COMMUNITY AND ECONOMIC DEVELOPMENT

HOMELESSNESS

NAEH Report Shows One-Night National Homeless Total of 744,313

There were 744,313 homeless people on one night in January 2005, according to a report by the Homelessness Research Institute of the National Alliance to End Homelessness (NAEH), the first nationwide estimate of the homeless population since 1996.

The 1996 study, done by the Urban Institute under contract with the U.S. Interagency Council on Homelessness, found that between 444,000 and 842,000 people were homeless.

The latest estimate represents a compilation of point-in-time counts of the homeless by 463 local continuums of care. The unadjusted homeless total from these reports was 804,212, and corrections for data entry errors, summation errors, and outliers produced an adjusted estimate of 744,313.

"A national movement to end homelessness is under way. Establishing a baseline estimate of how many homeless people there are in the nation is important to measuring progress," said Nan Roman, NAEH president.

"This report shows that despite some progress, far too many people remain homeless in the United States," Roman added. "The solution to homelessness is housing. Increasing the availability of affordable housing to very-low-income people will prevent homelessness and will empty our nation's shelters."

Reaction from HUD

HUD Secretary Alphonso Jackson praised the NAEH for its efforts in analyzing homeless data from hundreds of local communities.

"Having this data brings all of us another step closer to understanding the scope and nature of homelessness in America, and establishing this baseline is an extremely challenging task," Jackson said. "Understanding homelessness is a necessary step to addressing it successfully."

Jackson said HUD will soon release its first annual homeless assessment report, with information on the number of homeless people and families and their needs.

"The comprehensive data contained within the report will help those at the state, local, and federal level create more effective strategies to house and serve those who might otherwise call the streets their home," he said.

Homelessness Report

According to the report, 56 percent of the homeless people (407,813) were living in shelters and transitional housing, and 44 percent (322,082) had no shelter. Also, 59 percent of homeless people (437,710) were single adults, and 41 percent (303,551) were living in families, with a total of 98,452 homeless families counted.

Twenty-three percent of the homeless people (171,192) were reported as chronically homeless, meaning they were disabled and had been homeless repeatedly or for long periods of time.

The homeless total represented 0.30 percent of the national population.

At the state level, the report found that Nevada had the highest per capita homeless level, 0.68 percent, followed by Rhode Island, 0.64 percent; California, Colorado, and Hawaii, 0.47; Oregon, 0.45; Alaska, 0.41; and Idaho and Washington state, 0.38. The homelessness rate in Washington, D.C., was 1.00 percent.

("Homelessness Counts" is available at www.endhomelessness.org.)

AFFORDABLE HOUSING

Virginia County Developing Plan To Help Low-Income Workers with Density Bonus for New High-Rises

Fairfax County, Va., is developing a plan to help low-income working families by providing density bonuses and other incentives to developers that build housing in transit corridors affordable to families with incomes up to 120 percent of the area median.

Fairfax County, with a population of over 1 million, is the largest jurisdiction in the Washington, D.C., metropolitan area.

The new work force housing program will encourage the construction of for-sale and rental housing in high-rise structures that are generally mixed-use properties and near employment centers, helping to meet a goal set by the Fairfax County Board of Supervisors that all new residential construction should contain 12 percent affordable and work force housing units.

An advisory high-rise affordability panel has recommended that for each development in the program, the work force housing units should be provided in four equal tiers for households earning up to 60 percent, 80 percent, 100 percent, and 120 percent of median incomes. Affordability would have to be maintained for a minimum of 30 years.

"We're doing this out of necessity," said Lee Rau, chair of the advisory panel. "There is simply a lack of affordable housing in the county." Rau said that county housing prices grew at 10 times the increase in household income between 2000 and 2005, creating a cost crunch for moderate-income families.

Density Bonus

The advisory group recommended a density bonus of 1.8 market-rate units for each affordable or work force housing unit in concrete and steel buildings and a 1.2 to one ratio for wood-frame structures. In a 100-unit concrete high-rise using the 1.8 to one ratio, an additional 12 units would be work force housing units and an additional 22 units would be market-rate for a total of 134 units.

"These are data-driven numbers based on what level of bonus is required to recover the cost of affordable housing in the project," said Rau. The advisory panel called for adjustments to this ratio as economics warrant.

Developers of wood-frame buildings may also use the density bonus system of Fairfax County's affordable dwelling unit (ADU) program for families up to 80 percent of median income in addition to the work force housing density bonus if the project satisfies the requirements of both the ADU and work force housing programs.

The density bonus recommendations have generated some controversy and questions from the county's planning and zoning staff, said Rau, who stressed that discussions are still in an early stage. He pointed out that the density bonus "is limited to already high-density areas of the county." Rau said he doubts that this restriction has been fully appreciated by some program critics.

Two Phases

The panel has recommended that the county implement the work force housing plan in two phases. In the first, the county would create a proffer-based incentive system. The incentives would include a density bonus and a toolbox of regulatory incentives to reduce the time and cost of providing the work force housing units.

In the second phase, the county would create a program for affordable and work force housing as a permitted "by right" use in commercial and industrial districts, subject to certain limits. The advisory panel wants to explore the possible adoption of a work force housing overlay as part of the zoning ordinance.

The recommended toolbox of regulatory incentives would allow for flexibility in parking requirements, decreased processing time for rezoning and permit applications, reduced housing unit sizes within certain limits, increased building heights where necessary to accommodate the affordable units, and tax rebates or other tax benefits to offset infrastructure costs.

The recommendations include a policy to mitigate the impact of condominium fees for purchasers of the work force housing units. This could involve financial assistance from the county housing authority for families at the lower end of the program's income range or a fund endowed by developer contributions made in lieu of affordable units.

The plan also includes a process to accept and manage land donations from developers and private individuals for affordable housing in lieu of cash donations to the county housing trust fund where the development of work force housing is unworkable at a particular site.

FLOOD INSURANCE

GAO Says FEMA Has Improved Handling of Claims, But Changes in Reinspection Program Are Needed

In a review of the Federal Emergency Management Agency (FEMA) response to Hurricanes Katrina and Rita, the Government Accountability Office (GAO) found that the agency has made progress in handling flood insurance claims, but recommended changes in its reinspection program to improve program oversight.

The GAO noted that the number and value of flood insurance claims paid as a result of Katrina and Rita were unprecedented.

Specifically, as of May 2006, with over 95 percent of the claims reported by FEMA to be closed, the National Flood Insurance Program (NFIP) had paid claims for about 162,000 losses for flood damage from Katrina, including about 135,000 claims in Louisiana. About 9,000 additional claims, including more than 7,000 in Louisiana, were paid as a result of losses from Rita.

By comparison, the NFIP processed a little over 30,000 claims in each of the two largest single flood events before Katrina. The average Katrina claim payment of $94,800 was about the three times the average for the previous record year.

While most of the claims paid were for primary residences within special flood hazard areas, where flood insurance is generally required, about 16 percent of the Katrina claims (24,511) for noncondominium residential losses were for second homes, and about 22 percent of the claims (about 36,000) were for properties outside of special flood hazard areas, where flood insurance is optional.

Monitoring Claims Settlements

As in previous floods, according to the report, FEMA's primary method of monitoring and overseeing claims settlements for Katrina and Rita was its quality reinspection program.

As of August 2006, FEMA's program contractor had conducted quality assurance reinspections of 4,316 Katrina and Rita claims, and FEMA also organized a special task force to review an additional 1,696 claims using expedited methods.

"However, FEMA neither used a random sample of all claims closed for its reinspections nor analyzed the overall results of those reinspections to determine the total number of payment errors and their potential causes," the report says.

Instead, FEMA's sample selection was based on judgmental criteria, including the size and location of the loss and the complexity of the claim.

As a result, the report says, the results of FEMA's quality reinspection program can't be projected to a larger universe of claims, and FEMA can't determine the overall accuracy of the claims settled.