,000 to repair a two bedroom apartment and can charge up to $590 per month. If the renter makes $41,800, the landlord can borrow up to $16,500 and charge $940 per month. Finally, the loans become a grant if the rents are maintained for ten years. The success of this program will depend on how well these parameters fit the market place. If the rent is pegged too low, the landlords will not use this source of funding.

The US Congress passed and the President signed the GO ZONE act in December 2005. In order to promote and accelerate the rebuilding of the hurricane-damaged area, this tax incentive act included termination date for the use of certain tax incentives. These termination dates of the tax incentives now needs to be re-thought because of experiences with the recovery process in the heavily damaged areas. The Louisiana Housing Finance Agency, along with the Louisiana Recovery Authority, and the Louisiana Office of Community Development, has allocated 2006 GO Zone tax credits and forward allocated 2007 and 2008 GO Zone tax credits. Current law requires projects receiving 2007 and 2008 GO Zone tax credits with a 30 percent increase in qualified basis and located outside the designated qualified census tract to be placed in service on

or before December 31, 2008. About 65 percent of the units receiving these tax credits are at risk of losing them. It is imperative that the Congress extend the place in service December 31, 2007 deadline to December 31, 2009 and the place in service December 31, 2008 deadline to December 31, 2010.

The significance of these developments in areas outside the heavily damaged areas is that families are relocating to areas within the state because of the long-term recovery issues in the New Orleans area. Families must get their feet on the ground quickly—a family does not have time for a five-year plan. A community can think in terms of five-year plans. Government policy must be focused on assisting families as well as assisting the rebuilding of a community. These two focus points may require different policies or different emphasis.

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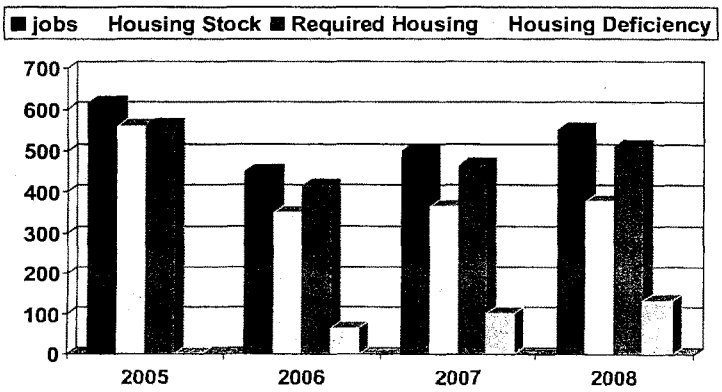

TESTIMONY OF GRAY SWOOPE, EXECUTIVE DIRECTOR OF THE MISSISSIPPI DEVELOPMENT AUTHORITY TO THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON FINANCIAL SERVICES FEBRUARY 6, 2006

Good morning, thank you very much Chairman Frank and Ranking Member Bachus and members of the committee for giving me the opportunity to speak with you today.

Hurricane Katrina made land fall in Mississippi on August 29, 2005, and was the worst natural disaster to ever strike the United States. Damage along Mississippi's Gulf Coast was widespread and damage estimates were over $125 billion. The Federal Emergency Management Agency (FEMA) reported there were 65,380 homes in south Mississippi damaged or destroyed. It was estimated there were 44 million cubic yards of debris in south Mississippi, as compared to 23 million cubic yards as a result of Hurricane Andrew.

The Fiscal Year 2006 Department of Defense Appropriations Act (H.R. 2863) included $29 billion for specific needs arising from Hurricane Katrina that was not covered by the Stafford Act. The U.S. Department of Housing and Urban Development (HUD) allocated $5.058 billion to Mississippi for disaster relief and long-term recovery related to the consequences of Hurricane Katrina. The Mississippi Development Authority (MDA), which already administers the state's Community Development Block Grant (CDBG) program, administers Mississippi's share of these funds.

The 2006 Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, appropriated $5.2 billion in CDBG funds for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure directly related to the consequences of the covered disasters. HUD allocated $423 million of these funds to Mississippi of which a minimum of $81.78 million will be used for repair, rehabilitation and reconstruction of the affordable rental housing stock in the impacted areas.

Based on inspection data conducted by FEMA and the Small Business Administration (SBA) as of March 31, 2006, the estimated housing unit damage for owner-occupied housing units was 169,667. Of this number, 24,157 were severely damaged or destroyed and 38,166 received major damage. The number of owner-occupied housing units on the Mississippi Gulf Coast located outside the 100-year flood plain with flood damage was 19,787, of which 16,848 had maintained hazard insurance. The number of owner-occupied housing units located inside the 100-year flood plain with flood damage was 10,254, of which 1,768 were totally uninsured and 3,148 had maintained hazard insurance only.

As of October 15, 2006, the Mississippi Commissioner of Insurance reports 486,913 claims have been made statewide as a result of damage incurred by Hurricane Katrina, of which $11.9 billion have been paid. 235,849 claims were reported for Hancock, Harrison and Jackson Counties, Mississippi, of which $8.36 billion have been paid. In addition, SBA has reported loans to 31,100 Mississippi homeowners and renters totaling in excess of $2 billion.

Working with our federal partners, local governments and the private sector, the State of Mississippi is pursuing a comprehensive approach to rebuilding homes in south Mississippi.

HUD approved the $3.423 billion Mississippi's Homeowner Assistance Program Action Plan on April 1, 2006. The release of funds was approved on July 10, 2006. The purpose of this program was to provide a one-time grant payment, up to a maximum of $150,000, to eligible homeowners who suffered flood surge damage to their primary residence on August 29, 2005, from Hurricane Katrina. Eligible homeowners are those who owned and occupied their home on August 29, 2005; maintained homeowners insurance on the property; received flood surge damage; and lived in homes located outside the 100 year flood plain and in Hancock, Harrison, Jackson, or Pearl River Counties, Mississippi. To secure the grant, the homeowner agreed to place a covenant on the property which provided that the rebuild and repair would be in accordance with applicable codes and local ordinances; that during rebuilding, the home would be elevated in accordance with FEMA advisory flood elevations and that the homeowner would obtain and maintain flood insurance.

MDA opened three service centers on the Mississippi Gulf Coast on April 17, 2006. Between April 17 and May 31, 2006, 15,850 applications were taken. To date, 17,654 Phase I applications have been received through these service centers. 84% of these applicants have indicated they would repair or rebuild.

Of the applications taken, 3,447 have been deemed ineligible, but will be considered in the second phase of the Homeowners Assistance Program. Currently, 13,538 applicants have been notified they are eligible to receive a grant and 12,142 of these have completed their grant closing.

As of February 2, 2007, 10,247 applicants have been paid a total of $681,456,302. 72% of the potentially eligible applicants for the initial Homeowners Assistance Program have been issued checks. This also means that 10,247 properties located on the Mississippi Gulf Coast have covenants attached providing for rebuild and repair in accordance with applicable codes and local ordinances and that homeowners have agreed to obtain and maintain flood insurance.

Due to the significant amount of construction anticipated on the Mississippi Gulf Coast and the need to adequately plan and inspect construction activities, MDA provided $5 million in grants to local governments in Hancock, Harrison, Jackson and Pearl River

Counties, Mississippi, for the costs incurred by the need for additional permitting and building officials.

To address fraud in the application process and contractor fraud related to rebuilding efforts, MDA provided a $5 million grant to the Mississippi State Auditor to establish and operate a Katrina Fraud and Investigation Team. MDA has forwarded 117 applications to the Investigation Team of which 87 have been resolved and 30 are active cases.

On December 19, 2006, HUD approved a modification to the Homeowners Assistance Program to redirect $700 million of the original $3 billion initially allocated for Homeowner Assistance Grants to the Phase II Program. The purpose of Phase II is to provide compensation grants up to a maximum of $100,000 to homeowners who suffered flood surge damage to their primary residence as of August 29, 2005, from Hurricane Katrina.

Phase II eligible homeowners are those who owned and occupied their home on August 29, 2005; received flood surge damage; have a household income at or below 120% of Area Median Income (AMI) and their home was located in Hancock, Harrison, Jackson, or Pearl River Counties, Mississippi. MDA began registration for Phase II homeowners in July 2006. There have been 7,011 registrations received as of February 2, 2007. In addition, the 3,447 applicants deemed ineligible for Phase I will be considered in Phase II, bringing the number of registered homeowners to 10,458. A significant component of this program will be financial counseling for these homeowners to assist with their recovery plans.

Based on inspection data conducted by FEMA and SBA dated March 31, 2006, 30,041 owner-occupied homes received flood damage as a result of Hurricane Katrina. As of February 2, 2007, MDA has notified 13,538 of these owners they are eligible for assistance in Phase I of the Program. Another 669 Phase I applications are currently being processed and 10,458 Phase II homeowners are being assessed for eligibility. These 24,665 homes represent 82% of the owner-occupied homes that received flood damage as a result of Hurricane Katrina.

Applicants in both phases of the Homeowners Assistance Program may be eligible for a separate grant of up to $30,000 to defray the costs of elevating their homes out of potential danger areas.

To encourage home ownership, Governor Barbour has allocated $157 million in tax-exempt private activity bond authority to the Mississippi Home Corporation to issue Mortgage Revenue Bonds. Through the sale of these bonds, the Mississippi Home Corporation is able to reduce home ownership costs by offering below-market rate interest rates and assistance with closing costs equal to 3% of the mortgage amount. With this authority, more than 2,700 families statewide have received assistance since Katrina (400 families of these on the coast). These bonds are not general obligations of the state; rather, they are repaid as homeowners pay their mortgages. Governor Barbour

will continue to allocate additional tax-exempt private activity bond authority to the Mortgage Revenue Bond program to help more families achieve their dream of homeownership.

Hurricane Katrina destroyed or severely damaged 8,600 rental units in Mississippi, 95% of which were located in Hancock, Harrison and Jackson Counties, Mississippi.

The Gulf Opportunity Zone (GO Zone) Act authorizes the Mississippi Home Corporation to allocate approximately $35 million annually in Low Income Housing Tax Credits in 2006, 2007 and 2008. The Mississippi Home Corporation awards these federal tax credits based on a competitive scoring process conducted according to the "Qualified Allocation Plan" approved by the Governor. In August 2006, Mississippi Home Corporation awarded over $10 million of housing tax credits that will facilitate the construction of 1,006 housing units in Hancock, Harrison, Jackson and Stone counties. The coastal units funded with this allocation, coupled with the 228 associated with the tax credits awarded in January 2006, will replace more than 20% of the coastal units damaged by the hurricane. These units are available only to families with incomes of less than 60% of the Area Median Income.

To ensure that more of the tax credits are directed to the areas that need them the most, the MS Home Corporation restructured the Qualified Allocation Plan at the Governor's urging. Not only will the new plan ensure that more credits are used in the lower six counties, the revised plan encourages innovative mixed income developments which will provide new rental housing for families between 60% and 80% of the Area Median Income and new market rate rental units.

Mississippi Home Corporation will award additional tax credits later this month. It is estimated that federal tax credits will spur the construction of more than 5,000 rental units in the lower six counties. The Governor's Office and MDA are actively considering proposals to use CDBG disaster recovery funds to spur additional rental property development.

HUD approved the action plan amendment to address the needs of the Public Housing Authorities on August 31, 2006. The purpose of this amendment was to provide funding, in an amount up to $100 million, to the five Housing Authorities that suffered damages to their facilities on August 29, 2005, from Hurricane Katrina. Historically, Housing Authorities have developed, owned, operated and managed multifamily properties and looked primarily to HUD for development capital, maintenance funds, rental assistance and operating subsidies. There were 2,695 rental units pre-storm: 2,534 were damaged or destroyed and 906 are currently unoccupied. Grant allocations have been made based on the percentage of individual Housing Authority dollar damages to the total damages for all five Housing Authorities. Grants are pending final application and completion of environmental assessments.

On August 31, 2006, HUD approved an action plan amendment for the Ratepayer and Wind Pool Mitigation Programs. The objective of the Ratepayer Mitigation is to protect

business and residential customers from bearing the entire cost of the utility infrastructure restoration and rebuilding. $360 million has been paid through this program to offset emergency response, restoration and rebuilding costs incurred by the utility companies that would otherwise be passed through to the ratepayers.

As a result of Hurricane Katrina, 16,000 policyholders in the Mississippi Windstorm Underwriting Association (MWUA) faced up to a 400% increase in their annual premiums for wind and hail insurance. This economically debilitating increase results from a spike in wind risk reinsurance rates for high-risk properties on the Mississippi Gulf Coast as a result of Hurricane Katrina. MDA made a $50 million grant (payable over 2 years) to the MWUA to defray the additional cost to the consumer of wind insurance obtained from MWUA, resulting in an increase of 90% in annual residential premiums rather than the 400% increase initially anticipated. This grant serves as an interim subsidy while the insurance market recovers and stabilizes from its losses due to Hurricane Katrina and the State Legislature enacts structural reforms which ensure a statewide, stable and actuarially sound insurance market for future years.

MDA is currently working with HUD to use an additional $30 million of the disaster recovery funds to reduce the increase of commercial premiums to 142%. Lowering commercial rates will assist in making rental units affordable. Rental property owners build the cost of their commercial insurance into the rental rates charged.

As a result of Hurricane Katrina, many Gulf Coast residents will move inland away from the risk of future storm surges and hurricane force winds. However, for housing to be built to accommodate any migration, water and sewer systems must be expanded to accommodate the growth in an environmentally responsible fashion. The Mississippi Department of Environmental Quality recently released a master plan for water and wastewater improvements in the lower six counties. This plan will be implemented utilizing the new Gulf Coast Regional Wastewater Authority authorized by the 2006 Legislature. $630 million of CDBG funds are allocated for this program, which will help create new housing opportunities while facilitating future economic development in an environmentally sensitive way.

As you can see, the state of Mississippi is pursuing a comprehensive approach to address the critical housing needs of the Mississippi Gulf Coast with programs that have never been attempted anywhere in this magnitude. We look forward to addressing any questions you may have.

"Federal Housing Response to Hurricane Katrina"

Testimony of

Kirk H. Tate, CPM
Chief Executive Officer
Orion Real Estate Services
Houston, Texas

Before the
House Committee on Financial Services
Washington, DC

February 6, 2007

Chairman Frank, Ranking Member Bachus and distinguished members of the Committee, my name is Kirk Tate and I am the Chief Executive Officer for Orion Real Estate Services based in Houston, Texas. Orion manages over 16,000 apartment homes throughout Texas and Colorado. I have over 30 years of experience in the apartment industry, and I am the past president of the Houston Apartment Association and the Texas Apartment Association. I served on Mayor Bill White's hurricane task force for the City of Houston. In the days, weeks and months following both Hurricanes Katrina and Rita I acted as a liaison between apartment owners and operators and the City of Houston.

I am here today on behalf of two trade associations that represent the private apartment industry—the National Multi Housing Council (NMHC) and the National Apartment Association (NAA). NMHC and NAA represent the nation's leading firms participating in the apartment industry. Their combined memberships include apartment owners, developers, managers, builders and lenders.

The National Multi Housing Council represents the apartment industry's largest and most prominent firms. NMHC members are the principal officers of these organizations. NAA is the largest national federation of state and local apartment associations, with 190 affiliates representing nearly 50,000 professionals who own and manage more than six million apartments. NMHC and NAA jointly operate a federal legislative program and provide a unified voice for the private apartment industry.

Before I discuss the housing issues related to Hurricane Katrina, I would like to offer some background on the apartment industry in general. Apartments account for about 14 percent of the entire housing stock, and house approximately 16 million American households. These households represent the full spectrum of America's population; they are young and old, single and married, wealthy and poor.

Rental housing is an important economic driver in the American economy. Apartment revenues total almost $120 billion annually, and approximately 550,000 people are employed in apartment management. More than 210,000 new apartment homes have been added to the housing stock for the past five years at an average value of $30 billion annually. New apartment construction provides jobs to more than 220,000 workers.

Apartments are owned by a wide range of investors, including individuals, partnerships, real estate investment trusts, publicly traded corporations and nonprofit organizations. They are financed by an array of lenders including commercial banks, thrift institutions, life insurance companies and government-sponsored enterprises. A growing share of the financing comes from publicly traded mortgage-backed securities.

We commend you, Chairman Frank, for your leadership, and we thank the Members of the Committee for your valuable work addressing the important issues surrounding the federal housing response and housing reconstruction efforts in the areas affected by Hurricane Katrina. We appreciate the dedication of the Committee on this issue.

NATIONAL IMPEDIMENTS TO HOUSING THE EVACUEES

Hurricane Katrina will go down in the record books as the nation's largest and most costly natural disaster ever. According to Red Cross estimates, at least 416,894 housing units across the Gulf region were destroyed, nearly ten times more physical damage than any previous U.S. natural disaster. In addition, 85,000 housing units suffered major damage and 130,000 suffered minor damage. Forty-seven percent of the units destroyed throughout the region were rental units; in New Orleans 55 percent were rental units.

The record-breaking 2005 hurricane season caused the largest mass migration of Americans in the past 150 years, leaving more than one million people homeless.

As our nation struggled to recover from this unprecedented disaster, one of the most pressing needs was to find safe and decent housing for hurricane victims. Moving displaced families from temporary shelters into more suitable housing is the first step in helping them rebuild their lives. These were extraordinary times that called for the private sector and the federal, state, and local governments to respond accordingly.

In the immediate aftermath of hurricanes Katrina and Rita, the apartment industry stepped up to the plate and took a leadership role in the relief efforts to house the displaced people of Louisiana, Mississippi and Alabama. The response was immediate, creative and generous.

In the early days following Katrina, federal officials reached out to the apartment industry, and the industry responded enthusiastically by submitting thousands of available units into a national database. They also answered FEMA's call for blocks of apartments that the agency could rent directly.

When it became clear that the federal government was not going to quickly offer official guidance or assistance to house the newly homeless evacuees, the apartment industry initiated several programs of its own. In Texas, where the largest number of evacuees were sent, many NMHC and NAA member firms forged relationships with local charities and created programs to award free rental units and other support services to needy families. In all, hundreds of free apartments were donated to the United Way and the Urban League.

Around the country, apartment owners submitted their available units into a national housing registry, www.hurricanehousing.net, complete with offers of waived security deposits, reduced rents, flexible leases and other concessions.

The first few months of the recovery effort were marked by a series of different FEMA assistance programs, nearly constant changes in rules and deadlines and a level of confusion and chaos. Three different government assistance programs were created to help move the evacuees out of shelters and hotels. Some people were eligible for housing assistance through a special Katrina voucher program created by the U.S. Department of Housing and Urban Development (HUD), others received housing assistance directly through the Federal Emergency Management Agency's (FEMA) Individuals and Households Program, and still others were helped by FEMA-funded city voucher programs through the FEMA public assistance programs.

The information provided to both the evacuee and the apartment owners was and remains inadequate and continues to lead to significant confusion. For example, many evacuees were unaware that their assistance checks could only be used for rent. Instead they used the money for pressing needs like food, clothing and medicine and found themselves unable to pay their rent at the end of the month. Even now, nearly a year and a half after the hurricane, confusion reigns. We look forward to working with the Administration, Congress, FEMA and HUD to resolve current problems and develop solutions for the future.

THE HOUSTON RESPONSE

Since I am from Houston, and my firm manages 48 properties throughout the Houston area, I thought my on-the-ground insight would be helpful as we begin to plan for future disasters. In all, the City of Houston worked with state and federal officials to assist more than 150,000 hurricane evacuees who were in the midst of a crisis. The city's response was an overwhelming success, with the majority of people being housed in a matter of weeks.

As with any endeavor on this scale, there were wonderful moments, and there were lessons to learn. Evacuees arrived in Houston homeless and confused, having just been through a life-threatening experience. But the City of Houston, the local apartment owners and the people of Houston did the right thing—we did not ask questions, we just housed people. We knew one of America's strongest traditions is to help our neighbors in need. And while our response did help those people, it is not a template that we would recommend for future disasters.

Emergency Housing–Lessons Learned

At the onset of any disaster FEMA should have a process to quickly determine, as best as it can, whether the need for post-disaster housing will be a short-term or a long-term event. While apartments are not an appropriate response for disasters where evacuees will be moving home to rebuild within a matter of days or weeks, hotels and cruise ships are not a cost-efficient mechanism to house people in the long term.

For the first several months after Katrina, FEMA relied heavily on hotels to house the evacuees. This inappropriate response to what was clearly a long-term housing crisis resulted in millions of wasted federal dollars. The average hotel/motel rate of $59 per day works out to $1,770 a month, which exceeds the median cost of rental housing even in some of the nation's most expensive housing markets. Moreover, moving people from hotels to apartments allowed them to begin rebuilding their lives by allowing them to enroll their children in school, find a job and return to some kind of normal routine while waiting for the rebuilding effort.

The lesson to be learned from this experience is that when long-term housing will be required, FEMA should have an apartment-based housing program, with clear guidelines in place and ready to implement.

In the case of Katrina, many apartment owners offered free housing to the neediest evacuees and many others lowered rents, waived security deposits and application fees and offered flexible lease terms. Although the apartment industry stepped forward to do what was asked of them when Katrina struck, our industry would not be as eager to assist in future disasters unless we learn from the many mistakes made at the federal level. Below are several issues that any future long-term housing plan will need to consider to be effective.

- **Clear Guidance**
  From the beginning of the disaster, the lack of clear guidance was the single most frustrating and counterproductive issue experienced by the apartment sector. Despite the time that has passed, this remains the case today. As recently as January 20, FEMA granted a six-month housing extension to the evacuees, but it offered very few details in its announcement and no direct guidance for the evacuee, the City of Houston or the apartment owners. This ongoing haphazard approach to disaster housing is a major problem for everyone involved and should not be repeated in future disasters. The Administration should also be planning ahead for what will happen to these residents, many of whom are elderly and disabled, at the end of the six-month extension, given that there remains a critical shortage of rental housing in most of the hurricane-affected area.

- **Choice is Important**
  In the initial phase of the hurricane housing program, the city attempted to contract for specific vacant apartment units with the idea of then assigning individual evacuee families to these units. This approach did not meet anyone's needs, though. Evacuees, naturally, wanted some choice in where they lived, particularly those looking to locate near friends and family. The pre-assignment process was slow and labor intensive.

  Ultimately, city officials shifted to a voucher-based program, giving every evacuee family a voucher for a unit with a specified number of bedrooms. This voucher, which came with an accompanying instruction sheet, was good at any apartment property participating in the program. Once the participating apartment owner activated the voucher and signed a Housing Assistance Payments (HAP) contract with the city, the evacuee could move in. The city provided taxi vouchers and bus tokens to facilitate transportation, and the Red Cross had volunteers to help drive evacuees around.

- **Vacant Units Are Not Necessarily Ready Units**
  Properties with vacant units do not keep them in move-in condition. Getting large numbers of units ready simultaneously takes money and, more importantly, time. It was difficult for officials to understand why thousands of families couldn't just move into vacant units during the first days after the storm.

- **Moving In Takes Time**
  Officials also had a hard time understanding why they couldn't send a bus-load of evacuees to an apartment property to be handed keys and shown to their new homes. Officials need to understand the difference between an apartment property and a hotel. An apartment unit needs to be prepared for move-in, and federal officials need to understand that. In addition, under normal circumstances, the move-in process involves running credit and background checks and completing applications for utilities. Because the court systems in the affected areas were effectively shut down by the hurricane, it

was not possible to run background checks on most of the evacuees. Apartment owners did the right thing and housed people without this information because of the emergency situation, but we encourage any future disaster housing plan to allow an owner to evict criminals who pose a danger to other evacuees and residents.

- **Utilities**
  Utilities were another problem. Although the evacuees clearly needed utilities, many were not in a position to file the appropriate papers required to set them up. This was complicated by the fact that only certain portions of federal programs cover utilities. The city solved this by establishing a master account with the local utilities and then transferred all the evacuees' individual accounts to that master account. In some cases the owners did the same. Nevertheless, future responses should anticipate the need to provide evacuees with necessary utilities and should address both the logistical (paperwork required for applications) and the financial (ensuring evacuees have the resources to pay for the utilities).

- **Furniture and Furnishings**
  Initially, some officials did not understand that most apartments are unfurnished. At first, city officials and apartment firms wanted to outfit every evacuee apartment with furniture, linens, pots and pans and groceries before they moved in. Many apartment owners tried to at least have food in the refrigerator and provide options for furniture. This is a noble idea, but one that turned out to be very time consuming and logistically challenging. In the future, it would be better to have apartment firms concentrate on housing and have separate operations such as the Houston Food Bank handle groceries.

RECOMMENDATIONS FOR THE FUTURE

Many of the problems cited previously will hopefully be rectified with the passage of the FY 2007 Homeland Security Appropriations bill (P.L. 109-295). This new law requires the creation of a National Disaster Housing Strategy (NDHS), and it amends current law to explicitly allow disaster victims to use their cash assistance for security deposits and utility bills.

It also directs the FEMA Administrator to create a pilot program to make better use of existing rental housing located in disaster areas. As part of the pilot program, FEMA has said that it will enter into lease agreements directly with property owners and will make repairs to the damaged apartment properties. This is imperative for future disasters. With that in mind, we thought the following items should be highlighted:

- **Housing Programs**
  We learned from this disaster that FEMA programs were not designed to handle long-term housing needs. There have been several different housing programs employed to deal with the Katrina disaster, including Section 403 Housing, Section 408 Housing, the HUD Disaster Voucher Program, and several programmatic changes and deadline extensions related to each. Many of these changes were implemented with little notice and few details. This caused unnecessary pain to the evacuees and confusion for the apartment owners participating in the programs. In the future, a single entity should administer the housing response to any disaster. There should also be a single communications path between the government, the evacuee and the owner with clear guidelines as to how the program will operate.

- **Rental Costs**
  Although FEMA set no limits on the hotel rates it would reimburse, its housing program set a rent ceiling based on HUD's "Fair Market Rents" (FMR) – which can be below the true market rate. Officials should understand that FMRs are the market rent for Class C properties. These are properties that typically show some level of deferred maintenance and are located in less desirable areas. In other words, HUD's FMRs are not sufficient to cover the rent in the majority of housing located in any American city. By limiting FEMA's payments to Houston's FMR, the Agency severely restricted the number of apartment units available to evacuees, leaving more evacuees than eligible apartment units. It is also important that accommodations be made to allow an evacuee to "pay the difference"

between the FMR and the market rent, usually a modest amount. A large disaster requires the use of all available housing types. In future emergencies, FEMA should establish rent levels that more closely reflect the average rental cost in the affected cities.

- **Utilities**
  As you know, FEMA operates under the Stafford Act. While Section 403 of that Act, which covers the Emergency Shelter program, allows FEMA funds to be used for utilities, Section 408, the Individuals and Households Program (IHP) does not. Congress ultimately did pass specific language to provide utility funding for the Katrina evacuees. Had it not stepped in, however, both the city and the apartment owners would have been left with utility payments. No evacuee should have to wonder about how they will get or pay for utilities. The Stafford Act should be permanently amended to allow for utility payments under all housing-related programs.

  In addition, many apartment units with rents in the FMR category have a corresponding utility allotment. Unfortunately, in many cases the utility allowance does not cover actual utility costs. Government officials should ensure that rent levels are sufficient to cover actual utility costs.

- **Rental Payment Processing**
  In addition to setting rent reimbursement levels too low, the time it took for FEMA to process these rent payments was unacceptable. In many cases it took more than 60 days, because FEMA money was routed through the state to the city--a task too large for a city in the midst of a crisis. Many apartment owners do not have sufficient cash flow to cover the operating costs and mortgage payments on units where no rent is received for two months. This problem was largely resolved when FEMA finally contracted with Corporate Lodging Consultants (CLC) to make rental payments to apartment owners. Therefore, we suggest that in the future FEMA rely on a direct payment system for housing assistance that can provide timely rental payments. Although we advocate that rental payments go directly from the federal government to the property owner (and not through the evacuee or local government), we strongly believe that there should be a written lease between the evacuee and the apartment owner.

- **Security Deposits**
  Because FEMA's housing program did not provide evacuees with funding to cover security deposits, many Houston apartment owners generally agreed to waive security deposit requirements. As a result, these owners now have no way to recover the costs of the extensive damage done to their apartment units by many of the evacuees. Future federal housing efforts should ensure that mechanisms and funding exists to reimburse owners for damage caused by evacuees.

CONCLUSION

When Katrina struck the nation, apartment owners did the right thing. They stepped forward and they worked with local communities to provide housing and other services to those in need. As an industry, we are very proud of our actions during that unprecedented time of national need. We took on business risks and potential costs inherent in solving such a massive housing crisis. Would we do it again? We would certainly like to, but after the Katrina experience many apartment owners will be reluctant to accept a sizeable number of evacuees unless they are convinced that the government has learned from its mistakes and has created a better disaster housing program. We look forward to working with Congress to ensure that future evacuees, and those cities that help them, are not burdened with confusion, debt and heartache.

I thank you for the opportunity to testify on behalf of the National Multi Housing Council and the National Apartment Association, and wish to offer our assistance to the Committee as you continue your important work.

AFFORDABLE HOUSING IN HEALTHY NEIGHBORHOODS: CRITICAL POLICY CHALLENGES FACING THE GREATER NEW ORLEANS REGION

Statement before the
Committee on Financial Services
United States House of Representatives

February 6, 2007

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Opinions expressed are those of the authors and do not necesssarily reflect those of the Urban Institute, its trustees, or its sponsors.

New Orleans urgently needs to rebuild affordable rental housing in order to recover fully and fairly. Like most cities across the country, New Orleans already had an affordable housing crisis before Hurricanes Katrina and Rita. Almost a quarter of the city's residents had incomes below the federal poverty level and about two of every three households were renters. More than half of very low income households bore severe housing cost burdens—paying over half their monthly income for housing.[1] And only a small proportion of needy households received federal housing assistance.

The Need for Affordable Rental Housing

Affordable housing needs are even more severe today, particularly for renters. More than half the city's rental housing stock was damaged or destroyed, and rents for the remaining units have risen substantially. Many low-income families who were struggling before they were displaced by the storm have been unable to return to the city because they cannot find an affordable place to live. And those who do return are likely to face severe hardship (Popkin, Turner, and Burt 2006).

Federal, state, and local officials have all expressed a commitment to the safe return and a better future for displaced residents. But without affordable housing options, these commitments cannot be fulfilled, and the redevelopment of New Orleans will be stunted and inequitable. It will exclude a substantial share of the city's long-time residents, many of whom are African American. The absence of a major segment of the workforce will undermine the recovery of the region's economy. Key workers, including those involved in providing health care, child care, and public education may not be able to return, limiting the availability of services that everyone depends upon for a decent quality of life. And the vitality of New Orleans

[1] Poverty rate reported in the 2003 American Communities Survey. Housing cost burden reported in the 2000 Decennial Census. HUD defines very low income households as those with less than 30 percent of the area median family income in 2000.

will be eroded by the absence of families and individuals who played key roles in creating and sustaining the region's unique music, art, and cultural traditions (Turner 2006).

Avoiding the Mistakes of the Past

However, neither low-income families nor the communities in which they live will be well-served if affordable housing is rebuilt according to the patterns of the past. Historically, subsidized housing policies in New Orleans—as in cities across the United States—have isolated low-income families in large projects, earmarked exclusively for occupancy by the poor. These projects exacerbated racial segregation and isolation, polarized communities along lines of race and class, and helped create concentrations of minority poverty and distress (Schill and Wachter 1995).

A well-established body of social science research teaches us that concentrating poverty in this way undermines the well-being of families and children, and blights the surrounding communities (Ellen and Turner 1997). Indeed, residents of public housing projects like Desire, Florida, and Iberville endured intolerable physical conditions, high levels of violent crime, rampant drug trafficking, and myriad other social ills. Moreover, because New Orleans' low-income housing projects were poorly managed and so severely distressed, they have fueled prejudices and fears about subsidized housing. These fears undermine efforts to reshape affordable housing policies just at the time that reform and renewal is needed most.

Research provides a growing body of evidence that low-income families are likely to enjoy better health and long-term life chances if they have the opportunity to live in safe and healthy communities that offer access to jobs and are served by well-performing public schools (Briggs and Turner 2006). And when affordable housing is more widely dispersed, well-designed, and effectively managed, it can be an asset to the communities in which it is located. In fact, rigorous statistical analyses indicate that neither housing vouchers nor subsidized

housing developments undermine property values in the surrounding neighborhoods as long as they are properly sited and well-managed (Galster, Tatian, and Smith 1999; Galster, Santiago, and Tatian 2001; Galster, Tatian, and Pettit 2004).

The redevelopment of affordable housing in the greater New Orleans region need not repeat the mistakes of the past. Instead, affordable housing for low- and moderate-income renters should be incorporated into nonpoor communities. At the same time, distressed neighborhoods should be redeveloped to accommodate a mix of incomes, including people with very low income levels. These income-mixing strategies need not—and should not—simply displace low-income residents or discard the communities they have built. Programmatic models and tools are emerging that offer low-income families meaningful choices about where to live. Finally, some low-income families will need supportive services in conjunction with affordable housing—often because of serious health or personal problems—and this assistance should be part of an affordable housing strategy.

Expanding Affordable Housing Opportunities in Nonpoor Neighborhoods

Models and tools are emerging in cities across the country that integrate affordable housing into healthy, mixed-income neighborhoods. All of these models can and should be pursued as the communities in and around New Orleans and throughout the Gulf Coast are rebuilt:

Rental housing developed under the Low-Income Housing Tax Credit (LIHTC) program can be designed to serve a range of income levels and should be located in nonpoor communities. Across the country, many LIHTC developments are located in low-income neighborhoods and serve primarily low-income residents. But others are effectively serving low-income families in nonpoor communities. Four of ten LIHTC units are located in suburban communities, and as of 2000, the average tax credit unit was located in a census tract

with a poverty rate of 19 percent (Freeman 2004). The special allocation of tax credits allocated in response to Hurricanes Katrina and Rita should give priority to proposals that will expand affordable housing in healthy, opportunity-rich neighborhoods, rather than concentrating it in distressed communities. And LIHTC projects should be designed to serve a mix of income levels. To ensure that a substantial share of the newly developed units are affordable and available to households with very low incomes, the Housing Authority of New Orleans and other local housing agencies should also allocate a portion of their Housing Choice Vouchers to units in new LIHTC developments. On its own, the LIHTC program produces housing that is affordable for households with incomes at 60 percent of the area median, while the addition of "project-based" vouchers makes it possible to serve families with incomes at 30 percent of area median income or below.[2]

The state can establish an inclusionary zoning program that requires all new housing developments to include a predetermined share of affordable units, which can then be made available for either sale or rent to lower-income households. In markets experiencing high rates of new residential construction, inclusionary zoning constitutes an extremely powerful and effective tool, not only for expanding the stock of moderately-priced units, but also for integrating these units into every community. Moreover, some of the inclusionary units can be purchased by a public-sector agency or nonprofit housing providers and subsidized further to make them affordable for households with very low incomes (Brown 2001; Pendall, Puentes, and Martin 2006; Blackwell 2006).

Federal block grant funds can be used to subsidize the acquisition and rehab of small rental properties and single family homes, bringing them back into active use and

[2] Note that the 2005 Gulf Opportunity Zone legislation requires that all units built with the special allocation of LIHTC must be placed in service by the end of 2008, a deadline that is infeasible given the capacity of the residential construction sector and the many post-storm regulatory and financial barriers to development. Therefore, extending the "placed in service" deadline through 2010 is essential.

making them available for occupancy by lower-income households. Owners of small rental properties face substantial barriers as they attempt to repair their properties. Some may need financial assistance to bring rental units back into active use; others may prefer to sell their properties instead. The Road Home Program includes funding for assistance to small rental property owners, but this component of the program has been slow to start. In addition, some homeowners—who are themselves not yet ready to return—may be interested in renting out their single-family properties or selling them to nonprofit housing providers. Grants and low-interest loans to these property owners and to nonprofit organizations that will buy them and make them available at modest rent levels can bring more affordable housing units back on line quickly. This kind of "scattered site" strategy has worked well in other cities, including Denver, where the publicly owned or subsidized house is often the best looking property on the block. Bringing properties back to life would spur the renewal of devastated neighborhoods while making homes available for families yearning to come back (Galster, Santiago, and Tatian 2001).

The Housing Choice Voucher program can be expanded and administered regionally to maximize the options available to recipients and to make participation more attractive to landlords. Housing Choice Vouchers offer a critical tool for supplementing what low-income families can afford to pay for housing, and an expanded voucher program would enable more families to return reasonably close to home and/or to relocate in nonpoor communities throughout the greater New Orleans region. The federal government should be making more vouchers available to current and former residents of New Orleans, including extending the Katrina Disaster Housing Assistance Voucher Program, providing "tenant protection vouchers" to replace public housing and other federally subsidized units that are not being reopened or rebuilt, and allocating new vouchers based on needs among displaced households as well as current residents.

Rebuilding the stock of moderately priced rental housing in New Orleans and expanding rental options in the surrounding parishes is essential to the long-term success of the Housing Choice Voucher Program. However, even in the short-term, vouchers can provide the resources low-income families need to pay for housing reasonably near their original communities, enabling them to return to the greater New Orleans area and begin rebuilding their lives.

From this perspective, regionwide administration could substantially strengthen the impact of the Housing Choice Voucher program in New Orleans. Technically, vouchers are portable—recipients can use them to move anywhere in the United States. But when a family receives its voucher from one housing agency and wants to move to the jurisdiction of a different housing agency, the "portability" process is administratively burdensome—for the family, the local agencies, and the landlord. Moreover, rental property owners may be more open to participating in a voucher program if it is not administered by the public housing agency but by a well-regarded nonprofit organization.

A few urban regions in the United States, are served by a single, regional housing agency, and public housing agencies in several other metropolitan areas around the countrypossess the authority and capacity to administer housing vouchers regionwide. These examples demonstrate that it is feasible for a single organization to administer the housing voucher program effectively across jurisdictional lines within a metropolitan region, and this approach can help address some of the barriers to mobility and choice for voucher recipients (Katz and Turner 2000).

Local jurisdictions can implement temporary, emergency rent controls and eviction protections to guard against out-of-control rent increases and displacement of current residents. In circumstances where short-term supply shortages and demand pressures create opportunities for property owners to raise rents rapidly and/or replace lease-compliant tenants

with higher income households, local regulations can play an important role in helping to stabilize the market until more normal conditions return. Although some of the earliest rent control programs (implemented during World War II) imposed absolute caps on rent levels, most current programs are "second generation" rent control regimes, which allow for annual rent increases based on increases in operating costs. Typically, these programs also allow for rent increases when a landlord makes significant improvements to the building and "hardship increases" for landlords who are not earning a fair return on their investment. Many contemporary rent control programs also exempt new rental housing construction or luxury housing (Keating and Kahn 2001).

Redeveloping Distressed Neighborhoods to Serve a Mix of Income Levels

New Orleans can also look to experience from other cities around the country for examples of how to rebuild low-income communities in ways that are respectful of the original residents but do not concentrate and isolate them yet again:

Many successful examples come from experience to date with the HOPE VI public housing transformation program. The HOPE VI program is controversial; it has not always been implemented effectively and redevelopment has not consistently protected the interests of the original residents. Moreover, public housing residents in New Orleans are understandably distrustful of the Housing Authority of New Orleans (HANO), based on its historic track record and the city's bad experiences with its pre-Katrina HOPE VI developments.

However, the HOPE VI experience from across the country offers lessons about how to build mixed-income communities that provide real choices and good outcomes for original residents. For example, Seattle established a local commitment to replace every public housing unit demolished under HOPE VI with another affordable housing unit elsewhere in the city. Similarly, Kansas City made a commitment to one-for-one replacement, involved residents in

decisionmaking, and created meaningful training and job opportunities for residents in the redevelopment process. Finally, in some of the projects being redeveloped as part of Chicago's public housing transformation, residents negotiated legal agreements that give them a voice in the demolition, relocation, and new development process. These models demonstrate that, with effective leadership and respectful resident involvement, the redevelopment of distressed public housing can create affordable housing opportunities in vibrant, mixed-income communities and protect the interests of the lowest-income residents (Popkin et al. 2004).

Well-managed public housing can serve as an important source of quality, affordable housing. Public housing has a deeply troubled reputation in New Orleans. And due to longstanding mismanagement, the Housing Authority of New Orleans is currently in receivership—operating under the direct control of the federal Department of Housing and Urban Development. But New Orleans cannot afford to give up on the public housing program as a source of housing units that come with deep, long-term subsidies that make them affordable, even for the lowest-income families and individuals, including many who are elderly or disabled. Chronically troubled public housing agencies in other cities (including, for example, Chicago and the District of Columbia) have been reformed and now manage their affordable inventories effectively. New Orleans should explore alternative receivership models from around the country and begin a process of rebuilding an effective and responsive public housing agency, which can then be relied upon to bring the salvageable public housing units back on line quickly. Some of these projects may be obsolete and will have to be redeveloped before long, but some could be providing habitable apartments in the near term.

New Orleans need not rely exclusively on HOPE VI to revitalize distressed neighborhoods. For example, the District of Columbia is building on its HOPE VI experience to launch a locally controlled and financed program for replacing distressed rental properties with mixed-income developments. Because D.C. has a shortage of affordable housing and is

experiencing rapid gentrification in many neighborhoods, its "New Communities" program is committed to one-for-one replacement of all subsidized housing units and to ensuring that original residents can remain in or near the revitalizing neighborhood.

Community land trusts and community benefits agreements can provide low-income residents control over the revitalization of their neighborhoods. Community land trusts are nonprofit, community-based organizations that provide affordable housing in perpetuity by owning land and leasing it to those who live in houses built on that land. Typically, community members control and govern these organizations. Residents own their homes (but not the land), and the trust retains the right to purchase the house when and if an owner wants to sell (Peterson 1996; Greenstein and Sungu-Eryilmaz 2005). A community benefits agreement is a binding contract negotiated between a developer and a coalition representing members of a community that is likely to be affected by planned new development. In exchange for community members' support for the project, the developer agrees to provide specific community benefits, such as affordable housing, parks, community facilities, job training, and employment opportunities.

Linking Supportive Services to Affordable Housing

Some families need affordable housing plus some support services in order to be safe and stable. The elderly and people with disabilities are particularly vulnerable, but this group also includes households with multiple, complex problems, such as substance abuse, mental illness, members with criminal backgrounds, and domestic violence. Experience teaches that without a combination of affordable housing and supportive services, these vulnerable households are at high risk of distress and homelessness. Again models are emerging for linking support services with housing assistance, often in small, well-managed developments, but sometimes with services provided hand-in-hand with a voucher (Popkin, Cunningham, and Burt 2005).

Permanent supportive housing can be developed to meet the needs of families and individuals who are otherwise "hard to house." Although permanent supportive housing is often targeted to single elderly people and disabled adults, it is increasingly recognized as an option for troubled families as well. Supportive housing offers stable housing with subsidized rent levels in a structured environment that can include substance abuse and mental health services, child care and parenting assistance, adult education and job training, and budgeting and financial education. To be successful, supportive housing has to be very well managed and provide high-quality services.

Similar support services can also be provided in conjunction with portable housing vouchers. The Chicago Housing Authority is now developing and rigorously testing a new program of enhanced case management services for former public housing residents who are having difficulty with both vouchers and new occupancy standards for revitalized public housing. These families will receive sustained services and assistance from staff who have smaller-than-normal case loads and who are prepared to "follow" families when they move. This assistance is designed to either help families achieve stability in private rental housing (subsidized with a portable voucher) or enable them to meet the criteria for returning to the new mixed-income community being developed to replace distressed public housing.

Federal Leadership Is Essential

Rebuilding New Orleans represents the housing and urban development challenge of a generation. Although local political, civic, and community leaders must all have a voice in decisionmaking, federal leadership and support is essential. No city—operating on its own—could tackle the affordable housing challenges New Orleans faces today. Unfortunately, the federal Department of Housing and Urban Development has thus far offered the city little beyond business as usual—boarding up the public housing projects, dispensing block grant dollars, and offering limited mortgage relief to FHA-insured homeowners.

In other (less devastating) housing crises—like the Northridge, California, earthquake of 1994—HUD showed much greater imagination in crafting new solutions, finding new dollars, and forming new partnerships. In his September address from Jackson Square, President Bush promised that "we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities and their lives." If this pledge is to be any more than empty rhetoric, the federal government must show much greater ingenuity and leadership than it has to date, becoming an active partner in rebuilding New Orleans' affordable housing.

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BARNEY FRANK, MA, CHAIRMAN

U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

SPENCER BACHUS, AL, RANKING MEMBER

January 17, 2007

The Honorable Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

The Honorable John Dugan
Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

The Honorable JoAnn Johnson
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

The Honorable John M. Reich
Director
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Dear Chairman Bair, Chairman Bernanke, Comptroller Dugan, Chairman Johnson and Director Reich:

We appreciate your actions following Hurricane Katrina of encouraging institutions to offer forbearance to borrowers affected by the disaster. We were also glad to hear from FDIC Chairman Bair that the joint guidance issued in February 2006 to field examiners instructing them that institutions that had appropriately granted their borrowers forbearance would not be criticized is still in effect.

We recognize that you cannot require institutions under your supervision to offer forbearance to their affected borrowers. At the same time, some institutions may believe, rightly or wrongly, that examiners are not fully implementing the February 2006 guidance, and as a result, those institutions may be reluctant to offer forbearance to affected borrowers even though such action would be appropriate. We ask that you reiterate that the guidance is still fully in effect so that institutions can be assured that appropriate forbearances will not subject them to criticism during their examinations.

Sincerely,

BARNEY FRANK
Chairman

MELVIN L. WATT
Member of Congress

January 17, 2007
Page 2

MAXINE WATERS
Member of Congress

CAROLYN B. MALONEY
Member of Congress

GENE TAYLOR
Member of Congress

CHARLIE MELANCON
Member of Congress

WILLIAM J. JEFFERSON
Member of Congress

Feb-05-07 17:03 From-Rep Barney Frank 202-225-0182 T-190 P.002/004 F-091
FEB/05/2007/MON 04:30 PM

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Office of Thrift Supervision
National Credit Union Administration

February 5, 2007

The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Frank:

Thank you for your letter of January 17, 2007, that asked the agencies to again emphasize to our examiners and supervised institutions that our previous *Hurricane Katrina Examiner Guidance* remains in effect. The guidance makes it clear that institutions retain flexibility in workout or restructuring arrangements with customers facing uncertainties as a result of the hurricane. This guidance remains in effect, and we expect our examiners to continue to use this guidance in reviewing the operations of institutions affected by Hurricane Katrina.

In light of the time that has passed since initial issuance of the guidance and the continuing uncertainties facing borrowers and lenders in the aftermath of Hurricane Katrina, we agree that it is appropriate to remind both examiners and institutions that the guidance remains in effect. For this reason, the enclosed reminder has been posted on the agencies' websites today and will be mailed to our examiners and our supervised institutions this week.

Should you have any questions, please feel free to contact any one of us.

Sincerely,

Ben S. Bernanke
Chairman
Board of Governors
of the Federal Reserve System

John C. Dugan
Comptroller of the Currency

Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation

John M. Reich
Director
Office of Thrift Supervision

JoAnn Johnson
Chairman
National Credit Union Administration

Enclosure

Reminder of Supervisory Guidance for Financial Institutions Affected by Hurricane Katrina

Financial institutions serving the U.S. Gulf Coast region have demonstrated significant flexibility in responding to the changing needs of their customers by offering relief when appropriate to the customer's circumstances. These temporary hardship and workout programs have facilitated recovery efforts throughout the Gulf Coast. However, given the extent of devastation caused by Hurricane Katrina, many uncertainties remain, including insurance claims that are still being processed. As a result, some customers may need additional time to resolve financial uncertainties related to the effects of the hurricane.

The Agencies[1] and the state supervisory authorities in Alabama, Louisiana, and Mississippi remind their examiners, and the financial institutions doing business in the Gulf Coast region, that the principles outlined in the *Hurricane Katrina Examiner Guidance* (*Katrina Guidance*[2]) remain in effect and should be considered when making decisions regarding payment deferrals, loan modifications, extensions, restructurings or other workout programs. Effective loan workout and recovery programs may involve protracted resolutions, but should be ultimately targeted toward loan repayment.

The *Katrina Guidance* makes it clear that an institution retains flexibility in its workout or restructuring arrangements with customers still facing uncertainties. Working constructively with borrowers is in the long-term best interest of both the financial institution and the customer. Following the prudent practices outlined in the *Katrina Guidance* will enable financial institutions to continue to assist customers and communities throughout the recovery process.

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[1] The federal financial institutions regulatory Agencies consist of the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision (collectively, the Agencies).

[2] The *Katrina Guidance* can be located at: http://www.ffiec.gov/pdf/katrina_examinerguidance.pdf

Statement of Mr. Jonathan T.M. Reckford, CEO, Habitat for Humanity International
on
The Federal Housing Response to Hurricane Katrina
House Financial Services Committee
February 6, 2007

Thank you, Chairman Frank and Ranking Member Bachus, for convening today's hearing on the Federal Housing Response to Hurricane Katrina. All of us have much to learn from the hurricanes of 2005, and Habitat for Humanity appreciates this opportunity to share its experiences and to work with you to provide a more effective response to housing needs when the next disaster inevitably occurs.

Habitat Responds to Hurricane Katrina and Hurricane Rita
On Aug. 29, 2005, Hurricane Katrina slammed into the U.S. Gulf Coast, causing far-flung devastation to people and property in Louisiana, Mississippi and Alabama. Less than a month later, on Sept. 24, 2005, Hurricane Rita also made landfall on the Gulf Coast, this time extending weather's wrath to Texas. The storms' toll: hundreds of lives lost and more than 500,000 homes damaged or destroyed. These unprecedented natural disasters called for an unprecedented response from Habitat for Humanity, from government at all levels, and from the American people.

Habitat for Humanity enjoys a unique combination of experience and resources to contribute to Gulf housing recovery efforts. Having been on the ground in the Gulf region for more than 20 years, Habitat for Humanity understands the challenges that low-income families in the region face in acquiring adequate and affordable housing. To help the people of the Gulf Coast rebuild their homes, communities, and lives, Habitat for Humanity International (HFHI) launched Operation Home Delivery and has been at work with public and private partners ever since building a strong foundation for the many years of work ahead. So far, Operation Home Delivery has built over 700 houses along the Gulf Coast with the help of over 50,000 volunteers.

In addition to its efforts on the ground in the Gulf region, HFHI is also active in efforts to improve the efficacy of the nation's disaster response infrastructure. HFHI is working with a coalition led by Save the Children and including other representatives from the private and nonprofit sectors focused on improving how the unique needs of children are met in planning for, responding to and recovering from disasters. HFHI appreciates this opportunity to inform the Financial Services Committee of its current efforts both in the Gulf and in Washington and looks forward to working with Chairman Frank and Ranking Member Bachus to enhance the federal government's disaster response capabilities, particularly with regard to meeting housing needs.

Recommendations

In addition to having more than 1,700 affiliates in the United States, Habitat for Humanity is also at work in more than 90 countries around the world. Habitat's global presence has afforded it broad experience in disaster recovery since 1992. Habitat has applied this experience in its efforts throughout the Gulf region and in its development of recommendations for improving US disaster response capabilities.

In general, HFHI supports the findings of the Sphere Project: Humanitarian Charter and Minimum Standards for Disaster Response. The Sphere Project, created by international nongovernmental organizations working in disaster response, is based on two core beliefs: first, that all possible steps should be taken to alleviate human suffering arising out of calamity and conflict, and second, that those affected by disasters have a right to life with dignity and therefore a right to assistance.

In the immediate term, HFHI supports the creation of a high-level, public-private federal advisory body to study and prepare recommendations on US government disaster relief policies and the creation of high-level state advisory commissions in each state to prepare recommendations on state disaster relief policies. The federal advisory council will meet with representatives of each state advisory council to present recommendations on how to proceed with preparing for a disaster and to coordinate an overall set of recommendations that will include coordinating mechanisms as well as federal and state policy. The commission would also fund disaster recovery research and pilot projects to develop and disseminate information on the best disaster response practices.

With particular regard to addressing housing needs following disasters, there are several principles that HFHI supports:

- **Creating a Continuum of Care for Housing** – In order to respond effectively to disasters of differing types and degrees, the federal government should develop a flexible menu of housing options, allowing families to remain in damaged homes when possible and to use trailers, hotels, apartments, and other options, as necessary and appropriate.

- **Pursuing Community-Based Recovery** – Many of the challenges currently faced in rebuilding New Orleans are consequences of having sent so many residents so far away following Hurricane Katrina. Communities recover more quickly when families are able to remain near their homes, jobs, schools, and support structures.

- **Streamlining the Housing Response** – Following Katrina and Rita, many families were provided inconsistent housing information and unequal levels of assistance. The federal government should continue to support efforts being undertaken to ensure that families have immediate access to a single point of contact for housing-related services and that all families should receive equal access to consistent benefits.

- **Allocating Permanent Disaster Response and Recovery Resources to Federal Agencies** -- Federal agencies expected to participate in response and recovery efforts must be provided separate, permanent resources for disaster response activities so that agencies need not rely on "cannibalizing" staff and funding from other programs in order to fulfill post-disaster responsibilities.

- **Providing Necessary Federal Regulatory Waiver Authority** – The Administration should be provided with sufficient waiver authority to insure that post-disaster federal regulatory enforcement is reasonable and humane. Often, waivers need only be temporary, allowing the proper sequencing of regulatory enforcement.

These are a few principles for improving the federal response to housing needs following natural or man-made disasters. Habitat for Humanity stands ready to work with each member of this committee, with your colleagues in the House and Senate, and with your constituents around the country to insure that the housing response to every future disaster is improved based on the lessons learned from disasters past. Thank you for taking the time to explore this important issue.

Written Testimony Submitted to the
House Financial Services Committee
Hearing on Federal Housing Response to Hurricane Katrina and Housing Reconstruction

Tuesday, February 6, 2007

I. AAHSA appreciates the opportunity to submit testimony on behalf of our members, their residents and the multitude of seniors displaced as a result of the 2005 hurricanes.

AAHSA serves two million people every day, in 5,600 facilities across the country, through mission-driven, not-for-profit organizations dedicated to providing the services people need, when they need them, in the place they call home. AAHSA members offer the continuum of aging services: assisted living residences, continuing care retirement communities, nursing homes, home and community-based service programs, and senior housing. AAHSA's commitment is to create the future of aging services through quality that people can trust. It is this commitment that underlies our support of this legislation, its goals and increasing the effectiveness and collaboration among federal programs that serve our seniors.

In the wake of Hurricane Katrina, AAHSA members in the affected areas and throughout the country have worked to address the immediate and long-term recovery needs. The AAHSA community and its allies donated almost $1 million in cash, plus additional supplies to assist Gulf-area facilities and help address the immediate needs of their residents and staff. AAHSA partnered with their Gulf-area colleagues to temporarily relocate residents who could not remain in their homes and to find housing and employment for staff who had been displaced by the storm. In collaboration with other stakeholders in the Gulf area, AAHSA published "Louisiana Communities of Caring," a prospectus on developing a senior housing with services plan that would enable elders to remain in the state or to return. The plan also included recommendations to bring back relocated employees and workers, as well as attract private investment for senior housing. And now, AAHSA, its affiliates and members remain concerned about the significant and as-yet unaddressed needs of the many seniors who were displaced and cannot yet return.

II. Seniors Impacted by Katrina

According to HUD there are 1,054 properties, over 47,000 units, in the areas affected by the hurricane. Among those assisted properties are 228 Section 202 elderly housing communities with almost 11,000 units. HUD identified 100 properties, with 12,559 units suffered severe damage. These properties represent the most vulnerable and difficult to rebuild. Seniors comprise a growing percentage of the assisted

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

housing residents and they were particularly devastated by Katrina and the flooding that followed. Some 14.7% had incomes below the poverty line.

While approximately 70% of the seniors in the Gulf regions owned their own homes, they are struggling with the same rebuilding issues that all of those in the Gulf are struggling with. According the Congressional Research Service, 88,000 persons age 65 or older were displaced by the storm and of those, 45,000 were 75 or older. Of those seniors, 48% reported having at least one disability, and 26 % reported two or more types of disabilities. Therefore, health related and supportive services are integral to the successful housing of these seniors. In order for many seniors to return to the Gulf, recovery efforts must go beyond simply replacing facilities that were there before Katrina hit. The storm has given us the opportunity to develop a truly integrated system that will provide the services that elderly Gulf residents need, when they need them in places that they can call home.

III. Non-Profit Provider Experience in Rebuilding Post-Katrina

AAHSA would like to share the story of one of its members and we think that it is indicative of the strong need for the policy recommendations that we have included in this testimony. A clear, workable housing policy, a commitment to maintaining and rebuilding affordable housing in disaster areas and a comprehensive plan to support providers committed to rebuilding communities after disasters will make a difference in Gulf and future disaster sites.

Almost 50 years ago, Mississippi Methodist Homes became the first non-profit in the state to provide affordable housing for seniors. This organization, with seven HUD properties throughout the state and a mission of serving the elderly, was committed to rebuilding in the Gulf. Immediately following the disaster, after learning that one of its properties was not salvageable, and recognizing that the site had been subject to multiple evacuations and near-misses from the turbulent weather patterns in the Gulf, Methodist Homes planned to sell the existing property and rebuild the community further inland. The organization planned to rebuild the entire senior living campus, including the transfer of 65 units of project based Section 8 to the new site, continuing their commitment to low income seniors.

Mississippi Methodist applied to HUD to process a transfer of the existing Section 8 contract to the new building, in accordance with Section 318 of Public Law 109-115, the 2006 Transportation, Treasury, and Housing and Urban Development Appropriations Act. Initially HUD agreed that the organization could prepay the existing mortgage, sell the property and transfer the Section 8 contract. The organization began the process of notifying its displaced residents and moved forward with plans to build the new facility. Throughout the process the organization struggled to address HUD requirements with little guidance from a department overwhelmed with the scope of the disaster and struggling with how to implement its policies.

As the closing date approached, the organization was forced to seek help from AAHSA and one of its congressional offices to get a response from HUD regarding the prepayment request and the final transfer approval. In December 2006, HUD eventually refused the transfer, forcing the provider into a lose-lose decision. Mississippi Methodist would have to lose the sale of the original property, be stuck with a community that could not safely be rebuilt, and face financial ruin or they could abandon the Section 8 contract, leaving 65 elderly families without the possibility of restored affordable housing, use the sale proceeds to rebuild a senior community in a safer location.

Despite its authority and public statements of a departmental commitment to preserve existing Section 8 contracts and transfer them to new properties, HUD essentially forced the provider to abandon the contract, losing those 65 units of affordable elderly housing forever.

IV. Necessary Policy Initiatives Congress Must Take to Successfully Rebuild Affordable Housing in the Gulf

AAHSA, its members and the residents and families they serve urge Congress to take the following steps to continue rebuilding efforts and protect affordable housing units where it is still possible.

- **Ensuring the Successful Section 318 Transfers**
  Despite its authority to transfer existing project based Section 8 contracts to new sites, HUD has failed to work with effectively providers and preserve housing assistance that may otherwise be lost permanently. As in the case of Mississippi Methodist, committed providers are working to rebuild their communities, maintain their missions and maximize efficiency by using existing assistance contracts to assist senior in new buildings where the original building is destroyed. Yet HUD has made it impossible to do so and indeed in the FY2008 budget just released has even failed to request the authority to do so.
  AAHSA urges Congress to require that HUD preserve existing affordable housing by transferring project based Section 8 contracts where the original building has been destroyed and where relocation to another area is the best possible alternative for reconstructions or needed to preserve the affordable housing resource. We also recommend that the authority to transfer Section 8 be more flexible, such as transfers to a new project for a different number of units and different mix of bedroom sizes than the original project, within the same dollar amount to facilitate the feasibility of replacing destroyed projects.

- **Budget Based Rent Increases for Section 8 and PRAC Contracts**
  Operation budgets for assisted housing in the disaster zones have increased dramatically, primarily in the areas of staffing, insurance and property tax

costs. Some providers are getting insurance quotes – when they can get them at all - at an increase of 300-600%. Without a decrease in rates, a new insurance vehicle, or supplemental Section 8 income, the current rental and operating subsidies cannot support the post-Katrina budgets - and financial investors will not step up to buy the tax credits without assurances that the property has ample operating funds to open. In the Section 8 projects, OCAF adjustments are simply insufficient. HUD must be flexible enough and have sufficient resources to approve budget based rent increases to make sure that properties in the Gulf can meet their expenses and retain their affordability for the lowest income residents.
AAHSA urges Congress to direct HUD to adopt a budget based rent increase policy to meet the exorbitant cost increases not covered by the operating cost adjustment factor (OCAF) policy, in addition to any loans that properties have taken out since Katrina to meet the expenses.

- **Long Term HAP Contracts to Facilitate Use of LIHTC Investment**
  Existing housing assistance contracts are typically approved for 1 to 5 year terms with the ability to renew even though the law provides for 20 year contract renewals, subject to annual appropriations. Properties using tax credits to raise cash are facing investors and funding institutions that want longer term assistance contracts that clearly support operational costs throughout the project.
  AAHSA urges Congress to direct HUD to provide 20 year HAP contracts for providers rebuilding in the Gulf with tax credits to attract private investment and guarantee the long term affordability of the project.

- **Extension of the Service Dates for Projects Using LIHTC**
  HR 4440, the Gulf Opportunity Zone Act of 2005, dramatically increased the amount of LIHTC authority available to the Gulf Coast states. In Louisiana alone, these credits could be leveraged to allow for as many as 14,900 units of affordable, mixed-income, and permanent supportive housing.

  The legislation, however, requires that all units built with Go Zone LIHTCs be ready for occupancy, or "placed-in-service", by December 31, 2008. Developers on the Gulf Coast agree that this is an impossible task. Mounting insurance costs, in some affected areas 300-600% above their pre-storm rates, have substantially increased the amount of time needed to put together all of the financing necessary for LIHTC developments. Labor and material shortages combine to also dramatically increase the time needed to construct the units.

  The current placed-in-service date effectively makes any credits allocated in 2007 or 2008 unusable because developers will be unable to finance and construct developments within the time required. Any Go Zone developments

not ready for occupancy by the end of 2008 will see the worth of their LIHTCs substantially reduced, putting the developments at risk.

Providers using the Low Income Housing Tax Credit Program are faced with a strict requirement to place the properties in service within 18 months of the allocation. Unfortunately the Gulf region is not a typical development location with a variety of rebuilding and funding needs still unmet. Providers are at risk of losing their tax credit allocations if they cannot meet the deadline for opening the property, leaving the site without much needed funding, further delaying the rebuilding.
Although the tax credits are not within the jurisdiction of the Financial Services Committee, AAHSA urges Congress to support the introduction and passage of legislation to extend the placed-in-service date requirement for Gulf Opportunity Zone (Go Zone) Low Income Housing Tax Credits (LIHTC) through December 31, 2010.

- **Special Section 202 Allocation to Rebuild Destroyed Properties**
  There will be some sponsors that will be unable or unwilling to rebuild in the same location leaving less affordable housing for seniors in the hardest hit areas.
  AAHSA urges Congress to make a special phased allocation of targeted Section 202 funding in the Gulf to build affordable housing for those very low-income seniors that have lost their homes and are not able to rebuild.

- **Gap Funds to Cover Costs Not Covered by Insurance**
  The cost of construction in the Gulf increased exponentially after the hurricanes. In many cases providers have found that the insurance proceeds fall far short of what is needed to rebuild their facilities. Although some providers have been able to access additional capital through fundraising, tax credits or reserves, there remain a number of sites with substantial damage that are not able to fund the gap between the insurance pay out and the cost of rebuilding. Congress should appropriate a pool of funds to provide gap financing for the rebuilding federally-held and assisted multifamily properties.
  AAHSA urges Congress to direct HUD to make an allocation of funding available to cover construction funding gaps for those properties that can be rebuilt.

- **The Adoption of a Comprehensive Plan for Multifamily Sites in Disaster Situations**
  Finally, HUD must adopt a comprehensive housing disaster plan to help providers rebuild and preserve affordable housing throughout the country. A number of recommendations have been made by the affordable housing community on regulatory waivers and funding gaps that the Department will have to address in another disaster situation. There is no reason for Congress

or HUD to have to waste time, energy and resources to address the same problems that have been at issue in the Katrina rebuilding efforts.
AAHSA urges Congress to require HUD to adopt a comprehensive housing disaster plan for federally-assisted properties addressing the issues raised by the Katrina recovery, now rather than when the next disaster hits.

V. Conclusion

In conclusion, AAHSA urges Congress to demonstrate its clear commitment to helping the area recover, to restoring seniors and supportive communities to the area by building a new and truly integrated system of aging services in the Gulf area. The challenges faced by the providers working to rebuild the Gulf, serve its elderly residents and preserve the government's investment in affordable multifamily housing can be overcome with the commitment of a common sense, coordinated federal policy to address the barriers to restoration. The loss of affordable housing units due to a lack of will to face the needs of these communities would be a national tragedy. Elderly residents who return to the Gulf deserve to have the housing and services they need in a place that they can call home.

For additional information or details regarding the efforts of non-profit providers to rebuild their communities in the Gulf, please contact Nancy Libson at 202-508-9447 or nlibson@aahsa.org.

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National Association of Housing and Redevelopment Officials
630 Eye Street NW, Washington DC 20001-3736
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Statement of the National Association of Housing and Redevelopment Officials

Before the House Financial Services Committee

February 6, 2007

"Federal Housing Response to Hurricane Katrina"

Donald J. Cameron, SPHM, President; **Renée Rooker,** SPHM, Senior Vice President; **Bill Jacobs,** PHM, Vice President-Professional Development; **Montez Martin Jr.,** Vice President-Community Revitalization & Development; **Maggie Lamont,** SPHM, Vice President-Member Services; **Carlos A. Sanchez,** Vice President-Housing; **Richard S. Lujan,** Vice President-Commissioners; **Akinola Popoola,** PHM, Vice President-International; **Saul N. Ramirez, Jr.,** Executive Director

E-mail: nahro@nahro.org Web Site: www.nahro.org

As the Committee on Financial Services prepares to examine the ongoing federal housing response in the areas affected by Hurricane Katrina, the National Association of Housing and Redevelopment Officials (NAHRO) wishes to submit this statement for the record. A 501(c)(3) membership association, NAHRO represents over 3,200 housing authorities, community development departments, and redevelopment agencies, as well as over 19,000 individual associates working in the housing and community development industry. NAHRO's extensive and diverse membership allows us to serve as the leading housing and community development advocate for the provision of adequate and affordable housing and strong, viable communities for all Americans - particularly those with low- and moderate-incomes.

Last week, NAHRO members, along with volunteers from Fannie Mae and the Local Initiatives Support Corporation, helped to gut and re-roof six public housing homes in Long Beach, Mississippi, all structures that were damaged in Hurricane Katrina. As of last week, 29 of the Long Beach Housing Authority's (LBHA's) 75 homes remained unoccupied, including five homes re-roofed by the volunteers. NAHRO member LaNelle Davis, Executive Director of the LBHA, recently told us that nearly all of the recovery work for her agency has been the result of insurance money and volunteers, not federal assistance.

Coinciding with NAHRO's recent volunteer activity, HUD Assistant Secretary for Public and Indian Housing Orlando Cabrera on January 30 announced $27 million in additional funding to help five Mississippi housing authorities (including LBHA, which received just $95, 954) with repairs for public housing units. It should be noted, though, that none of these agencies has received a single dollar from the $100 million in supplemental Community Development Block Grant (CDBG) funding set aside from the state's allocation for the purpose of restoring public housing units. These funds were approved by HUD nearly six months ago on August 17, 2006. Indeed, the collective experience of these five Mississippi housing authorities in attempting to secure funds to bring public housing units back online reveals just how woefully inadequate the federal housing response to Hurricane Katrina has been.

Delays at the state level notwithstanding, the sad reality is that even if the funding approved by HUD in August had flowed instantly to the five agencies, nearly one year would have passed between Katrina's landfall and the receipt of federal aid for rebuilding damaged and destroyed public housing units. When HUD announced approval of the original $100 million plan, Secretary Alphonso Jackson called the funding "a direct investment in the homes of low- and very low-income families who once called these public housing developments home." The Secretary stated that HUD intended the dollars to "restore these public housing units on at least a one-to-one basis." Clearly this goal, along with so much of the Gulf Coast's recovery, remains unrealized. In this statement NAHRO will examine a number of the factors we believe have impeded the rebuilding process.

Outdated Memorandum of Understanding Has Meant Significant Delays for Rebuilding Public Housing along the Gulf Coast

First, NAHRO wishes to review an issue we have brought to your attention in previous correspondence on the federal response to Katrina. This matter involves the relationship between HUD and FEMA as it relates to the provision of housing assistance following a major disaster. In the months following the 2005 hurricane season, many of our member agencies operating along the Gulf Coast were frustrated by the resistance they encountered as they investigated the availability of FEMA funds for the repair and/or replacement of damaged public housing units. Some of these difficulties can be traced directly to a January 8, 2001 Memorandum of Understanding (MOU) between HUD and FEMA (updated by FEMA Recovery Division Policy Number 9523.7, dated April 14, 2003).

The MOU provides that HUD will provide funding for rebuilding public housing units from the capital public housing reserve authorized by section 9(k) of the U.S. Housing Act of 1937, "*subject to availability of appropriations*." In accordance with the MOU, FEMA has in some cases provided public housing authorities with "essential assistance" under Section 403 of the Stafford Act for activities such as debris removal and demolition of unsafe structures (although, as we discuss later, this assistance is not always provided as promised). However, because the MOU provides that HUD will be the source of assistance for disaster recovery costs not covered by insurance or essential assistance, FEMA has not provided assistance under Section 406 of the Stafford Act for the permanent repair or reconstruction of public housing units. Meanwhile, the MOU makes clear that "publicly-subsidized housing facilities that were developed and financed from other sources, such as other HUD programs (e.g., Section 8, FHA Mortgage Insurance, etc.)...do not qualify for HUD disaster assistance" and "may apply directly to FEMA for public assistance grants under any category of work, including Section 406 permanent repairs."

The MOU was most likely well-intentioned in that it sought to prevent duplication of resources while affirming that all publicly-subsidized housing facilities should have access to appropriate federal assistance following major disasters. Unfortunately, while public housing developments in the areas impacted by Hurricanes Katrina and Rita may technically qualify for funding under section 9(k), Congress has not for some years seen fit to fund the section 9(k) account. This puts public housing developments in the unenviable position of being effectively ineligible for existing FEMA funds by virtue of being eligible for HUD funding that simply no longer exists. Because the MOU is silent on the question of what recourse is available to public housing developments when 9(k) reserve funding is unavailable, the policy clearly discriminates against this particular type of housing.

Although Congress has separately appropriated funds to be used for grants to local housing agencies for emergency capital needs resulting from unforeseen or unpreventable emergencies and natural disasters, funding for such assistance is distinct from the 9(k) emergency reserve and is insufficient to address the extensive costs associated with repairing or rebuilding public housing units in the aftermath of a major disaster. For example, only $29 million was available for emergency capital needs for FY 2005, with $22 million eventually awarded to the Housing Authority of New Orleans and $7 million awarded to the Biloxi Housing Authority. Exacerbating the problem is the fact that emergency capital funding can only be used for

disasters that occur in the same year the funds are appropriated, meaning that unobligated balances from previous fiscal years could not be applied toward Katrina recovery.

If HUD and FEMA are to work together more effectively and improve upon the federal housing response in the aftermath of future major disasters, it would seem appropriate to allow local housing agencies to seek and receive FEMA funding for the repair, restoration and replacement of public housing units damaged or destroyed during major disasters in any instance in which the availability of HUD section 9(k) funding is insufficient for those purposes. This would place public housing developments on equal footing with those other forms of publicly-subsidized housing facilities that do not currently qualify for HUD disaster assistance and are already explicitly eligible to apply for FEMA public assistance grants under all categories of work.

We have previously corresponded with Secretary Jackson and others at HUD to offer the suggestion that the Department at least clarify the MOU to ensure that it is not acting as an impediment to obtaining FEMA funding for public housing developments simply because necessary administrative steps are not being taken to enable their access to it. Unfortunately, the Department has thus far not taken action to address this issue. It is our understanding, however, that the Department may finally be prepared to revisit the MOU and that conversations have occurred between HUD and FEMA to that end. I hope the Committee will encourage the Department and FEMA to resolve this matter quickly and in a manner that clearly specifies an appropriate, accessible, and readily available funding source for the repair, restoration and replacement of public housing units following major disasters. At a minimum, any revised MOU should make public housing developments explicitly eligible for FEMA funding whenever HUD funds, including 9(k) funding and emergency capital funding, are not available.

It must be noted that the President's recently released FY 2008 budget proposal underscores the need for HUD and FEMA to quickly revisit and revise the MOU. Under the heading for the Public Housing Capital Fund, the HUD budget appendix states, "Funds for disaster relief will no longer be requested; the FEMA disaster assistance is available *for any needs* that are not covered by the required property insurance" (emphasis added). Both HUD and FEMA are very much aware that the current structure of the MOU means this is clearly not the case for public housing units.

FEMA Did Not Deal with Mississippi Housing Agencies in Good Faith

The outdated MOU was not the only obstacle to a timely recovery for the five coastal Mississippi housing agencies mentioned above. On April 25, 2006, NAHRO Executive Director Saul Ramirez transmitted a letter to then-acting FEMA Director David Paulison communicating NAHRO's concern over what appeared to be evidence of a concerted effort by FEMA to withhold reimbursement for previously-authorized work plans related to hurricane recovery efforts.

These housing authorities had earlier informed NAHRO staff of FEMA's apparent failure to live up to a publicly issued promise to provide full reimbursement for demolition and debris removal activities (including mold abatement) undertaken as a result of Hurricane Katrina. The authorities informed NAHRO of two separate but related challenges as they sought

reimbursement under FEMA's Public Assistance program. The first challenge stemmed from what appeared to be a policy decision made by FEMA that made it practically impossible for housing authorities to secure reimbursement, while the second challenge was related to FEMA's bureaucratic structure.

All five housing authorities described to NAHRO staff in detail an October 5, 2005 meeting in Jackson, Mississippi, during which officials representing FEMA and the Mississippi Emergency Management Agency (MEMA) informed the housing authority representatives that demolition and debris removal activities related to Hurricane Katrina would be classified as Category B (emergency protective measures) under the Public Assistance program and would therefore be eligible for 100 percent reimbursement from FEMA. During this meeting, officials strongly encouraged the housing authorities to fill out project worksheets and work toward the completion of demolition and debris removal by the deadline for Public Assistance funding, which at that point in time was October 27, 2005. The housing authorities were given the impression that they had to act quickly or forever lose the opportunity to seek and receive full reimbursement from FEMA.

NAHRO staff received multiple reports asserting that FEMA officials initially signed off on and began to process housing authorities' project worksheets under Category A (debris removal) or Category B, only to later reclassify the activities involved as Category E (permanent reconstruction expenses related to buildings and facilities) activities that are ineligible for reimbursement. In many of these instances, FEMA reclassified time-sensitive mold abatement activities under Category E.

Email communications between FEMA and housing authorities, originally shared with Mississippi agencies by FEMA officials, indicated that FEMA adopted a new mold remediation policy for Mississippi on December 16, 2005. This policy was again revised on January 6, 2006. In a January 7, 2006 email sent by one FEMA official to another FEMA official on this topic, the first official wrote, "It's not likely that any of the mold growth along the coast was addressed soon enough after Katrina hit to qualify it as Category B." In the same e-mail message, the official also wrote, "Essentially, there are times when the activity the Housing Authority performed would be Category B work, and other times when those same activities would be Category E work."

In a separate e-mail addressed to a housing authority and dated January 7, 2006, another FEMA official wrote, "In short, regarding mold treatment, FEMA has decided that the line has to be drawn somewhere between calling such work an emergency response (Category B) and part of a permanent repair (Category E)...Currently, the line is drawn *after several hours*, as opposed to days, following the storm" (emphasis added). In another email, this FEMA official wrote he had recently learned that "other PWs (project worksheets) have been revisited by Jackson in a like manner," meaning that FEMA's Jackson office had apparently reclassified as Category E project worksheets seeking reimbursement under Categories A and B.

Other activities undertaken by housing authorities that would reasonably qualify as either Category A or B were also reclassified as Category E by FEMA, thus resulting in decisions to deny reimbursement. In some cases these decisions were made based on FEMA's

characterization of the work performed. In other cases it appears that the nature of the work was immaterial and the main concern was when the work was actually completed. As an example, one housing authority told NAHRO that FEMA provided assurances that sheetrock removal would be reimbursed. This housing authority completed a project worksheet and submitted for reimbursement under Category B. FEMA later reclassified the project worksheet under Category E, arguing that the work had not been performed in the hours immediately following the storm. In another case, covering holes in a roof with salvaged sheetrock and decking in order to put up a tarp -- clearly a temporary action taken to prevent further water damage -- was reclassified by FEMA as a permanent repair.

FEMA's seemingly arbitrary decision to reclassify mold abatement work and other emergency repair activities as Category E was unfair for a number of reasons. First, FEMA punished housing authorities for not adhering to a mold remediation policy that did not yet exist at the time of the October 5, 2005 meeting in Jackson and was later revised again. Second, if it was always FEMA's intent to deny reimbursement for activities that did not occur within the first few hours after Hurricane Katrina struck, FEMA could have made that clear during the October 5, 2005 meeting, since over a month had passed since the federal disaster declaration.

Finally, even through the use of emergency procurement procedures, it would have been impossible for housing authorities to address storm damage in the first few hours following the storm. Housing authorities were without electricity or telephone service, gasoline was scarce, and the buildings from which they would normally conduct business had in many cases sustained major damage. It defies logic to expect that housing authorities could have procured contractors and completed repairs "after several hours" when FEMA itself was unable to deliver assistance to the Gulf Coast in a timely manner.

Consider that FEMA's own Frequently Asked Questions resource, available online at http://www.fema.gov/government/grant/pa/faq.shtm, states that both debris removal and emergency protective measures may be reimbursed if the work is performed within six months:

> ***"Project Funding***
>
> ***Does the time period in which work is performed affect the reimbursement of that work?***
> *The initial deadlines are established according to the type of work performed.*
>
> *Debris removal - 6 months*
> *Emergency protective measures - 6 months*
> *Permanent repair work - 18 months*
>
> *Time extensions may be granted for extenuating circumstances."*

If the devastating effects of Hurricane Katrina do not qualify as "extenuating circumstances," we are hard pressed to imagine what would. In any case, the housing authorities seeking the reimbursement promised by FEMA completed their debris removal activities and emergency protective measures well within the six month timeframe. In a number of cases, housing authorities that relied upon assurances from FEMA found themselves in litigation when the

funding needed to pay contractors was unavailable due to FEMA's decision to deny reimbursement.

FEMA's Bureaucracy Also a Barrier to Reimbursement

In many cases, the housing authorities that contacted us found themselves navigating a maze of bureaucracy in their attempts to secure the appropriate level of reimbursement. For example, two housing authorities that contacted us had been represented by an individual who was assured by FEMA in October that reimbursement would arrive no later than three weeks after emergency repair work was completed. Eight months after the disaster, these housing authorities continued to encounter resistance from FEMA officials as they attempted to convince the agency to revisit work orders and adjust the level of approved reimbursement to reflect updated insurance settlement information. Instead of meeting with the representative of the housing authorities to resolve the issue of the work order, FEMA sidetracked the process by forcing the housing authorities to revisit and document their procurement processes, despite the fact that the housing authorities had been encouraged to employ emergency procurement.

Instead of working with these housing authorities to resolve the reimbursement issue, FEMA seemed to be more concerned with auditing our member agencies for potential wrongdoing than it was with fulfilling the promises it had made to them. The individual working on behalf of the two housing authorities mentioned above informed us that FEMA officials, instead of taking responsibility for past promises, argued that MEMA was empowered to adjust the work orders in question. When this individual contacted MEMA on FEMA's advice, he was told he would he would not be allowed to set foot inside FEMA's and MEMA's temporary headquarters inside the Biloxi Coliseum and Convention Center. Instead, this individual was instructed to meet a MEMA representative in the parking lot and deliver documents through his rolled-down car window.

FEMA took over six months to respond to our letter on this matter. In a letter dated November 9, 2006, James A. Walke, Public Assistance Branch Chief for FEMA's Recovery Division, essentially dismissed NAHRO's concerns, writing that "the amount of interior demolition (i.e., removal of sheetrock) that is considered emergency protective measures is best made onsite." Furthermore, instead of acknowledging that FEMA staff did anything improper, the letter instead simply states that "HUD provides funding to repair disaster damages to facilities authorized by Section 9(k) of the US Housing Act of 1937." Walke closed the letter by writing that FEMA was "pleased to have assisted many PHAs in recovering from the devastating effects of Hurricane Katrina." Surely this sentiment is cold comfort to those agencies that even now are still waiting for federal financial assistance to arrive so that rebuilding may begin in earnest.

NAHRO does not currently have an accurate count of the number of units across the Gulf Coast that could have been quickly put back into productive use, given adequate federal funding assistance, had remediation and permanent repairs proceeded soon after Katrina made landfall, but were instead lost to mold, rot, and other after-effects of the storm. It is our assumption, however, that this number is substantial.

Delayed Damage Assessments Have Slowed Recovery

Returning to the subject of the delays experienced by the Mississippi agencies in accessing the $100 million in supplemental CDBG funding approved by HUD in August 2006, recent press reports indicate that delivery of these funds was held up pending the completion of damage assessments. Please note that on September 9, 2005, NAHRO delivered a letter to Secretary Jackson outlining an offer "to coordinate [an] inspection process" that would "generate information needed by the Department for assessing the damage to…HUD-assisted Housing."

NAHRO's proposed work plan, which would have been executed in partnership with Building Inspection Service, Inc., would have generated "both detailed property condition reports and costs to repair, restore, and/or replace" damaged and destroyed public housing." In our letter, NAHRO suggested that the data generated through these inspections "could be used as the basis for subsequent funding allocations and oversight in the restoration process." HUD made no response to NAHRO's initial offer.

GSE Reform Legislation Can Provide Assistance to Gulf Coast While Helping to Address the Nation's Housing Crisis

NAHRO was a consistent supporter of using supplemental CDBG funds to support the recovery effort in the Gulf Coast. At the same time, we have always argued that additional resources are necessary to guarantee that affordable housing stock in the Gulf Coast region is not only preserved but expanded. Because the affordable housing crisis facing America existed long before Katrina made landfall, NAHRO believes we need new tools that can be used not only to address the very real and persistent housing needs of the Gulf Coast, but also to combat the shortage of affordable, available units nationwide.

Not surprisingly, the enactment of a new and significant source of financing to support the expansion of affordable rental and homeowner opportunities is a top legislative priority for NAHRO in 2007. It has long been our hope that legislation to reform Government Sponsored Enterprise (GSE) oversight can serve as the vehicle to create a new production program in the form of an affordable housing fund. Testifying on behalf of NAHRO during the September 15, 2005 hearing of the Subcommittee on Housing and Community Opportunity, Henry A. Alvarez III, President and CEO of San Antonio Housing Authority, had the following to say about proposed affordable housing fund contained within GSE reform legislation:

> *"[W]ith respect to our ability to meet both the short-term needs of families impacted by the hurricane as well as the longer-term needs of families for whom decent affordable housing remains out of reach, NAHRO believes that now is the time to get serious about the production of new units of affordable housing...*
>
> *By establishing affordable housing funds at Fannie Mae and Freddie Mac, that legislation would create a new, significant source of funding for the production, preservation, and rehabilitation of affordable rental housing. Now more than ever, these new funds would be a welcome resource. These new dollars would be put to good use, both in the areas affected by Hurricane Katrina and throughout the nation."*

A report issued by the minority staff of the Committee last year argued, "If the GSE bill had been promptly enacted into law [in 2005], funds would already be going to the Gulf to help with housing reconstruction." NAHRO agrees. Additionally, earlier enactment of a bill with a temporary funding preference for the Gulf Coast region would have meant earlier eligibility for deserving projects in other parts of the country.

Disaster Recovery Effort Serves as a Reminder of the Importance of Protecting Our Nation's Investment in Public Housing

The stunning devastation wrought by Hurricanes Katrina and Rita serves as a stark reminder of persistent economic disparities and the corresponding need for the federal government to remain fully invested in the development of affordable housing and the pursuit of meaningful community revitalization. In the aftermath of the 2005 hurricane season, the Congress and the administration deployed time-tested federal housing and community development tools in order to address the substantial relief and recovery needs of the Gulf Coast, the same federal tools that have been making a real difference in the lives of low- and moderate-income Americans for decades. These proven tools must be strengthened and, along with new and innovative programs and policies, brought to bear not only when required to meet needs created by future disasters, but in a concerted and sustained effort to resolve the nation's ongoing affordable housing crisis.

NAHRO has consistently called for adequate resources for the repair, restoration, and replacement of public housing units damaged or destroyed during the 2005 hurricane season. Once these units are finally back online, they will unfortunately be operational within a program in the midst of a desperate fiscal crisis. Funding for public housing has reached such a nadir that families' continued housing support, leveraged or otherwise, is unmistakably endangered.

Between FY 2000 to 2007, the deficit in operating subsidy for the Public Housing program exceeded $2 billion. Housing agencies in the first quarter of 2007 received just 76 percent of their demonstrated need for subsidy. Housing agencies can no longer cover the gap themselves, and have resorted to reductions in maintenance and service staff to dangerously low levels, cut benefits to remaining employees, eliminated physical and management improvements, and in many cases have nearly used up necessary operating reserves. We must not only save public housing units in the Gulf Coast region. We must also save HUD's public housing program in order to protect the families they serve across the nation, including those displaced public housing residents who choose to return to the Gulf Coast.

Major Disasters Prove Value of CDBG Program

We noted with great interest the recent testimony of Donald E. Powell, Federal Coordinator for Gulf Coast Rebuilding, before the Senate Committee on Homeland Security and Government Affairs in which he said:

> *"The CDBG program was chosen because it is a well-tested mechanism that provides a state with the greatest flexibility in how funds may be spent. CDBG allows those closest*

> *to the problem to make direct grants. In fact, that's the greatest attribute of the CDBG funds."*

NAHRO's support for the CDBG program remains unwavering. The program must be strengthened in order to more effectively respond to ongoing state and local needs as well as future disasters. No good purpose is served when the administration spends an entire year attempting to eliminate the highly effective CDBG program, then admits there is no better existing federal program with which to deliver flexible aid to states and communities recovering from a major disaster, and then unveils a legislative "reform" proposal that would substantially reduce regular CDBG allocations for states and communities across the nation by combining formula change with a $1 billion reduction in formula grant funding. Unfortunately, the President's FY 2008 budget makes clear the Administration's intent to continue down this path.

Thank you for your consideration. NAHRO commends the Committee's leadership as it relates to housing and community development policy as well as its ongoing commitment to meeting the needs of those impacted by the 2005 hurricane season.

Statement of the National Association of REALTORS® to the
House Financial Services Committee hearing on
"The Federal Housing Response to Hurricane Katrina"
February 6, 2007

The National Association of REALTORS® commends the Committee for focusing on the federal response to Hurricanes Katrina and Rita. There is much to be learned in the aftermath of these disasters, and we applaud your leadership in renewing this discussion.

One of the most immediate needs for victims of the hurricanes was shelter, and REALTORS® responded to that need. Aside from raising money, REALTORS® quickly mobilized to identify available housing resources in the community and provide assistance to consumers and government entities in finding housing for victims. But REALTORS® commitment didn't end there. NAR entered into a partnership with Habitat for Humanity International (HFHI) to build 54 homes in the Gulf region as part of HFHI's Operation Home Delivery. NAR 2006 President Tom Stevens challenged each of state and territorial REALTOR® associations to each raise $75,000 for this project. The REALTOR® Relief Foundation agreed to contribute the first $5,000 for each association. Half of the 54 homes will begin as a Home in a Box, which involves constructing the frame of the home that is then shipped to the Gulf coast where it is completed. The remaining 27 homes will be built from-the-ground-up, in their permanent locations in the Gulf region.

We believe the federal government must implement a standardized, coordinated plan that can become operational immediately in the event of a natural disaster. The Department of Housing and Urban Development has a unique opportunity to help in this effort to provide housing. First, the Department should target their inventory of HUD-owned homes. These houses should be immediately made available for victims.

Second, HUD should utilize the available inventory of Section 8 project-based units, and the Rural Housing Service's 515 rental housing units. The Department should be able to quickly identify these units and make them available. After Katrina and Rita, these units could not be quickly utilized by evacuees because Public Housing Authorities, owners and agents were still required to adhere to all program requirements. These should be temporarily suspended in impacted areas during a natural disaster, to allow victims to find immediate shelter. Most important are the requirements related to initial inspections and income verifications. These requirements are time consuming and may be impossible to meet in the aftermath of a disaster. An automatic temporary waiver of program requirements would avoid programmatic delays and provide housing immediately to those in need.

Third, Housing Authorities have the names of property owners who participate in the Section 8 voucher program. These properties should be immediately contacted to see if units are available for disaster victims. Lastly, HUD should work with the private sector who own and manage rental units nationwide. Rather than turn to makeshift solutions like trailers and cruise ships, the government should focus on housing that is readily available in communities.

The disasters following Hurricanes Katrina and Rita have caused taxpayers millions of dollars. We believe this money would be better spent through the development of a highly coordinated system for prevention and remedial assistance. First, reforms to the National Flood Insurance Program are needed. The NFIP is a unique partnership between our three levels of government. It enables property owners in participating communities to purchase insurance as a protection against flood losses in exchange for State and community floodplain management regulations that reduce future flood damages. As a result, federal expenditures for disaster assistance and flood control are reduced. Although the costs to federal taxpayers associated with Hurricanes Katrina, Rita and Wilma have been very high, without the NFIP they would have been even higher. NAR encourages the Committee to consider NFIP reform legislation as expeditiously as possible.

Congress must insist that the NFIP abide by the changes that were implemented with the passage of "Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004." This important law targets federal flood mitigation efforts to repetitive-loss properties and increases the flood insurance premiums of such properties whose owners refuse government mitigation offers. The purpose of the law is to improve the financial soundness of the NFIP by shifting more of the burden of recovery costs to property owners who choose to remain vulnerable to repetitive flood damage. The law directed FEMA to develop a pilot program for mitigation of severe repetitive loss properties. Implementing this program will provide dramatic savings to the NFIP. We also believe FEMA must enforce the mandatory purchase requirement under current law. Homeowners with mortgages held by federally-regulated lenders whose homes are located in a special flood hazard area are required to purchase and maintain flood insurance. If a property owner fails to obtain and maintain this coverage, their lender is required to purchase this coverage on their behalf and bill the borrower. FEMA should increase enforcement of this requirement, which would increase premium revenue to the National Flood Insurance Program as well as further reduce the costs of a flood event to the federal government.

Secondly, we urge Congress to ensure adequate funding for FEMA's map modernization program. This funding will ensure that the project will proceed and ensure that the nation's flood maps are accurate. Flood maps determine whether a property is located in a floodplain, and thus whether flood insurance is required in order to secure a mortgage. When maps are inaccurate, properties incorrectly included in a floodplain are unnecessarily required to have flood insurance coverage. Flood maps serve a number of other important functions. Flood maps help communities develop flood management strategies, implement more effective land use and building codes, develop disaster preparedness plans, and incorporate disaster planning into regional economic development strategies.

NAR believes that now is the time for Congress to address a comprehensive natural disaster policy that includes natural disaster insurance. The inability to obtain affordable homeowners' insurance is a serious threat to the residential real estate market – and thus, our economy, in several ways. Because homeowners' insurance is a necessary component in securing a federally-related mortgage, an otherwise creditworthy potential homebuyer who cannot obtain the required insurance is priced out of the market. If an existing homeowner is unable to maintain insurance required by a mortgage lender, the mortgage is in default. In lease situations, insurance costs incurred by landlords are ultimately passed along to tenants in the form of higher rents. NAR supports the creation of a federal natural disaster program that will

prevent future disruptions in insurance markets and promote available and affordable homeowners' insurance in disaster-prone areas. Key elements of a comprehensive natural disaster policy include encouraging personal responsibility through insurance and appropriate mitigation measures, recognizing the roles of state and local governments regarding building codes and land use planning decisions, and addressing infrastructure needs.

Thank you for your time and attention to this important issue. We stand ready to work with the Committee to address federal housing, NFIP and natural disaster policy issues.

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Testimony of
The Housing Policy Council of
The Financial Services Roundtable
To The
House Financial Services Committee
February 6, 2007

Chairman Frank and Ranking Member Bachus, the Housing Policy Council of The Financial Services Roundtable is pleased to submit this written testimony for the Committee's February 6 hearing on Katrina recovery issues.

The Housing Policy Council's twenty-three member companies collectively originate approximately sixty-four percent of the mortgages in the U.S. The Financial Services Roundtable's membership is one hundred of the nation's leading integrated financial services companies providing banking, mortgage, insurance and investment products and services to the American consumer.

The member companies of the Housing Policy Council and The Financial Services Roundtable responded immediately to the Katrina and Rita disasters. When the storms hit, many of our members were directly affected by the crisis. Member companies had dozens of offices either destroyed or damaged by the storms; many of their local employees lost their homes, their transportation, communication, and all of the other day-to-day conveniences of life that their neighbors in the area also suffered.

Our member companies also had loans outstanding to tens of thousands of home owners in the region, and many of those borrowers suffered some damage to or even total destruction of their homes. Because of the difficulty of traveling in the affected region, or communicating with those who were there, initially we did not know what the extent of the damage to our borrowers and their homes might be. As information was collected, it quickly became apparent that our members had billions of dollars in mortgage loans secured by damaged properties and owed by individuals who might have lost their jobs, their means to communicate, perhaps even their lives or the lives of loved ones.

In other words, Katrina, which was the largest natural disaster ever to strike the U.S., hit the financial services and mortgage lending industry directly and hard.

Now, 17 months later, we can provide commentary to your committee about what has been accomplished so far, but we wish to emphasize to everyone involved that the recovery effort remains a work in progress. While much has been done, very much remains to be done.

We have attached to this testimony a copy of the report entitled "Accelerating the Katrina Recovery – An Interim Report", which The Roundtable's Blue Ribbon Commission on Mega-Catastrophe issued on October 25, 2006. It contains an extensive discussion of the efforts of the financial services industry and twenty four recommendations for strengthening Katrina recovery, which the Committee may find useful.

We are grateful to Dr. James Richardson of Louisiana State University, who provided excellent research on the challenges that need to be addressed to help stimulate a full economic recovery. Availability of housing for the people of the Gulf Coast region is essential and necessary for a successful recovery.

Response of the member companies of the Housing Policy Council and The Financial Services Roundtable

The Housing Policy Council was an active participant in a larger effort by the financial services sector that provided needed liquidity to the victims in a variety of ways, including cash from ATMs, credit and debit cards, liquidating assets such as securities or mutual funds, prompt claims payments from insurance carriers, and deferral of payment requirements on mortgage loans. This was done well. In the words of the Federal Financial Institutions Examination Council, "...overall, [financial] institutions prevailed in very difficult circumstances through advance planning and preparation, and by working together." As a result of these efforts, the financial industry was able to assist customers and communities in their time of greatest need."

In addition, financial institutions took a variety of measures to provide direct aid to the victims of Katrina and Rita. For example, over 80 members of the Financial Services Roundtable and their employees and customers responded to the crisis in the area by providing more than $93 million in financial assistance to disaster relief agencies. In addition to the charitable donations, member institutions waived fees and penalties, provided moratoriums and grace periods on loans and insurance premiums, helped customers establish alternate payment plans, and did not report delinquencies to consumer credit reporting agencies.

Confronted with the damage to so many homes and communities caused by Katrina, coupled with the inability of many victims to find work in new locations while deciding whether to return to the storm-ravaged areas, it immediately became evident to banks and mortgage lenders in the region that some relief had to be extended to those with mortgage obligations. There were no manuals, however, on how to go about this since Katrina was the largest and most devastating storm in U.S. history, and no financial institutions in any area had ever before had to cope with an event of this magnitude.

In the immediate days after Katrina, The Financial Services Roundtable and our Housing Policy Council met with Members of this Committee and the staff to review the immediate steps that the industry and regulators were taking to respond to the crisis. In addition, the Housing Policy Council and the rest of the mortgage industry promptly formed a Katrina Mortgage Working Group. This coordination was encouraged by the federal banking regulators and included productive meetings in the fall of 2005 held at the FDIC to discuss forbearance and other policy issues that would become critical during the long recovery process.

Throughout the ensuing 17 months, the joint mortgage lending industry trade group has met regularly to address a lengthy list of issues that needed to be resolved. In addition to the Housing Policy Council, the active participants in the group have been the Mortgage Bankers Association, the Consumer Mortgage Coalition, other trades and individual companies concerned about the recovery. It has coordinated its activities and efforts not only with local banks and mortgage companies, but also with Fannie Mae and Freddie Mac, the Government Sponsored Enterprises (GSEs), groups including unions, such as the AFL-CIO, consumer organizations, including NCRC, others who are also deeply interested in the relief and recovery efforts, and with federal and state government agencies, including Chairman Don Powell's Gulf Coast Recovery Office, which encouraged coordinated efforts on the recovery.

As one of its highest priorities, our industry group recognized that it would need the cooperation and active help of government regulators and the GSEs, and therefore worked with those groups to develop uniform forbearance policies to assist mortgage borrowers. As a result, most lenders permitted affected homeowners in the region to defer mortgage payments for seven months after Katrina without incurring late fees and without having negative credit information placed in their credit files. Many of the more severely affected homeowners have still not been required to make payments and have not been reported as delinquent to the credit bureaus 17 months after Katrina struck the region, despite the considerable costs to lenders from the additional servicing tasks involved and in many cases from the corporate funds advanced for required payments to investors and securities holders.

One of the more challenging tasks the Working Group faced was informing homeowners of the forbearance policy since many were not in their homes and had not been in contact with their loan servicer since the storm. Lenders made extensive use of direct mail (where it was available), print and broadcast advertising, including enlisting the assistance of the news media, posters, dedicated customer service telephone lines, and lender web sites, and engaged both national and local community organizations to spread the word of available relief. Community meetings were held in both Mississippi and Louisiana, some sponsored by the Working Group, some sponsored by individual lender companies.

Federal bank regulators not only created their own joint Katrina task force, but in the weeks and months immediately following the storms, issued guidelines to assist lenders in making decisions on forbearance. They responded promptly to requests from the industry working group for consultations, and encouraged flexibility on the part of lenders matched by similar flexibility on their part.

The Housing Policy Council also felt that it should gather and share as much first hand information as possible on the impact of the storms on New Orleans and Mississippi. In early December 2005, the Housing Policy Council organized an industry trip to New Orleans involving nearly 80 representatives from member companies and other concerned trade organizations and agencies. Our industry group met with local and state officials including Mayor Ray Nagin, Sean O'Keefe, Chancellor of LSU, other city officials, non-profit organizations and local member companies and visited the severely damaged areas of the City including the Ninth Ward, Gentilly, New Orleans East, Lakeview and St. Bernard Parish. Business and government leaders assembled and worked together to understand what was needed to promote recovery in the region.

The industry trip to New Orleans was followed by a visit to the Mississippi Gulf Coast in early February 2006 to meet with Mississippi officials, including Congressman Gene Taylor, state and county officials, and to visit some of the severely damaged communities, including Pass Christian, Waveland, Gulfport and Biloxi. The Housing Policy Council also moved its 2006 annual meeting from another city, where expenses had already been incurred, to New Orleans in May 2006 to show support for New Orleans and the recovery. During our May meeting in New Orleans and subsequent visits to Baton Rouge, our members met with Mayor Nagin and Governor Blanco and Louisiana Recovery Authority officials. We began a dialogue with and established channels for exchanging information and coordinating information needed to support recovery efforts for homeowners affected by the disaster..

In Washington, the Housing Policy Council recognized that the impact on homeowners in the region would require aid from the Federal Government. Congressman Richard Baker was a leader in proposing ideas to structure the aid to the region and other members became actively involved in the search for an effective method for federal support. In 2006, the Housing Policy Council and its industry partners actively supported passage of the appropriation of Community Development Block Grant funding for uninsured homeowners living outside of FEMA-designated Special Flood Hazard Areas. Following passage, we shared industry views with HUD regarding the steps needed for the funds to be effectively distributed to homeowners.

The Working Group communicated regularly with those who run the assistance programs in both Mississippi and Louisiana and provided them with expertise available from lender companies. The Housing Policy Council also provided assistance in

furtherance of that effort by making the services of an expert industry representative available. This senior industry representative, Michael Kozlak, a member of the Housing Policy Executive Council, volunteered his time to provide on-site presence and advice to those who were developing recovery plans.

Since the adoption in both Mississippi and Louisiana of the programs to distribute federal aid to affected homeowners, the Housing Policy Council and its members, working with the Mortgage Bankers Association and other industry groups, have continued to be available to provide suggestions and answer questions as workout programs are implemented with individual borrowers, or to respond to questions from the state agencies about lending or servicing processes followed by the industry.

Forbearance

We would like to comment specifically on the efforts and successes of the mortgage industry to provide relief to borrowers by permitting them to defer payments on mortgage loans for a period of time.

Forbearance is used by mortgage lenders to provide short term payment relief to borrowers, in certain situations, who are having problems making payments. While each lender has its own distinctive procedures for when and how long forbearance should be provided, those originators who sell their loans in the secondary market are also guided by the contracts with the investors articulating when forbearance is available for loans sold to the investors.

With chaos the order of the day immediately after the storms, it was clear that thousands of borrowers would not be able to make their payments on time. Our member companies and other lenders offered an immediate 90 day forbearance to their customers in September 2005. Because the size of the devastation was so enormous, in the fall of 2005 lenders and regulators began a dialogue to determine what additional forbearance and other efforts would be needed. The industry group also contacted Fannie Mae and Freddie Mac to encourage them to adopt similar policies on forbearance. The industry generally refrained from filing negative credit reports on the deferred loans.

As the end of the initial forbearance period approached in November 2005, the industry group met to discuss what the next steps should be, whether or not lenders planned to begin foreclosure proceedings following the termination of the forbearance period, what the regulators and the GSEs planned, and what other investors planned. The dialogue was facilitated by a meeting in November 2005, hosted by the FDIC with a large group of lenders, lender trade associations, unions, consumer organizations, and representatives from the FDIC and other federal regulatory agencies.

As a result of these and similar meetings and considerations, a second 90 day forbearance period was recommended and generally accepted throughout the industry, and more intense work began on determining what should happen when that period ended.

The mortgage industry working group suggested that a good way to proceed thereafter was to separate the borrowers into those who remained impacted by the effects of the storm and those who did not. Working with the GSEs, a technique was devised that would permit the GSEs to look at different geographical areas and damage effects and to separate borrowers in the least effected areas from those in the more severely effected areas. Different forbearance policies would then be applied by lenders in different areas, and as time passed and recovery took hold in additional areas, forbearance would no longer be needed in those areas.

That is the program that has been followed since, and at this time, there are still sections of the region for which forbearance remains the general policy. Many borrowers, however, have returned to a regular repayment schedule.

Our members and other responsible lenders are committed to treating all of their borrowers with respect and consideration, and they have taken additional measures to make sure that those affected by the hurricanes have received, and continue to receive, individual attention and care in the handling of their mortgage issues and concerns.

For borrowers in need of payment assistance, lenders are working with their hurricane-impacted homeowners to find solutions. These options include the following: 1) additional Forbearance, when customers are unable to make payments due to loss of income or an inability to live in the home; 2) Repayment Plans, for customers who have regained the ability to make payments and are able to repay the delinquent payments over an extended period of time (dependent on investor approval); and, 3) Modifications, for those customers who have regained the ability to make payments, but are not able to repay the delinquent payments within a three to twelve month timeframe (eligibility dependent upon loan type or investor).

Our members are adhering to the requirements of the homeowner grant programs in Mississippi and Louisiana and cooperating to make those programs successful. With a large number of homeowners still in need of assistance in the hurricane-impacted zones, it would be impractical and impersonal if lenders and servicers did not review each individual borrower's circumstances and needs on a case-by-case basis. If a loan is in the secondary market and not a lender's portfolio, case-by-case reviews are done pursuant to investor guidelines and servicers provide their customers with all flexibility permitted by the investor requirements for the loan.

Recommendations for the Future

No one is satisfied with the pace of recovery in the Gulf coast region, although parts of the region seem to be recovering more rapidly than other parts. Much of the focus of concern is on the relatively slow recovery of New Orleans, and that is understandable since housing, businesses and infrastructure were severely and extensively damaged, first by the direct effects of Katrina but also from a lengthy period of standing water because of the failure of the levees. New Orleans has major areas below sea level and therefore must rely upon a complex system of levees, floodgates, and other man-made protections. The multiple failures of this defense system have taken time and considerable expense to repair. This has slowed recovery, but the sheer magnitude of the devastation and inadequate tax revenues also have been significant factors.

From our perspective, there seems to be sufficient funds appropriated by the federal government to make substantial progress on recovery throughout the region, including in New Orleans, although questions remain whether there is sufficient funding available for essential infrastructure restoration in New Orleans. The federal government has appropriated over $111 billion directly, although it is not clear how much of that has been spent. In addition, the federal government has passed tax incentives with an estimated value of $14 billion. Payments by the National Flood Insurance Program and private insurers combined have approached $58 billion. Contributions of private parties to the relief programs of charities assisting in the recovery are not fully available, but contributions to charities by the financial services sector alone totaled nearly $100 million.

As those funds are spent or distributed, more progress will be visible. While we cannot predict how rapidly that will occur, we have worked with the state agencies that have the responsibility of distributing the federal funds to the homeowners, and know that they are interested in doing the job quickly, correctly and with safeguards to protect against potential fraud in the program. Lenders understand what they must do under the state programs and will implement their requirements.

Katrina was devastating, and it was unlike any disaster we previously had experienced in the U.S. We believe, however, that there will be other disasters in the future that could rival Katrina. There will be other mega sized disasters. While they may not necessarily be hurricanes, they may come in the form of earthquakes, rapid rise in the levels of the oceans, pandemics, or other calamitous mega disasters.

In the report which The Financial Services Roundtable will release later this spring we will make a series of recommendations on preparations that should be taken now to expedite relief and recovery from those disasters. In the Katrina report, referred to earlier, we reach a series of conclusions and make a number of recommendations. Let us highlight just a few:

--The federal government should take immediate steps to establish more formal means of inter-governmental coordination – separately for Louisiana and Mississippi.

-- The federal government should explain in plain English the enhanced levee system under construction and the protection that New Orleans citizens should expect to receive from this system.

-- Appropriate agencies should partner to ensure sufficient wetlands and barrier islands are reestablished and preserved.

-- States and localities should have evacuation plans in place and must widely communicate those plans as a condition for receiving federal disaster relief under the Stafford Act.

--The use of trailers should be augmented by the use of a variety of temporary housing solutions, including mobile homes, modular homes, and housing vouchers.

-- FEMA should provide incentives under the Stafford Act to encourage adoption of state of the art building codes, and states should create a code enforcement system.

-- The Federal Agencies, GSEs, industry and non-profit organizations should apply their lessons-learned on developing forbearance policies for future use.

--The different methods for distributing housing reconstruction funds in Louisiana and Mississippi should be carefully analyzed to ensure that "best practices" of fund distribution will be used in the future by all recipients to maximize the benefits to the affected parties.

--The Louisiana Recovery Authority should consider additional steps to stimulate the recovery by providing incentives to accelerate early commitments of residents to return.

Thank you very much for holding this hearing and for allowing the Housing Policy Council to provide this testimony to the Committee. We look forward to answering any questions and to working with the Committee on these issues in any way that can be useful.

Statement of James LeBlanc
President and CEO, Volunteers of America Greater New Orleans

Submitted to the U.S. House of Representatives,
Committee on Financial Services

Legislative Hearing on the Federal Housing
Response to Hurricane Katrina

February 6, 2007

Chairman Frank, Ranking Member Bachus, and Members of the Committee – thank you for permitting me to submit this statement for the record. My name is James LeBlanc, and I am the President and CEO of Volunteers of America Greater New Orleans. Last year our 600 staff and 2,000 volunteers provided assistance to over 44,000 people in a 16 parish area of southern Louisiana.

Volunteers of America is a national, nonprofit, faith-based organization dedicated to helping those in need rebuild their lives and reach their full potential. Through thousands of human service programs, including housing and healthcare, Volunteers of America helps nearly 2 million people in over 400 communities. As one of the largest nonprofit providers of affordable housing in the country, Volunteers of America owns and operates more than 300 affordable housing communities in 31 states - communities that are home to more than 20,000 people.

New Orleans is my hometown, and I have worked tirelessly since Hurricane Katrina to ensure that the vibrancy and diversity of our wonderful community is restored. I am writing today to offer the Committee a set of constructive recommendations that Congress and the Administration should consider and implement to ensure that residents of New Orleans and the Gulf Coast can return to safe, high-quality, affordable housing as quickly as possible. We look forward to working in partnership with you to facilitate this effort.

Volunteers of America's Experience Prior to Hurricane Katrina

Volunteers of America has served New Orleans and the Gulf Region since 1896. Prior to Hurricane Katrina we had a diverse portfolio of approximately 1,200 housing units in and around New Orleans. Included in this total was senior housing, family housing, housing for persons with disabilities, housing for former offenders, and housing for people

leaving homelessness. All of these properties were rendered uninhabitable by the storm, as were our offices and many of our other program sites.

When Hurricane Katrina hit, our staff worked diligently to ensure that all of our housing residents were safely evacuated from their homes. Despite the confusion that marked the evacuation from New Orleans, we have succeeded in maintaining contact with almost all of these individuals and families. In almost every case, these men, women, and children have told us that they want to return to New Orleans – their home.

The "Coming Back Home" Initiative: Rebuilding Affordable Housing

As soon as our staff was able to return to New Orleans, Volunteers of America launched our "Coming Back Home" Initiative, under which we have pledged to restore the 1,200 affordable housing units we owned and operated prior to Katrina, and seek every opportunity to build additional units. Our goal is to continue providing housing and supportive services to vulnerable populations, while also offering workforce housing to people who need a place to live as they strive to rebuild New Orleans.

Under this initiative, Volunteers of America was proud to reopen our Terrence R. Duvernay Residence in August, 2006. The Duvernay Residence provides 70 units of permanent housing for working people who were once homeless and are now in recovery. We are now working diligently to restore Tulane House – an 81 unit Single Room Occupancy (SRO) building which sustained more significant damage. Our plan is for this facility to be reopened during the first week of March.

On December 14, 2006, Volunteers of America was pleased to receive a $3.4 million dollar annual allocation of GO Zone tax credits. We are deeply grateful to Congress and the Administration for providing these tax credits and other resources. Without them, rebuilding affordable housing along the Gulf Coast would simply not be possible.

As these credits are sold over a ten year period, they will provide us with approximately $31 million. Using this equity, we plan to construct a new 200 unit senior housing development, just across the river from New Orleans in Jefferson Parish. Once completed, this development will replace a former senior housing residence of a similar size, located in the New Orleans East neighborhood. There are several reasons why, after careful consideration, we have chosen to rebuild in a different location. First, the new location did not flood during Katrina or its aftermath. And second, the New Orleans East neighborhood currently lacks the medical, transportation, and commercial resources that seniors need to thrive.

Congress Has A Continuing Role To Play In Gulf Coast Recovery

Volunteers of America believes that Congress has a continuing leadership role to play in Gulf Coast recovery. We look forward to working with the Committee, under the continuing leadership of Chairman Frank, Ranking Member Bachus, and Subcommittee on Housing and Community Opportunity Chairwoman Waters and Ranking Member Biggert, to develop the ongoing response. Today, we offer four recommendations that Congress could implement swiftly.

1. Congress Should Enact An Affordable Housing Fund As Part Of GSE Reform Legislation, And Target The First Two Years Of Proceeds To Gulf Coast Recovery.

We commend the Financial Services Committee for its outstanding work last year in drafting and passing bipartisan GSE reform legislation, which included an affordable housing fund. Unfortunately this bill was not enacted before Congress adjourned in December. We hope that the Committee will pass similar legislation in the 110th Congress, to include the affordable housing fund.

As part of the legislation, we are requesting that you target the first two years of the fund's proceeds to affordable housing production along the Gulf Coast. Those of us who are developing housing in this area know that even after the large allocation of GO Zone tax credits, there is more affordable housing development work that must be done, and providing approximately $1 billion ($500 million per year over two years) new dollars would result in roughly 10,000 new housing units for individuals and families seeking to return home – many of which could be units of permanent supportive housing to assist our most vulnerable citizens.

2. Congress Should Permanently Authorize HUD To Allow Rental Subsidies To Be Transferred From An Obsolete Project To One That Is Viable.

In "Section 318" of the FY 2005 Transportation, Treasury, HUD appropriations bill, Congress authorized HUD to permit "the transfer of project-based assistance, debt and statutorily required low-income and very low-income use restrictions, associated with one multifamily housing project to another multifamily housing project." To ensure that a proposed transfer will benefit low income residents, project sponsors must meet a list of conditions, including but not limited to the following: sponsors must offer the same number of housing units in a new facility, demonstrate to HUD that the original property is either physically obsolete or economically non-viable, consult with tenants and convince HUD that the transfer is in the best interest of tenants, and receive a certification of approval from local government.

Volunteers of America is using this authority to transfer project-based assistance from our physically and functionally obsolete senior housing facility in New Orleans East to our new senior housing development to be built with Low Income Housing Tax Credits. Without the ability to transfer our rental subsidies, provided under this legislative provision,

we would face a significant challenge in keeping the new units affordable to low income seniors.

Unfortunately, the authority provided by the appropriations bill expires on September 30, 2007 – at the end of the current fiscal year. We ask the Committee to permanently write this authority into law. Doing so will facilitate additional Gulf Coast housing redevelopment efforts, ease housing redevelopment in other locations after future disasters, and provide increased opportunity for tenants in subsidized housing to live in redeveloped units that they can afford.

3. Congress Should Extend The GO Zone Tax Credit "Placed In Service" Date To December 31, 2010.

Volunteers of America is deeply grateful to Congress for providing additional Low Income Housing Tax Credits for the GO Zone. As discussed throughout this statement, we are currently using these credits to build affordable senior housing in New Orleans. However, when the credits were allocated, Congress included a provision requiring projects built with the credits to be "placed in service" by December 31, 2008. Having a project "placed in service" means that it must be completed and available for residents to move in. If a project does not meet this deadline, awarded tax credits are recaptured, which in the case of our Forest Towers II project would leave us with a $31 million liability.

In rebuilding the Gulf Coast, our goal is to produce safe, high-quality, affordable housing as quickly as possible. We know and understand that New Orleans residents want to return as soon as their homes are rebuilt. However, our recent tax credit award was made on December 14, 2006 – giving us just over two years to complete the project.

Under normal circumstances it is likely that we would complete the project within this time frame. However, at this point, redevelopment efforts in New Orleans and around

the Gulf Coast are anything but normal. Due to decreased staff and financial resources at the local government level, and increased demand being placed on those resources, we are facing delays in obtaining necessary permits and approvals. In addition, labor can be difficult to obtain, materials are more costly than before and remain in short supply, and insurance costs have increased between 300 and 400 percent.

Volunteers of America is not the only organization facing these challenges. On January 31, Milton Bailey – the President of the Louisiana Housing Finance Agency - estimated that 65 percent (11,500 units) of the 17,000 affordable housing units under development with Louisiana's allocation of GO Zone tax credits would not be placed in service by the December 31, 2008 deadline.

We can and will overcome these obstacles, but it will take additional time. To ensure that Volunteers of America and other affordable housing developers are able to complete tax credit projects without having their credits recaptured, we ask Congress to extend the GO Zone tax credit "placed in service" date to December 31, 2010.

While our senior housing project is scheduled to be completed well before the end of 2010, it is foreseeable that a certain amount of tax credits that have been awarded to developers will be recaptured by the Louisiana Housing Finance Agency because those developers will be unable to use them. Extending the "placed in service" date to 2010 will help ensure that these recaptured tax credits are used for their intended purpose – affordable housing development in the GO Zone.

We recognize that extending the "placed in service" date must be accomplished through the tax writing committees – House Ways and Means and Senate Finance. However, we call this issue to your attention today because of its importance, and we ask

that your support for this action be communicated to Ways and Means Chairman Rangel and Ranking Member McCrery.

4. Congress Should Provide Oversight and Review Legislative Options To Ensure That Housing Developers Can Obtain Reasonably Priced Insurance

Of the 11,500 units of housing in Louisiana that are at risk of missing the "placed in service" date, the Louisiana Housing Finance Agency estimates that 2,800-3,000 units will miss the deadline due to the high post-Katrina cost of commercial insurance. Coverage is now three or four times more costly than it was prior to the hurricane.

This increase in property insurance rates significantly reduces the ability of Volunteers of America and others to incur the private debt necessary to help fund affordable housing development. As a result, we may face shortfalls of up to $20,000 per housing unit. In addition, even when units can be developed, the high cost of insurance will result in project operating costs that exceed the rents which can be charged. This is likely to make management of many of the units developed with GO Zone tax credits unsustainable.

We are pleased that the Subcommittee on Oversight and Investigations will be holding a February 28 hearing on Hurricane Katrina insurance issues, focusing on the post-storm claims practices of insurance companies. We request that the Subcommittee also take the time to review commercial insurance issues. Without overly subsidizing the insurance industry, we must find a way for housing developers to purchase insurance at a reasonable cost.

Thank you again for the opportunity to submit this statement. We at Volunteers of America look forward to working with the Committee to hasten the attainment of our mutual goal – a rebuilt Gulf Coast that can provide affordable housing for all.

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Statement of
The National Association of Home Builders

To
The House Financial Services Committee

Federal Housing Response to Hurricane Katrina
February 6, 2007

Introduction

The National Association of Home Builders (NAHB) and its 235,000 members appreciate the opportunity to comment on the federal housing response to Hurricane Katrina. Members of the home building community, like so many others, felt the impact of Katrina on a very personal level. More than 9,000 NAHB builder members were displaced, lost their homes or were otherwise affected by the tragedy. They have worked hard to recover, and most are back in the business of providing housing. However, as members of the Committee can imagine, builders, along with homeowners, businesses, local and state officials, are feeling a high level of frustration. Recovery and reconstruction has been slow, and it will continue to be a difficult process due to the enormous devastation that occurred and the multitude of problems still to be resolved.

NAHB members working in the Gulf Coast areas have provided feedback to the leadership of our organization, and we believe that their experiences can help members of Congress consider what kinds of improvements to current processes and practices would be useful.

Congressional and Federal Agency Actions Taken

NAHB appreciates the quick action taken by Congress and federal government agencies that administer housing programs to provide resources, funding, program waivers and guidance. Of particular importance to NAHB members were the following:

- U.S. Department of Housing and Urban Development (HUD) program waivers for the HOME and CDBG programs; waivers and guidance related to the Section 8 voucher and project-based programs, public housing, and FHA-insured properties (both single and multifamily).
- Resources allocated through the Internal Revenue Code; Internal Revenue Service (IRS) Guidance and Program Waivers, including:
    - Increases in the amount of Section 42 Low Income Housing Tax Credits (LIHTC) in the GO Zone.
    - Creation of additional tax-exempt bond authority to help rebuild devastated infrastructure in the GO Zone.
    - Waivers for the provision of temporary housing for persons displaced by Hurricane Katrina.
    - Guidance providing relief from filing and payment requirements for issuers of tax-exempt bonds.
- U.S. Department of Agriculture (USDA) waivers and guidance related to the Section 502 single family program and the Section 515 and 538 multifamily programs.
- Congress appropriated $110 billion over the course of several months for disaster relief and recovery.

Suggested Improvements

The actions taken by the Congress and the Administration are greatly appreciated. However, adjustments and refinements in several of these efforts would greatly enhance the ability of builders and others on the ground in Katrina-impacted communities to effectively utilize program resources. NAHB offers the following suggestions.

Rental assistance

NAHB believes that a more efficient process for providing rental assistance to HUD-assisted families and individuals needs to be developed. Displaced persons were provided assistance first through the Katrina Disaster Housing Assistance Program (KD HAP) and subsequently through to the Disaster Voucher Program (DVP). Both programs are funded by the Federal Emergency Management Agency (FEMA). However, this assistance is temporary and, eventually, these families will return to the regular voucher program that is under HUD's jurisdiction. While KD HAP and DVP do not require a tenant contribution to rent, the process of tracking and registering multiple times as funding shifts from program to program and agency to agency is costly and confusing to both tenants and property owners. It would be more efficient and cost-effective to develop a consistent mechanism through the use of a modified Section 8 voucher program throughout.

Reconstruction of Assisted Housing

HUD should be at the forefront of reconstruction efforts related to assisted multifamily rental housing in the Gulf Coast. In preparing responses to possible future disasters, one critical issue that must be resolved is that HUD currently requires public housing authority (PHA) contracts with developers of HOPE VI projects to contain a provision that requires an owner to turn over any insurance proceeds to the PHA. HOPE VI projects are financed with a variety of sources, including LIHTCs. If a project that has not been placed in service is severely damaged or destroyed, the investor does not receive the benefit of any tax credits. Investors will demand a return of their equity contributions. Under ordinary circumstances, the developer would pay back the investor with the insurance proceeds.

However, a HOPE VI developer must find another source of cash to repay the investor (which is very costly) or face being sued by the investor. Worst case, the owner could be forced to default on the entire project. None of these options are in the best interest of the tenants, the PHA or the developer. The current HUD policy on disposition of insurance proceeds presents a major disincentive to private sector participation in the HOPE VI program that will result in a severe setback to efforts to provide decent affordable housing in areas at risk from natural disasters. The HOPE VI contracts should contain a provision that provides, in the event of a disaster, insurance proceeds should first go to pay off legitimate financial obligations of the property, rather than be turned over to the PHA. The developer can then move forward to obtain the necessary financing to rebuild.

Low Income Housing Tax Credits

As noted earlier, the Congress allocated a significant amount of additional LIHTCs to the Gulf Coast to aid in the recovery and provide for the reconstruction of affordable housing. These resources are critical to the successful recovery of the impacted areas. However, the utility of the LIHTC program in reconstructing affordable rental housing has been hampered by limitations enacted as part of the *Gulf Opportunity Zone Act of 2005* (GO Zone Act). Specifically, the placed-in-service requirements for LIHTC properties financed through Katrina credits could likely result in many of the tax credits going unused because properties cannot be completed in within the time limits set by law.

Section 42 of the Internal Revenue Code (the Code), which governs the LIHTC program, states that properties that receive credits will be deemed to have met the requirements of the Code if the building is placed in service *"not later than the close of the second calendar year following the calendar year in which the allocation is made."* Section 42 also allows properties developed within Difficult to Develop Areas (DDAs) or Qualified Census Tracts (QCTs) to receive a 30 percent boost in tax credit basis. DDA and QCT designations are made for those areas with high construction, land and utility costs relative to their area median incomes. A property developed in a DDA or QCT is subject to the same two-year placed-in-service requirements as other LIHTC properties.

Code section 1400N(c), established by the GO Zone Act, treats areas within the GO Zone as DDAs for purposes of LIHTC properties placed-in-service in 2006, 2007, or 2008, making them eligible for the 30 percent tax credit basis boost. The GO Zone Act does not, however, allow for a two-year placed-in-service requirement for these properties.

In practice, the construction of multifamily housing – whether conventional or affordable – takes time. This is compounded in the GO Zone where many local jurisdictions are experiencing material and labor shortages as well as delays in building permit processing, among other issues. In short, requiring a property that received Katrina Credits in 2007 or 2008 to be placed in service before the end of 2008 creates an extremely difficult deadline. Properties in the GO Zone should be treated equally to those not in the GO Zone and granted the same two-year placed-in-service requirements.

NAHB also believes that additional program changes could help states better utilize the LIHTC supplementary authority. In particular, program exceptions are needed to facilitate the rebuilding of units serving extremely low-income households. NAHB recommends the establishment of an exception in the statute for the LIHTC program that would allow HFAs to allocate higher per-project tax credit percentages (up to 12 percent) to support the production of affordable rental housing units in federally declared disaster areas.

This additional infusion of equity investment would allow the new properties to have a significant portion (up to 25 percent) of the apartments set aside for extremely low-income (less than 30 percent of area median income) households by covering shortfalls in development costs and operating expenses that otherwise would make the projects infeasible. The idea is to have one-stop shopping for this upfront gap funding to streamline and speed the financing and rebuilding process, while allowing states to set and address their housing priorities in disaster situations.

Small Business Administration Loan Programs

The Small Business Administration (SBA) operates two programs that could be important to hurricane or other disaster victims. The first is disaster assistance, which consists of physical damage loans and economic injury disaster loans. The other program is the suite of SBA-guaranteed and direct loans, which could be especially valuable to a business after a disaster.

The Gulf disasters put the SBA in the unenviable position of trying to be both a bank and a disaster relief agency, and its mandate of fiscal responsibility interfered with its mandate of disaster relief and economic recovery. Since SBA was lending the taxpayers' money, the agency had to take measures to make sure the money would be repaid. SBA wanted to see business records showing creditworthiness, such as financial statements and tax records. However, those records were often inaccessible, lost or destroyed. To further complicate matters, the customers and suppliers of the destroyed businesses, who could provide verification of accounts payable or credit references, also often suffered destruction of records.

The other major problem affecting the SBA programs was delay. The agency labored hard to reduce delay and paperwork requirements. SBA established a program with the Internal Revenue Service (IRS) to get tax records almost instantly, and it hired over 4,000 additional field office workers. Paperwork requirements like title searches and balance sheets were reduced for small loans, and other expedited programs were initiated or expanded. Nonetheless, SBA was still very slow in writing checks or issuing guarantees.

It appears that SBA's biggest roadblock was its attempt to apply banking criteria in the crisis environment that existed in the Gulf region. The nature of this and other disasters is likely to impair people's ability to satisfy traditional credit review criteria. As long as the agency's focus remains on likelihood of repayment, relatively few loans will be made. As a result, SBA will have relatively little impact on assisting in local economic recovery in the likelihood of major disasters.

To function effectively in a post-disaster scenario, the Small Business Administration must adopt policies and procedures that facilitate delivery of the agency's direct and guaranteed loans quickly and efficiently. SBA should have the flexibility to work independently and with its network of approved lenders to bring its services to an area impacted by disaster and to small business owners affected by a disaster who have

temporarily or permanently relocated from the disaster area. In addition, the SBA should provide much-needed capital for small businesses that produce goods and provide services to aid those directly affected by a disaster. Toward this end, Congress should explicitly charge the SBA with the responsibility of being at the forefront in restoring economic viability to small businesses that are affected by disasters.

Other Recommendations

Program Waivers

It is clear, more than 18 months after the hurricanes struck the Gulf Coast, that reconstruction will take many years. In light of the small amount of federal funding that has actually been dispersed to localities and individuals, NAHB believes that Congress should direct HUD to extend its program waivers for several more years.

While NAHB appreciates the speed with which the IRS, HUD and USDA issued program waivers, not all of the agencies provided the same waiver for specific requirements. For example, the IRS waived income limits for the LIHTC program, but HUD did not do the same for the HOME program. Many LIHTC projects also contain HOME units. In the immediate aftermath of a disaster, it is essential to simplify the process of obtaining and providing relief as much as possible.

New FEMA Authorities and Responsibilities

The Post-Katrina Emergency Management Reform Act of 2006 (H.R. 5441) passed by the 109th Congress contains several important changes to FEMA's authorities and responsibilities related to emergencies and disasters. FEMA, along with HUD and other federal agencies, must develop and maintain a National Disaster Strategy and a Housing Disaster Strategy. These strategies, in part, will identify the most efficient and cost-effective programs to best meet the recovery and housing needs, respectively, of states, localities, businesses and individuals. They will also clearly define the roles and responsibilities of each of the federal agencies during large scale disasters. NAHB strongly urges Congress to ensure that each federal agency concentrate on its own strength, for example, HUD should take on the greatest responsibility for housing-related activities.

FEMA is authorized to establish an Individuals and Households Pilot program, which should make better use of existing rental housing, located in disaster areas, to provide more timely and cost-effective temporary housing to eligible persons. FEMA may enter into lease arrangements with owners of multifamily rental housing in such areas and make improvements to these properties. NAHB urges FEMA to work with the housing industry as it drafts this pilot program. Property owners can provide valuable input as the development of such a pilot proceeds. NAHB also urges FEMA to include in the pilot a plan for transitioning persons in such temporary housing to permanent housing.

FEMA has also been authorized to undertake permanent housing activities. Again, NAHB urges FEMA to consult with the housing industry as it considers options to provide permanent housing. NAHB members work extensively with HUD, state housing finance agencies and localities in providing affordable rental housing and thus have a significant knowledge base on what types of programs work best. An option for FEMA to consider is to delegate this responsibility to HUD and USDA.

Conclusion

Thank you for the opportunity to submit the views of the National Association of Home Builders on these important issues. We look forward to continuing to work with members of the committee to ensure that the federal government is doing everything possible to respond to the needs of the communities impacted by Hurricane Katrina. While this statement focuses on the federal housing agency response to this unprecedented natural disaster, NAHB also looks forward to working with the committee as it considers other key matters related to the recovery of the impacted region. We stand ready to work with Congress and the federal government in delivering safe, decent, affordable housing in the Gulf Coast.

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

AL GREEN
9TH CONGRESSIONAL DISTRICT
HOUSTON, TEXAS

December 7, 2006

David R. Paulison, Director
Federal Emergency Management Agency
500 C Street, SW
Washington, DC 20472

Dear Mr. Paulison:

We write to express our disappointment with your decision to appeal the November 29, 2006 court ruling ordering FEMA to restore short-term housing assistance to Hurricane Katrina and Rita evacuees who sought, but were ultimately denied, continued assistance and to provide more information about the denials of evacuees' eligibility for housing assistance. Your appeal will needlessly add more delay and uncertainty for thousands of families struggling to rebuild their lives 15 months after the storms as well as result in more costs for cities that continue to provide housing services to evacuees unable to return home.

FEMA's policies, coupled with data entry errors and insufficient support staff, unfairly resulted in the denial of housing assistance to certain Katrina and Rita survivors as they sought to transition from the short-term Section 403 program to the long-term Section 408 program. As stated in Judge Richard Leon's ruling, applicants sometimes received unclear or contradictory notice and advice from FEMA, who systematically failed to explain why benefits had been denied and what documentation was needed to correct or complete an application for continued housing assistance. The reasons for termination remain vague and consequently, the process has confused many evacuees often convincing them to obtain documents that may not even be needed or providing them entirely different reasons for denials at various times.

FEMA must live up to its responsibilities and help families get on the road home to recovery. Therefore, we urge you to comply with Judge Leon's order in *ACORN v. FEMA* by retroactively restoring Section 403 housing assistance to approximately 11,000 families, mostly in Texas and Louisiana, who were found ineligible for Section 408 housing assistance and by providing clear and consistent reasons for any denials to allow affected individuals to appeal the agency's decision.

Sincerely,

AL GREEN
Member of Congress

BARNEY FRANK
Member of Congress

NOT PRINTED AT GOVERNMENT EXPENSE

MAXINE WATERS
Member of Congress

BARBARA LEE
Member of Congress

BENNIE THOMPSON
Member of Congress

SHEILA JACKSON LEE
Member of Congress

MICHAEL HONDA
Member of Congress

MELVIN L. WATT
Member of Congress

JOSEPH CROWLEY
Member of Congress

RAUL GRIJALVA
Member of Congress

EMANUEL CLEAVER
Member of Congress

GENE GREEN
Member of Congress

JERROLD NADLER
Member of Congress

RUBEN HINOJOSA
Member of Congress

SOLOMON ORTIZ
Member of Congress

WILLIAM JEFFERSON
Member of Congress

NYDIA VELAZQUEZ
Member of Congress

JIM MCDERMOTT
Member of Congress

CORRINE BROWN
Member of Congress

EARL BLUMENAUER
Member of Congress

CAROLYN MALONEY
Member of Congress

BRAD MILLER
Member of Congress

EDOLPHUS TOWNS
Member of Congress

GWEN MOORE
Member of Congress

JOE BACA
Member of Congress

GARY ACKERMAN
Member of Congress

STEPHANIE TUBBS JONES
Member of Congress

MAJOR OWENS
Member of Congress

JULIA CARSON
Member of Congress

ELIJAH CUMMINGS
Member of Congress

FORTNEY PETE STARK
Member of Congress

MARCY KAPTUR
Member of Congress

ROBERT C. SCOTT
Member of Congress

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

AL GREEN
9TH CONGRESSIONAL DISTRICT
HOUSTON, TEXAS

January 12, 2007

Honorable David Paulison
Director
Federal Emergency Management Agency
U.S. Department of Homeland Security
500 C Street, SW, Room 820
Washington, DC 20472

Dear Director Paulison:

I am writing to strongly urge FEMA to extend the 18-month deadline for FEMA's transitional housing programs scheduled to expire on February 28, 2007. When these programs end, 128,000 families housed across the country through FEMA-funded trailers, mobile homes and Section 408 rental assistance could be displaced a second time.

An estimated 33,000 families currently receive Section 408 rental assistance; the vast majority of these families reside in Houston. Approximately 95,000 households in Louisiana, Mississippi and Alabama currently live in FEMA trailers and mobile homes. Without an extension to these programs, many families who survived Hurricanes Katrina and Rita are likely to face the very real risks of homelessness and extreme poverty, dismantling progress they gained after the hurricanes.

Housing assistance is critical for the many low-income evacuees in Houston who lack the resources needed to avoid hardship. The average income of surviving families now in subsidized Houston apartments was less than $20,000 in Louisiana. While more than 60 percent of families were employed before Katrina, less than 20 percent are currently employed. Families continue to face numerous challenges while rebuilding their lives, including finding health care, child care, and employment in their new communities.

Housing continues to be one of the most important needs throughout the Gulf Coast, and this tremendous need disproportionately hurts lower-income households. Of the units destroyed or damaged by the hurricanes, 71 percent were affordable to low-income families, 30 percent were affordable to very low-income families, and 47 percent were rental units. The shortage of rental housing places our poorest and most vulnerable households at greatest risk of long-term displacement from their home communities, further exhausting the resources of cities like Houston.

At a time when displaced families need assurance and stability to continue their recovery, I urge you to seriously consider our request for an extension of the 18-month deadline for FEMA-funded trailers, mobile homes and Section 408 rental assistance.

In the event that FEMA decides to extend the 18-month deadline, I request that you notify my office of that change in writing. If you have any questions, please contact my Washington, DC, office.

Sincerely,

AL GREEN
Member of Congress

New York's 5th District — Representative: Gary Ackerman

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	19,698	13,177	67%	59%
VLI Households	15,274	7,193	47%	32%
Total Renter Households	107,035	22,514	21%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-16,616

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
New York, NY HMFA	2,141,486	$1,189	41.9%	$22.87	$71,580	$21,474	$537	$6.75	135	$27.90	33
Nassau-Suffolk, NY HMFA	183,058	$1,356	34.4%	$26.08	$91,000	$27,300	$683	$6.75	155	$12.28	85

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	834,549	597,732	69%	90
VLI Households	488,772	180,518	21%	43
LI Households	554,178	65,173	8%	31
Not Low Income	1,292,368	20,522	2%	18
Total	3,169,867	863,945	100%	30

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-336,065	-527,891	37
Very Low Income	-162,686	-567,809	57

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

California's 43rd District — Representative: Joe Baca

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	18,351	12,488	68%	77%
VLI Households	13,482	3,178	24%	20%
Total Renter Households	68,177	16,137	24%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-15,034

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Riverside-San Bernardino-Ontario, CA MSA	345,319	$974	44.3%	$18.73	$57,500	$17,250	$431	$6.75	111	$10.22	73

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	1,069,868	820,266	60%	91
VLI Households	878,391	374,984	28%	47
LI Households	968,032	130,112	10%	33
Not Low Income	2,121,672	34,715	3%	20
Total	5,037,963	1,360,077	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-594,950	-828,770	23
Very Low Income	-842,629	-1,217,787	37

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Florida's 19th District — Representative: Robert Wexler

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	9,103	5,799	64%	51%
VLI Households	8,739	3,755	43%	33%
Total Renter Households	59,256	11,338	19%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-6,790

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
West Palm Beach-Boca Raton, FL HMFA	120,151	$1,057	31.5%	$20.33	$64,400	$19,320	$483	$6.40	127	$13.17	62

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,420	322,236	56%	101
VLI Households	330,289	172,588	30%	52
LI Households	461,421	59,756	10%	35
Not Low Income	946,534	17,777	3%	21
Total	2,144,664	572,357	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-184,643	-294,692	27
Very Low Income	-246,787	-433,895	41

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

North Carolina's 12th District — Representative: Melvin Watt

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	25,434	13,281	52%	82%
VLI Households	16,661	2,430	15%	15%
Total Renter Households	95,007	16,185	17%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-12,854

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Charlotte-Gastonia-Concord, NC-SC HMFA	147,033	$707	8.6%	$13.60	$64,400	$19,320	$483	$5.15	106	$14.41	38
Greensboro-High Point, NC HMFA	74,833	$705	25.0%	$13.56	$56,400	$16,920	$423	$5.15	105	$11.14	49
Winston-Salem, NC MSA	50,915	$640	25.0%	$12.31	$58,200	$17,460	$437	$5.15	96	$11.10	44
Davidson County, NC	14,996	$565	25.0%	$10.87	$53,300	$15,990	$400	$5.15	84	$8.89	49
Rowan County, NC	13,203	$616	28.6%	$11.85	$51,300	$15,390	$385	$5.15	92	$11.21	42

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	267,633	189,561	72%	81
VLI Households	187,971	60,831	23%	42
LI Households	229,366	9,519	4%	29
Not Low Income	399,335	2,588	1%	17
Total	1,084,305	262,499	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-58,424	-154,514	42
Very Low Income	71,916	-118,419	74

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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California's 35th District — Representative: Maxine Waters

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	32,176	21,373	66%	73%
VLI Households	20,670	6,528	32%	22%
Total Renter Households	118,417	29,099	25%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-27,286

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Los Angeles-Long Beach, CA HMFA	1,634,080	$1,269	58.0%	$24.40	$56,200	$16,860	$422	$6.75	145	$15.33	64

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	1,069,868	820,266	60%	91
VLI Households	878,391	374,984	28%	47
LI Households	968,032	130,112	10%	33
Not Low Income	2,121,672	34,715	3%	20
Total	5,037,963	1,360,077	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-594,950	-828,770	23
Very Low Income	-842,629	-1,217,787	37

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

New York's 12th District — Representative: Nydia Velazquez

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	55,958	32,159	57%	78%
VLI Households	28,859	7,041	24%	17%
Total Renter Households	185,154	41,252	22%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-36,634

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
New York, NY HMFA	2,141,488	$1,189	41.9%	$22.87	$71,580	$21,474	$537	$6.75	135	$27.90	33

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	834,549	597,732	69%	90
VLI Households	488,772	180,518	21%	43
LI Households	554,178	65,173	8%	31
Not Low Income	1,292,368	20,522	2%	18
Total	3,169,867	663,945	100%	30

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-336,065	-527,891	37
Very Low Income	-162,686	-567,809	57

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

New Jersey's 13th District — Representative: Albio Sires

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	39,992	21,495	54%	70%
VLI Households	24,193	6,224	26%	20%
Total Renter Households	167,567	30,647	18%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-26,190

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Newark, NJ HMFA	275,216	$1,063	34.2%	$20.44	$84,400	$25,320	$633	$7.15	114	$16.30	50
Jersey City, NJ HMFA	159,888	$1,154	45.3%	$22.19	$55,000	$16,500	$413	$7.15	124	$22.47	40

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	280,966	199,199	76%	60
VLI Households	175,203	51,587	20%	42
LI Households	222,971	10,379	4%	29
Not Low Income	344,283	2,228	1%	18
Total	1,023,423	263,393	100%	30

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-124,771	-180,121	36
Very Low Income	-67,499	-191,930	58

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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California's 27th District — Representative: Brad Sherman

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	16,602	11,304	68%	56%
VLI Households	15,571	6,395	41%	31%
Total Renter Households	104,810	20,330	19%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-14,370

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
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Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Los Angeles-Long Beach, CA HMFA	1,634,080	$1,269	58.0%	$24.40	$56,200	$16,860	$422	$6.75	145	$15.33	64

Source: Out of Reach, 2006

State-Level Statistics

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Not Low Income	2,121,672	34,715	3%	20
Total	5,037,963	1,360,077	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
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Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Connecticut's 4th District — Representative: Christopher Shays

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	21,453	10,987	51%	77%
VLI Households	14,136	2,439	17%	17%
Total Renter Households	79,676	14,260	18%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-11,312

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Bridgeport, CT HMFA	40,146	$1,024	34.6%	$19.69	$79,900	$23,970	$599	$7.40	106	$20.26	39
Milford-Ansonia-Seymour, CT HMFA	12,775	$1,042	34.8%	$20.04	$81,700	$24,510	$613	$7.40	108	$12.20	66

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	119,460	76,873	79%	71
VLI Households	72,182	16,078	17%	37
LI Households	80,836	3,388	3%	27
Not Low Income	129,769	667	1%	16
Total	402,247	97,006	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-32,846	-64,295	46
Very Low Income	31,469	-46,602	76

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Georgia's 13th District — Representative: David Scott

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	14,939	8,906	60%	76%
VLI Households	14,290	2,586	18%	22%
Total Renter Households	82,302	11,733	14%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-9,524

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Atlanta-Sandy Springs-Marietta, GA HMFA	509,021	$779	5.0%	$14.98	$68,100	$20,430	$511	$5.15	116	$14.39	42
Butts County, GA HMFA	1,510	$546	12.6%	$10.50	$52,200	$15,660	$392	$5.15	82	$9.03	47

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	268,681	191,931	72%	86
VLI Households	192,114	58,888	22%	42
LI Households	220,754	15,248	6%	29
Not Low Income	421,806	1,656	1%	18
Total	1,103,355	267,723	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-57,565	-145,933	46
Very Low Income	48,711	-120,714	74

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

California's 40th District — Representative: Edward Royce

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	15,680	10,725	68%	72%
VLI Households	15,233	3,609	24%	24%
Total Renter Households	82,192	14,854	18%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-13,393

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Orange County, CA HMFA	361,094	$1,485	41.3%	$28.56	$78,300	$23,490	$587	$6.75	169	$15.61	73

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	1,069,868	820,266	60%	91
VLI Households	878,391	374,984	28%	47
LI Households	968,032	130,112	10%	33
Not Low Income	2,121,672	34,715	3%	20
Total	5,037,963	1,360,077	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-594,950	-828,770	23
Very Low Income	-842,629	-1,217,787	37

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Illinois's 6th District — Representative: Peter Roskam

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	7,223	4,578	63%	62%
VLI Households	6,982	2,340	34%	32%
Total Renter Households	55,959	7,378	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-5,548

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (Income between 31% and 50% of area median)
LI	Low Income (Income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Chicago-Naperville-Joliet, IL HMFA	1,031,656	$935	24.0%	$17.98	$72,400	$21,720	$543	$6.50	111	$14.82	49

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,505	294,062	77%	82
VLI Households	251,330	71,934	19%	39
LI Households	283,433	15,495	4%	27
Not Low Income	463,227	2,720	1%	17
Total	1,404,495	384,211	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-140,010	-250,673	38
Very Low Income	18,479	-209,661	68

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Arizona's 1st District — Representative: Rick Renzi

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	12,269	6,088	50%	61%
VLI Households	10,908	2,933	27%	29%
Total Renter Households	63,180	10,004	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-5,546

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Phoenix-Mesa-Scottsdale, AZ MSA	382,165	$782	7.6%	$15.04	$60,100	$18,030	$451	$5.15	117	$12.81	47
Prescott, AZ MSA	18,852	$744	24.6%	$14.31	$48,300	$14,490	$362	$5.15	111	$9.58	60
Flagstaff, AZ MSA	15,620	$939	41.4%	$18.06	$54,200	$16,260	$407	$5.15	140	$9.28	78
Navajo County, AZ	7,372	$610	25.0%	$11.73	$38,100	$11,430	$286	$5.15	91	$9.97	47
Apache County, AZ	5,127	$522	24.6%	$10.04	$31,300	$9,390	$235	$5.15	78	$13.17	30
Gila County, AZ	4,280	$713	24.4%	$13.71	$42,700	$12,810	$320	$5.15	106	$9.64	57
Graham County, AZ	2,714	$582	24.9%	$11.19	$40,500	$12,150	$304	$5.15	87	$8.41	53
Greenlee County, AZ	1,526	$615	24.7%	$11.83	$51,100	$15,330	$383	$5.15	92	$23.53	20

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	138,201	109,028	65%	92
VLI Households	117,761	44,406	26%	44
LI Households	154,076	11,607	7%	30
Not Low Income	290,346	3,656	2%	18
Total	700,366	166,697	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There Is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-57,103	-102,359	26
Very Low Income	-49,100	-126,568	51

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Florida's 12th District — Representative: Adam Putnam

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	11,281	6,699	61%	67%
VLI Households	9,678	2,469	26%	24%
Total Renter Households	66,421	10,259	15%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-6,233

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Tampa-St. Petersburg-Clearwater, FL MSA	294,922	$817	28.1%	$15.71	$54,400	$16,320	$408	$6.40	98	$12.14	52
Lakeland, FL MSA	49,860	$594	19.5%	$11.42	$49,500	$14,850	$371	$6.40	71	$10.80	42

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,420	322,236	56%	101
VLI Households	330,289	172,588	30%	52
LI Households	461,421	59,756	10%	35
Not Low Income	946,534	17,777	3%	21
Total	2,144,664	572,357	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-184,643	-294,692	27
Very Low Income	-246,787	-433,895	41

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Ohio's 15th District — Representative: Deborah Pryce

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	23,356	14,046	60%	79%
VLI Households	17,097	2,987	17%	17%
Total Renter Households	103,872	17,757	17%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-14,851

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Columbus, OH HMFA	232,257	$674	11.4%	$12.96	$64,400	$19,320	$483	$5.15	101	$12.13	43
Union County, OH HMFA	3,228	$712	17.7%	$13.69	$64,400	$19,320	$483	$5.15	106	$14.40	38

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	376,747	269,419	76%	79
VLI Households	258,407	69,521	20%	40
LI Households	281,403	10,603	3%	27
Not Low Income	439,962	3,078	1%	16
Total	1,356,519	352,621	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-125,324	-223,659	41
Very Low Income	183,430	-98,167	85

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Georgia's 6th District — Representative: Tom Price

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	5,328	3,617	68%	53%
VLI Households	5,287	2,380	45%	35%
Total Renter Households	51,425	6,817	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-4,113

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Atlanta-Sandy Springs-Marietta, GA HMFA	509,021	$779	5.0%	$14.98	$68,100	$20,430	$511	$5.15	116	$14.39	42

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	268,881	191,931	72%	86
VLI Households	192,114	58,888	22%	42
LI Households	220,754	15,248	6%	29
Not Low Income	421,806	1,656	1%	18
Total	1,103,355	267,723	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-57,565	-145,933	46
Very Low Income	48,711	-120,714	74

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Colorado's 7th District — Representative: Ed Perlmutter

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	16,935	10,534	62%	73%
VLI Households	15,382	3,117	20%	22%
Total Renter Households	88,578	14,414	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-12,521

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Denver-Aurora, CO MSA	279,218	$909	11.4%	$17.48	$71,300	$21,390	$535	$5.15	136	$14.69	48

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	146,919	103,912	74%	63
VLI Households	105,505	27,800	20%	40
LI Households	130,960	8,668	6%	28
Not Low Income	197,908	411	0%	16
Total	581,292	140,791	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-66,385	-102,400	30
Very Low Income	26,879	-70,833	72

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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New Mexico's 2nd District — Representative: Steve Pearce

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	13,687	7,195	53%	72%
VLI Households	11,242	2,128	19%	21%
Total Renter Households	62,242	9,949	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-6,691

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Albuquerque, NM MSA	90,093	$746	20.3%	$14.35	$53,200	$15,960	$399	$5.15	111	$10.52	55
Las Cruces, NM MSA	19,355	$521	20.3%	$10.02	$39,000	$11,700	$293	$5.15	78	$6.94	58
Otero County, NM	7,607	$472	21.0%	$9.08	$40,100	$12,030	$301	$5.15	71	$9.25	39
Chaves County, NM	6,575	$482	19.9%	$9.27	$37,500	$11,250	$281	$5.15	72	$8.24	45
McKinley County, NM	5,926	$575	20.0%	$11.06	$31,000	$9,300	$233	$5.15	86	$9.90	45
Lea County, NM	5,403	$472	28.3%	$9.08	$40,300	$12,090	$302	$5.15	71	$9.98	36
Eddy County, NM	4,978	$472	24.9%	$9.08	$42,900	$12,870	$322	$5.15	71	$9.86	37
Grant County, NM	3,093	$497	20.0%	$9.56	$39,200	$11,760	$294	$5.15	74	$7.49	51

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	49,674	36,036	71%	82
VLI Households	37,878	10,675	21%	40
LI Households	45,958	3,561	7%	31
Not Low Income	90,994	762	1%	16
Total	224,504	51,034	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-8,255	-32,165	35
Very Low Income	9,572	-29,378	66

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Texas's 14th District — Representative: Ron Paul

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	16,165	8,220	51%	84%
VLI Households	11,539	1,208	10%	12%
Total Renter Households	65,319	9,747	15%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-7,382

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Houston-Baytown-Sugar Land, TX HMFA	624,551	$768	16.4%	$14.77	$60,900	$18,270	$457	$5.15	115	$16.26	36
Brazoria County, TX HMFA	21,272	$663	26.8%	$12.75	$65,100	$19,530	$488	$5.15	99	$11.94	43
Victoria, TX HMFA	10,336	$613	20.7%	$11.79	$51,200	$15,360	$384	$5.15	92	$10.20	46
Wharton County, TX	4,623	$504	24.1%	$9.69	$47,400	$14,220	$356	$5.15	75	$8.73	44
Matagorda County, TX	4,614	$504	20.3%	$9.69	$48,100	$14,430	$361	$5.15	75	$12.04	32
Aransas County, TX HMFA	2,273	$557	20.0%	$10.71	$41,300	$12,390	$310	$5.15	83	$9.06	47
Calhoun County, TX HMFA	2,026	$544	20.4%	$10.46	$47,000	$14,100	$353	$5.15	81	$15.34	27
Jackson County, TX	1,401	$504	22.3%	$9.69	$49,800	$14,940	$374	$5.15	75	$9.19	42

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	648,820	483,484	71%	86
VLI Households	477,360	150,919	22%	42
LI Households	588,123	37,897	6%	30
Not Low Income	1,103,993	7,434	1%	18
Total	2,818,296	679,734	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-261,336	-436,978	33
Very Low Income	-129,068	-454,543	60

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Texas's 19th District — Representative: Randy Neugebauer

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	18,389	10,807	59%	75%
VLI Households	13,512	2,880	21%	20%
Total Renter Households	78,579	14,446	18%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-9,410

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Lubbock, TX MSA	38,523	$618	20.7%	$11.88	$48,500	$14,550	$364	$5.15	92	$8.78	54
Abilene, TX MSA	20,433	$549	20.1%	$10.56	$47,500	$14,250	$356	$5.15	82	$9.07	47
Wichita Falls, TX MSA	19,612	$569	20.6%	$10.94	$49,100	$14,730	$368	$5.15	85	$10.04	44
Hale County, TX	4,210	$504	24.4%	$9.69	$41,700	$12,510	$313	$5.15	75	$9.62	40
Howard County, TX	3,471	$504	30.6%	$9.69	$44,200	$13,260	$332	$5.15	75	$8.67	45
Hockley County, TX	2,045	$504	26.3%	$9.69	$41,800	$12,540	$314	$5.15	75	$9.12	43
Nolan County, TX	2,013	$504	36.2%	$9.69	$37,900	$11,370	$284	$5.15	75	$8.48	46
Deaf Smith County, TX	2,012	$504	42.8%	$9.69	$38,500	$11,550	$289	$5.15	75	$9.57	41

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	648,820	483,484	71%	86
VLI Households	477,360	150,919	22%	42
LI Households	588,123	37,897	6%	30
Not Low Income	1,103,993	7,434	1%	18
Total	2,818,296	679,734	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-261,336	-436,978	33
Very Low Income	-129,068	-454,543	60

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Connecticut's 5th District — Representative: Chris Murphy

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	21,631	10,956	51%	84%
VLI Households	15,867	1,689	11%	13%
Total Renter Households	82,417	13,012	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-11,191

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Hartford-West Hartford-East Hartford, CT HMFA	146,515	$1,029	37.9%	$19.79	$80,200	$24,060	$602	$7.40	107	$14.37	55
Bridgeport, CT HMFA	40,146	$1,024	34.6%	$19.69	$79,900	$23,970	$599	$7.40	106	$20.26	39
Litchfield County, CT	17,738	$898	31.9%	$17.27	$82,000	$24,600	$615	$7.40	93	$10.09	68
Milford-Ansonia-Seymour, CT HMFA	12,775	$1,042	34.8%	$20.04	$81,700	$24,510	$613	$7.40	108	$12.20	66

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	119,460	76,873	79%	71
VLI Households	72,182	16,078	17%	37
LI Households	80,836	3,388	3%	27
Not Low Income	129,769	667	1%	16
Total	402,247	97,006	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-32,846	-64,295	46
Very Low Income	31,469	-46,602	76

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Wisconsin's 4th District — Representative: Gwen Moore

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	41,714	23,683	57%	89%
VLI Households	25,862	2,422	9%	9%
Total Renter Households	140,682	26,618	19%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-24,854

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Milwaukee-Waukesha-West Allis, WI MSA	228,575	$726	14.5%	$13.96	$66,800	$20,040	$501	$6.50	86	$12.67	44

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	165,793	117,088	78%	72
VLI Households	119,083	26,868	18%	40
LI Households	163,074	6,131	4%	25
Not Low Income	214,887	540	0%	16
Total	662,837	150,627	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-61,783	-109,382	34
Very Low Income	101,957	-62,093	78

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Kansas's 3rd District — Representative: Dennis Moore

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	15,516	8,993	56%	74%
VLI Households	12,653	2,416	19%	20%
Total Renter Households	62,236	12,191	15%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-8,666

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Kansas City, MO-KS HMFA	81,018	$714	16.1%	$13.73	$67,600	$20,280	$507	$5.15	107	$12.40	44
Lawrence, KS MSA	18,514	$659	17.5%	$12.67	$64,700	$19,410	$485	$5.15	98	$7.41	68

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	77,955	52,685	77%	75
VLI Households	63,431	12,638	18%	36
LI Households	75,251	2,725	4%	25
Not Low Income	111,096	639	1%	16
Total	327,735	68,687	100%	26

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-839	-38,224	51
Very Low Income	78,392	-8,885	94

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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California's 42nd District — Representative: Gary Miller

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	6,290	4,144	66%	49%
VLI Households	6,913	3,294	48%	39%
Total Renter Households	48,446	8,389	17%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-5,381

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Orange County, CA HMFA	361,094	$1,485	41.3%	$28.56	$78,300	$23,490	$587	$6.75	169	$15.61	73

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	1,069,868	820,266	60%	91
VLI Households	878,391	374,984	28%	47
LI Households	968,032	130,112	10%	33
Not Low Income	2,121,672	34,715	3%	20
Total	5,037,963	1,360,077	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-594,950	-828,770	23
Very Low Income	-842,629	-1,217,787	37

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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North Carolina's 13th District — Representative: Brad Miller

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	18,299	10,388	57%	74%
VLI Households	14,989	3,136	21%	22%
Total Renter Households	91,968	13,988	15%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-10,596

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Raleigh-Cary, NC MSA	98,920	$850	19.5%	$16.35	$71,600	$21,480	$537	$5.15	127	$11.54	57
Greensboro-High Point, NC HMFA	74,833	$705	25.0%	$13.56	$56,400	$16,920	$423	$5.15	105	$11.14	49
Burlington, NC MSA	15,408	$700	25.0%	$13.46	$53,800	$16,140	$404	$5.15	105	$10.42	52
Rockingham County, NC HMFA	9,735	$534	19.7%	$10.27	$47,400	$14,220	$356	$5.15	80	$8.92	46
Granville County, NC	4,150	$579	19.9%	$11.13	$53,600	$16,080	$402	$5.15	86	$8.63	52
Person County, NC HMFA	3,576	$551	19.8%	$10.60	$52,000	$15,600	$390	$5.15	82	$8.36	45
Caswell County, NC	1,787	$536	19.9%	$10.31	$48,500	$14,550	$364	$5.15	80	$6.51	63

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	287,633	189,561	72%	81
VLI Households	187,971	60,831	23%	42
LI Households	229,366	9,519	4%	29
Not Low Income	399,335	2,588	1%	17
Total	1,084,305	262,499	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There Is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-58,424	-154,514	42
Very Low Income	71,916	-118,419	74

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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New York's 6th District — Representative: Gregory Meeks

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	23,127	14,410	62%	73%
VLI Households	12,731	4,617	36%	23%
Total Renter Households	92,849	19,777	21%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-16,151

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
New York, NY HMFA	2,141,488	$1,189	41.9%	$22.87	$71,580	$21,474	$537	$6.75	135	$27.90	33

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	834,549	597,732	69%	90
VLI Households	488,772	180,518	21%	43
LI Households	554,178	65,173	8%	31
Not Low Income	1,292,368	20,522	2%	18
Total	3,169,867	863,945	100%	30

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-336,065	-527,891	37
Very Low Income	-162,686	-567,809	57

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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North Carolina's 10th District — Representative: Patrick McHenry

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	11,542	5,401	47%	77%
VLI Households	9,641	1,285	13%	18%
Total Renter Households	60,562	7,039	12%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-4,392

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Charlotte-Gastonia-Concord, NC-SC HMFA	147,033	$707	8.6%	$13.60	$64,400	$19,320	$483	$5.15	106	$14.41	38
Hickory-Lenoir-Morganton, NC MSA	34,443	$552	19.2%	$10.62	$51,400	$15,420	$386	$5.15	82	$10.08	42
Iredell County, NC	11,680	$631	19.7%	$12.13	$56,900	$17,070	$427	$5.15	94	$10.25	47
Cleveland County, NC	10,043	$619	41.6%	$11.90	$48,300	$14,490	$362	$5.15	92	$9.40	51
Rutherford County, NC	6,424	$583	41.8%	$11.21	$43,500	$13,050	$326	$5.15	87	$8.35	54
Lincoln County, NC	5,165	$571	22.5%	$10.98	$55,100	$16,530	$413	$5.15	85	$9.01	49
Avery County, NC	1,273	$585	19.9%	$11.25	$43,500	$13,050	$326	$5.15	87	$7.08	64
Mitchell County, NC	1,254	$585	19.9%	$11.25	$42,000	$12,600	$315	$5.15	87	$8.54	53

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	267,633	189,561	72%	81
VLI Households	187,971	60,831	23%	42
LI Households	229,366	9,519	4%	29
Not Low Income	399,335	2,588	1%	17
Total	1,084,305	262,499	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-58,424	-154,514	42
Very Low Income	71,916	-118,419	74

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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New York's 4th District — Representative: Carolyn McCarthy

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	12,757	7,054	55%	78%
VLI Households	7,801	1,705	22%	19%
Total Renter Households	46,939	9,056	19%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-8,133

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Nassau-Suffolk, NY HMFA	163,058	$1,356	34.4%	$26.08	$91,000	$27,300	$683	$6.75	155	$12.28	85

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	834,549	597,732	69%	90
VLI Households	488,772	180,518	21%	43
LI Households	554,178	65,173	8%	31
Not Low Income	1,292,368	20,522	2%	18
Total	3,169,867	663,945	100%	30

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-336,085	-527,891	37
Very Low Income	-162,686	-567,809	57

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Georgia's 8th District — Representative: Jim Marshall

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	9,914	5,067	51%	73%
VLI Households	8,133	1,456	18%	21%
Total Renter Households	50,178	6,959	14%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-4,403

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Atlanta-Sandy Springs-Marietta, GA HMFA	509,021	$779	5.0%	$14.98	$68,100	$20,430	$511	$5.15	116	$14.39	42
Columbus, GA-AL MSA	34,370	$570	19.5%	$10.96	$48,000	$14,400	$360	$5.15	85	$10.47	42
Macon, GA MSA	27,154	$564	19.5%	$10.85	$51,800	$15,540	$389	$5.15	84	$9.46	46
Troup County, GA	7,788	$578	19.9%	$11.12	$48,700	$14,610	$365	$5.15	86	$10.06	44
Upson County, GA	3,226	$515	19.8%	$9.90	$43,400	$13,020	$326	$5.15	77	$7.59	52
Lamar County, GA HMFA	1,576	$496	12.5%	$9.54	$50,900	$15,270	$382	$5.15	74	$8.42	45
Butts County, GA HMFA	1,510	$546	12.6%	$10.50	$52,200	$15,660	$392	$5.15	82	$9.03	47

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	268,881	191,931	72%	86
VLI Households	192,114	58,888	22%	42
LI Households	220,754	15,248	6%	29
Not Low Income	421,806	1,656	1%	18
Total	1,103,355	267,723	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-57,565	-145,933	46
Very Low Income	48,711	-120,714	74

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Illinois's 16th District — Representative: Donald Manzullo

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	12,700	6,034	48%	81%
VLI Households	10,074	1,141	11%	15%
Total Renter Households	59,646	7,494	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-5,660

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Chicago-Naperville-Joliet, IL HMFA	1,031,656	$935	24.0%	$17.98	$72,400	$21,720	$543	$6.50	111	$14.82	49
Rockford, IL MSA	35,438	$635	16.9%	$12.21	$63,600	$19,080	$477	$6.50	75	$10.16	48
DeKalb County, IL HMFA	12,796	$776	27.2%	$14.92	$69,400	$20,820	$521	$6.50	92	$8.58	70
Whiteside County, IL	6,049	$562	17.6%	$10.81	$55,100	$16,530	$413	$6.50	67	$8.14	53
Stephenson County, IL	4,995	$585	17.5%	$11.25	$57,800	$17,340	$434	$6.50	69	$9.75	46
Ogle County, IL	4,916	$599	17.0%	$11.52	$63,600	$19,080	$477	$6.50	71	$11.28	41
Jo Daviess County, IL	2,095	$507	23.1%	$9.75	$58,000	$17,400	$435	$6.50	60	$7.05	55
Carroll County, IL	1,585	$546	17.4%	$10.50	$51,800	$15,540	$389	$6.50	65	$8.67	48

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,505	294,062	77%	82
VLI Households	251,330	71,934	19%	39
LI Households	283,433	15,495	4%	27
Not Low Income	463,227	2,720	1%	17
Total	1,404,495	384,211	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-140,010	-250,673	38
Very Low Income	18,479	-209,661	68

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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New York's 14th District — Representative: Carolyn Maloney

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	35,570	20,286	57%	46%
VLI Households	20,708	9,759	47%	22%
Total Renter Households	255,743	44,561	17%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-25,476

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
New York, NY HMFA	2,141,488	$1,189	41.9%	$22.87	$71,580	$21,474	$537	$6.75	135	$27.90	33

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	834,549	597,732	69%	90
VLI Households	488,772	180,518	21%	43
LI Households	554,178	65,173	8%	31
Not Low Income	1,292,368	20,522	2%	18
Total	3,169,867	863,945	100%	30

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-336,065	-527,891	37
Very Low Income	-162,686	-567,809	57

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Florida's 16th District — Representative: Timothy Mahoney

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	6,785	4,127	61%	54%
VLI Households	7,363	2,800	38%	36%
Total Renter Households	46,073	7,689	17%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-4,337

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
West Palm Beach-Boca Raton, FL HMFA	120,151	$1,057	31.5%	$20.33	$64,400	$19,320	$483	$6.40	127	$13.17	62
Port St. Lucie-Fort Pierce, FL MSA	28,055	$734	19.3%	$14.12	$54,600	$16,380	$410	$6.40	88	$10.31	55
Punta Gorda, FL MSA	10,420	$701	19.2%	$13.48	$50,800	$15,240	$381	$6.40	84	$11.08	49
Highlands County, FL	7,617	$564	19.5%	$10.85	$43,400	$13,020	$326	$6.40	68	$8.33	52
Okeechobee County, FL	3,163	$562	19.6%	$10.81	$42,300	$12,690	$317	$6.40	69	$9.68	45
Hendry County, FL	2,991	$552	19.7%	$10.62	$41,800	$12,540	$314	$6.40	66	$8.06	53
Glades County, FL	707	$553	19.7%	$10.63	$40,700	$12,210	$305	$6.40	66		

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,420	322,236	56%	101
VLI Households	330,289	172,588	30%	52
LI Households	461,421	59,756	10%	35
Not Low Income	946,534	17,777	3%	21
Total	2,144,664	572,357	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-184,643	-294,692	27
Very Low Income	-246,787	-433,895	41

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Massachusetts's 9th District — Representative: Stephen Lynch

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	22,614	10,621	47%	74%
VLI Households	13,106	2,726	21%	19%
Total Renter Households	86,922	14,333	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-10,604

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Boston-Cambridge-Quincy, MA-NH HMFA	522,109	$1,366	42.7%	$26.27	$84,100	$25,230	$631	$6.75	156	$18.79	56

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	277,451	163,534	73%	67
VLI Households	135,256	42,118	19%	38
LI Households	165,175	15,125	7%	30
Not Low Income	304,442	2,762	1%	18
Total	882,324	223,539	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-71,446	-135,690	51
Very Low Income	-7,560	-130,204	68

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Oklahoma's 3rd District — Representative: Frank Lucas

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	16,868	8,633	52%	79%
VLI Households	13,690	1,854	14%	17%
Total Renter Households	73,516	11,164	15%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-5,801

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Oklahoma City, OK HMFA	143,066	$587	20.5%	$11.29	$53,900	$16,170	$404	$5.15	88	$9.97	45
Tulsa, OK HMFA	104,415	$629	20.5%	$12.10	$54,500	$16,350	$409	$5.15	94	$11.36	43
Payne County, OK	11,768	$587	28.2%	$11.29	$48,900	$14,670	$367	$5.15	88	$6.54	69
Garfield County, OK	6,901	$489	20.1%	$9.40	$47,700	$14,310	$358	$5.15	73	$9.25	41
Kay County, OK	5,412	$489	19.9%	$9.40	$45,900	$13,770	$344	$5.15	73	$9.99	38
Jackson County, OK	4,203	$470	19.9%	$9.04	$46,100	$13,830	$346	$5.15	70	$9.55	38
Custer County, OK	3,683	$469	27.8%	$9.02	$44,700	$13,410	$335	$5.15	70	$7.41	49
Caddo County, OK	2,904	$469	37.9%	$9.02	$38,500	$11,550	$289	$5.15	70	$8.59	42

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	106,421	80,103	75%	79
VLI Households	77,850	21,023	20%	38
LI Households	95,201	3,597	3%	26
Not Low Income	168,594	1,833	2%	16
Total	448,066	106,556	100%	26

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-18,972	-63,728	40
Very Low Income	57,059	-39,287	79

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Ohio's 14th District — Representative: Steven LaTourette

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	8,083	4,648	58%	69%
VLI Households	7,414	1,636	22%	24%
Total Renter Households	48,697	6,727	14%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-4,579

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Cleveland-Elyria-Mentor, OH MSA	272,287	$702	23.4%	$13.50	$61,400	$18,420	$461	$5.15	105	$11.57	47
Akron, OH MSA	81,016	$722	24.3%	$13.88	$61,300	$18,390	$460	$5.15	108	$10.34	54
Youngstown-Warren-Boardman, OH HMFA	50,813	$558	18.2%	$10.73	$52,100	$15,630	$391	$5.15	83	$9.04	47
Ashtabula County, OH	10,210	$613	24.8%	$11.79	$49,400	$14,820	$371	$5.15	92	$8.38	56

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	376,747	269,419	76%	79
VLI Households	258,407	69,521	20%	40
LI Households	281,403	10,603	3%	27
Not Low Income	439,962	3,078	1%	16
Total	1,356,519	352,621	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-125,324	-223,659	41
Very Low Income	183,430	-98,167	85

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Florida's 22nd District — Representative: Ron Klein

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	11,864	7,587	64%	51%
VLI Households	9,899	4,633	47%	31%
Total Renter Households	77,473	14,993	19%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-9,295

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Fort Lauderdale, FL HMFA	199,820	$1,054	24.3%	$20.27	$60,600	$18,180	$455	$6.40	127	$13.54	60
West Palm Beach-Boca Raton, FL HMFA	120,151	$1,057	31.5%	$20.33	$64,400	$19,320	$483	$6.40	127	$13.17	62

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,420	322,236	56%	101
VLI Households	330,289	172,586	30%	52
LI Households	461,421	59,756	10%	35
Not Low Income	946,534	17,777	3%	21
Total	2,144,664	572,357	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-184,643	-294,692	27
Very Low Income	-246,787	-433,895	41

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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New York's 3rd District — Representative: Peter King

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	8,432	5,138	61%	70%
VLI Households	5,637	1,760	31%	24%
Total Renter Households	40,255	7,314	18%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-5,750

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Nassau-Suffolk, NY HMFA	183,058	$1,356	34.4%	$26.08	$91,000	$27,300	$683	$6.75	155	$12.28	85

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	834,549	597,732	69%	90
VLI Households	488,772	180,518	21%	43
LI Households	554,178	65,173	8%	31
Not Low Income	1,292,368	20,522	2%	18
Total	3,169,867	863,945	100%	30

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-336,065	-527,891	37
Very Low Income	-162,686	-567,809	57

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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NATIONAL LOW INCOME HOUSING COALITION

Pennsylvania's 11th District — Representative: Paul Kanjorski

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	17,939	9,146	51%	81%
VLI Households	14,638	1,931	13%	17%
Total Renter Households	75,234	11,309	15%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-8,225

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Allentown-Bethlehem-Easton, PA HMFA	70,276	$791	30.3%	$15.21	$65,900	$19,770	$494	$5.15	118	$10.91	56
Scranton--Wilkes-Barre, PA MSA	69,004	$624	34.8%	$12.00	$53,600	$16,080	$402	$5.15	93	$9.15	52
Monroe County, PA	10,712	$816	24.6%	$15.69	$63,800	$19,140	$479	$5.15	122	$9.22	68
Columbia County, PA	6,922	$604	34.8%	$11.62	$50,200	$15,060	$377	$5.15	90	$8.29	56

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	358,264	244,366	74%	77
VLI Households	245,963	66,477	20%	39
LI Households	299,139	14,899	5%	26
Not Low Income	471,448	4,135	1%	16
Total	1,374,814	329,877	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-64,767	-201,062	44
Very Low Income	170,006	-123,829	80

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

North Carolina's 3rd District — Representative: Walter Jones

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	12,684	6,875	54%	74%
VLI Households	11,440	2,056	18%	22%
Total Renter Households	68,838	9,236	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-6,248

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Greenville, NC HMFA	22,000	$579	19.9%	$11.13	$49,600	$14,880	$372	$5.15	86	$7.87	57
Jacksonville, NC MSA	20,154	$557	19.3%	$10.71	$42,700	$12,810	$320	$5.15	83	$8.28	52
Rocky Mount, NC MSA	18,199	$601	19.2%	$11.56	$47,600	$14,280	$357	$5.15	90	$9.02	51
Goldsboro, NC MSA	14,786	$544	19.6%	$10.46	$46,900	$14,070	$352	$5.15	81	$8.96	47
Craven County, NC	11,514	$568	19.3%	$10.92	$49,600	$14,880	$372	$5.15	85	$9.81	45
Wilson County, NC	11,101	$597	19.6%	$11.48	$48,300	$14,490	$362	$5.15	89	$10.14	45
Lenoir County, NC	7,878	$519	20.4%	$9.98	$45,000	$13,500	$338	$5.15	78	$7.49	53
Carteret County, NC	5,889	$575	20.0%	$11.06	$53,000	$15,900	$398	$5.15	86	$6.83	65

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	267,633	189,561	72%	81
VLI Households	187,971	60,831	23%	42
LI Households	229,366	9,519	4%	29
Not Low Income	399,335	2,588	1%	17
Total	1,084,305	262,499	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-58,424	-154,514	42
Very Low Income	71,916	-118,419	74

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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New Hampshire's 2nd District — Representative: Paul Hodes

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	13,570	6,831	50%	75%
VLI Households	11,962	1,922	16%	21%
Total Renter Households	68,575	9,113	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-7,362

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Merrimack County, NH	15,795	$857	29.1%	$16.48	$70,000	$21,000	$525	$5.15	128	$11.11	59
Grafton County, NH	9,911	$758	26.8%	$14.58	$62,900	$18,870	$472	$5.15	113	$12.77	46
Cheshire County, NH	8,242	$820	26.9%	$15.77	$62,600	$18,780	$470	$5.15	122	$10.97	57
Belknap County, NH	5,819	$766	26.8%	$14.73	$62,500	$18,750	$469	$5.15	114	$10.26	57
Sullivan County, NH	4,615	$714	27.0%	$13.73	$59,900	$17,970	$449	$5.15	107	$10.03	55
Coos County, NH	4,036	$552	26.9%	$10.62	$49,900	$14,970	$374	$5.15	82	$8.49	50
Hillsborough County, NH (part) HMFA	2,472	$831	24.0%	$15.98	$70,500	$21,150	$529	$5.15	124	$13.91	46
Boston-Cambridge-Quincy, MA-NH HMFA	1,300	$1,366	42.7%	$26.27	$84,100	$25,230	$631	$5.15	204	$12.84	82

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	30,149	19,001	70%	76
VLI Households	19,908	6,870	25%	44
LI Households	34,036	958	4%	30
Not Low Income	49,139	201	1%	18
Total	133,234	27,030	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-10,141	-17,495	42
Very Low Income	1,359	-18,805	62

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Texas's 15th District — Representative: Ruben Hinojosa

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	17,142	7,533	44%	82%
VLI Households	10,075	1,319	13%	14%
Total Renter Households	55,434	9,161	17%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-7,185

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Austin-Round Rock, TX MSA	196,986	$836	3.3%	$16.08	$69,600	$20,880	$522	$5.15	125	$14.35	45
Corpus Christi, TX HMFA	49,699	$695	20.5%	$13.37	$48,200	$14,460	$362	$5.15	104	$10.53	51
McAllen-Edinburg-Mission, TX MSA	42,254	$635	48.7%	$12.21	$30,800	$9,240	$231	$5.15	95	$7.01	70
Brownsville-Harlingen, TX MSA	31,413	$513	20.4%	$9.87	$33,000	$9,900	$248	$5.15	77	$6.74	59
Victoria, TX HMFA	10,336	$613	20.7%	$11.79	$51,200	$15,360	$384	$5.15	92	$10.20	46
Bee County, TX	3,122	$504	20.3%	$9.69	$39,000	$11,700	$293	$5.15	75	$7.95	49
Jim Wells County, TX	3,048	$504	26.6%	$9.69	$39,300	$11,790	$295	$5.15	75	$9.96	39
Fayette County, TX	1,905	$571	20.2%	$10.98	$51,400	$15,420	$386	$5.15	85	$8.61	51

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	648,820	483,484	71%	86
VLI Households	477,360	150,919	22%	42
LI Households	588,123	37,897	6%	30
Not Low Income	1,103,993	7,434	1%	18
Total	2,818,296	679,734	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-261,336	-436,978	33
Very Low Income	-129,068	-454,543	60

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Texas's 5th District — Representative: Jeb Hensarling

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	14,931	8,406	56%	77%
VLI Households	14,172	1,969	14%	18%
Total Renter Households	81,740	10,849	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-9,571

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Dallas, TX HMFA	521,374	$798	9.2%	$15.35	$65,500	$19,650	$491	$5.15	119	$16.67	37
Henderson County, TX	5,768	$585	24.5%	$11.25	$45,300	$13,590	$340	$5.15	87	$8.09	56
Cherokee County, TX	4,360	$504	22.6%	$9.69	$41,200	$12,360	$309	$5.15	75	$8.45	46
Anderson County, TX	4,093	$543	20.4%	$10.44	$44,600	$13,380	$335	$5.15	61	$10.09	41
Van Zandt County, TX	3,482	$546	20.3%	$10.50	$48,700	$14,610	$365	$5.15	82	$7.63	55
Wood County, TX	2,715	$504	21.4%	$9.69	$45,300	$13,590	$340	$5.15	75	$7.65	51

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	648,820	483,484	71%	86
VLI Households	477,360	150,919	22%	42
LI Households	588,123	37,897	6%	30
Not Low Income	1,103,993	7,434	1%	18
Total	2,818,296	679,734	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-261,336	-436,978	33
Very Low Income	-129,068	-454,543	60

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Illinois's 4th District — Representative: Luis Gutierrez

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	32,067	16,921	53%	89%
VLI Households	23,498	1,761	7%	9%
Total Renter Households	111,525	19,063	17%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-21,398

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Chicago-Naperville-Joliet, IL HMFA	1,031,656	$935	24.0%	$17.98	$72,400	$21,720	$543	$6.50	111	$14.82	49

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,505	294,062	77%	82
VLI Households	251,330	71,934	19%	39
LI Households	283,433	15,495	4%	27
Not Low Income	463,227	2,720	1%	17
Total	1,404,495	384,211	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-140,010	-250,673	38
Very Low Income	18,479	-209,661	68

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Texas's 9th District — Representative: Al Green

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	18,736	10,107	54%	76%
VLI Households	13,263	2,711	20%	20%
Total Renter Households	82,045	13,380	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-9,709

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Houston-Baytown-Sugar Land, TX HMFA	624,551	$768	16.4%	$14.77	$80,900	$18,270	$457	$5.15	115	$16.26	36

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	648,820	483,484	71%	86
VLI Households	477,360	150,919	22%	42
LI Households	588,123	37,897	6%	30
Not Low Income	1,103,993	7,434	1%	18
Total	2,818,296	679,734	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-261,336	-436,978	33
Very Low Income	-129,068	-454,543	60

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Ohio's 5th District — Representative: Paul Gillmor

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	10,588	5,657	53%	83%
VLI Households	9,513	936	10%	14%
Total Renter Households	55,930	6,832	12%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-5,111

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Toledo, OH MSA	82,907	$603	17.5%	$11.60	$58,900	$17,670	$442	$5.15	90	$9.97	47
Huron County, OH	6,194	$572	17.7%	$11.00	$54,600	$16,380	$410	$5.15	85	$9.95	44
Sandusky County, OH	5,866	$562	17.6%	$10.81	$55,500	$16,650	$416	$5.15	84	$9.87	44
Seneca County, OH	5,550	$526	17.7%	$10.12	$51,800	$15,540	$389	$5.15	79	$8.83	46
Crawford County, OH	5,210	$519	21.5%	$9.98	$50,400	$15,120	$378	$5.15	78	$9.07	44
Ashland County, OH	4,760	$574	17.6%	$11.04	$54,100	$16,230	$406	$5.15	86	$9.38	47
Williams County, OH	3,507	$548	17.6%	$10.54	$55,300	$16,590	$415	$5.15	82	$9.73	43
Defiance County, OH	3,084	$551	17.5%	$10.60	$58,900	$17,670	$442	$5.15	82	$11.34	37

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	376,747	269,419	76%	79
VLI Households	258,407	69,521	20%	40
LI Households	281,403	10,603	3%	27
Not Low Income	439,962	3,078	1%	16
Total	1,356,519	352,621	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-125,324	-223,659	41
Very Low Income	183,430	-98,167	85

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Pennsylvania's 6th District — Representative: Jim Gerlach

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	9,892	6,092	62%	68%
VLI Households	8,946	2,225	25%	25%
Total Renter Households	60,996	8,935	15%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-6,191

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MS	461,261	$923	32.8%	$17.75	$72,100	$21,630	$541	$5.15	138	$14.56	49
Reading, PA MSA	36,877	$673	23.9%	$12.94	$64,600	$19,380	$485	$5.15	101	$10.37	50

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	358,264	244,366	74%	77
VLI Households	245,963	66,477	20%	39
LI Households	299,139	14,899	5%	26
Not Low Income	471,448	4,135	1%	16
Total	1,374,814	329,877	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-64,767	-201,062	44
Very Low Income	170,006	-123,829	80

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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New Jersey's 5th District — Representative: Scott Garrett

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	7,543	4,546	60%	68%
VLI Households	6,362	1,853	29%	28%
Total Renter Households	41,664	6,730	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-4,897

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Newark, NJ HMFA	275,216	$1,063	34.2%	$20.44	$84,400	$25,320	$633	$7.15	114	$16.30	50
Bergen-Passaic, NJ HMFA	181,265	$1,163	34.1%	$22.37	$87,500	$26,250	$656	$7.15	125	$15.46	58
Warren County, NJ HMFA	10,524	$1,050	40.0%	$20.19	$82,600	$24,780	$620	$7.15	113	$12.66	64

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	280,966	199,199	76%	80
VLI Households	175,203	51,587	20%	42
LI Households	222,971	10,379	4%	29
Not Low Income	344,283	2,228	1%	18
Total	1,023,423	263,393	100%	30

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-124,771	-180,121	36
Very Low Income	-67,499	-191,930	58

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Massachusetts's 4th District — Representative: Barney Frank

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	21,399	9,921	46%	77%
VLI Households	12,361	2,069	17%	16%
Total Renter Households	80,464	12,939	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-9,725

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Boston-Cambridge-Quincy, MA-NH HMFA	522,109	$1,366	42.7%	$26.27	$84,100	$25,230	$631	$6.75	156	$18.79	56
Easton-Raynham, MA HMFA	2,069	$1,349	62.1%	$25.94	$93,600	$28,080	$702	$6.75	154	$9.56	109

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	277,451	163,534	73%	67
VLI Households	135,256	42,118	19%	38
LI Households	165,175	15,125	7%	30
Not Low Income	304,442	2,762	1%	18
Total	882,324	223,539	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-71,446	-135,690	51
Very Low Income	-7,560	-130,204	68

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Florida's 24th District — Representative: Tom Feeney

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	9,641	6,562	66%	58%
VLI Households	8,961	3,692	41%	32%
Total Renter Households	65,009	11,401	18%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-7,219

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Orlando-Kissimmee, FL MSA	210,700	$814	16.0%	$15.65	$57,400	$17,220	$431	$6.40	98	$12.51	50
Palm Bay-Melbourne-Titusville, FL MSA	50,317	$703	19.4%	$13.52	$57,300	$17,190	$430	$6.40	84	$12.21	44
Deltona-Daytona Beach-Ormond Beach, FL MSA	45,686	$730	19.5%	$14.04	$50,300	$15,090	$377	$6.40	88	$9.64	58

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,420	322,236	56%	101
VLI Households	330,289	172,588	30%	52
LI Households	461,421	59,756	10%	35
Not Low Income	946,534	17,777	3%	21
Total	2,144,664	572,357	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-184,643	-294,692	27
Very Low Income	-246,787	-433,895	41

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Minnesota's 5th District — Representative: Keith Ellison

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	29,685	15,215	51%	84%
VLI Households	22,135	2,399	11%	13%
Total Renter Households	110,448	18,048	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-17,141

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Minneapolis-St. Paul-Bloomington, MN-WI MSA	304,258	$858	20.0%	$16.50	$78,500	$23,550	$589	$6.15	107	$12.70	52

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	132,452	79,303	76%	65
VLI Households	92,685	19,677	19%	38
LI Households	116,649	4,599	4%	26
Not Low Income	149,284	478	0%	17
Total	491,070	104,057	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-18,893	-68,459	48
Very Low Income	44,180	-50,697	77

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Indiana's 2nd District — Representative: Joe Donnelly

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	14,602	7,452	51%	80%
VLI Households	11,934	1,393	12%	15%
Total Renter Households	68,170	9,335	14%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-7,411

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Gary, IN HMFA	70,162	$755	27.3%	$14.52	$61,400	$18,420	$461	$5.15	113	$10.52	55
South Bend-Mishawaka, IN HMFA	28,537	$640	17.4%	$12.31	$57,700	$17,310	$433	$5.15	96	$10.08	49
Elkhart-Goshen, IN MSA	18,362	$660	17.2%	$12.69	$59,100	$17,730	$443	$5.15	99	$11.36	45
Kokomo, IN MSA	11,147	$620	17.2%	$11.92	$62,200	$18,660	$467	$5.15	93	$12.74	37
Michigan City-La Porte, IN MSA	10,184	$610	17.5%	$11.73	$58,300	$17,490	$437	$5.15	91	$8.74	54
Cass County, IN	4,141	$534	17.6%	$10.27	$54,500	$16,350	$409	$5.15	80	$9.15	45
Marshall County, IN	3,834	$589	17.6%	$11.33	$56,600	$16,980	$425	$5.15	88	$9.57	47
White County, IN	2,280	$605	17.7%	$11.63	$54,200	$16,260	$407	$5.15	90	$9.42	49

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	180,999	130,393	78%	76
VLI Households	121,024	31,365	19%	40
LI Households	152,725	4,479	3%	26
Not Low Income	228,038	1,684	1%	16
Total	682,786	167,921	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-56,983	-111,458	38
Very Low Income	107,703	-41,051	86

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Tennessee's 4th District — Representative: Lincoln Davis

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	14,812	6,053	41%	79%
VLI Households	10,491	1,330	13%	17%
Total Renter Households	58,531	7,615	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-4,357

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Nashville-Davidson--Murfreesboro, TN HMFA	164,876	$693	12.1%	$13.33	$60,900	$18,270	$457	$5.15	104	$12.25	44
Chattanooga, TN-GA MSA	45,597	$608	19.4%	$11.69	$52,500	$15,750	$394	$5.15	91	$10.16	46
Maury County, TN	7,203	$636	20.0%	$12.23	$56,200	$16,860	$422	$5.15	95	$11.74	42
Coffee County, TN	5,388	$514	19.8%	$9.88	$47,100	$14,130	$353	$5.15	77	$9.19	43
Roane County, TN	4,762	$502	19.5%	$9.65	$49,100	$14,730	$368	$5.15	75	$11.89	32
Campbell County, TN	4,283	$479	26.1%	$9.21	$35,800	$10,740	$269	$5.15	72	$8.07	46
Warren County, TN	4,120	$504	19.7%	$9.69	$44,900	$13,470	$337	$5.15	75	$9.18	42
Cumberland County, TN	3,779	$479	20.1%	$9.21	$41,900	$12,570	$314	$5.15	72	$7.56	49

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	181,307	124,320	72%	79
VLI Households	133,952	40,702	23%	40
LI Households	152,150	7,215	4%	27
Not Low Income	260,231	1,201	1%	16
Total	727,640	173,438	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-22,707	-96,825	47
Very Low Income	64,570	-70,971	77

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Kentucky's 4th District — Representative: Geoff Davis

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	16,480	7,476	45%	83%
VLI Households	12,080	1,181	10%	13%
Total Renter Households	68,295	8,971	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-6,454

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Louisville, KY-IN HMFA	108,856	$584	16.1%	$11.23	$58,900	$17,670	$442	$5.15	87	$11.32	40
Lexington-Fayette, KY MSA	65,778	$647	19.4%	$12.44	$61,800	$18,540	$464	$5.15	97	$10.55	47
Cincinnati-Middleton, OH-KY-IN HMFA	41,392	$668	20.4%	$12.85	$64,600	$19,380	$485	$5.15	100	$10.52	49
Huntington-Ashland, WV-KY-OH MSA	8,071	$519	20.1%	$9.98	$46,100	$13,830	$346	$5.15	78	$9.57	42
Mason County, KY	2,231	$465	19.6%	$8.94	$45,100	$13,530	$338	$5.15	69	$8.78	41
Grant County, KY HMFA	2,115	$620	19.5%	$11.92	$51,500	$15,450	$386	$5.15	93	$8.17	58
Harrison County, KY	2,067	$506	19.9%	$9.73	$50,300	$15,090	$377	$5.15	76	$9.77	40
Carter County, KY	1,969	$453	20.5%	$8.71	$37,600	$11,280	$282	$5.15	68	$5.56	63

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	131,660	85,408	78%	72
VLI Households	87,808	21,159	19%	36
LI Households	93,355	2,641	2%	25
Not Low Income	172,599	732	1%	15
Total	485,422	109,940	100%	26

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-794	-61,430	53
Very Low Income	71,647	-37,100	83

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Missouri's 5th District — Representative: Emanuel Cleaver

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	24,511	12,762	52%	81%
VLI Households	17,053	2,126	12%	14%
Total Renter Households	94,879	15,687	17%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-11,364

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Kansas City, MO-KS HMFA	143,020	$714	16.1%	$13.73	$67,600	$20,280	$507	$5.15	107	$12.25	45

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	175,728	116,894	76%	74
VLI Households	123,607	31,487	20%	38
LI Households	149,589	3,909	3%	25
Not Low Income	227,832	1,822	1%	16
Total	676,756	154,112	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-32,658	-94,107	45
Very Low Income	92,708	-57,255	81

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Missouri's 1st District — Representative: William Lacy Clay

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	29,925	15,785	53%	87%
VLI Households	16,591	1,922	12%	11%
Total Renter Households	93,940	18,163	19%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-12,544

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
St. Louis, MO-IL HMFA	224,777	$670	23.2%	$12.88	$65,800	$19,740	$494	$5.15	100	$12.65	41

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	175,728	116,894	76%	74
VLI Households	123,607	31,487	20%	38
LI Households	149,589	3,909	3%	25
Not Low Income	227,832	1,822	1%	16
Total	676,756	154,112	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There Is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-32,658	-94,107	46
Very Low Income	92,708	-57,255	81

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Delaware — Representative: Michael Castle

Rents and Incomes In Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MS	56,442	$923	32.8%	$17.75	$72,100	$21,630	$541	$6.15	115	$15.11	47
Dover, DE MSA	14,176	$709	30.1%	$13.63	$55,800	$16,740	$419	$6.15	89		
Sussex County, DE	12,072	$661	31.4%	$12.71	$54,200	$16,260	$407	$6.15	83	$9.24	55

Source: Out of Reach, 2006

State-Level Statistics

ELI Extremely Low Income (income at or below 30% of area median) **VLI** Very Low Income (income between 31% and 50% of area median) **LI** Low Income (income between 51% and 80% of area median) **Not Low Income** Income greater than 80% of area median **Severely Burdened** Household spending >50% of income on housing costs

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	19,786	14,824	82%	77
VLI Households	13,537	2,608	14%	38
LI Households	21,771	701	4%	28
Not Low Income	32,839	0	0%	17
Total	87,933	18,133	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-4,955	-11,702	41
Very Low Income	3,731	-11,536	65

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Indiana's 7th District — Representative: Julia Carson

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	27,717	16,052	58%	84%
VLI Households	22,866	2,563	11%	13%
Total Renter Households	117,381	19,132	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-15,918

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Indianapolis, IN HMFA	189,908	$693	16.9%	$13.33	$85,100	$19,530	$488	$5.15	104	$12.46	43

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	180,999	130,393	78%	76
VLI Households	121,024	31,365	19%	40
LI Households	152,725	4,479	3%	26
Not Low Income	228,038	1,684	1%	16
Total	682,786	167,921	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-56,983	-111,458	38
Very Low Income	107,703	-41,051	86

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Massachusetts's 8th District — Representative: Michael Capuano

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	54,666	24,963	46%	71%
VLI Households	26,651	7,440	28%	21%
Total Renter Households	178,116	35,160	20%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-27,628

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Boston-Cambridge-Quincy, MA-NH HMFA	522,109	$1,366	42.7%	$26.27	$84,100	$25,230	$631	$6.75	156	$18.79	56

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	277,451	163,534	73%	67
VLI Households	135,256	42,118	19%	38
LI Households	165,175	15,125	7%	30
Not Low Income	304,442	2,762	1%	16
Total	882,324	223,539	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-71,446	-135,690	51
Very Low Income	-7,560	-130,204	68

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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West Virginia's 2nd District — Representative: Shelley Capito

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	15,074	6,674	44%	81%
VLI Households	10,743	1,387	13%	17%
Total Renter Households	59,219	8,278	14%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-6,137

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Charleston, WV HMFA	31,482	$562	21.1%	$10.81	$52,500	$15,750	$394	$5.15	84	$10.22	42
Parkersburg-Marietta-Vienna, WV-OH MSA	10,601	$519	20.4%	$9.98	$49,900	$14,970	$374	$5.15	78	$7.93	50
Martinsburg, WV HMFA	8,676	$655	33.9%	$12.60	$57,700	$17,310	$433	$5.15	98	$8.86	57
Jefferson County, WV HMFA	3,903	$650	34.9%	$12.50	$66,200	$19,860	$497	$5.15	97	$7.07	71
Randolph County, WV	2,678	$487	21.4%	$9.37	$42,200	$12,660	$317	$5.15	73	$6.93	54
Jackson County, WV	2,262	$505	21.7%	$9.71	$48,800	$14,640	$366	$5.15	75	$7.58	51
Upshur County, WV	2,086	$477	21.1%	$9.17	$41,500	$12,450	$311	$5.15	71	$6.87	53
Mason County, WV	2,020	$477	42.0%	$9.17	$41,900	$12,570	$314	$5.15	71	$6.94	53

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	52,329	33,728	82%	72
VLI Households	38,139	6,322	15%	34
LI Households	32,961	967	2%	26
Not Low Income	60,425	221	1%	15
Total	183,854	41,238	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	3,923	-25,749	51
Very Low Income	28,838	-14,866	84

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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California's 48th District — Representative: John Campbell

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	11,285	7,879	70%	50%
VLI Households	9,617	4,973	52%	32%
Total Renter Households	87,035	15,688	18%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-9,429

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Orange County, CA HMFA	361,094	$1,485	41.3%	$28.56	$78,300	$23,490	$587	$6.75	169	$15.61	73

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	1,069,868	820,266	60%	91
VLI Households	878,391	374,984	28%	47
LI Households	968,032	130,112	10%	33
Not Low Income	2,121,672	34,715	3%	20
Total	5,037,963	1,360,077	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-594,950	-828,770	23
Very Low Income	-842,629	-1,217,787	37

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Florida's 5th District — Representative: Virginia Brown-Waite

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	7,110	4,040	57%	70%
VLI Households	6,783	1,352	20%	23%
Total Renter Households	38,921	5,768	15%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-3,915

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Tampa-St. Petersburg-Clearwater, FL MSA	294,922	$817	28.1%	$15.71	$54,400	$16,320	$408	$6.40	98	$12.14	52
Orlando-Kissimmee, FL MSA	210,700	$814	16.0%	$15.65	$57,400	$17,220	$431	$6.40	98	$12.51	50
Lakeland, FL MSA	49,860	$594	19.5%	$11.42	$49,500	$14,850	$371	$6.40	71	$10.80	42
Ocala, FL MSA	21,584	$599	19.3%	$11.52	$44,900	$13,470	$337	$6.40	72	$10.51	44
Citrus County, FL	7,587	$532	19.6%	$10.23	$44,000	$13,200	$330	$6.40	64	$9.89	41
Sumter County, FL	2,818	$519	38.8%	$9.98	$44,500	$13,350	$334	$6.40	62	$8.48	47
Levy County, FL	2,279	$519	34.1%	$9.98	$36,800	$11,040	$276	$6.40	62	$7.75	52

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,420	322,236	56%	101
VLI Households	330,289	172,588	30%	52
LI Households	461,421	59,756	10%	35
Not Low Income	946,534	17,777	3%	21
Total	2,144,664	572,357	100%	31

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-184,643	-294,692	27
Very Low Income	-246,787	-433,895	41

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Oklahoma's 2nd District — Representative: Dan Boren

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	16,565	7,375	45%	77%
VLI Households	14,347	1,794	13%	19%
Total Renter Households	69,432	9,561	14%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-5,633

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Tulsa, OK HMFA	104,415	$629	20.5%	$12.10	$54,500	$16,350	$409	$5.15	94	$11.36	43
Muskogee County, OK	8,044	$496	20.1%	$9.54	$41,800	$12,480	$312	$5.15	74	$7.97	48
Cherokee County, OK	5,374	$472	19.8%	$9.08	$39,200	$11,760	$294	$5.15	71	$5.86	62
Le Flore County, OK HMFA	4,443	$469	28.5%	$9.02	$38,900	$11,670	$292	$5.15	70	$6.95	52
Bryan County, OK	4,430	$469	23.4%	$9.02	$40,800	$12,240	$306	$5.15	70	$7.55	48
Okmulgee County, OK HMFA	4,198	$469	22.5%	$9.02	$40,400	$12,120	$303	$5.15	70	$7.44	49
Pittsburg County, OK	4,123	$492	19.7%	$9.46	$42,500	$12,750	$319	$5.15	73	$6.96	54
Fort Smith, AR-OK HMFA	3,668	$493	20.5%	$9.48	$41,200	$12,360	$309	$5.15	74	$6.04	63

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	106,421	80,103	75%	79
VLI Households	77,850	21,023	20%	38
LI Households	95,201	3,597	3%	26
Not Low Income	168,594	1,833	2%	16
Total	448,066	106,556	100%	26

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-18,972	-63,728	40
Very Low Income	57,059	-39,287	79

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Tennessee's 7th District — Representative: Marsha Blackburn

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	7,727	3,894	50%	69%
VLI Households	5,979	1,330	22%	24%
Total Renter Households	48,833	5,618	12%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-3,492

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Nashville-Davidson--Murfreesboro, TN HMFA	164,876	$693	12.1%	$13.33	$60,900	$18,270	$457	$5.15	104	$12.25	44
Memphis, TN-MS-AR HMFA	131,293	$662	19.7%	$12.73	$54,400	$16,320	$408	$5.15	99	$12.28	41
Clarksville, TN-KY HMFA	17,645	$586	19.6%	$11.27	$47,800	$14,340	$359	$5.15	88	$9.68	47
Jackson, TN MSA	13,022	$617	19.6%	$11.87	$51,700	$15,510	$388	$5.15	92	$9.24	51
Hardeman County, TN	2,434	$479	32.7%	$9.21	$40,900	$12,270	$307	$5.15	72	$9.16	40
Hardin County, TN	2,371	$479	34.6%	$9.21	$39,800	$11,940	$299	$5.15	72	$9.05	41
Henderson County, TN	2,146	$518	19.9%	$9.96	$45,500	$13,650	$341	$5.15	77	$7.64	52
McNairy County, TN	1,997	$479	35.7%	$9.21	$42,000	$12,600	$315	$5.15	72	$8.34	44

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	181,307	124,320	72%	79
VLI Households	133,952	40,702	23%	40
LI Households	152,150	7,215	4%	27
Not Low Income	260,231	1,201	1%	16
Total	727,640	173,438	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-22,707	-96,825	47
Very Low Income	64,570	-70,971	77

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Illinois's 13th District — Representative: Judy Biggert

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	5,395	3,499	65%	58%
VLI Households	5,393	1,903	35%	31%
Total Renter Households	46,161	6,055	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-3,916

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Chicago-Naperville-Joliet, IL HMFA	1,031,656	$935	24.0%	$17.98	$72,400	$21,720	$543	$6.50	111	$14.82	49

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,505	294,062	77%	82
VLI Households	251,330	71,934	19%	39
LI Households	283,433	15,495	4%	27
Not Low Income	463,227	2,720	1%	17
Total	1,404,495	384,211	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-140,010	-250,673	38
Very Low Income	18,479	-209,661	68

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Illinois's 8th District — *Representative: Melissa Bean*

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	7,076	3,976	56%	59%
VLI Households	7,024	2,229	32%	33%
Total Renter Households	48,560	6,717	14%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-4,385

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Chicago-Naperville-Joliet, IL HMFA	1,031,656	$935	24.0%	$17.98	$72,400	$21,720	$543	$6.50	111	$14.82	49

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	406,505	294,062	77%	82
VLI Households	251,330	71,934	19%	39
LI Households	283,433	15,495	4%	27
Not Low Income	463,227	2,720	1%	17
Total	1,404,495	384,211	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-140,010	-250,673	38
Very Low Income	18,479	-209,661	68

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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South Carolina's 3rd District — Representative: Gresham Barrett

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	16,901	8,462	50%	83%
VLI Households	11,263	1,356	12%	13%
Total Renter Households	62,990	10,141	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-6,215

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Columbia, SC HMFA	69,595	$657	19.7%	$12.63	$58,900	$17,670	$442	$5.15	98	$10.01	50
Greenville, SC HMFA	58,566	$623	19.3%	$11.98	$56,500	$16,950	$424	$5.15	93	$10.59	45
Anderson, SC MSA	15,582	$552	19.2%	$10.62	$52,700	$15,810	$395	$5.15	82	$7.95	53
Augusta-Richmond County, GA-SC MSA	15,153	$585	19.9%	$11.25	$52,200	$15,660	$392	$5.15	87	$10.90	41
Greenwood County, SC	7,904	$528	19.5%	$10.15	$50,200	$15,060	$377	$5.15	79	$9.20	44
Laurens County, SC HMFA	5,935	$532	19.6%	$10.23	$47,300	$14,190	$355	$5.15	79	$8.39	49
Oconee County, SC	5,903	$504	19.7%	$9.69	$51,300	$15,390	$385	$5.15	75	$9.30	42
Abbeville County, SC	1,985	$500	27.2%	$9.62	$46,400	$13,920	$348	$5.15	75	$7.64	50

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	120,984	92,899	77%	100
VLI Households	86,628	22,445	19%	38
LI Households	98,151	3,594	3%	29
Not Low Income	184,865	1,213	1%	16
Total	490,628	120,151	100%	28

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-10,631	-66,655	45
Very Low Income	50,665	-45,116	78

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Louisiana's 6th District — Representative: Richard Baker

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	20,272	11,637	57%	81%
VLI Households	13,126	2,172	17%	15%
Total Renter Households	73,511	14,300	19%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-11,304

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Baton Rouge, LA HMFA	76,286	$749	50.4%	$14.40	$55,800	$16,740	$419	$5.15	112	$9.45	61
Iberville Parish, LA HMFA	2,425	$444	20.0%	$8.54	$41,700	$12,510	$313	$5.15	66	$13.67	25

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	157,449	108,087	77%	82
VLI Households	95,031	26,096	16%	42
LI Households	101,001	5,585	4%	27
Not Low Income	185,906	1,406	1%	15
Total	539,387	141,174	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-31,036	-90,066	43
Very Low Income	27,240	-73,151	71

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Alabama's 6th District — Representative: Spencer Bachus

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	9,525	4,792	50%	68%
VLI Households	7,284	1,634	22%	23%
Total Renter Households	55,217	7,060	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households

-4,141

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Birmingham-Hoover, AL HMFA	107,282	$604	19.4%	$11.62	$57,400	$17,220	$431	$5.15	90	$11.99	39
Tuscaloosa, AL MSA	25,787	$610	19.6%	$11.73	$52,300	$15,690	$392	$5.15	91	$8.31	56
Chilton County, AL HMFA	2,716	$477	19.8%	$9.17	$49,000	$14,700	$368	$5.15	71	$8.89	53
Coosa County, AL	711	$453	20.5%	$8.71	$44,400	$13,320	$333	$5.15	68	$8.57	41

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	149,393	99,235	77%	73
VLI Households	96,649	24,400	19%	36
LI Households	103,612	4,219	3%	25
Not Low Income	177,211	492	0%	15
Total	526,865	128,346	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-6,078	-65,960	56
Very Low Income	82,855	-31,117	87

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

Minnesota's 6th District — Representative: Michele Bachmann

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	7,946	3,958	50%	81%
VLI Households	7,649	812	11%	17%
Total Renter Households	37,241	4,868	13%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-3,783

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Minneapolis-St. Paul-Bloomington, MN-Wi MSA	304,258	$858	20.0%	$16.50	$78,500	$23,550	$589	$6.15	107	$12.70	52
St. Cloud, MN MSA	18,786	$582	17.3%	$11.19	$61,800	$18,540	$464	$6.15	73	$8.52	53

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	132,452	79,303	76%	65
VLI Households	92,685	19,677	19%	38
LI Households	116,649	4,599	4%	26
Not Low Income	149,284	478	0%	17
Total	491,070	104,057	100%	27

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-18,893	-68,459	48
Very Low Income	44,180	-50,697	77

Source: NLIHC tabulations of 2005 American Community Survey PUMS

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Ohio's 6th District — Representative: Charlie Wilson

	Total Renter Households	Severely Burdened Households	% with Severe Burden	Share of Severely Burdened
ELI Households	16,188	8,091	50%	80%
VLI Households	12,412	1,711	14%	17%
Total Renter Households	61,427	10,070	16%	100%

Source: Special tabulation of Census 2000 (CHAS data)

Deficit/Surplus of Rental Units Affordable & Available to ELI Households
-6,778

ELI	Extremely Low Income (income at or below 30% of area median)
VLI	Very Low Income (income between 31% and 50% of area median)
LI	Low Income (income between 51% and 80% of area median)
Not Low Income	Income greater than 80% of area median
Severely Burdened	Household spending >50% of income on housing costs

Rents and Incomes in Constituent Areas

Fair Market Rent Area	Renter Hhlds (2000)	Two-BR Fair Market Rent	FMR Growth (2000-07)	Two-BR Housing Wage	Area Med. Income	30% of AMI	Rent Affordable at 30% of AMI	Minimum Wage	Hours at Minimum Wage	Renter Wage	Hours at Renter Wage
Youngstown-Warren-Boardman, OH HMFA	50,813	$558	18.2%	$10.73	$52,100	$15,630	$391	$5.15	83	$9.04	47
Columbiana County, OH	10,317	$534	17.1%	$10.27	$47,100	$14,130	$353	$5.15	80	$7.95	52
Scioto County, OH	9,225	$519	33.1%	$9.98	$40,600	$12,180	$305	$5.15	78	$7.19	55
Athens County, OH	8,905	$526	17.7%	$10.12	$46,800	$14,040	$351	$5.15	79	$5.54	73
Weirton-Steubenville, WV-OH MSA	7,818	$519	26.3%	$9.98	$47,500	$14,250	$356	$5.15	78	$8.68	46
Wheeling, WV-OH MSA	7,065	$519	26.6%	$9.98	$48,200	$14,460	$362	$5.15	78	$8.94	58
Huntington-Ashland, WV-KY-OH MSA	6,221	$519	20.1%	$9.98	$46,100	$13,830	$348	$5.15	78	$6.82	59
Parkersburg-Marietta-Vienna, WV-OH MSA	5,972	$519	20.4%	$9.98	$49,900	$14,970	$374	$5.15	78	$8.40	48

Source: Out of Reach, 2006

State-Level Statistics

	Total Renter Households	Severely Burdened Households	Share of Severely Burdened	Median Housing Cost to Income Ratio
ELI Households	376,747	269,419	76%	79
VLI Households	258,407	69,521	20%	40
LI Households	281,403	10,603	3%	27
Not Low Income	439,962	3,078	1%	16
Total	1,356,519	352,621	100%	29

Source: NLIHC tabulations of 2005 American Community Survey PUMS

There is a Real Deficit of Affordable and Available Rental Units

	Deficit/Surplus of Affordable Rental Units	Deficit/Surplus of Affordable and Available Rental Units	Affordable and Available Rental Units Per 100 Households
Extremely Low Income	-125,324	-223,659	41
Very Low Income	183,430	-98,167	85

Source: NLIHC tabulations of 2005 American Community Survey PUMS

Congressional District Profiles were produced in January 2007 by the research staff at the National Low Income Housing Coalition. Please visit www.nlihc.org or call (202) 662-1530 to request additional information.

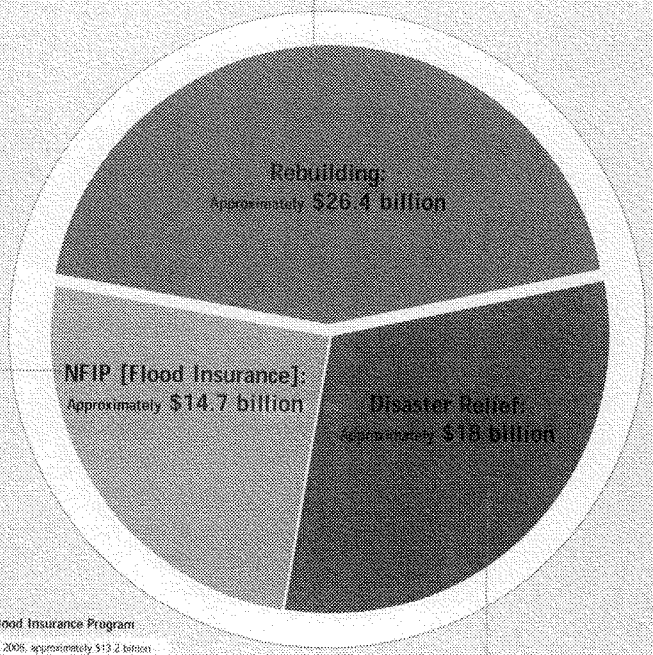
NATIONAL LOW INCOME HOUSING COALITION

A Snapshot of Federal Commitments to Louisiana's Recovery

Rebuilding:	$26.4 billion
Disaster Relief:	$18 billion
NFIP:	$14.7 billion
TOTAL:	Approximately $59 billion

REBUILDING

CDBG and HMGP	$11.9 billion
Homeowner Assistance	$7.5 billion
Affordable Rental & Social Housing	$1.75 billion
Infrastructure	$2.8 billion
Economic Development	$350 million
Levees	$5.7 billion
Transportation	$1 billion
FEMA PA [CAT. C-G]	$7 billion *
Other	$832 million
Jackson Barracks	$142 million
Veterans Hospital for New Orleans	$600 million
Coast Guard Integrated Support Command Center	$60.8 million
Historic Preservation Grants	$37 million
Air Cargo Facility for New Orleans	$2 million



National Flood Insurance Program

As of August 2006, approximately $13.2 billion had been paid out to policy holders in Louisiana.

DISASTER RELIEF

Healthcare	$1 billion
Evacuation	$260 million
UI Assistance & Workforce Development	$640 million
Temporary Assistance for Needy Families (TANF)	$34 million
Small Business Administration (SBA)	$834 million *
Social Service Block Grant (SSBG)	$220 million
Individual Assistance (IA)	$12.1 billion *
Other	$2.4 billion
SBA	$988 million
Self-Help	$918 million
HUD/other	$71 million
USACE	$369 million
All other	$334 million

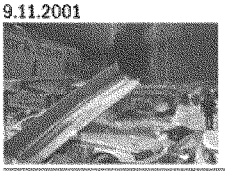
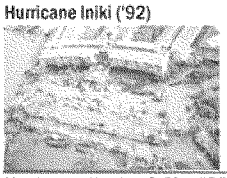
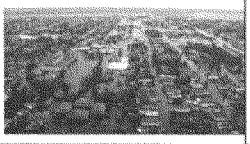
** This chart represents the current estimate of recovery funds for Louisiana. Most categories show the estimate of the total investment that will be made in Louisiana based on specific Congressional appropriations. Those categories marked with an asterisk (*) represent the current estimate of what has been or is estimated to be spent in Federally administered programs that do not have a specific appropriation cap. These will likely increase over time.*

On Sept.15, 2005, President Bush stood in Jackson Square and promised
“ an unprecedented response to an unprecedented crisis ”

But 18 months later in Louisiana

WE ARE STILL WAITING

to be treated like other states.

Disaster	State	FEMA spend per capita	Cost share waived
9.11.2001 	New York	$390	☑
Hurricane Andrew ('92)	Florida & Louisiana	$139	☑
Hurricane Iniki ('92) 	Hawaii	$234	☑
Hurricanes Katrina & Rita ('05) 	Louisiana	$6,700	☐

Treat us fairly.

WHERE IS THE MONEY?

Wall Street Journal, 1/30/2007 – by Christopher Cooper -- **Congress OK'd billions in wake of Katrina, but only half has been spent -- BAY ST. LOUIS** - In August, 2005, Hurricane Katrina flattened two bridges, one for cars, one for trains, that span the two miles of water separating this city of 8,000 from the town of Pass Christian. Sixteen months later, the automobile bridge remains little more than pilings. The railroad bridge is busy with trains. The difference: The still-wrecked bridge is owned by the U.S. government. The other is owned by railroad giant CSX Corp. of Jacksonville, Fla. Within weeks of Katrina's landfall, CSX dispatched construction crews to fix the freight line; six months later, the bridge reopened. Even a partial reopening of the road bridge, part of U.S. 90, is at least five months away. "It shows the difference between the private sector and the public sector," says Harold "Buz" Olsen, chief administrative officer of Bay St. Louis, who displays a photograph of the train bridge in the City Council chambers as a reminder. "By the time CSX was done with their bridge, we were just getting around to letting the contract on ours." It's been almost 17 months since Hurricane Katrina pounded coastal Mississippi and southeast Louisiana, and about a year since Congress authorized the bulk of its rebuilding aid for the region. More than four months have passed since President Bush visited New Orleans on the anniversary of the storm and extolled the "amazing" reconstruction effort. But a review of the devastated region shows that rebuilding is in a deep stall. Tens of thousands of residents remain displaced as authorities dither over how to disburse housing assistance. Many crucial infrastructure projects have yet to start. Of the tens of billions appropriated by Congress, half remains unspent. There are many culprits. Among them: the size of the disaster, which continues to overwhelm agencies charged with rebuilding; the crush of competing bureaucracies, which has delayed many projects including the Bay St. Louis bridge; and weak local leadership.

Fertile ground for rules -- In addition, many reconstruction efforts are ensnarled in spools of red tape spawned by a bevy of old and new government procedures. A prime example: an obscure set of 30-year-old congressional rules designed to combat corruption known as the Stafford Act. According to the White House, the federal government has provided $110 billion for the Gulf Coast region. But nowhere near that amount of actual cash has been made available. The total is spread over five states and covers damage done by three separate storms. Some of it consists of loans. A chunk comes from government insurance payouts that ultimately derived from premiums paid by homeowners themselves. Of $42 billion given to the Federal Emergency Management Agency, the agency has spent only $25 billion, federal records show. Most of that went to temporary housing, debris removal and emergency operations in the early days of the disaster. It has spent more than $4 billion on administrative costs. Louisiana says the Army Corps of Engineers has spent only about $1.3 billion of the $5.8 billion it received to repair the levees in and around New Orleans. Only about $1.7 billion of the $17 billion received by the Department of Housing and Urban Development has made its way to the streets, the agency says. In New Orleans, officials say they have received only about 14 percent of the estimated $900 million in reconstruction money they estimate is needed to fix the ruined city. "We have lots of meetings," says Cynthia Sylvain-Lear, the city's liaison with FEMA. The state and federal anti-corruption regulations offer a glimpse as to why reconstruction efforts are going so slowly.

Local money is tight -- Under the Stafford Act, rebuilding funds must be accompanied by a 10 percent match from local governments, on the theory that localities won't misspend if their money is also on the line. Similarly, FEMA will cover only 75 percent of a project's cost until the job is complete. The requirement has delayed projects while cash-strapped towns in two of the U.S.'s poorest states try to rustle up financing. Meanwhile, both Louisiana and Mississippi have been so keen to burnish their images that they created their own set of lumbering regulatory bureaus and anti-fraud audit shops. The Stafford Act has been waived in the past - it didn't apply to Manhattan in September 2001 or South Florida following Hurricane Andrew in 1992 - but it remains in place along the Gulf. President Bush dropped the act for a time for certain projects, such as emergency repairs and debris removal, only to reinstate it later. The

region's reputation for corruption is one reason why. Influence peddling on the coast has a long history, from 1930s Louisiana Gov. Huey Long to Edwin Edwards, a three-term governor currently serving a 10-year prison sentence. Recently, Mississippi was named the most corrupt state in the nation by Corporate Crime Reporter, a Washington, D.C., publication. "The question is not whether Congress should provide for those in need, but whether state and local officials who have been derelict in their duty should be trusted with that money," Rep. Tom Tancredo, a Colorado Republican, wrote in a 2005 letter to then-House Speaker Dennis Hastert. "Their record during Hurricane Katrina and the long history of public corruption in Louisiana convinces me that that they should not."

Hospitals, schools wait -- The result of this vigorous policing: In Louisiana, projects to rebuild a hospital along the western coast, a school-board building in suburban New Orleans and a prison south of the city remain suspended, the state says, as locals hunt for matching cash. Meanwhile, a $7.5 billion pot intended for washed-out homeowners sits virtually untouched as applicants are forced to run a gauntlet of requirements, this time imposed by Louisiana. To prevent false claims, applicants must attend two personal meetings with state bureaucrats, provide fingerprint verification and mug shots, as well as supporting documentation, including letters from insurance companies and banks. To date, Road Home, as the program is called, has drawn nearly 100,000 applicants. As of this week, it had disbursed only 258 grants for a total of $14.4 million. Mississippi, which operates a similar but far less restrictive grant program, has distributed $665 million to 11,827 homeowners. In January 2006, Alan Rubin, a retired businessman, applied to Road Home on behalf of his elderly parents, whose $200,000 house in New Orleans's fashionable Lakeview neighborhood took on 12 feet of water. They didn't have flood insurance. After completing a 40-question questionnaire, Rubin had a four-hour interview with a screener in September, he recalls. Ten weeks later, a state-contracted appraiser visited the property. Eleven months after the initial application, the state came back with a compensation figure: $550. Rubin complained to his local newspaper, the Times-Picayune, which chronicled his experience in late December. The day the story was published, Rubin received a call from an employee with ICF International Inc., the Arlington, Va., company that manages Road Home under a $750 million contract. He says the employee blamed a computer error - his parents were in fact entitled to $150,000. Carol Hector-Harris, a spokeswoman for ICF, declines to discuss Rubin's case other than to say the family "is very satisfied at this point." Rubin qualifies that: He's still waiting for the check. "I'm told that it's somewhere in the process." Andy Kopplin, executive director of the Louisiana Recovery Authority, which promulgated rules governing the Road Home grants and other federal money pots, defends his state's antifraud procedures. "The subtext in Washington was, 'We couldn't trust folks in Louisiana to spend the rebuilding money wisely, '" Kopplin says. "One man's red tape is another man's accountability."

The search for common sense -- At the federal level, Bush administration officials defend their rules. "Some people see the Stafford Act as overly cumbersome, but the provisions of the act are there for a reason, and that reason is to ensure that taxpayer money is spent properly," says Taylor Beery, director of policy for Donald Powell, the administration's rebuilding czar, in a written statement. Running against the tide is Louisiana Sen. Mary Landrieu, a Democrat, who has promised to try rejiggering Stafford Act rules to make them more flexible. She's now chairman of a Senate committee overseeing reconstruction. "I'm not saying we don't need oversight - I'm saying we need common-sense oversight," Landrieu says. There have been many complaints about misspending in Katrina's aftermath, but most finger the federal government, not state and local agencies. In October, Louisiana sued FEMA, contending that the federal agency had tried dunning Baton Rouge for $61 million in improper or undocumented expenses. Last month, the Government Accountability Office said FEMA had misspent nearly $1 billion in recovery money since Katrina struck. Local examples of fraud have been on a much smaller scale. Aaron Walker, a FEMA spokesman, declines to comment on the lawsuit, but says in general, "we acknowledge there are business practices we can improve on." Walker also says the agency disputes the GAO's accounting. It is in the small towns along the Mississippi Gulf Coast where the constipated spending system is most apparent. Bay St. Louis, a town once dotted with ancient oaks and antebellum homes, remains a museum of disaster. The city lost virtually its entire underground sewer system and much of its gas grid. It needs $100,000 in street

signs and nearly $4 million in secondary road repairs. Anti-fraud rules have slowed tasks as basic as ditch digging. Hurricane Katrina silted in most of Bay St. Louis's ditches, which once drained the town's streets. They were later filled with debris by cleanup crews. In late 2005, the city hired an engineering firm to survey the ditch network and work up a cost estimate in the form of a "project worksheet," a FEMA requirement. The estimated cost to clean and regrade the ditches: $3.2 million. Bay St. Louis scrounged $320,000 as part of its obligations under the Stafford Act. After three months, FEMA blessed the project. But before work could start, the city had to send the engineering report to the Mississippi Emergency Management Agency, which reviewed the job. State approval took a month. It took three more months to solicit bids and award the contract. Work started in mid-August 2006.

Wait! Wait! -- After the first crew started, the state began a full audit of the project. "They call it testing," says Les Fillingame, recovery director for Bay St. Louis. The oversight called for scrutinizing each individual invoice associated with the work. In the case of the ditch mucking, that included hundreds of bills known as "load tickets," paperwork that tallied each truck load of debris. Each load ticket passed through four levels of state bureaucracy before being approved for payment. Sitting in his office, Fillingame pulled down a ditch-mucking file, four inches thick, from his bookshelf, and let it land on his desk with a thump. "That's every load ticket," he says. Interspersed with the paperwork scrutiny were surprise inspections. Fillingame says the state and FEMA dropped in on ditch crews to ensure there was no featherbedding.

Relatively little shoveling -- Start to finish, it took just over a year to complete a job that involved only about a month of actual shovel work. It's a process that will be repeated at least 56 more times; Bay St. Louis has that many projects on the drawing board, most of them more complex than ditch clearing. Michael Womack, executive director of the Mississippi Emergency Management Agency, says the process is necessary. "The governor - he knows what the perception is outside the state of Mississippi," Womack says. "It's a perception that there's a huge amount of corruption in local government." Womack estimates that the state's freshly minted anti-fraud regime could soak up $100 million in reconstruction aid. "There are lots of contractors that are trying to rip the government off. Are we preventing $100 million in fraud? Unfortunately, I think that's the case." Adding to the burdens of dealing with anti-fraud regulations, Bay St. Louis also must deal with an army of sometimes impenetrable federal agencies. The $50 million reconstruction of Beach Drive, the city's long-admired main drag, has yet to start, even though it has the attention of the state highway department, the state attorney general's office, the federal highway commission, FEMA and the Army Corps. The street can't be rebuilt until an associated seawall and the adjacent pier are reconstructed. FEMA calculates the pier alone will cost exactly $1,370,256.22. To the surprise of locals, the Corps didn't request a congressional appropriation until November, more than a year after the storm. Spokesman Patrick Robbins says the project was submitted to Congress as part of a package of other jobs, following agency policy. "So here we are: The whole rebuilding of downtown Bay St. Louis is contingent on this seawall, and we don't even know if it'll be funded," says Fillingame. As for the nearby unfinished auto bridge, rebuilding was slowed by labor shortages, the need for public hearings and some local squabbles. As he piloted his mud-spattered truck down what remains of Beach Road, Bay St. Louis Mayor Eddie Favre pointed out local landmarks. There's the once-gracious home of local Congressman Gene Taylor, now a slab of buckled concrete. Bouncing over the rutted berm, recently graveled by the state, more than a year after the storm, Favre passed his own homesite, also little more than slab. He now lives in a trailer near City Hall. In the aftermath of Katrina, Favre promised constituents that until the city was rebuilt, he would forgo long pants and instead wear shorts, just as he had the day Katrina hit. Now on his fifth pair, and facing his second chilly winter, the mayor concedes he may have spoken rashly. "At this rate, it looks like I'll be buried in my shorts."

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A 'Road Home' to Lunacy

By Eugene Robinson
Tuesday, February 6, 2007; A17

NEW ORLEANS -- It's beyond frustrating to hear well-meaning bureaucrats cite all the reasons that so little has been done to rebuild this ruined city and the rest of the Gulf Coast -- why, for example, out of more than 100,000 Louisiana households that have applied to the state government for their share of $7 billion in federal reconstruction funds, *fewer than 400 have received their money.*

That's no misprint, and I'm being generous. As of last week, when I attended a Senate Homeland Security Committee hearing at the Louisiana Supreme Court building in the historic French Quarter, the actual number of homeowners who had gotten reconstruction money from this program, called Road Home, was 331. My hopeful assumption is that a few more checks have trickled out since then.

The three senators who flew down to conduct the hearing -- committee Chairman Joseph Lieberman (I-Conn.), home-state champion Mary Landrieu (D-La.) and presidential hopeful Barack Obama (D-Ill.) -- were remarkably focused and patient, given the circumstances. I got so exasperated that I had to let my mind wander, and it settled on Brownian motion.

That's not a reference to Michael Brown, the ridiculous former director of the Federal Emergency Management Agency. Brownian motion is a natural phenomenon that bewildered 19th-century physicists. Looking through their microscopes, they could see that a tiny particle suspended in a fluid -- a mote of dust, say -- didn't just float in place. It did a jittery little dance, abruptly jerking left and right and forward and back, always in motion.

It took Albert Einstein to figure out what was going on. Einstein explained that the infinitesimal molecules of the fluid, randomly zooming to and fro, are colliding with the relatively gargantuan piece of dust. If, at a given instant, more molecules hit it from the right than from the left, it moves left. The next instant, if more molecules hit it from the south than from the north, it moves north. The buffeted particle just zigzags aimlessly, never really getting anywhere.

That's where the recovery of New Orleans stands, or floats. Factors such as subparagraph-level provisions of federal programs, fine-print details of a contract signed by the state government and shifting alliances in municipal polities -- minuscule things, compared with the size of the job that must be done -- push from all sides, and the result is a frenzied stasis.

One example: Almost a year ago, Congress appropriated $10.4 billion in special housing funds for reconstruction in Louisiana. Federal bureaucrats at the hearing last week were at pains to tell the senators why the requirement that the state ante up 10 percent of that total in matching funds was being enforced, since this statutory provision was waived in other recent disasters such as the Sept. 11 attacks and several Florida hurricanes.

And no one even tried to explain why Washington won't just let Louisiana write a check for its 10 percent share, and instead wants the state to write, justify and track a separate 10 percent check for each individual rebuilding project -- thousands upon thousands of checks.

Everyone knows this is insanity. Nobody does anything about it.

Another example: Remember those lucky homeowners who have gotten their Road Home checks? The first thing they're being required to do is pay back, in full, any loans they previously received under a special Small Business Administration rebuilding program. Anything else we can do for you?

Washington complains that the state and local governments were painfully slow to develop their reconstruction plans -- and that's true. State and local officials respond that it took months to understand and comply with all the federal rules their projects must follow to qualify for funding -- and that's true, too.

Donald E. Powell, the Texas banker whom President Bush appointed to coordinate the federal post-Katrina recovery effort, was the committee hearing's opening witness. When Obama asked in plain language what the prospects were for an ordinary homeowner who wanted to rebuild and come home, Powell said thoughtfully, "That's a tough question . . . a complex question." Then he spoke about new tax incentives, which he is certain will persuade developers to build affordable housing.

Tax incentives? With most of the city still in ruins? Hello?

To escape the death dance of Brownian motion, New Orleans needs force applied in one coherent direction. I have an idea: If Gen. David H. Petraeus is as smart and tough as the president says he is, if he's good enough to save Baghdad, the president should immediately send him to New Orleans instead -- or explain why policing a civil war in Iraq takes priority over resurrecting a great American city.

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Louisiana Officials Criticize Delays on the 'Road Home'; ICF of Fairfax Claims Progress in Helping Residents Rebuild

Renae Merle
Washington Post Staff Writer
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ICF International's largest contract is turning into its biggest headache.

In June, the Fairfax company was picked by Louisiana's Office of Community Development to run a program worth more than $7 billion that will distribute thousands of federal grants to homeowners whose houses were damaged by hurricanes Katrina and Rita in 2005.

Since then, residents and state and federal officials have accused ICF of moving too slowly, paying its lawyers too much and valuing homes too low. The company's performance has been criticized by Donald Powell, federal coordinator of Gulf Coast rebuilding, and the Louisiana House and Senate have called for the contract to be canceled and for an audit of the company's $19 million in travel expenses.

"Every part of this recovery process has been challenging. They understood that when they came in," Louisiana Gov. Kathleen Babineaux Blanco (D) said of ICF in an interview.

"There has been a bottleneck," Blanco said. "I simply want them to clear out the bottleneck."

ICF defends its performance, saying that it has changed how it calculates the value of homes in urban areas and that it is ahead of schedule in parts of the program, which analysts expect to constitute 40 percent of its 2007 revenue. Some of the complaints lobbed at the firm reflect the way the program was designed by the state, including provisions to prevent fraud, not the way ICF is implementing it, company officials say.

"We're making progress, but we're constantly looking to improve," said Michael F. Byrne, ICF's program director. "We want to get the money to them fast, that's the number one priority, but we want it to be a fair and equitable progress."

Fairfax-based ICF is a mid-size contractor that provides consulting and technology services for government agencies, including the Department of Housing and Urban Development and the Defense Department, as well as some large companies. The firm has more than 2,000 employees worldwide, including about 1,200 in the Washington area.

The program, known as Road Home, is among the most high-profile for Louisiana residents affected by the storms. The state expects to dole out grants of up to $150,000 each to about 100,000 homeowners. An additional $869 million has been set aside for owners of small rental properties, a pool of about 80,000 potential applicants. The contract is worth up to $756 million to ICF.

"It's critical to the long-term rebuilding effort," Powell said in an interview. "If you're a homeowner in New Orleans, this is your source of rebuilding; it puts certainty into your life."

But complaints about the company and the contract have piled up. Under the contract, the company's lawyers make $375 an hour, significantly higher than private attorneys working on a state contract earn,

said state Rep. J.P. Morrell (D-New Orleans). The contract also allocates $19 million for travel expenses without any requirement that the firm account for how it is spent, he said.

"You're giving this company a blank check to travel on the public dime," he said. "They are getting paid out of money that could be going to people's homes."

But the most significant complaints about the ICF have centered on the pace of the program. So far, 331 homeowners have received their grants, valued at an average of $80,000. Some received less than $10,000.

That is too slow, say skeptics, who want the program wrapped up before homeowners begin registering their children for school in the fall. "It's the pace," Powell said. "I think it's too slow. It's not meeting the needs of the people."

Blanco said she has given ICF "a lot of leeway" and will meet with company officials soon to gauge when the bottleneck will be relieved and to ensure that ICF's 22 subcontractors also have a sense of urgency.

Compounding the frustration was an expectation that ICF would issue 500 awards a day starting this month. That was a misunderstanding, said ICF spokesman Douglas Beck. It does not expect to issue awards at that rate until May, he said.

ICF will launch the next phase of the program today as it takes applications from owners of small rental units, and it is applying the lessons from the homeowners program, Bryne said. "We're going to provide information to the people on a more routine basis, we're going to be available to answer questions," he said, so that "they never feel like they're disconnected."

House Committee on Financial Services
"Federal Housing Response to Hurricane Katrina"
February 6, 2007
Supplemental Questions for FEMA

1. **Individuals and Households (408) Program – Rental Assistance Program. Please identify the total number of households assisted to date, the number currently assisted, guidance FEMA has issued in response to Congressional directives regarding continued eligibility for such assistance, plans for eventual phase-out or elimination of such assistance, and total cost to date of providing assistance under this program.**

   Over 672,000 households have received more than $2.1 billion, including both rental assistance payments and Corporate Lodging Consultants payments. Approximately 35,000 households continue to receive some form of rental assistance.
   Under the Stafford Act and FEMA regulations, temporary housing assistance is limited to 18 months. Due to the severity of the hurricanes and in recognition of the continued need for housing assistance for disaster victims, the President authorized FEMA to extend its disaster housing programs until August 31, 2007. FEMA's programs, however, are meant to be temporary in nature. DHS and FEMA are currently working with other Federal Agencies as well as the affected States to find solutions for the longer term housing needs of disaster victims. Congress included language in the conference report to accompany supplemental funding passed by Congress after Hurricane Katrina in 2005 directing FEMA to provide guidance on continued eligibility for housing assistance. Since that time, FEMA has satisfied this requirement through our existing guidance, including the Stafford Act, and implementing regulations, such as the disaster specific guidance issued by FEMA on March 26, 2006, regarding the conversion of housing assistance under Section 403 to Section 408 (see attached).

2. **Please provide similar data and information for the Section 403 Apartment Sheltering Program under which cities co-signed leases for displaced families and were reimbursed by the Federal government, as are requested in question 1 above.**

   FEMA provided funding in 45 States totaling approximately $760 million to assist evacuees under the Section 403 Apartment Sheltering Program. This program was funded under FEMA's Public Assistance program, and the Project Worksheet (PW) tracking database does not easily capture the level of detail requested. It is important to note that Cities did not co-sign leases. Cities procured leases and were reimbursed by FEMA through the State. FEMA is not involved in any of these lease agreements.

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Number of Project Worksheets (PW) / Total Obligated

Arkansas	305 PWs $44,741,591	South Carolina	31 PWs $4,140,270
Texas	704 PWs $564,823,061	South Dakota	6 PWs $219,563
Tennessee	40 PWs $33,850,174	Pennsylvania	34 PWs $4,023,923
Georgia	87 PWs $17,216,494	Kansas	15 PWs $163,069
Oklahoma	51 PWs $13,174,489	Alabama	99 PWs $2,806,581
Florida	12 PWs $7,845,819	Indiana	9 PWs $2,401,625
West Virginia	7 PWs $782,658	Iowa	16 PWs $244,048
North Carolina	11 PWs $2,122,494	Virginia	15 PWs $253,746
Utah	25 PWs $2,180,905	Arizona	98 PWs $5,366,789
Colorado	6 PWs $14,081,386	Minnesota	19 PWs $2,873,557
Michigan	34 PWs $1,858,895	Nevada	15 PWs $1,031,037
District of Columbia	21 PWs $1,836,498	Idaho	3 PWs $220,229
Washington	16 PWs $3,122,177	Nebraska	1 PW $393,813
Oregon	14 PWs $955,720	Connecticut	4 PWs $684,199
New Mexico	16 PWs $1,067,175	North Dakota	1 PW $23,747
Illinois	40 PWs $3,250,545	California	8 PWs $514,711
Kentucky	48 PWs $4,129,572	Wisconsin	10 PWs $932,131
Missouri	24 PWs $1,991,635	Ohio	17 PWs $2,676,325

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Maryland	49 PWs $1,565,783	New Jersey	5 PWs $133,306
Massachusetts	39 PWs $5,855,581	New Hampshire	1 PW $9,887
Montana	1 PW $397,372	New York	34 PWs $2,641,045
Rhode Island	11 PWs $1,131,503	Delaware	5 PWs $100,286
Maine	1 PW $51,276		

Total:	2,008 PWs $759,886,690

3. **Please provide information on Section 408 direct assistance provided through use of travel trailers and manufactured homes. Such information should include the number of trailers and manufactured homes purchased by FEMA to date, the total cost of such purchases, the number of families assisted to date, the number of families currently being assisted, and any plans for ultimate disposition of such units.**

   FEMA purchased a total of 145,000 manufactured housing units in response to Hurricane Katrina, at a cost of $2.7 billion. Through the Direct Housing program, FEMA has housed over 120,000 households since Katrina. Approximately 91,000 households affected by Hurricane Katrina currently reside in manufactured housing units.

   The manufactured housing units can be sold to their occupants or, once returned to FEMA, they can be refurbished for use in subsequent disasters, sold by FEMA to any person or if determined excess by FEMA, auctioned or sold by the General Services Administration (GSA). Interested individuals, governmental agencies and other organizations may learn more by visiting GSA's auction site at: http://gsaauctions.gov/gsaauctions/aucalcat. These temporary housing units can also be sold, transferred or donated to state and local governments or non-profit organizations if the entities agree to house disaster victims for 18 months after a federal disaster or emergency declaration or for one year after the agreement is signed with the entity, again after a federal declaration.

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4. **In June 2006, Congress appropriated $400 million for an Alternative Housing Pilot Program. In December 2006, FEMA announced the allocations to programs in Louisiana, Mississippi, Texas and Alabama. Please describe what, if any, steps FEMA is taking to monitor the implementation of these programs.**

   Projects selected for possible funding under AHPP were announced on December 22, 2006. The FEMA Grants Office and Gulf Coast Recovery Office are contacting the States for any clarifications needed in order to ensure a project is viable. Some of the issues may include: site/location of projects, compliance with local zoning and permit regulations, blue prints, architectural and engineering drawings, budget and cost information, and UFAS compliant housing units. This is part of the pre-award negotiation procedure. Upon completion of all pre-ward procedures, the grantee may access 50 percent of its grant funds. In order to access the remainder of the grant funds, all pre-construction activities must be successfully accomplished. This includes compliance with all Federal requirements that apply to a particular project (i.e. NEPA, NHPA). States will be requested to provide additional information for the appropriate FEMA review before additional awards can be made. FEMA is establishing an Inter-Agency Agreement (IAA) with HUD. HUD will manage the evaluation of the pilot projects. FEMA personnel in each of the TROs will assist with the day-to-day monitoring of the AHPP projects.

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