

Extensive Low Income Housing Needs Remain for Displaced Households and for the Gulf Coast 9/5/06

One year after Hurricanes Katrina and Rita made landfall, extensive low-income housing needs remain for displaced households and for the Gulf Coast. The hurricanes created a housing crisis that has exacerbated the already existing shortage of affordable housing for the lowest income families in our country.

Hundreds of thousands of displaced people remain without adequate, secure, long-term housing and, in some cases, without temporary housing. Not knowing when or if they can return to their homes or even their communities, and with no assurance that they will be able to pay for temporary housing, the people with the fewest resources are experiencing the greatest level of uncertainty.

Tens of thousands of rental housing units damaged by the hurricanes remain unrepaired and unoccupied in the Gulf Coast. The demand for affordable rental housing is intense and growing for displaced people and the workforce that has come to the Gulf Coast to participate in the recovery.

The undersigned National and Gulf Coast organizations urgently call on national leaders to immediately implement the following solutions.

Meet the Temporary Housing Needs of Evacuees

The Problem

To date, the federal government had three rental assistance programs in response to Hurricane Katrina: FEMA rental assistance under the Individuals and Households Program (IHP); HUD's Katrina Disaster Housing Program (KDHAP), which morphed into the Disaster Voucher Program (DVP); and state and local government programs funded by FEMA.

At its peak, FEMA assisted 731,143 households with temporary rental assistance. As of May 3, only 180,636 households were approved to continue receiving such assistance. The number is likely far lower today. Some of these households may legitimately no longer need assistance. Many, however, are the households with the fewest resources, the greatest needs, and who are the least able to navigate the increasingly complicated system.

The Solutions

- **Shift all temporary rental assistance programs to HUD's Disaster Voucher Program (DVP).** The households remaining in FEMA's transitional housing assistance program, and in state and local voucher programs, should be assisted instead through HUD's DVP. This could be accomplished through a FEMA mission assignment with HUD.

Shifting responsibility would take advantage of HUD's experience in administering housing assistance to people in need, as well as the infrastructure of public housing agencies that already administer 2 million vouchers nationwide. It would provide more flexibility and choice for displaced families, security to landlords who rent to evacuees and improved federal oversight of the use of federal resources. Additionally, such a shift would rectify the myriad of problems facing the approximately 200,000 households currently in FEMA's transitional housing assistance program.

- **Enact S. 3721, the Post Katrina Emergency Management Reform Act of 2006, and make certain provisions retroactive.** This bill, if made law, would significantly improve the Federal response to housing needs after a disaster, among other things. The bill would require the creation of a Disaster Housing Strategy, making better use of already existing federal housing programs, and would require that, for future disasters, many of the bureaucratic hurdles keeping displaced households from receiving adequate and timely assistance be lifted.

The bill offers an opportunity not only to improve response in future disasters, but also to give relief to households still suffering from Hurricanes Katrina and Rita. **The following provisions of the bill should be made retroactive:**

- **Shared households.** Households that lived together before disasters are often forced to seek separate housing after. These so-called "shared households" are often denied assistance beyond one person from the previous address. Bill language listing the series of situations whereby assistance could be provided separately to different members of a pre-disaster household should be made retroactive.
- **Rental Rehabilitation.** The provision allowing FEMA to provide short or long-term loans for the repair of existing rental housing units, which would then be used as temporary housing for displaced households should be made retroactive.

- **Direct housing provisions.** Making these provisions retroactive would add flexibility at no cost, and could enable additional mobile homes to be used.

Ensure the Rebuilding of Affordable Rental Housing

The Problem

Hurricane Katrina damaged or destroyed 34,000 units of rental housing on the Mississippi Gulf Coast, representing 80% of the total rental housing stock pre-Katrina. Almost half of the damage was severe or catastrophic. Yet of \$5.8 billion in Community Development Block Grants (CDBG) allocated to Mississippi, only 2% has been set-aside for the repair of Mississippi public housing. No other direct federal allocations have been appropriated for the rebuilding or repair of the rental housing stock that is affordable to the lowest income families or that is affordable to those families served by public housing.

In Louisiana, 84,000 rental units were destroyed or suffered major damage: 88% of these were affordable to low income households. Of the entire \$10.5 billion CDBG allocation for Louisiana, a mere 3.8% is targeted towards rental housing for extremely low and very low income people.

All displaced people must be assured of their right to return to the communities from which they came. Likewise, all displaced people must have the right to remain in any new community to which they have moved and housing assistance must be provided to income eligible households who wish to permanently relocate.

The Solutions

- **Preserve existing federal housing resources in the Gulf.** Require that the Secretaries of HUD and USDA preserve or replace, on a one-for one basis, all federally assisted housing in the affected areas. The rehabilitated or replacement housing should be affordable to the families that such housing was initially intended to serve.

Public housing and other federally subsidized housing that was not damaged should immediately be reopened and former tenants should be allowed to return. Developments or units that were damaged beyond repair should be rebuilt in a manner ensuring all former tenants a right to return. As former tenants await the rebuilding/reconstruction of their homes, they must be guaranteed temporary, affordable housing.

- **Require that plans for Louisiana and Mississippi public housing be made available for public input.** Any planning and redevelopment decision-making necessary for public housing in the Gulf must include, engage and be informed by representatives of all people affected.
- **Allocate \$2 billion for the repair and rehabilitation of privately owned housing stock, for both immediate and long term housing needs, and for new construction for long term housing needs.** Funds should be provided through the HOME program of grants to states and localities, which has income targeting and long term affordability requirements that would assure that the homes repaired with public funds would not be subject to speculative increases as the recovery proceeds. The CDBG program is not bound by such rules. Funds should be prioritized to affected areas and jurisdictions with large numbers of evacuees and for rental housing affordable to extremely low-income households. Some waivers of existing statutory requirements will be needed to facilitate rapid deployment of funds.
- **Allocate \$200 million for a program similar to HUD's Flexible Subsidy Program to provide no and low-interest loans to damaged HUD project-based housing stock.** HUD estimates that there is a \$200 million gap between what is required to repair all damaged units and what insurance payments will cover. This program was successfully used to repair HUD-assisted housing damaged in the Northridge earthquake.
- **Provide \$100 million for 13,500 new project-based vouchers to be tied to the production of new rental units developed through new Gulf Opportunity Zone (GoZone) Low Income Housing Tax Credits (LIHTC).** These vouchers would enable the states to make roughly 25% of the units built with their additional allocations of LIHTCs affordable to the lowest-income households, including working poor families, senior citizens and people with disabilities or HIV/AIDS. This provision was included in the Senate version of the 2006 Emergency Supplemental Appropriations bill, but dropped during conference committee negotiations.
- **Appropriate \$115 million to support the creation of 5,000 new units of permanent supportive housing to ensure that all disabled, displaced Gulf Coast residents, including people with HIV/AIDS, have a home to which they can return.** Funds should be allocated for a combination of project based vouchers, Section 202 and 811 and McKinney Homeless Assistance capital grant funds and rent subsidies.

- **Provide \$35.4 million for USDA rural housing programs.** To date there has been no appropriated aid for rural renters, although USDA has estimated that rental property repairs alone will cost \$35 million. This provision was included in the Senate version of the 2006 Emergency Supplemental Appropriations bill, but dropped during conference committee negotiations.
- **Extend the deadline by which all new projects built using GO Zone Rita GoZone and Wilma GoZone LIHTCs are placed in service to December of 2010.** Extend through 2009 the bonus depreciation eligibility deadline for residential rental property in the allotment of GoZone, Rita GoZone and Wilma GoZone LIHTCs. Provide a rules waiver allowing states to increase the level of tax credit subsidy per development.
- **Ensure that the voucher renewal funding policy in the FY07 HUD Appropriations bill does not shortchange agencies in the Gulf Coast or states that received a high number of evacuees.**
- **Reimburse federal housing and homeless programs that responded to needs of evacuees using resources already in short supply.** Soon after the hurricane, Local Housing Authorities (LHAs) and other agencies responded to the needs of displaced households with existing resources. In most cases, disaster victims displaced people with critical housing needs who were waiting for assistance before the hurricanes. LHAs and other agencies must be reimbursed for their disaster response costs, even in states that were not declared federal disaster areas.

Acadiana Outreach Center	Mississippi NAACP
Acadiana Regional Coalition on Housing & Homelessness	NAACP Gulf Coast Advocacy Center
ACORN	National Affordable Housing Management Association
Alabama Coalition on Black Civic Participation	National AIDS Housing Coalition
All Congregations Together, Louisiana	National Alliance to End Homelessness
Alliance for Healthy Homes	National Alliance on Mental Illness
American Association of Homes and Services for the Aging	National Association of Affordable Housing Lenders
Back Bay Mission	National Association of Katrina Evacuees
Biloxi Branch NAACP	Nat'l Coal. for Asian Pacific American Community Dev.
Catholic Charities, Archdiocese of New Orleans	National Coalition for the Homeless
Catholic Charities USA	National Community Reinvestment Corporation
Coalition for Citizens with Disabilities, Mississippi	National Council on Independent Living
Coalition on Human Needs	National Fair Housing Alliance
Coastal Women for Change	National Housing Conference
Collaborative Solutions	National Housing Law Project
Consortium for Citizens with Disabilities Housing Task Force	National Housing Trust
Corporation for Supportive Housing	National Law Center on Homelessness & Poverty
Enterprise Community Partners	National Low Income Housing Coalition
Evangelical Lutheran Church in America	National Policy and Advocacy Council on Homelessness
Florida Legal Services	New Orleans Neighborhood Development Collaborative
From the Lake to the River: N.O Coalition for Legal Aid and Disaster Relief	Oxfam America
Gulf Coast Fair Housing Center	People's Institute for Community Organization
Hip Hop Caucus Institute	PolicyLink
Housing Assistance Council	Poverty & Race Research Action Council
Katrina Information Network	Providence Community Housing
Lawyers Committee for Civil Rights Under Law	S.O.S: Saving Our Selves Coalition
Local Initiatives Support Corporation	Technical Assistance Collaborative
Louisiana Advocacy Coalition for the Homeless	Texas Low Income Housing Information Service
Louisiana Housing Alliance	The Advocacy Center
Louisiana Inter-Faiths Together	Travelers Aid International
Lutheran Services in America	UNITY of Greater New Orleans
Mississippi Center for Justice	US Jesuit Conference

*c/o National Low Income Housing Coalition
727 15th St., NW, 6th Floor
Washington, DC 20005
202-662-1530*