EXAMINING THE ROLES AND RESPONSIBILITIES OF HUD AND FEMA IN RESPONDING TO THE AFFORDABLE HOUSING NEEDS OF GULF COAST STATES FOLLOWING EMERGENCIES AND NATURAL DISASTERS

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY

OF THE

COMMITTEE ON FINANCIAL SERVICES

AND THE

SUBCOMMITTEE ON
EMERGENCY COMMUNICATIONS,
PREPAREDNESS, AND RESPONSE

OF THE

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EXAMINING THE ROLES AND RESPONSIBILITIES OF HUD AND FEMA IN RESPONDING TO THE AFFORDABLE HOUSING NEEDS OF GULF COAST STATES FOLLOWING EMERGENCIES AND NATURAL DISASTERS

Wednesday, June 4, 2008

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND
COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
AND
SUBCOMMITTEE ON EMERGENCY
COMMUNICATIONS, PREPAREDNESS,
AND RESPONSE,
COMMITTEE ON HOMELAND SECURITY,
Washington, D.C.

The subcommittees met, pursuant to notice, at 10:13 a.m., in room 2128, Rayburn House Office Building, Hon. Maxine Waters [chairwoman of the Subcommittee on Housing and Community Opportunity] presiding.

Members present from the Subcommittee on Housing and Community Opportunity: Representatives Waters, Lynch, Cleaver, Green, Maloney; and Capito.

Members present from the Subcommittee on Emergency Communications, Preparedness, and Response: Representatives Cuellar, Sanchez, Dicks, Lowey, Holmes Norton, Christensen, Etheridge; Dent, and Souder.

Ex officio: Chairman Frank and Chairman Thompson.

Also present: Representative Watt.

Chairwoman WATERS. This joint hearing of the Subcommittee on Housing and Community Opportunity and the Subcommittee on Emergency Communications, Preparedness, and Response will come to order.

Good morning, ladies and gentlemen. Before we begin, I would like to thank Mr. Cuellar and Mr. Thompson for requesting this joint hearing on "Examining the Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States Following Emergencies and Natural Disasters."

As we saw several weeks ago during a hearing of the subcommittee on the use of Community Development Block Grant (CDBG) funds in the Gulf Coast, the region is far from a full recovery. That hearing revealed the challenges facing Gulf Coast States in using CDBG funds to replace their affordable housing stock. While CDBG funding has historically been used to rebuild and repair affordable housing damaged or destroyed as a result of natural disasters, it seems that there is no corollary funding source for the reconstruction of public housing following a disaster. This lack of funding only compounds the Nation's divestment in public housing and the loss of public housing units.

The 2005 hurricanes were the deadliest and most expensive storms on record. Over 1 million housing units were damaged along the Gulf Coast as a result of the hurricanes in 2005, with half of the damaged units located in Louisiana, which bore the brunt of Hurricane Katrina. Total catastrophic losses from Hurricane Katrina are estimated at $40.6 billion with uninsured losses much higher.

Thousands of public housing units were damaged during these storms. For example, in Mississippi, 2,695 units were damaged or destroyed. In New Orleans, 4,144 public housing units were damaged or destroyed. While most of the units in New Orleans could have been rehabilitated, HUD embarked upon the path of demolishing over 4,500 units. But the redevelopment of the public housing units in Mississippi and New Orleans has a dedicated funding source. Mississippi is using $105 million in CDBG funds to rebuild while HUD has secured over $700 million to fund its plan for New Orleans public housing.

While the funding for these projects is clear cut, in general funding resources for public housing units damaged through disasters is not. Because any public housing unit damaged or destroyed as the result of a disaster should be replaced on a one-for-one basis, this lack of funding resources directly contributes to the loss of public housing units.

Section 9(k) of the U.S. Housing Act requires the Secretary of HUD to set aside up to 2 percent of the total amount made available under the public housing operating fund for the repair of public housing units damaged during disasters and other emergencies. However, this funding has never been made available. The funding year 2000 appropriations act and subsequent appropriations acts have contained language expressly forbidding the use of funds for this purpose. Although Congress has provided annual emergency capital needs funding for the repair of damaged public housing units, these funds have been subject to recapture. Moreover, the Administration's funding year 2009 budget recommended no funding for emergency capital needs.

Unfortunately, the memorandum of understanding entered into between HUD and FEMA does not allow housing authorities to apply for emergency funds from FEMA's Section 406 program which can be used to repair other structures. I am curious to know why, given the extremely limited funding resources available for the repair of damaged public housing units, the memorandum of understanding between HUD and FEMA has not been updated to allow housing authorities to use Section 406 funds for repairs. I hope that our witnesses can shed some light on this situation.

Also, I am concerned about the current state of affordable housing in the Gulf Coast. Specifically, I am looking forward to hearing from our FEMA witnesses on the Agency's progress with moving families out of trailers that have tested positive for formaldehyde, and I am extremely concerned about FEMA's draft 2008 hurricane season plan which states that contrary to public assertions made by Administrator Paulison, FEMA plans to house families in trailers as a last resort in the event of hurricanes this year. We all know the dangers of this toxic chemical, and we are well aware of FEMA's rush to empty out these trailers because of the proven health risk associated with formaldehyde exposure. Given these facts, I am eager to hear why the Agency is still considering trailers as a viable housing option following disasters.

I am looking forward to hearing from our two panels of witnesses on the roles and responsibilities of HUD and FEMA in responding to the affordable housing needs of Gulf Coast States following emergencies and natural disasters.

I would now like to recognize Mr. Cuellar, the chairman of the for an opening statement, thank you.

Chairman CUELLAR. Good morning, and thank you. I would like to thank Chairwoman Waters for joining our subcommittee to have this important hearing.

Chairwoman Waters, you have been a national leader in housing issues. We recognize and we appreciate the work that you have done and we are glad that we are able to come together today to continue to exercise strong congressional oversight over emergency housing issues. I would like to take this time to recognize both the chairman of the full Financial Services Committee and the chairman of the Homeland Security Committee—Mr. Barney Frank and Mr. Bennie Thompson—for their commitment to and leadership on this important issue.

As I see it, there are two goals we hope to achieve with this hearing. First, we need to get a status report on where we are in addressing the housing crisis along the Gulf Coast. Nearly 3 years after Hurricanes Katrina and Rita struck, the people along the Gulf Coast are still coping with their aftermath and struggling to recover. There is no doubt that our Nation has faced unprecedented challenges in our efforts to effectively and safely house the victims of these disasters.

While some progress has been made, I believe our Federal Government can and should move faster. As of May 23, 2008, there are 23,412 temporary housing units still occupied by disaster victims in the Gulf Coast. We are talking about 3 years after the disaster hit. Those numbers are just too high.

Second, I believe this hearing will give the members the opportunity to examine whether plans are being developed to ensure that our Nation will be better prepared to meet the housing needs resulting from future disasters. In order for our Nation to truly be resilient, the lessons we have learned from that cannot be ignored. We have to learn from the past and we have to learn those lessons.

One of the most striking lessons we learned from Katrina and Rita was that this country was ill-prepared to provide emergency housing to victims of a major disaster. To house the number of individuals who lost their homes during Katrina and Rita, FEMA was forced to hastily purchase thousands of trailers. As we all know by now, many of those units were unsafe, and we will be dealing with the health ramifications of this for years to come.

While we cannot turn back the clock on this particular situation, we can make certain that this problem will not be encountered during future disasters. The Post-Katrina Emergency Management Reform Act required FEMA, along with other Federal agencies and nonprofit organizations, to develop a national disaster housing strategy. The national disaster housing strategy was due to Congress by July of 2007. Here we are almost a year later and we are still waiting for that strategy. We cannot develop the solutions without having this national disaster housing strategy, and we hope we will hear from Mr. Castillo and other folks about this strategy.

While I recognize the fact that the ongoing efforts to resolve the temporary housing issues in the Gulf Coast, as of late the strategy release, I still feel that a year delay is just simply too long. I cannot stress how important plans like this are in ensuring that all key players will be ready to act when the next emergency housing crisis is upon us.

I want to thank again all of the witnesses for both panels for being here today. I thank them for their testimony, and Madam Chairwoman, I yield back the balance of my time.

Chairwoman WATERS. Thank you very much, and I will now recognize Ranking Member Dent of the Subcommittee on Emergency Communications, Preparedness, and Response for 5 minutes for an opening statement.

Mr. DENT. Thank you, Madam Chairwoman. Today's hearing addresses the important issue of how Federal, State, and local governments work together to meet the emergency and long-term housing needs of disaster victims. FEMA is authorized by law to provide temporary housing assistance to disaster victims for a period of up to 18 months unless extended. Due to the devastation caused along the Gulf Coast after Hurricane Katrina in 2005, FEMA continues to provide housing assistance to storm victims almost 3 years later.

While FEMA and the Department of Housing and Urban Development, HUD, are working together to find long-term solutions to the needs of disaster victims, this task is proving extraordinarily difficult. As we will hear from our witnesses, one major factor affecting the ability of storm victims to pursue long-term housing is a severe shortage of rental properties in the hardest-hit areas. Those properties that are available are much more expensive than before the storm, placing them beyond the financial means of many Katrina evacuees.

In addition to moving people to rental units, hotels, and motels, FEMA is testing new types of housing for disaster victims through the alternative housing pilot program. The so-called "Katrina cottage" is one such form of housing being developed and deployed through this program. While the cottage offers a safer, more spacious, and more permanent alternative to travel trailers or mobile homes, some local jurisdictions are unhappy with their use and are preventing their construction. Meeting the housing needs of disaster victims requires a coordinated strategy involving not only FEMA and HUD, but also the appropriate State and local authorities.

I look forward to an update from FEMA and HUD on the development of the national disaster housing strategy that was required by the Post-Katrina Emergency Management Reform Act of 2006. I also look forward to discussing with our witnesses how all levels of government can work together to more effectively facilitate the recovery process and ensure disaster victims are able to find permanent housing as quickly as possible.

And with that, Madam Chairwoman, I thank you and I yield back.

Chairwoman WATERS. Thank you very much. I will now recognize our Housing and Community Opportunity Subcommittee Ranking Member Capito for 5 minutes for an opening statement.

Mrs. CAPITO. Thank you, Madam Chairwoman, and thank you for holding this joint hearing. In the interest of time, and since I just walked in, I will just ask that I can submit my statement for the record and yield back the balance of my time.

Chairwoman WATERS. Thank you very much. I will now recognize Mr. Cleaver for 3 minutes for an opening statement.

Oh, I am sorry, Mr. Frank is here. Mr. Frank and Mr. Thompson, the chairmen of the Financial Services Committee and the Homeland Security Committee, are responsible for helping to bring these subcommittees together to deal with this important subject that we have today, so I would like to recognize Mr. Frank at this time for as many minutes as he would like to take.

Chairman FRANK. I thank you, Madam Chairwoman, and I appreciate that, even though I think technically your first sentence was, "I'm sorry Mr. Frank is here."

[Laughter]

Chairman. FRANK But I will overlook that. The chair of this subcommittee, the gentlewoman from California, has been unequaled in her zeal to right one of the great wrongs in the record, I believe, of the American government, and that is the failure to come to the aid of hardworking low-income people who were the victims of a natural disaster.

We have arguments back and forth when we deal with issues of alleviation of poverty and hardship about whether or not certain individuals were culpable or not. I generally believe that some on the other side exaggerate the individual fault that has resulted in these conditions, but there is no room for argument in this case. We are talking about people who are living and working in communities in Louisiana and along the coast of Mississippi who were devastated by a natural phenomenon for which no one, with the possible exception of a few nut preachers, could blame them.

And what we have is the government of the most powerful and wealthiest nation in the history of the world doing very little to alleviate their plight not only in the immediate aftermath, which was well-documented, but today. There are people living today in inadequate housing because of the failure of this government to respond. There are people living in the city of our colleague from Texas, Mr. Green, and the people of Houston have been noble in their willingness to open their arms to people, but they should not have been asked to do that for this long.

I can think of few comparable failures in our history on the part of this government. Now we are here to deal with one of the causes. Some of it, I think, has to do with individual culpability but that is by no means the whole story, and part of it is, I believe, the division of responsibility between the two Agencies represented here. I have been critical of the performance of each of the agencies, but I also think it is fair to note, on their behalf, that part of the problem is a division of responsibilities between them that makes no sense, and I hope we will get some response to the short-term issue of a memorandum of understanding which prevents funds from going to public housing.

We understand that is part of this, that we have a memorandum of understanding between two Federal agencies which has absolved, apparently in their minds, each of them of the responsibility to provide funding to replace public housing for the lowest-income residents destroyed by a hurricane. And why we haven't been told today that it is going to happen, I do not understand. It is inconceivable, the argument that the government doesn't have the money.

But beyond that we have a problem, and Ms. Waters and I encountered this, and Mr. Thompson and I, when we began to deal with this issue of trailers that were not fit for human habitation, of inadequate housing, and FEMA and HUD tended, frankly, to blame each other. We had difficulty, I will say, and I was appalled at this, at getting FEMA and HUD to come to a hearing at the same time. We were told, no, they didn't want to come at the same time.

Well, that has to stop, and I want to express my appreciation to our colleagues on the Homeland Security Committee because we in Congress are not immune from this jurisdictionalism and part of the problem comes when we have committee turf wars. I am very proud of the cooperation that has existed between the Committee on Financial Services and the Committee on Homeland Security on a range of issues involving spending to try and alleviate the physical damage and social harm that was wreaked by that hurricane, and we have between us the jurisdiction over HUD and FEMA.

I have spoken with the chairman of the Homeland Security Committee, the chair of our Housing Subcommittee has been in the lead on this, and I think I speak for all of us, and I believe the gentleman from Texas as well, the chair of the Homeland Security Subcommittee, we are determined to fix this. We are determined that by the time we finish this year, much clearer responsibility has to exist between FEMA and HUD, and this shared responsibility has clearly not worked.

I don't know how anyone could deny that the record of the Federal Government in responding to this hurricane has been shameful, and it is not entirely a matter of individual fault, it is partly a matter of government structure, but that does not make it any less shameful and it doesn't make it any less urgent that we repair the situation.

We can begin and I hope we know by the end of this hearing that money is going to be provided for public housing repair. I will not find acceptable any explanation of why, nearly 3 years after the hurricane, we haven't been able to do that.

Of course we will also be addressing in the TSE bill our effort to provide additional funding for the construction of new affordable housing units, and that continues to be a very high priority of the gentlewoman from California, the other members of our committee, and myself, but we are going to insist that there be money provided for public housing reconstruction and that we will begin, hopefully with the cooperation of the two Agencies, to repair this situation of a divided set of responsibilities that has hurt some of the neediest people in this country who have a much more legitimate claim on our help than has been recognized.

Chairwoman WATERS. Thank you very much, Mr. Chairman. We also have with us Chairman Thompson, the chairman of the Homeland Security Committee, who hails from Mississippi where there were 2,695 units damaged and who has provided leadership in trying to deal with the question of CDBG and FEMA, and we are very pleased that he has provided leadership for this hearing here today. Mr. Thompson, you are recognized for as many minutes as you would like to have.

Chairman THOMPSON. Thank you very much, Madam Chairwoman. I associate myself with all of the statements that have been made. Chairman Frank and I have had a number of discussions about the challenges that Hurricane Katrina posed for this country.

One of the major conflicts, however, is whether or not the Agencies charged with responding to many of those challenges really functioned. With respect to housing, we can't really pass the buck. Whether those individuals are in owner-occupied housing or public housing, we have a responsibility. If we accept FEMA's role temporarily to do that, we should do it the right way. If HUD is the entity that has responsibility, then that relationship needs to go forward.

But as Mr. Castillo said, we can't stick our heads in the sand. We have to do our job. Unfortunately, I was in New Orleans the night before last listening to some of the public housing challenges that still exist, and I read in this morning's paper where we had to call out a SWAT team for somebody we were trying to evict out of a Katrina trailer because that person had nowhere to go. And so we have now started putting burdens on people that we put in many of those temporary facilities by trying to evict them with no place to go.

We need a strategy. There is no question about it. I look forward to the testimony. I am concerned, Madam Chairwoman, that some of the monies that Congress was so gracious to send to many of the States impacted by Katrina, but now some of the monies are being proposed to expand ports, and to build roads to plants that are 300 miles away from the Katrina-impacted area, as well as some other issues that we will have hearings on later.

I support our response. If government can't respond to its citizens in their time of need, then where can those citizens turn? So we accept that proposition. We ought to make sure that we put them in something that is safe and sanitary and not allow what is happening in many of our areas. The land speculation, Madam

Chairwoman, is rampant. People are not able to afford the prices for land. And there is no real long-term commitment to affordable housing being demonstrated.

So I look forward to the testimony and the questions that follow, and I yield back.

Chairwoman WATERS. Thank you very much, Mr. Chairman. Mr. Souder?

Mr. SOUDER. Thank you, Madam Chairwoman. I hope today we can separate and keep separated a couple of major issues. One focus is how you do housing and city rehabilitation, particularly with devastation this great, and I think excellent issues have been raised on land speculation, on how you do this. Do the jobs come first, does the housing come first, how do you do this by neighborhood? New Orleans has struggled with the best ways to do this, and I think they have creatively tried to address it, and our Federal response will be critical to this because it is, in many cases, low-income housing.

A second focus is what we do with emergency housing and how we are going to handle long-term emergency housing. A third focus is, I thought excellent points were made about cooperation both here and problems we have in the Executive Branch and it is important that both the Executive Branch and the Legislative Branch work together.

I have a particular interest in full disclosure. Most of the so-called FEMA trailers came from my district; 58 percent of RVs and much of manufactured housing comes from my district. I have been very concerned, and it started here again, in this hearing, with mischaracterizing what our number one kind of emergency housing is, which are the so-called FEMA trailers.

There has been a misunderstanding that somehow these are sprayed with formaldehyde. I hear the term "formaldehyde-laced." It is in the wood. And that whatever kind of housing you do, whether it is in a confined area—it is also in the vinyl, it is in the carpet, it is in the furniture; it isn't in the trailer. Therefore any type of small confined housing that is not ventilated properly will cause the same phenomena. It is not the trailer. I don't know where it started that it is the trailer.

But there is another question here—I have asked repeatedly and have found the answer to—was there a control group of people who weren't in the so-called trailers, and the answer is that the control group was the United States. The new Mississippi study is showing that kids who weren't in this housing had the same effect because the question is, was it in the air? So even if you ventilate, you are going to have some sort of breathing reaction.

There were four cases in the entire United States until it started down in Katrina, in that now some other people are saying, I wonder if my breathing problems were caused by this? But we have had millions of these trailers a year out and we haven't had these kinds of problems, so I think it is really important that we don't cut off our nose to spite our face, so to speak. The alternatives to formaldehyde have even more characteristics that could cause health problems, and it isn't the trailers, it is in the wood, it is in the fiber, it is in the fabric. We emit formaldehyde ourselves, so the more people you put in something, the more you are going to have.

So I hope today we stay focused on a huge challenge and that is, regardless of how you feel about the emergency housing, why are these people still in emergency housing? This was supposed to be a short-term phenomena, not a long-term phenomena. Whatever we put people into, in confined spaces, is going to become problematic. And I hope that we focus on that and that we work out better standards.

By the way, one other thing with the emergency housing, because they were trying to get as much as they could, only about half of this was new stock. They were buying it off of lots, they were buying it off of other places, and that is why I start asking about the air, because the studies showed that the highest exposure was not in a newly built one.

The challenge here is not to become emotional about it, but to be as dispassionate as we can to both address future emergency housing and expedite the transition so that people, regardless of what the temporary housing is, have some kind of alternative so you don't have to forcibly eject them when they don't have another place to go.

I thank the chairwoman and I yield back.

Chairwoman WATERS. Thank you very much. Mr. Cleaver for 3 minutes.

Mr. CLEAVER. Thank you, Madam Chairwoman. Thank you for doing the heavy lifting to get this joint committee meeting together. I am going to defer any comments until the question and answer period because I am more interested in trying to find out how and why there is this question about legislative intent between HUD and FEMA. And so as one of the non-nut preachers, I want to dig into what we do when people don't understand legislation. I yield back my time.

Chairwoman WATERS. Thank you very much. Mr. Green for 3 minutes.

Mr. GREEN. Thank you, Madam Chairwoman. I want to especially compliment the Chair, as has our chairman of the full committee, for her outstanding work. I have been to Louisiana with her and I know of her commitment to helping persons who have been displaced by this force of nature, who have been impacted by it. And we still have a disaster that we have to deal with; it is a human disaster.

I have been blessed to serve on both the Homeland Security and the Financial Services Committees. I have also been blessed to serve the 9th Congressional District in Texas, which inherited a good number of persons from Louisiana and some other places. Literally, we received the equivalent of a small city without all of the infrastructure necessary to support a small city. And we were honored to have the opportunity to serve our fellow human beings.

But at the same time, there is a need for some assistance to help with the services that have to be provided. We find ourselves now in Houston, Texas, still in need of some additional assistance, and I am eager to hear about the long-term plans for persons who are relocating in Houston, and some who are still, in their minds, in Houston temporarily.

Finally, it seems to me that one of these agencies has a short-term mission and the other has a long-term mission. Short-term help, long-term assistance, and somehow the line between the longterm and the short term has to be better defined so that we can clearly understand with whom the responsibility lies for some of the things that we have talked about that one Agency contends the other Agency is responsible for, and it becomes difficult to sift the sand and find the pearls of wisdom as to whom it is that is entirely responsible.

So I say to you we have to define this line, find the boundaries that are important to us. We also have to, as we do this, concern ourselves with this one-for-one replacement that the chairwoman mentioned. I am concerned very much about the housing in Louisiana, wherein we had an agreement, in my opinion, to have one-for-one replacement, but I don't see it being honored to the extent that I thought the agreement was to be honored.

That one-for-one replacement is important. If people want to return home, there has to be a home to return home to, and without the replacement effort, we are not providing the opportunity for people to go home. Everybody should have the right to go home. People want to go back, and they ought to be able to get back.

Finally, I thank Chairman Frank for what he has done, and Chairman Thompson, as well. The two of them are outstanding chairmen. I am honored to serve with them and they have both made a concerted effort to try to make sure that our persons in Houston, Texas, are properly taken care of. For this I am grateful, and the ranking member of the Housing Subcommittee, Mrs. Capito, was not the chair at the time, but I know of her desire to be of assistance and I appreciate what she has done as well.

With that I yield back, Madam Chairwoman.

Chairwoman WATERS. Thank you very much. Mr. Etheridge?

Mr. ETHERIDGE. Thank you, Madam Chairwoman. And to expedite this, Madam Chairwoman, I will submit my statement for the record, and hopefully you will be a little lenient when we get into the Q & A, and I will have an opportunity to speak. Thank you and I yield back.

Chairwoman WATERS. Thank you very much. I am now pleased to welcome our distinguished first panel. Our first witness will be Mr. Carlos Castillo, Assistant Administrator for Disaster Assistance, Federal Emergency Management Agency, U.S. Department of Homeland Security. Our second witness will be Mr. Jeffrey H. Riddel, Director, Office of Capital Improvements, U.S. Department of Housing and Urban Development. I thank you all for appearing before the subcommittee today, and without objection, your written statements will be made a part of the record. You will each now be recognized for a 5-minute summary of your testimony. Thank you.

STATEMENT OF CARLOS J. CASTILLO, ASSISTANT ADMINISTRATOR, DISASTER ASSISTANCE DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY

Mr. CASTILLO. Good morning Chairwoman Waters, Chairman Cuellar, Chairman Frank, Chairman Thompson, and members of the subcommittees. I am Carlos Castillo, the Assistant Administrator for the Disaster Assistance Directorate in the Department of Homeland Security's Federal Emergency Management Agency

(FEMA). I thank you for the opportunity to be here today to represent the Department and FEMA and to discuss our role and responsibility in responding to the affordable housing needs of Gulf Coast States following emergencies and natural disasters. New programs, policies, initiatives, partnerships, and collaborations define the improvements that have taken place within FEMA since Hurricanes Katrina and Rita. Many of the lessons we learned have been institutionalized and are now being implemented nationwide. FEMA continues to marshal the efforts and expertise of the community of Federal, State, and local emergency managers and voluntary organizations to aggressively and compassionately address the needs of individuals, families, and communities devastated by disasters.

I have submitted my written testimony for the record and it outlines a number of FEMA programs aimed at assisting Gulf Coast communities and disaster victims. I will summarize them briefly as well as address the memorandum of understanding we have with HUD that outlines eligible emergency repair assistance.

Forward progress, our Gulf Coast housing strategy action plans: We are committed to providing suitable long-term housing solutions to families impacted by Hurricanes Katrina and Rita who still reside in temporary housing units. Led by FEMA's Gulf Coast Recovery Office, we continue to work with applicants to ensure that they have access to any and every available housing resource that can help speed their recovery. We are pleased that nearly 84 percent of the households that received temporary housing units following Hurricanes Katrina and Rita have now moved out of those units and back into some form of permanent housing. The work of transitioning the remaining residents presents many challenges as we try to balance available resources with support needs of the families that reach beyond basic housing, but are often just as critical to the individual's ability to return to self-sufficiency. Affordable housing, particularly rental units, is very limited in many areas along the Gulf Coast.

However, FEMA has taken steps to increase the amount of available rental units and reduce the other barriers that may slow the process for an applicant. We redefined our current lodging contract in August of this past year to encourage greater landlord participation and expand the universe of rental properties and reduce common barriers for the remaining disaster population. These incentives and additional actions include payment of rental assistance above the current fair market rate, payment to landlords for utilities included in the rent payment, payment to landlords for repairs to property damage made by disaster applicants, payment of security deposits and processing fees for background checks required by some landlords, and assistance with locating furniture and other necessities for basic living needs.

We previously announced the plan to close all group sites and relocate residents by June 1, 2008, and we have continued in this activity as part of our ongoing efforts. We have already moved over 120,500 households out of temporary housing units as residents move into more long-term housing solutions. While the majority of group site residents have successfully transitioned into functional long-term housing, some of the remaining residents are experiencing challenges. FEMA officials understand this and we have worked diligently to remove many of the barriers they have faced in relocating. As of May 30, 2008, there are 22,437 households still occupying temporary housing units in the Gulf Coast and 728 households still in group sites.

This year, Administrator Paulison wrote to the Governors of Louisiana and Mississippi to establish a joint Federal/State Housing Relocation Task Force. Both States, as well as our key Federal partners identified representatives for this task force, which is intended to share resources, identify solutions to barriers, and develop joint policies for messaging for those still in need of housing. The task force members will also be charged with identifying opportunities for collaboration with local governments.

Disaster housing assistance program: On July 26th of last year FEMA and HUD executed an interagency agreement establishing the DHAP program, a temporary housing rental assistance and case management program for eligible individuals and households displaced by Katrina and Rita. The program is currently being administered through HUD's existing infrastructure of public housing agencies. Ultimately, over 40,000 eligible residents displaced by the Gulf Coast hurricanes will continue to have their rent paid through this partnership.

The memorandum of understanding regarding repair of public housing following emergencies and natural disasters: I am also aware that Chairman Frank has expressed concern, as others, over FEMA's ability to fund repairs to public housing authorities damaged as a result of Hurricane Katrina. FEMA has this MOU with HUD outlining eligible emergency repair assistance, and we have agreed that FEMA will, in its discretion, provide for essential assistance authorized under Section 403 of the Stafford Act to eligible public housing authorities that fall outside of HUD's authorities and FEMA has provided $7.4 million to the housing authority of New Orleans for emergency protective measures. I understand I am past the—may I finish the—

Chairwoman WATERS. You may wrap up your statement.

Mr. CASTILLO. Yes. We will work together with HUD to resolve this. I just wanted to be clear that the memorandum of understanding was meant to clarify what our roles, what HUD and FEMA's roles are. It wasn't meant to change anything.

[The prepared statement of Mr. Castillo can be found on page 62 of the appendix.]

Chairwoman WATERS. Thank you. We are going to get to that in the questioning. You will have time to explain.

I am going to move right to Mr. Riddel at this point. Thank you.

STATEMENT OF JEFFREY H. RIDDEL, DIRECTOR, OFFICE OF CAPITAL IMPROVEMENTS, PUBLIC AND INDIAN HOUSING, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. RIDDEL. Good morning. Chairwoman Waters, Chairman Cuellar, Chairman Frank, and Chairman Thompson. It is an honor and a privilege to be before you this morning, I thank you for the opportunity.

My name is Jeff Riddel, and I am the Director of the Office of Capital Improvements, the Office that administers the Capital

Fund program which gives housing authorities funds to repair and maintain their housing stock. The Office of Capital Improvements is also the office that administers the emergency and natural disaster grant program.

I am here this morning to discuss with you how best to achieve funding to enable housing authorities to respond to make the necessary repairs following natural disasters. I would like to summarize briefly some of the issues and then propose one policy option. As you know, we also provided a written statement.

The Quality Housing and Work Responsibility Act, QHWRA, which was enacted in 1998 included a provision, Section 9(k) which permits HUD to award natural disaster grants to housing authorities. It also authorized HUD to make emergency grants to address situations that endanger the health and safety of public housing residents. As the chairwoman mentioned in her opening remarks, section 9(k) directs HUD to set aside not more than 2 percent of the capital and operating funds for emergencies and other natural disasters and housing needs resulting from any settlement of litigation.

However in every appropriations bill since 2000, Congress has determined that HUD should not use appropriated amounts under 9(k) and has separately appropriated a set-aside amount for emergencies and natural disasters. The funding has declined significantly for emergencies and natural disasters from a high of $75 million in 2000–2002 to a low of $16.8 million last year.

In 2004, four hurricanes struck the State of Florida and completely depleted the $39.8 million in funding available for that year. In 2005, Hurricanes Katrina and Rita struck the Gulf Coast and the disaster funding available that year was inadequate to restore public housing damaged or destroyed. Hurricane Wilma struck Florida during the first month of Fiscal Year 2006 and substantially depleted the $16.8 million available at that time. The current level of $18.5 million, while an increase from 2006 and 2007, would not be sufficient to meet the disaster needs such as those that have occurred in recent years.

Public housing authority losses from hurricanes and disasters are mitigated to a large extent by HUD's regulatory requirements that they maintain specified insurance for coverage for property and casualty losses. The size and scale of these hurricanes have tested that requirement. HUD found that insurance proceeds are insufficient in some cases, such as with most of the housing authority of New Orleans, among others. Public housing authorities that face funding shortfalls due to insufficient insurance proceeds and HUD disaster grant funding have sought public housing assistance under FEMA pursuant to Section 406 of the Stafford Act.

In the late 1990's, HUD and FEMA signed a joint coordination letter addressing the procedures for public housing authorities obtaining essential assistance for items such as debris removal and demolition of unsafe structures pursuant to Section 403 of the Stafford Act. The joint coordination letter did not address the issue of FEMA public assistance for reconstruction and long-term repair under Section 406 of the Stafford Act.

In 2007, HUD developed a proposed memorandum of agreement between itself and FEMA that would have made it possible for

FEMA assistance pursuant to Section 406 to be available as a last resort for funding when insurance proceeds and disaster grants from HUD were inadequate. However, because Section 9(k) exists, Section 406 funding has been thought to be not available for public housing authorities because it violates the appropriations law by augmenting Congress' appropriation for natural disasters funded through the capital—

Chairwoman WATERS. Could you speak up please?

Mr. RIDDEL. Sure. I would be happy to.

In recent years, the President's budget has proposed eliminating both the portion of 9(k) that provides for disaster grant funding and the set-aside for natural disaster grants in an attempt to alleviate confusion about disaster assistance and make it possible for housing authorities to access Section 406 Stafford Act funding. If Congress were to follow this course, there would be no separate disaster funding provided for public housing, and consequently, FEMA would be no longer augmenting another appropriation by providing Stafford Act assistance.

Therefore, one potential solution to disaster funding shortfalls for public housing authorities would be the permanent repeal or amendment of Section 9(k) with the additional stipulation that no funding be appropriated for natural disasters.

Thank you for the opportunity to appear. Again, I would be happy to answer any questions at the appropriate time.

[The prepared statement of Mr. Riddel can be found on page 257 of the appendix.]

Chairwoman WATERS. Thank you very much. I would like to recognize myself for questions at this time. I have a lot of questions, but I suppose I can only get answers to a few.

Let me just, if I may, follow up on something that Chairman Thompson referenced in his opening statement. He indicated that someone living in a FEMA trailer has been evacuated by a SWAT team. Would you please explain to me why someone living in a FEMA trailer, temporarily assisted because of a disaster, why would they be evacuated?

Mr. CASTILLO. I believe you are referring to, there was an incident in New Orleans; I believe it started late last night or early this morning. The incident is under investigation by the New Orleans police department and I know they were coming out with a statement, but I have nothing else to add. I just don't know much about it.

Chairwoman WATERS. Well, let us continue a little bit on this business of FEMA trailers. We will see what we can find out about that situation, maybe it was not associated with FEMA at all, maybe it was the local police department.

But why would FEMA use trailers, again, given the health risks associated with formaldehyde exposure? I appreciate the admonition of my colleague from the Homeland Security subcommittee here, but I have referred to them as formaldehyde trailers, and I think it upsets some people that I say that, but I still see them that way. If in fact we know we have problems, whether it comes from the wood or any other material in the trailer, why would we use them again if we had a disaster and we needed to place people someplace temporarily?

Mr. CASTILLO. There is a lot of confusion, I believe, that some folks refer to trailers and just look at travel trailers and mobile homes, and just to differentiate, the way I understand your question, it relates specifically to travel trailers, which are meant to be a more temporary use, used normally as travel trailers to spend maybe a weekend in and not necessarily meant for long-term housing.

At FEMA, we are looking ahead knowing that if we are faced with another catastrophic, very extraordinary event among the likes of Katrina or maybe even not to that extent, that we need to do something different. We know that the travel trailers, the formaldehyde issue that has been raised and we have recognized and are dealing with is but one. Travel trailers are not the ideal solution. We are looking at, through our joint housing solutions group, we are looking at alternatives to travel trailers and some of the other typical manufactured housing.

Again, our plan and our philosophy has been and is, first we will look to, if there is are quick repairs that can be made to a home where people are more comfortable, and their home as been affected, where they can move back shortly after an event, looking at available rental resources in an area that is affected, apartment homes they can move into and it is more permanent, then we will go to other manufactured housing like mobile homes, which are larger.

The downside to mobile homes is for people, and the majority of people who were in mobile homes and travel trailers were on private sites, meaning people who were repairing their homes and want to stay where their possessions are, want to stay in their neighborhood where their school, their friends and relatives are—

Chairwoman WATERS. Let me interrupt you for a moment here. Have you done any research since we have been confronted with the problem of formaldehyde trailers? Have you done any research about what kind of units would be better to be used in the event of another disaster? I mean, what kind of real information do you have about what is safe and what is not?

Mr. CASTILLO. We have worked primarily with HUD and the Centers for Disease Control and Prevention to look at the areas that their expertise is in and not ours, and we have consulted with them and worked with them and continue to do that. One key thing we are doing is we have tested, since Administrator Paulison advised, we have tested every single unit that is offered to the State, and that includes, although we haven't offered travel trailers, and again that is just a—

Chairwoman WATERS. But I am really asking about research. I want to know, what have you learned that would help you to place people in safer surroundings, environments in the future? Is there a report that has been done? What real information do you have about alternatives to trailers that are contaminated, be it from wood or other materials?

Mr. CASTILLO. We test the trailers—to answer, there is no report that I know of—

Chairwoman WATERS. You have no research and no report? So what you are doing is, you are trying to figure it out yourself, is that right?

Mr. CASTILLO. The CDC, I know, is doing some studies on the health effects of formaldehyde. We are testing our units, before they are offered, for formaldehyde. We are testing that in accordance with standard practices and protocols to make sure that there is no—

Chairwoman WATERS. So you have no research that has been done and you have no report about that research that would help you to determine what would be the safest way to house people who are the victims of a disaster, is that correct? You have no research? I know you said you are testing, do you have any research that would help you to determine how to house people safely in the event of a disaster?

Mr. CASTILLO. That we have conducted? No ma'am.

Chairwoman WATERS. I don't care who conducted it. Whether you conducted it, or whether you contracted it with someone, you have no research, is that right?

Mr. CASTILLO. We have a joint housing solutions group that is looking at alternatives to housing and they have used experts from different portions, having to do with specifically housing—

Chairwoman WATERS. I understand there was some recent testing of children as it relates to perhaps some mental health problems. Are you aware of that?

Mr. CASTILLO. No, ma'am.

Chairwoman WATERS. Alright, thank you very much. I am going to call on my ranking member, Mrs. Capito, at this time.

Mrs. CAPITO. Thank you, Madam Chairwoman. I have a question for you, Mr. Castillo. Chairman Frank wrote a letter to FEMA Administrator David Paulison in June 2007 and asked that FEMA revisit—and you began talking about the memorandum of understanding with HUD to clarify that public housing developments are eligible to Section 406 funding if HUD funds are unavailable. In your letter you said that you would be considering this, and this was in November of 2007. I am wondering if you have completed this study and what conclusions you have reached?

Mr. CASTILLO. We haven't. We have worked, we have had meetings with HUD to look at that and what I would like to clarify is that the memorandum of understanding was simply something that was written to clarify and spell out, to detail what HUD's responsibilities are and what FEMA's responsibilities are. It wasn't meant to change legislation or even address that.

Where we have agreed is—and perhaps it is not something that we are happy with because the bottom line is that people who need the housing perhaps still aren't getting it as quickly as they should—that we don't have the authority, and because of augmented appropriations, we are not in a position to provide disaster relief funding under 406 of the Stafford Act.

Mrs. CAPITO. In terms of the remaining individuals, families who are still not in some sufficient housing situations, what is that number now?

Mr. CASTILLO. The number of folks still in—I can give you—we have, right now, there are 22,188, as of Monday, 22,188 households remaining in FEMA-provided temporary housing.

Mrs. CAPITO. So they are living, now, still, in, you mentioned travel trailers. Are they more permanent homes or more permanent structures or—

Mr. CASTILLO. Those are primarily mobile homes and travel trailers, the majority of which are on private sites.

Mrs. CAPITO. Is the issue that, in order to transition them from this temporary living situation the fact that we are not coordinating with HUD, is there not available housing or rental units, or is it because of bureaucratic snafus, which I am certainly hopeful that it is not. Could you expound on that?

Mr. CASTILLO. We are moving, we are averaging about 1,000 households a week that we are moving out into more permanent housing. We are working closely with HUD, we have had—I will give you an example.

There was, before we started even the joint housing solutions group that we started that I mentioned both in Mississippi and Louisiana, there were several databases. Every agency had a separate database to rental property available. We have combined those with HUD, FEMA, and the Gulf Coast to look at available rental properties to move people into. As I said, we are moving 1,000 families a week into more permanent housing, it is just—it is not just one reason for the delay, and we have moved out a lot of people.

Mrs. CAPITO. Well, that still is a staggering number—I am sure you realize that as well—who are left without suitable housing.

Mr. CASTILLO. Absolutely.

Mrs. CAPITO. Last question, and this is sort of a general question going back to the news reports post-Katrina. A lot of reports of unused housing or temporary housing, travel trailers, what is the status of all that and can you clarify that for me please?

Mr. CASTILLO. Can you repeat the question? Unused—

Mrs. CAPITO. Question: Were there hundreds and hundreds of travel trailers or housing units available that were unused, that were just sort of parked, post-Katrina?

Mr. CASTILLO. I don't know about that. I started with the Agency less than a year ago, but I haven't heard that was the case. I know there were over 140,000 families who were housed through FEMA in different temporary housing units, but I hadn't heard that, that you are referring—

Mrs. CAPITO. But as a point of clarification, to your knowledge, since you weren't there obviously you wouldn't know, but at the time, any available housing that was there onsite was used. Is that correct?

Mr. CASTILLO. That is my understanding. Not just there onsite, but also in other States who became host States and that have sheltered a lot of Katrina/Rita victims outside of their own State, yes, ma'am.

Mrs. CAPITO. Thank you. I yield back. Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you very much. Mr. Cuellar?

Chairman FRANK. Will you yield me 10 seconds?

Chairman CUELLAR. Yes, sir.

Chairman FRANK. Mr. Castillo says that he has been at the Agency less than a year. I would just note—and I appreciate the gentlewoman from West Virginia referencing the letter I sent—that he has been at the Agency less time than my letter. I hope he has gotten a better response than my letter has in that time; my letter is a year old.

Chairman CUELLAR. Thank you, Mr. Chairman. Let's see if we can kind of look at the big picture here. One, the hurricane season just started this Sunday, June 1st, is that correct?

Mr. CASTILLO. Yes, sir.

Chairman CUELLAR. Okay, that was number one. Number two, we have over 22,000 individuals who are still living in temporary housing, is that correct?

Mr. CASTILLO. Yes.

Chairman CUELLAR. We have, between Louisiana and Mississippi, about 6,000 available housing units, is that correct?

Mr. CASTILLO. Actually, I believe it is more than that. What we know as of this week, and we are using hotel rooms as well as part—we need to get people out for different priorities, if they have formaldehyde concerns or their health issues, but we have identified 5,000 rooms in hotels that are willing to cooperate and participate with us, 5,000 in Louisiana, over 5,500 in Mississippi, and 4,900 apartments that are willing to participate with us, 4,900 in Louisiana and over 2,000 in Mississippi.

Chairman CUELLAR. And if we take away hotels and motels that you are using as alternative housing units, at least our number show that there are about 6,000 between both States.

Mr. CASTILLO. A little more, yes. Close to that.

Chairman CUELLAR. Alright, if we look at that big picture, let me ask this question both to Mr. Riddel and Mr. Castillo, same question. Mr. Riddel, if FEMA is a disaster preparedness and response agency, we know they are there for a particular purpose during a disaster, and your mission under HUD has a different mission, that is housing more on a permanent basis, should I say. With that in mind, at what point during the recovery period do you feel it is appropriate for FEMA to hand over the housing mission to an agency that has more experience in this area? And then, Mr. Castillo, I will ask you the same question.

Mr. RIDDEL. Thank you Mr. Chairman. Let me begin to respond, I certainly would be happy to amplify it further.

What I think I hear in your question are issues of timing, of longer-term solutions as well as shorter-term solutions. On a short-term basis, the funding through FEMA does provide that opportunity.

What we are doing in the Disaster Housing Assistance Program is taking over responsibility for that funding, for the operation of the program, once tenants are relocated to some form of other housing, because HUD has that expertise, that mission. On a longer-term basis, certainly HUD's mission is to provide safety, some sanitary, affordable housing. That is the business that we are in. So we are certainly working throughout the country, but especially in the Gulf Coast on redevelopment programs and strategies to provide not only public but affordable housing in those communities.

Chairman CUELLAR. So here we are 3 years after the hurricanes. Is it the appropriate time now to hand this over? You know, to an agency that has more the expertise and the initiatives—

Mr. RIDDEL. Yes. We are working now in that transition process with FEMA, taking over responsibility for those residents as well as working on their long-term housing needs, yes.

Chairman CUELLAR. When do you anticipate this passing of the torch to happen?

Mr. RIDDEL. We have been working on taking over responsibility for former FEMA residents now for the last several months. As soon as relocation assistance is available, they become part of the DHAP program.

Chairman CUELLAR. Are you ready to handle the situation that if FEMA moves some of these folks over to hotels/motels—my understanding, they were there for 30 days. After 30 days, we don't know what is going to happen. I guess if you have somebody in a trailer, for example, and there might be some issues about health, that is one issue that they look at, but then the other issue, the other alternative is, by moving to a hotel/motel, I am there for 30 days, and after 30 days I don't know what is going to happen, are you ready to handle that in the transition?

Mr. RIDDEL. Our focus certainly is on longer-term housing needs and opportunities, and I think you identify an issue in terms of the decision-making process of residents even in moving out of trailers, they are concerned about their long-term housing needs, so our focus is on that longer-term housing need rather than their being in a hotel room for a few days.

Chairman CUELLAR. Because my time is almost up, Mr. Castillo, could you answer that in 30 seconds? When is the time for FEMA to hand over this work? That was important for you all during the disaster, I recognize that, but now 3 years later, are you ready to pass that on to somebody who has a little bit more expertise?

Mr. CASTILLO. Yes, and we have been passing that baton, as you said, through the DHAP program, the Disaster Housing Assistance Program. We have been transitioning folks and it will be up to 40,000 families that will be transitioned into them. Housing is HUD's mission, they are good at it, and it is what they do on a normal basis. We are good in the emergency phase. As far as a date, I mean, it is what we transition to, but yes, I agree.

Chairman CUELLAR. Well, I have further questions but my time is up, so thank you very much.

Chairwoman WATERS. Thank you very much. Mr. Dent?

Mr. DENT. Mr. Castillo, the Post-Katrina Emergency Management Reform Act of 2006 required FEMA to develop a national disaster housing strategy, as you know. A draft of that housing strategy is being circulated among the stakeholder agencies and organizations, as I understand it. Have you been receiving feedback on that strategy, and if so, what have been the major areas of interest and concern?

Mr. CASTILLO. It was first developed along with partner agencies. Right now we have a final, FEMA has a final draft that is being circulated, as you said, among other agencies, including what is required by law and through the national advisory council who has it now. We haven't received the feedback from them yet, but it is something that is a very complex strategy that looks at and incorporates a lot of the lessons we have learned along the way.

Mr. DENT. It is my understanding, too, that FEMA, as I think you have stated, expects to deliver that strategy to Congress later this month. Is that still the expectation on delivery?

Mr. CASTILLO. I don't know the exact date. I know it is—I can tell you and I can assure you that no one wants to see that strategy out more than we do at FEMA and as soon as it does, we will circulate it here.

Mr. DENT. You also referenced earlier that FEMA has established the joint housing solutions group to evaluate innovative disaster housing options, identify viable alternatives to FEMA travel trailers and manufactured homes, and recommend improvements to disaster housing operations. Could you please describe the efforts of that group, and what agencies and offices are currently represented in that group? And I would also like to know if you have any recommendations that have been developed?

Mr. CASTILLO. Yes. It started actually in 2007 when we brought a group together. We have opened and communicated through a Web site and through a lot of different channels opportunities for companies and people to provide units that are looking at something different other than travel trailers and mobile homes that we have been doing. There is a lot of different criteria that we have published for them to use and the point is we have identified—

What we want to do is work to pilot the top four or five prospects, the top four or five solutions that come out of that. We have a housing assessment tool where people can submit this online in sort of a self-evaluation to start out with to make sure it meets the criteria of safety, health, formaldehyde free or very low in formaldehyde, other things that we have learned along the way that will hopefully result in some good solutions for the future that we can use and implement and test if we need to this season.

Mr. DENT. And Mr. Riddel, could you please discuss the current state of affordable housing and the real estate market on the Gulf Coast. How is HUD involved in efforts to ensure that there is sufficient availability of affordable housing in a given area?

Mr. RIDDEL. I would be happy to. Our focus is certainly both on public housing as well as affordable housing. The housing authorities in the Gulf Coast area have redevelopment programs and strategies that typically involve a multitude of approaches of housing types, of tenure, homeownership, rental, ranges of housing from public housing to affordable housing to market rate housing, and a variety of funding sources including Federal, State, and local sources, so we work with those groups and have provided support in as many different ways as we could.

For example, one of the things that has been done is to provide housing authorities with the flexibility to use what is now called housing choice voucher funding and what used to be called Section 8 funding flexibly so that they can use it for development purposes and make that funding available using the appropriations that Congress provided then to provide voucher assistance for families.

So we are working a variety of programs and types, certainly working with other agencies as well as the chairwoman mentioned, in New Orleans we have been able to get, through the housing authority there, tax credit assistance through the Gulf opportunity zone to get several hundred million dollars worth of tax credit investment to develop not only public but affordable housing. There has been comparable programs in other ways as well.

Mr. DENT. I see my time has expired. I yield back.

Chairwoman WATERS. Thank you very much. Mr. Cleaver.

Mr. CLEAVER. Thank you, Madam Chairwoman.

Chairwoman WATERS. I am sorry, Mr. Frank is back.

[Laughter]

Chairman FRANK. I am going to "leave it to Cleaver."

[Laughter]

Chairwoman WATERS. Alright, Mr. Cleaver.

Mr. CLEAVER. Mr. Riddel, you manage the capital fund for emergencies?

Mr. RIDDEL. That is correct.

Mr. CLEAVER. In 2000, you had $75 million.

Mr. RIDDEL. Correct.

Mr. CLEAVER. Today, it is less than $20 million?

Mr. RIDDEL. It is $18.5 million, yes.

Mr. CLEAVER. What was the request, what was the budget request?

Mr. RIDDEL. In the current budget, and it gets to some of the substance, I think, of this hearing, in the current request, the current budget, we have zeroed out that request. We are not seeking funding for disaster grants. The rationale for that is, as I mentioned in my opening statement, this concern about duplication or augmentation of funding.

Mr. CLEAVER. Yes.

Mr. RIDDEL. And that while that confusion exists, the families are better able to be served if they know that they can get a certain source of funding or housing authorities can get certain sources of funding to meet the needs of their residents.

Mr. CLEAVER. Okay, thank you. Here is my question for both of you: If the HUD Secretary zeroed out this fund, and FEMA did not insert it in its budget request, we are essentially leaving the people out there. Nobody, then, it seems has the responsibility, for whatever reason, to deal with the people who have been devastated. Is that right? Is that wrong? Is that anything?

Mr. CASTILLO. For us, we have a disaster relief fund, but that is no year funding. It is basically to provide funding for disasters, but because HUD has a specific authority and Congress appropriates under that—

Mr. CLEAVER. Except HUD didn't want it. They zeroed it out.

Mr. RIDDEL. Let me attempt to address some of those points. I think part of the issue is the magnitude of funding required. As you referenced, in 2000 the funding was $75 million, it was a much larger number than it is now. The magnitude of the need also certainly greatly fluctuates based on events that occur during that year, disasters such as we have experienced in recent years.

So the funding level is certainly an issue, but beyond that, the ability to access funds through Section 406 of the Stafford Act as other—

Mr. CLEAVER. I see two issues. One is the funding issue, which I am still not clear about where HUD and FEMA are going. The second issue, I guess, is legislative intent. When two agencies have difficulty interpreting the legislative intent, who becomes the referee? Sir?

Mr. CASTILLO. Well, the way we understand the legislative intent, and I am not sure that there is disagreement between HUD and FEMA, is that because HUD has a specific authority, the legislative intent was for them to have that authority.

Mr. CLEAVER. Okay, here is the problem that I hope you can clear up. HUD zeroed out the capital fund for emergencies. Am I right?

Mr. RIDDEL. That is in the current budget, yes.

Mr. CLEAVER. And FEMA is saying that is HUD's responsibility. HUD is saying we are going to zero this out because we think that one agency should handle all of these matters and we should not be duplicating what FEMA is doing. The truth of the matter is that the people in the Gulf Coast were left without anyone stepping up to the plate for capital emergencies.

Mr. RIDDEL. Congressman, part of the issue, I think, is the magnitude of funding. At a level of $18.5 million, that funding is inadequate to address any substantial—

Mr. CLEAVER. Okay, we are talking past each other and it is my fault. It is my fault, whatever it is, it is my fault, so let's talk to each other. You are saying that $18.5 million is inadequate. I agree; I think $75 million was inadequate. The problem is you zeroed it out because you said that it should be—you wanted to avoid duplication. Is that right?

Mr. RIDDEL. That is correct.

Mr. CLEAVER. FEMA says they shouldn't handle it because it is the responsibility of HUD. Is that right?

Mr. CASTILLO. Yes, sir.

Mr. CLEAVER. And so you are saying there is no disagreement, there is no confusion over legislative intent because HUD should have it. That is what you said, Mr. Castillo.

Mr. CASTILLO. Yes, because HUD has the specific authority, yes sir.

Mr. CLEAVER. Then I said, so the people are left out there without anyone wanting to help. Tell me why I am wrong.

Mr. CASTILLO. We want to help. I mean we are looking for solutions to this. You know, we have the—

Mr. CLEAVER. Well, I will e-mail that to the people in New Orleans that you are interested. That ought to probably fix it all. I yield back the balance of my time.

Chairwoman WATERS. Thank you. Chairman Frank?

Chairman FRANK. I want to follow up on that. With regard to the letter that the gentlewoman from West Virginia mentioned, I sent a letter dated June 12, 2007, about this inability to get money to public housing, and the answer to you, Mr. Castillo, so you said you have been there less than a year, only slightly less than a year, this is—oh, I am sorry, you sent the letter in November. My letter was in June.

So many months later in November you wrote to me, and you said, "FEMA is committed to and communicated to HUD that we will study the feasibility of this issue for the purpose of authoritatively determining whether such a change is both appropriate in legal. That study is actively underway.” That was in November. Apparently it is still underway. I think it is underwater.

What is the status of that study that you told me in November was underway from a letter I sent you a year ago?

Mr. CASTILLO. Sir, the study is, or the status is that FEMA cannot augment an appropriate—

Chairman FRANK. You said there is a study. Is there an actual study? Can I see it?

Mr. CASTILLO. The study is that we met jointly with HUD, we met with HUD—

Chairman FRANK. Well, does HUD agree that FEMA legally can’t do that?

Mr. RIDDEL. Our approach, Mr. Chairman, was to—

Chairman FRANK. No, I didn’t ask your approach, sir. Does HUD agree that FEMA is legally bound not to give that money?

Mr. RIDDEL. I don’t know if that is the conclusion.

Chairman FRANK. No, it shouldn’t be. Well, FEMA said they worked it out with you. And my question is, do you agree with FEMA that they are legally unable to provide this funding?

Mr. RIDDEL. No sir, what we had proposed—

Chairman FRANK. No, I didn’t ask what you proposed, sir. I want to know whether you agree that FEMA is legally unable to provide that funding?

Mr. RIDDEL. To my belief, no, I’m not the—

Chairman FRANK. Okay, thank you. Now I want to ask you, Mr. Castillo, I am troubled by that.

First of all, as I understand it, the argument is that you can’t provide the funding because they can get funding under 9(k), which has no money. I am not a great mathematician but I know that sometimes if I have a zero, a real number, or not a real number, apparently to FEMA, zero is a real number. Because zero dollars is real enough for you not to help people who need help with public housing that was destroyed by the hurricanes.

So the fact that 9(k) has not been funded, that legally prevents you from providing funding because what you are saying is that these housing authorities could have gotten money from 9(k) if it had any money, and therefore you are not going to give them any money even though they didn’t get any money because 9(k) doesn’t have any. Is that your position?

Mr. CASTILLO. It is that we can’t—if we were to give them money it would augment an appropriation, sir.

Chairman FRANK. But the appropriation is zero. Is that correct? So you are legally bound not to appropriate zero—do you consider an augmentation, I mean augmentation to me is to give more, but they didn’t get anything. It is also this Administration’s position, apparently it is, because I assume the OMB approved the proposal to repeal 9(k).

But let me ask you this, sir—April 14, 2003, to Mr. Castillo from FEMA, this is an amendment to the MOU—“Background. Although HUD has specific authority under Section 9(k) as amended to provide funds for the PHA facilities, FEMA has generally funded these costs in the past.”

Was FEMA, when it did that, violating the law? This is in the April 14, 2003, amendment, Recovery Division Policy, etc. It says that in the past FEMA has generally funded these costs. At what point did the new legal interpretation come in and say it wasn't legal?

Mr. CASTILLO. It is my understanding that in 1999 after Hurricane Floyd is when it came—

Chairman FRANK. It is your understanding. Is there a legal opinion to that effect by the General Counsel of FEMA?

Mr. CASTILLO. Yes, there was sir. At the time—

Chairman FRANK. Can I see that? Have you seen it? Is there such a legal opinion?

Mr. CASTILLO. If there is one in writing, I can get it.

Chairman FRANK. No, excuse me, if there is one in writing. You don't know. Look, I think you acknowledged to Mr. Cleaver and others that it is not a good thing that we haven't provided this funding, and we know that there is no funding in the alternative source that you say keeps us from doing the funding.

So your argument is that you are legally prevented from doing it. HUD doesn't agree with you, but you are legally prevented. But you don't know that. Based on what? You say if there is a legal opinion. On what basis have you concluded that you are legally barred from providing this funding given the existence of a zero appropriation. What is the legal basis? Is it in the statute?

Mr. CASTILLO. Appropriations law, sir. If we were—

Chairman FRANK. No, show me the language, what language. I assume that you knew you were coming to testify, so what language in what law prohibits you from testifying? Let him tell you. What language?

Mr. CASTILLO. I know it is in the written testimony that I submitted, sir.

Chairman FRANK. Well, I would ask for unanimous consent to wait a couple of minutes while they help him find that wording. Will you find me the legal wording that says you can't do it?

Chairwoman WATERS. Without objection, we will wait.

Chairman FRANK. While we are waiting, my colleagues in North Carolina tell me that after the hurricane in North Carolina in 1999, there was funding made available under this provision, so this reference to a 1999 decision does not appear to have substance.

Mr. ETHERIDGE. If the gentleman would yield for just a second?

Chairman FRANK. Yes.

Mr. ETHERIDGE. In 1999, FEMA did the right thing, because Hurricane Floyd was in North Carolina, which I happen to know a good deal about. We had a horrible situation. They came in and did the right thing. We provided housing, and it worked. And that is the kind of model that we ought to use and I, for one, thought that was the kind of model we were going to use. And Madam Chairwoman, in New Orleans at the—

Chairman FRANK. Let me get an answer. What legal language prevents you from providing this funding?

Mr. CASTILLO. Sir, I can get back to the committee; I don't have that with me.

Chairman FRANK. I am appalled by that Mr. Castillo. Like I said to you earlier, I understand part of this is a problem between HUD and FEMA, but here we have an admitted need, public housing destroyed by a natural disaster.

Public housing authorities needing money to fix it, people living in inadequate housing, people living away from home, and you come and tell me two things: One, you wish you could provide them the money; and two, you legally can't do it; but then three, you have no basis for telling me that. You say, oh, legally we can't do it, but you don't know what law it is. Maybe it is this statute, maybe it is that statute, you can't prove the language, you will get back to me. Your agency has been promising to get back to me for a year.

Mr. Castillo, give that money to building the housing. In the absence of any legal authority, and let me ask now, Madam Chairwoman, and if necessary, I will ask our committee to subpoena it, I want any existing legal opinion that tells you you can't do that, because I don't think there is one. I think this is just an excuse.

Chairwoman WATERS. Mr. Chairman, if you would yield for a moment. What is appalling about what you are revealing is that even if there are questions, you have one Agency zeroing it out and one Agency saying you can't use their money, and no attempt to fix it. No attempt to resolve it. That is what is so appalling, when we have—

Chairman FRANK. I want to thank the gentlewoman.

Chairwoman WATERS. Yes. Thank you, I yield back.

Chairman FRANK. One last question—yes, Mr. Castillo?

Mr. CASTILLO. If I may, I will read from what I have: "Generally appropriations may be spent only on the purposes specified," that is from 31 USC, 1301(a), "and may not be transferred to other accounts without statutory approval," 31 USC—

Chairman FRANK. And that law was passed when?

[No response]

Chairman FRANK. Let me put it this way, long before 2003, because in your 2003 memorandum, you acknowledged, the Agency does, that language was never considered to prevent providing funding, particularly when there was no appropriation.

Let me just ask one last question of both of you: Are you, as representatives of your agencies, and representatives of our Executive Branch of this great Federal Government, do you think we have done a good job in responding to the housing needs of the people in that area after the hurricane? I want to ask both of you.

Mr. CASTILLO. I think absolutely we could have done better and we continue to work—

Chairman FRANK. No, do you think we did a good job?

Mr. CASTILLO. I think the Agency did a good job in that, from what I have seen, and what we were faced with was a very difficult, unprecedented situation. And could it have been improved? Absolutely.

Mr. RIDDEL. Yes, sir. Given the magnitude, obviously we could have done more and would want to do more, but I think a major effort was made by many people to do the best job possible.

Chairman FRANK. Well, I didn't think "heck of a job" was a good argument then, and I don't think it is now. Thank you.

Chairwoman WATERS. Thank you very much. Chairman Thompson?

Chairman THOMPSON. Thank you very much, Madam Chairwoman. I would like to take up from where Chairman Frank left off. Mr. Castillo, can you tell me whether or not we have incorporated into the national disaster housing strategy a provision that would prevent a Katrina-type snafu from occurring with respect to housing?

Mr. CASTILLO. We are definitely much better prepared. We have taken what we have learned from Katrina, from the response to Katrina and Rita, to make the necessary improvements.

As I said, this was an unprecedented event, not just for the Gulf Coast and the Gulf Coast States, but for FEMA and the Federal Government as well. So I think yes, we have incorporated what we have learned, both things in the Post-Katrina Emergency Management Reform Act, and what we have learned since then.

Chairman THOMPSON. Well, with respect to that, are you aware of any pre-negotiated contracts for housing that are in place as we speak?

Mr. CASTILLO. Housing, temporary housing?

Chairman THOMPSON. Yes.

Mr. CASTILLO. Yes, well we determined a level for us of temporary housing units, there are some contracts in place. As a matter of fact some will be awarded shortly within the next couple of weeks for additional—

Chairman THOMPSON. Were these competitively bid or sole source?

Mr. CASTILLO. Yes, sir, competitively bid and also had a stringent, much more stringent formaldehyde level that they have to meet.

Chairman THOMPSON. Thank you. And I would say, Madam Chairwoman, for the record, there are some things that concerned me relative to how my State has utilized the funds with respect to Congress' support. Do you know offhand, Mr. Castillo, how much money Mississippi actually received for affordable housing?

Mr. CASTILLO. For affordable—I'm not sure I understand—

Chairwoman WATERS. CDBG.

Mr. CASTILLO. No I don't, sir.

Chairman THOMPSON. You don't know. Alright. If I told you $615 million as a number, does that sound reasonable?

Mr. CASTILLO. If you said that, yes.

Chairman THOMPSON. Alright. Any idea how many units we have produced since Katrina?

Mr. CASTILLO. No, sir. I know, as far as the alternative housing pilot program, Mississippi has done an excellent job in getting the units out and I believe there are 3,000 of those that are out there and in place and people actually placed in the units.

Chairman THOMPSON. What if I told you there are 6,000 people who are still in temporary units. Would you think that is an unacceptable number?

Mr. CASTILLO. Sir, I think having anyone in temporary units is unacceptable and I think we work and work with them to place them. Mississippi perhaps has an even tougher challenge than Louisiana does based on the number of available housing units.

Chairman THOMPSON. What if I told you that some of the money that we sent down was proposed to raise judicial salaries in the State of Mississippi? How would you respond to that?

Mr. CASTILLO. I am not aware of that, but it doesn't sound like that was something it was designed to do. I am not familiar with what you are referring to.

Chairman THOMPSON. What I will do is provide the committee with information as to what have been proposed uses of some of these monies over and above what we have seen. What if I told you that some monies were proposed to be used to pave a road to a Toyota plant some 300 miles away from the Katrina-impacted area? Would you think that would be a reasonable use of the money?

Mr. CASTILLO. No sir. I am not—the source of the funding, I am not sure if I understood if you said, but if it is—

Chairman THOMPSON. They are monies that Congress provided to the State of Mississippi and the State of Mississippi decided that the highest and best use of some of these funds would go for some of those things I have shared with you this morning.

And I am saying that in the wake of this housing crisis, in the wake of what clearly was an inadequate response, my State has decided to do things with the money totally unrelated to housing for which HUD provided a waiver for some of these activities to go forward. More specifically, the proposal with the $600 million investment in the Port of Gulfport, which comes out of Block Grant monies, which clearly does not, in my estimation, address the affordable housing issue along the Mississippi Gulf Coast.

So it is out of that concern that I raise it, Madam Chairwoman, that in the event of future disasters, I think we have an obligation to put some constraints on the money, given the demonstrated poor use of the funds that have gone into the area.

I guess the last question is for Mr. Riddel. Have any of the companies attended FEMA's industry day to offer alternative type of housing solutions?

Mr. RIDDEL. Mr. Chairman, based on your question I am not sure I can answer that, but attending FEMA programs—

Chairman THOMPSON. Well, you have industry days, I am told, for vendors to come and demonstrate their affordable housing possibilities, and that was one way that you scoured the landscape to see whether or not opportunities existed for people to come in and build affordable housing were available.

Mr. RIDDEL. Again, that perhaps is more for FEMA to address. I am not familiar with their programs.

Chairman THOMPSON. Well, I will yield back, Madam Chairwoman.

Chairwoman WATERS. Thank you. If the gentleman will yield for a moment, I would like to know, do you have boarded-up public housing in the State or in the area that you know about?

Chairman THOMPSON. Do I have boarded-up housing?

Chairwoman WATERS. Yes, do we have public housing that is not being used, that is boarded-up and has been sitting there?

Chairman THOMPSON. Oh absolutely, along the Gulf Coast.

Chairwoman WATERS. In the State of Mississippi?

Chairman THOMPSON. Yes.

Chairwoman WATERS. Thank you. Mr. Souder?

Mr. SOUDER. Thank you, Madam Chairwoman. First, I would just like to say for the record, having been a subcommittee chair and on many committees, it has baffled me why, whether it was the Clinton Administration or the Bush Administration, why witnesses don't come prepared to handle logical questions. It was obvious that Chairman Frank had a letter in, obviously the chairman of the Homeland Security committee is from Mississippi, he is going to ask you Mississippi questions, sometimes we don't, but obviously there are disagreements between the two Agencies.

This is a perpetual problem that makes congressional oversight very difficult and often leads to further legislation that isn't helpful because stonewalling out of the Executive Branch does not advance any type of cooperation. And it just seemed to me that some of those questions were pretty logical questions that were going to be raised, and there should have been a more direct answer. It is not uncommon, but it is just more of a general expression of frustration that we have all had.

This is the 4th hearing that I have been part of regarding the FEMA portion, too, over in the Oversight and Government Reform Committee under Chairman Waxman, as well as others under the Homeland Security Committee, and I have some general housing questions, but I first want to revisit the emergency question and the so-called FEMA trailers.

It is important to understand that formaldehyde is an adhesive and a repellant, and you can ingest it or you can inhale it. Even pills have formaldehyde in them. So we are not going to get to a zero tolerance of formaldehyde, and I think you are correct to move to what is an acceptable level of formaldehyde, because this room has formaldehyde in it, in the chairs, in the table, in the carpet, in the door.

The challenge is, what is a manageable level that doesn't have adverse reactions, and some people are going to react differently than other people. If we have an emergency, if we get too restrictive here, it won't be affordable, we won't be able to produce it rapidly, and we will have nowhere, even a tent. Arguably a tent has more formaldehyde in it than a trailers, so if you pitch tents—because it is inside the fabric in a tent.

What isn't intended to happen is for people to stay in small, confined areas for long periods of time. Whether it is a parked trailer, and you noted correctly in your testimony and your answers, Mr. Castillo, the different types of trailers. Obviously, people live in the mobile homes for extended periods of time. People in the summer, in all the park service, border patrol, all our agencies, can for a period of months live in a smaller-sized unit without health problems. We haven't had health problems across the country.

What is a challenge, however, when it starts to move to years in a confined area, you may find problems. Furthermore, all of, I can assure you the whole industry is rushing to find something other than formaldehyde. Thus far, the major alternative has greater health risks than formaldehyde. Furthermore, we have one company that has come up with one that looks like it is free, it hasn't been formaldehyde-free, it hasn't been tested, we don't know the cost, and we don't know whether the materials can be found in large scale like you would need. And this is a difficult subject to work through, but I think it is important for the record to show that.

I am going to come back again, Chairwoman Waters raised a question about a study. On April 24th, a new study was released in Mississippi. The only study, by CDC, of kids who were in the emergency housing and in other housing, and a couple of the highlights from that study illustrate very critical questions to this debate. One is, there wasn't a difference between the people in the trailers from people, kids, not in the trailers.

Furthermore, the level of allergic reaction was actually lower after Katrina than it was before, which leads to a fundamental question when you look at emergency housing. Depending on the area, New Orleans was a massive event, as well as if you go over to Biloxi, and you had lots of facilities there, that when the dikes overflow, and when the flood comes in, are going to release chemicals and things in the air, that the more you have somebody in a confined area, whatever that confined area is, is going to be more at risk. And certainly the longer they are there.

And that when these disasters occur, somebody needs to have a control group so we don't overreact and made all kinds of statements in the general public that aren't accurate because we didn't do a control group at the time. Mississippi is trying to track it over a period of time, but their size sample isn't really large enough and it isn't over in New Orleans.

But if we are going to have a responsible emergency response mechanism here, it is cost, it is speed, it is safety, it is length of time, and you have to have a method to be able to transfer people quicker, and we also have to be looking as we build more urban areas in these hurricane zones and potential zones with higher percentages of low-income people in them, who don't necessarily have the resources to do it, there has to be a supplemental plan of not only the emergency housing, but the transfer to get them out with enough money to move. Congress bears some of this responsibility, but I don't think it serves the general public well—

Look, your Agencies worked hard, that isn't the answer. We failed in Katrina. No matter how hard you worked, we failed. We need to do better in the future and we need to acknowledge that we failed and we are going to do better in the future. I yield back.

Chairwoman WATERS. Thank you very much. Congresswoman Christensen.

Mrs. CHRISTENSEN. Thank you, Madam Chairwoman, and Mr. Chairman, ranking members, thank you for having this hearing.

As a Representative from an area that is in the path of hurricanes, although we have been spared the last couple of years, this is a very important hearing for us as well. And even though I am not convinced by some of the answers, I was glad to hear Mr. Castillo say that there is a desire and an intent on the part of HUD to provide housing because we are where we are because this Administration, based on my experience in trying to deal with health care, did nothing to help people stay in New Orleans, and once they were out, did everything to make sure that there were barriers to their returning, so I hope that the statements that we have heard today represent a new posture on the part of the Administration, because there has to be a will at the very top to provide this housing to people and to bring the people back. Otherwise, we are spinning wheels here this morning.

I don't want to go over the questioning of Mr. Cleaver and Chairman Frank again, but on that potential solution of permanent repeal of 9(k), I don't see that as a solution at all because the intent is to provide the funding to make sure that people who lose their housing in a disaster are rehoused. I just don't understand that as a solution.

Let me ask a question that particularly relates to my experience with both FEMA and HUD. When we talk about replacing housing, are you required to take into account the cost of replacing that housing in the different localities, building costs in the territories and some other remote areas I am sure are much higher because we have to ship in materials. And I remember after two very major disasters, Hurricane Hugo and Hurricane Marilyn, meeting with FEMA and HUD over and over and over again to try to get the funds to restore our public housing.

So what is the policy? Do you take into account the cost of the rebuilding when you provide the funding? In many instances, we were not able to fully restore our housing.

Mr. RIDDEL. Congresswoman, at least with respect to HUD, the funding levels are appropriated or set aside from Congress with respect to emergencies and disasters, so those are the funds that are appropriated for our use. With respect to the rebuilding of housing, HUD does have development cost limits, guidelines that control the costs of replacement housing in each jurisdiction, and those are locally-based numbers.

Mrs. CHRISTENSEN. Well, we have been very fortunate that we didn't have to go through this recently. But I hope it is addressed if we find ourselves in that unfortunate situation again.

One of the issues with individuals who want to return, for example to New Orleans, or to anywhere in the Gulf region is that the cost of housing is higher, and becoming unaffordable to many. What is being done to address this so that families can return? And there are other barriers such as utility costs and unpaid utility balances. What is being done to assist these families to meet some of these barriers so that they can return home?

Mr. RIDDEL. At least with respect to the HUD programs, certainly including in New Orleans, the commitment has been that every family who wants to return will have that right and that opportunity. There has been a variety of forms of assistance made available, including the payment of transportation and other costs to relocate families—

Mrs. CHRISTENSEN. What about if they have utility balances and they are unable under these circumstances to pay those balances?

Mr. RIDDEL. It depends on the nature of the program. In most cases, those families, as opposed to paying 30 percent of their income for rent, they were paying zero for rent during the time that they were relocated, so there was available funding to pay for the total cost of their housing, including utilities.

Mrs. CHRISTENSEN. Well, I guess I will be able to clarify that in the next panel. Because of the failure to keep good records on displaced individuals and families, we don't have good addresses for many who are eligible for DHAP. So what is being done to find those people that we have not been able to locate who are eligible for this program so that they can avail themselves of it? The DHAP program?

Mr. CASTILLO. People who are clients of ours who had applied for FEMA assistance, we have worked to identify all those, and continue to work to identify all those, including correspondence and actual visits to where we have as an address—

Mrs. CHRISTENSEN. Do you have a national campaign out saying, if you think you are eligible, because if you don't know where the people are, if we have lost some of those people, how do you reach them?

Mr. CASTILLO. It is targeted to the folks who have been part of our program. In order to be eligible for DHAP, it is folks who were applicants of our program, of FEMA, and then are being transitioned into DHAP. In other words, other housing that is under HUD. So we—

Mrs. CHRISTENSEN. Do you know where to find everyone who is eligible?

Mr. CASTILLO. We hope to. I mean, if people, and if we hear that people who are perhaps, that we haven't been in touch with, we work to find them, but we know, again, if they are being provided direct housing by FEMA, or in the transition a hotel or motel, we know we can find them, yes.

Mrs. CHRISTENSEN. I think my time is up. Thank you, Madam Chairwoman.

Chairwoman WATERS. You are certainly welcome. Mr. Green.

Mr. GREEN. Thank you, Madam Chairwoman, and I thank the witnesses. And because time is of the essence, I will move as quickly as possible.

I need to start by coming back to Ms. Capito. She posed a question to Mr. Castillo that I think is important and does merit some response. For edification purposes, Mr. Castillo, FEMA spent about $2.7 billion to purchase 145,000 mobile homes and trailers; this was after Rita and Katrina. About 60,000 trailers have been stored nationwide.

We are talking about, in Hope, Arkansas, $25,000 a month paid as rent on 453 acres. Literally, according to some accounts, we had more trailers in Hope, Arkansas, than we had people, probably about 20,000 trailers. I believe these are the trailers of which the ranking member speaks, but if I am incorrect, I beg to be corrected.

Madam Ranking Member, are these the trailers we are talking about?

Mrs. CAPITO. Yes.

Mr. GREEN. Okay. With that said, Mr. Castillo, do you have some insight that you can share with us with reference to these trailers that we paid some inordinate amount of money for over some long period of time?

Mr. CASTILLO. Well sir, we, and the way I understood Congresswoman Capito's question had to do with if there were other units out there that weren't being used. The ones that we have in Hope and Selma are units that we have in reserve should we need to move out quickly, and those are being tested around the clock, basically, for formaldehyde, all the units that we would have out, all the mobile home units that are being stored there.

Mr. GREEN. Since you brought up the formaldehyde, let us go to this quickly. Let us assume for our purposes right now that we have trailers that are toxic, that are a hazard to human habitation. The human habitation is not feasible with the trailers. For our purposes, let's assume that this is the case.

If this is the case, which Agency is responsible for dealing with the question, because having had this come before us in Homeland Security as well as Financial Services, I have seen both sides of the argument. Which Agency is responsible for dealing with it if this is the case?

Mr. CASTILLO. If it is an unoccupied trailer?

Mr. GREEN. If it is occupied with a person and it is not fit for habitation?

Mr. CASTILLO. Then we have made and we have units that came back as, we tested occupied—

Mr. GREEN. Excuse me, if I may, let me just intercede, because there are often occasions when persons finish and I don't know exactly what the answer was, so I have to beg that you do this. Could you just simply say FEMA or HUD? This would help me, and then you may elaborate.

Mr. CASTILLO. If they are in a FEMA-sponsored trailer, FEMA is responsible for relocating them.

Mr. GREEN. Alright, let's take these trailers that we are talking about right now. Let's assume, just for our purposes today, that these trailers are not fit for human habitation. Who is responsible for dealing with the problem of these trailers?

Mr. CASTILLO. Occupied trailers?

Mr. GREEN. Occupied trailers.

Mr. CASTILLO. FEMA.

Mr. GREEN. And if this is the case, does FEMA have a plan to extricate people from these trailers given that you are not sure about the studies, but at some point we will get a study. If we get one that is adverse to the interests of the people who are living in the trailers, does FEMA have some plan in place to extricate persons?

Mr. CASTILLO. To extricate? We relocate people, and yes, we do have a plan in place and have been moving out, like I said, an average of 1,000 families a week out of trailers.

Mr. GREEN. How many do we have in the trailers currently?

Mr. CASTILLO. In mobile homes and trailers, a little over 22,000.

Mr. GREEN. Okay, if we are moving 1,000 a week, then we are looking at 22 additional weeks, or thereabouts. I am very much concerned about the people who will be in the trailers for that additional 22-week period. I was at Homeland Security when we had a witness who indicated there is no acceptable level of formaldehyde that the government recognizes, and that causes me some consternation.

So I would beg that you please give additional thought as to how we will extricate, that is my terminology, relocate persons from these trailers given that the people that we talked to, who come before us, indicate that there is concern. I have heard the witnesses say it myself.

Mr. CASTILLO. Yes.

Mr. GREEN. Moving quickly to one other question with reference to the DHAP program. We started March of about a year ago maybe, maybe March of this year, $50 increments, this is increase in rent, and at some point we are finding that we have persons who are not elderly, who are not seniors, who are not handicapped, who cannot afford to pay the $50. Now to most of us that doesn't seem like a lot, $50 a month. But to some people it is a lot of money and we are going to have people evicted because of their inability to pay this $50 per month, people who are in the DHAP program. How is FEMA going to manage this, or HUD?

Mr. RIDDEL. Congressman, there are emergent studies of the clients that we have that are within the DHAP program. Each one of those families has a case manager who works with them, and the conclusions that we are getting from the research to date is that 80 percent of those families have income either from wages or other benefits. So there is a strong percentage of the families who do have income—

Mr. GREEN. Could you quickly tell us what we will do about the 20 percent who won't?

Mr. RIDDEL. Well the 20 percent, we have in the 2009 budget, we are requesting $39 million to provide funding for those. Those are the longer-term families who are elderly or disabled that are perhaps going to be requiring permanent assistance or assistance on a long-term basis.

Mr. GREEN. I know I have to yield back, but could you please tell me about the person who is not elderly, not disabled, who still cannot afford the rent. We do have such people.

Mr. RIDDEL. We are working with them, those are hardship type cases, we are working with them with case managers to try to provide whatever resources they need through individual development plans to transition them.

Mr. GREEN. Thank you, Madam Chairwoman. I yield back.

Chairwoman WATERS. You are welcome. Mr. Etheridge.

Mr. ETHERIDGE. Thank you. Madam Chairwoman, I would like to thank you for holding this hearing. Let me follow up on one point Mr. Frank made earlier.

Before I came to Congress, I served in the State legislature at the county level, and I served 8 years as State Superintendent of Schools in North Carolina, with thousands of people working for us and with us. And I learned one thing: When I called an attorney and I asked him for an opinion, I had two choices. I could ask him, how do I get this done? That would give him a direction to go. Or I could say, give me an opinion, I don't have the money, I would rather not do this. That might not have been that way, but just by asking for an opinion without a direction, you would get another opinion.

And I remember 1999 when North Carolina had the terrible flood, the worst flood we had ever had, a 500-year flood. I don't know how you measure a 500-year flood, but FEMA did the right thing with appropriations, and we relocated people, put them in temporary and impermanent housing. It was on a much smaller scale than what you are dealing with now.

But I, like a number of my colleagues, am concerned. I think the reaction has been inadequate and the response today has not been as forthcoming I think as it should be from two Agencies, so let me ask a couple of questions.

My first one is, 3 years after Hurricane Katrina we still have, you said about 23,000 displaced persons. How many of those people are in travel trailers and how many of them are in what I call a mobile home or a trailer that has much more space, because there is a huge difference in those two in terms of living space and ability, and I know others are in rentals. What is the difference between those numbers?

Mr. CASTILLO. About 84 percent are in travel trailers that are on private sites, primarily people who are—

Mr. ETHERIDGE. Whether they are private or public, it doesn't matter. And the rest are in what, mobile homes?

Mr. CASTILLO. Yes.

Mr. ETHERIDGE. Which would be more than one room?

Mr. CASTILLO. Yes.

Mr. ETHERIDGE. Or rental apartments?

Mr. CASTILLO. No, in mobile homes.

Mr. ETHERIDGE. Where are the rest of them? Wait a minute now, if we have 84 percent in travel trailers, and the balance of them, are any of them in rental property? Permanent housing anywhere?

Mr. CASTILLO. The 22,000 are those who are in temporary housing units, which means mobile homes, parked models, travel—

Mr. ETHERIDGE. How many do you have in rental property in different places?

Mr. CASTILLO. Those numbers, we have transitioned more than 30,000 who are in rental properties that are part of the DHAP program.

Mr. ETHERIDGE. This gets deeper and deeper. That means you have 22,000 who are in rental permanent property?

Mr. CASTILLO. 22,000 in temporary units and around 30,000 in—

Mr. ETHERIDGE. 30,000 in rental/permanent?

Mr. CASTILLO. Yes, but you know a lot of folks who are transitioned into rental property or rental that are out of the FEMA program.

Mr. ETHERIDGE. Let me go a little bit further because in my district, we are sort of in the eye of the hurricane when it comes and we are now in hurricane season. Can you tell this committee and tell me that we are better able to handle it and we will be able to do something if a hurricane should hit public housing and the people in North Carolina?

Mr. CASTILLO. Yes.

Mr. ETHERIDGE. Are you prepared to handle it?

Mr. CASTILLO. Yes, and we are better prepared, as you started to say—

Mr. ETHERIDGE. What does "better prepared" mean?

Mr. CASTILLO. Well, we have taken lessons learned from Hurricane Katrina and incidents since. We have identified and targeted the—

Mr. ETHERIDGE. Do you have the money?

Mr. CASTILLO. The money? I'm sorry, for?

Mr. ETHERIDGE. Well, if you are going to do something, you have to have money. The last time I checked, you can't do anything without money in this country.

Mr. CASTILLO. Through the disaster relief fund to fund our operations, yes, sir.

Mr. ETHERIDGE. Mr. Riddel, how does the memorandum of understanding improve HUD's ability to apply its expertise in disaster, after the answer I just got was "yes," and you have zero funding you say in the account that you asked for? Now tell us how you can handle that?

Mr. RIDDEL. Well, Congressman, what we have worked on is a modification of the memorandum of agreement—

Mr. ETHERIDGE. No, no, do you have it in place, yes or no?

Mr. RIDDEL. The memorandum exists only in draft.

Mr. ETHERIDGE. I beg your pardon?

Mr. RIDDEL. The memorandum has been prepared in draft form. It is not an executed document.

Mr. ETHERIDGE. Well, you know when hurricanes come, they don't come in draft form.

[Laughter]

Mr. ETHERIDGE. Okay?

Mr. RIDDEL. Yes.

Mr. ETHERIDGE. If I am in a house, and I am gone, I am not in a draft form, it is a reality. So I will ask my question again, do you have it done?

Mr. RIDDEL. No sir, that is what we are—

Mr. ETHERIDGE. When will you have it done, completed, and signed off, where if something happens, I can call you and get help?

Mr. RIDDEL. We are trying to work with—

Mr. ETHERIDGE. When will it be completed? Is there a date? You know, in this country, we sort of work on timelines. I was in business for 19 years, and if I asked somebody for a timeline, I expected to have a date. Can you give us a date?

Mr. RIDDEL. No, sir. We may—

Mr. ETHERIDGE. When will you be able to give a date?

Mr. RIDDEL. We may need to get congressional support for the changes we are proposing.

Mr. ETHERIDGE. Do you think we can dial the hurricane center and ask them to hold them until we get this done? I mean, this is serious business. This is life and death.

Mr. RIDDEL. Absolutely.

Mr. ETHERIDGE. How soon will you be over asking for congressional help if you need it, because we want to help. When will that be over?

Mr. RIDDEL. We are following it up for sure, sir.

Mr. ETHERIDGE. Can you give us a timeline on that?

Mr. RIDDEL. I cannot give you a specific date, but certainly it gets immediate attention.

Mr. ETHERIDGE. This is embarrassing. I yield back.

Chairwoman WATERS. Thank you very much, Mr. Etheridge. We have been joined by Mr. Watt. I understand that you have no questions at this time, but without objection, Representative Watt will be considered a member of the subcommittee for the duration of this hearing so that he can participate in the next panel.

The Chair notes that some members may have additional questions for this panel which they may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses and to place their responses in the record. This panel is now dismissed and I would like to welcome our second panel. Thank you very much.

I am pleased to welcome our distinguished second panel: Mr. Saul Ramirez, executive director, National Association of Housing and Redevelopment Officials; Mr. Reilly Morse, senior staff attorney, Mississippi Center for Justice; Dr. Edward J. Blakely, recovery chief, City of New Orleans, Office of Recovery and Development Administration; and Ms. Laura Tuggle, staff attorney, New Orleans Legal Assistance Corporation, Southeast Louisiana Legal Services.

Without objection, your written statements will be made a part of the record. You will now be recognized for a 5-minute summary of your testimony. We will start with you, Mr. Ramirez.

STATEMENT OF SAUL N. RAMIREZ, JR., EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Mr. RAMIREZ. Thank you, Chairwoman Waters. I appreciate it, and I thank you for your leadership on this issue as well as Chairman Cuellar for the great work that he is doing in the subcommittee, as well as Chairman Frank and Chairman Thompson for their work in this regard.

For nearly 3 years, NAHRO has been focused on the issue of the memorandum of understanding. We have worked with HUD and FEMA to bring clarity to what has truly stalled and in many ways kept at a complete halt the repair and reconstruction of the region's public housing assets, and a truly essential piece of our public infrastructure in the housing arena. The MOU was issued in 2001 that led FEMA and HUD to conclude that FEMA's assistance authorized under Section 406 of the Stafford Act for permanent repairs was not an eligible pot of dollars for housing agencies to tap into for reconstruction and renovation, and that it was in direct conflict of Section 9(k) of the Housing Act of 1937, as has been talked about recently.

Let me also add as an aside that there was mention of 403 monies for immediate relief that were supposedly made available to agencies at that time to be able to deal with boarding-up or tarping or preventing additional mold damage or decay to set in to these properties. FEMA notified agencies after spending tens of thousands of dollars that they were not eligible for 403 monies because those activities were classified, in their opinion, as 406 activities. So housing agencies got hit from both sides in regards to that effort.

The dollars that were put into the 9(k) pot of resources were grossly inadequate for the need to reconstruct the housing and as such we have been having this wrestling match with HUD and FEMA in regard to that, and because of the inconsistencies that they have cited, the people that are most vulnerable in those housing units, in particular seniors, the disabled, and the working poor have yet to relocate back to their communities and worse yet, have been forced to either maintain their residence in temporary housing or now under the DHAP program.

Let me also state that since the DHAP program was put into effect by HUD, it has worked effectively in serving those people who have been displaced from their communities, but it should be our intent as a Nation to always work to provide the opportunity for people to relocate back to their communities, especially those who depended on their livelihood from those communities and have now been forced to move to other areas.

Further, let me state that the MOU is in direct conflict with what we believe is the intent of Congress and agree wholeheartedly with Chairman Frank's comments that there are no inconsistencies in being able to tap into these dollars to rebuild, again as I mentioned, a key public asset within our infrastructure, which is public housing.

Let me further state that in addition to the changes that are being proposed, which we do not agree that 9(k) needs to be repealed in order to deal with the excess, last resort funding that can be provided out of Section 406 through FEMA, that in fact what we have here is just a failure to communicate and an unwillingness to take a proactive approach to resolving these issues.

We further bring to the attention of the committee that there has been ample opportunity over 3 years to deal with the relocation of those in temporary housing. And to Chairman Cuellar's point, what is temporary and what is permanent? Any time someone has been displaced for more than 6 months from their principal residence and their livelihood, and has been forced to move into another facility, it turns into permanent for many of these folks, so we think that there is a lot of room that can be addressed in this regard, but specifically the nuances that are being put out there as the reason for denying funding for housing agencies to rebuild a housing stock. In this case, more than 6,000 units—many of which remain out of use—within the inventory have not been rebuilt because the dollars are not there.

I would like to thank the committee for the hard work in regards to this issue. We will be glad to address this particular issue or any other issues in regards to this matter. Thank you for the time Chairwoman Waters.

[The prepared statement of Mr. Ramirez can be found on page 241 of the appendix.]

Chairwoman WATERS. Thank you very much.

Mr. Morse?

STATEMENT OF REILLY MORSE, SENIOR ATTORNEY, KATRINA RECOVERY OFFICE, MISSISSIPPI CENTER FOR JUSTICE

Mr. MORSE. To the Chairs, ranking members, and members of these committees and subcommittees, thank you.

As we enter our third hurricane season since Katrina, we welcome your shining a light into the widening cracks in this recovery. On behalf of my organization, the Mississippi Center for Justice and the tens of thousands of people left out by my State's recovery program, I urge you to step into the breach and ensure that FEMA will fulfill its temporary housing duties and that HUD moves CDBG funds for lower-income families up from the back of the Federal assistance line.

In Mississippi, more than 6,300 households reside in FEMA trailers and another 1,200 occupy hotel rooms. These include the most vulnerable storm victims, like Joe Stevens, 52, whom FEMA housing representatives told he had until June 1, 2008, to find an apartment. Mr. Stevens used to be a commercial fisherman until diabetes took his legs. He used to have a daughter until her suicide left him caring for two of her three children. He used to have a house in the Lima community until a tornado spun from Hurricane Katrina took that too, reports the Jackson Clarion Ledger.

Two bedroom rentals, Madam Chairwoman, in Harrison County, start at $800. Mr. Stevens receives $637 a month in disability plus $500 a month in survivor benefits for his granddaughters and about $60 a month in food stamps. He has barely enough to buy groceries and pay his utilities much less save money for an apartment. Mr. Stevens said, "They have threatened to bodily move us out of here and put us in a motel. That would be worse."

FEMA spokesmen dispute that its workers are pressuring people to leave by June 1st. Last month, however, news reports across south Mississippi and MCJ surveys revealed that FEMA housing workers had pressured trailer park residents to move immediately, warning that they could be locked out and their belongings bagged and tagged. With $5.4 million in emergency CDBG funds handed to Mississippi, how could this happen?

First, Mississippi chose to deny homeowner grant assistance to storm victims like Joe Stevens who suffered hurricane wind damage. Our Governor asserts that this was part of the bargain for receiving this disaster aid, but it appears nowhere in the legislation or regulations. If Joe lived in Louisiana, he would be covered. So why should recovery from this Nation's largest natural and housing disaster turn on which State you live in?

Second, Mississippi delayed for 18 months or more the creation of any affordable rental housing programs with CDBG funds, and today not one CDBG dollar has yet been spent from these programs to actually construct a single rental housing unit. As a result, FEMA has to put Joe Stevens' family and thousands more like him into a hotel without any food storage or preparation resources.

Third, Mississippi, the State with the highest per capita poverty and disability rates has obtained HUD waivers from the requirement to target at least 50 percent of relief funds to primarily benefit lower-income storm victims for $4 billion out of $5.4 billion in emergency CDBG funds. As of December 2007, Mississippi actually has spent only 13 percent of its funds on lower-income persons.

Fourth, Mississippi has diverted $600 million in recovery funds to realize a 20-year port expansion master plan conceived prior to Hurricane Katrina. The State Port of Gulfport has $108 million in insurance, up to $55 million more in FEMA funds, and $82 million in unencumbered cash, far more than adequate to cover the estimated $50 million in damages to a port with an asset value of $127 million. Governor Barbour claims the $600 million originally was intended for the port. This is false. After the first appropriation, he came back here to Congress in the spring of 2006 seeking funds for the port expansion, but was turned down.

June 14, 2008, is the second anniversary of the HUD waiver for the first program from which Mississippi now diverts $600 million. Madam Chairwoman, we urge Congress to do the following:

First, reexamine this waiver and future waivers as required by the statute and require Mississippi to put the $600 million back into affordable housing recovery in the area. Second, to require FEMA and HUD to ensure that housing-challenged storm victims do not fall through the cracks during this DHAP transition, with clear and accountable handover processes, a tracking mechanism for each household, and a single reporting yardstick to assess overall progress from across these different temporary housing programs. Third, require Mississippi to eliminate discriminatory distinctions in its programs that have dropped into an abyss families like Joe Stevens', thousands of then, plus tens of thousands more who are now seeking charitable assistance through local charitable groups. Thank you.

[The prepared statement of Mr. Morse can be found on page 73 of the appendix.]

Chairwoman WATERS. Thank you.

We will now move to Dr. Edward Blakely, recovery chief, City of New Orleans.

STATEMENT OF DR. EDWARD BLAKELY, EXECUTIVE DIRECTOR, OFFICE OF RECOVERY AND DEVELOPMENT ADMINISTRATION, CITY OF NEW ORLEANS,

Mr. BLAKELY. Good morning, Madam Chairwoman, the other Chairs here—Mr. Cuellar, Mr. Frank, and Mr. Thompson—and the other members. We are delighted to be here. This is the 34th time that New Orleans has appeared before the House of Representatives and the Congress.

We have been here many times with the same mission, that is restoring one of America's great cities. This has been a difficult mission because we have been entwined with several different agencies, all with different missions, different rules, and different regulations, and with a small staff, it has been very difficult for us to navigate these waters.

I want to look at the larger issues that you are addressing here today because they all affect us. There are three issues. First, after an emergency like this, a catastrophe as we call it, we need shelter. Second, we need temporary housing, and that temporary housing should be formaldehyde free, and ensure that it is temporary and does not lead to any permanency. And third, permanent housing.

A full program in the National Disaster Housing Strategy that the Congress is asking for should address all three. First, as to survival housing, it is necessary we think for the United States to prepare for disasters of scale. And in preparing for disasters of scale, we should have regional shelter areas, areas that we already have in place and could be made available in case of an emergency.

The Federal Government should examine all of its property and all of its assets, some of these BRAC assets that might be utilized in the case of an emergency like this. States have large facilities, fair grounds, and many other things where temporary housing might be put almost immediately if the watering systems and other things were made appropriately. The United States Army should look at all of its facilities to ensure that secure facilities might be places where you could house people in such an event, and we should develop resettlement plans so that people can come back in the communities. Simply evacuating them and putting them outside their jurisdiction does not ensure that they can come back.

As to temporary housing, we lost over 70 percent of all of our housing in our City. Many of our people are still being sheltered, as I described, in situations that are dangerous. It is necessary, we think, for a temporary housing plan to provide for the use of the physical inventory within the jurisdiction.

For example, we had, in our jurisdiction, other housing such as public housing assets. We had housing that the City had taken advantage of with its blight removal program. We could have put temporary structures on that housing. We could have used manufactured housing, panelized construction to put housing on those premises. We could have leased other premises from other individuals to put housing on those premises and brought our citizens back much faster and much quicker even if they moved to permanent housing elsewhere. So we think it is important that we have that as part of our repertoire.

Third, the vouchers. Vouchers are very important. But the vouchers have to be organized in such a way that they can be used locally. There should be an enhancement to those vouchers so you can use them locally, and that would stimulate the rebuilding of the rental housing stock if the vouchers were substantial and if people knew the vouchers would be longer term. We know that it takes at least 2 years to build housing. Even if you are building your own home, it takes a year to get it organized, and another year to build it. So we knew this in advance. To think that this would be really temporary was not very good thinking on our part.

We have to have situations—increase the rental supply. We can use other devices for this. For example, the GO Zone bonds could have been diverted in portion to provide for people to build temporary housing. Lastly, permanent housing. We think it is very important that we have a real permanent housing solution. That is, people should receive replacement housing funds rather than appraised housing funds at the time of a disaster. We think it is important to be able to use the disaster relief fund to build housing in our community for community residents who might use that as a transitional property. That legislation is already in place. We think a small rental program is absolutely necessary.

We also feel that affordable housing pilot programs should be developed. We have developed housing opportunity zones where we could put these programs in, utilizing the assets that we have, from the sale of homes to our Louisiana Recovery Agency. Those affordable housing pilot programs would include for us the possibility of having mixed-income neighborhoods with AMIs up to 140 percent. We do not believe that the AMIs should be willy nilly granted across-the-board, but we do think to have mixed-income neighborhoods, we have to have 30 to 40 percent of people who are above the median income, up to 140 percent. That has been New Orleans tradition, and we would like to maintain it.

I would like to close by thanking Chairman Frank for his proposal that the GSE reform and profits be allocated to housing in the Gulf. We think this is necessary, it would be good for citizens of all of the Nation, and we think this is an astute proposal. I want to thank you all for putting together this committee, and we think this is a watershed moment, that if we do this right, it can save us from future Katrinas. Thank you very much.

[The prepared statement of Dr. Blakely can be found on page 54 of the appendix.]

Chairwoman WATERS. Thank you.

Laura Tuggle.

STATEMENT OF LAURA TUGGLE, MANAGING ATTORNEY, HOUSING UNIT, NEW ORLEANS LEGAL ASSISTANCE CORPORATION, SOUTHEAST LOUISIANA LEGAL SERVICES

Ms. TUGGLE. Good morning. My name is Laura Tuggle, and I am a managing attorney of the housing law unit at New Orleans Legal Assistance. We are the local legal services office for the greater New Orleans area, and all of the parishes that we serve were severely impacted by Hurricane Katrina. We just want to thank you for having brought us here this morning, and for all of your past support and your ongoing support and your future support.

Unfortunately, from what I see when I read the newspaper or if I go online on a blog, a lot of folks out there in this country, and some not too far from home, can't quite understand why after almost 3 years we don't have it together, and a lot of folks are tired of hearing about the difficulties that are still facing our families and are still facing the kind of clients that we serve at the legal aid office day in and day out.

I think there is a conception out there that people should have pulled theirselves up by their own bootstraps at this point, but frankly I would tell those folks three things: One, we don't have any boots; two, whenever we go this boot store to try to get the boots, they are way, way up on the high shelf and we can't reach them; and three, whenever we try to get help from somebody to get in those boots so that we can have some straps to pull ourselves up by, we are told that nobody is going to be back to help us for maybe 3 years, if then.

And what I mean by that is, Hurricane Katrina came and destroyed about 82,000 units of the affordable rental housing stock in the greater New Orleans area. Of that amount, about 52,000 were affordable to low-income families. Even with all the billions of dollars that are coming down in our community, and hopefully are making their way to the folks who need it, it is projected that only about 23,000 affordable rental units are going to be developed in our community. That is going to replace less than 25 percent of the stock. So this idea that things are going to be hunky dory with what we have is not going to cut it for the tremendous needs that folks have in our community.

Additionally, even some of the Road Home rental programs that are being developed, even if they all come forward, which is highly doubtful given the credit crisis and tax credit deals not being able to close, a lot of those programs simply are not going to reach people at 30 percent of area median income and people at 50 percent of area median income.

I want to give you an example of Miss Madeline S, one of our clients. She works in a local hotel downtown. She makes about $1,750 a month. She is raising a household of five and she needs a three bedroom apartment. The going rate for the HUD three bedroom fair market rent right now is $1,271 in New Orleans. The going rate for the low-income housing tax credit rent in Orleans Parish is $933 a month. The going rate for the proposed lowest rung of the small rental repair program is $680 a month. 30 percent of Ms. Madeline's income is only $525 a month. So you can see that she can't make it. Hardworking folks like her, who, the numerous times you guys have come down to see us, maybe she made your bed or, I don't even know if they give any mints, but maybe she put a mint on your pillow.

It is very difficult out there for folks to make it, and I have grave concerns in particular about two areas that I don't think have received much attention, and one of those is, what is going to happen with this DHAP program that we heard earlier witnesses talk about, when it ends next year and we don't have affordable stock ready.

And what is going to happen with the folks and the families who were residents of not public housing, but were residents of subsidized housing through the HUD multi-family stock. I don't hear anybody talking about them, and I can tell you that as recently as last fall, the office of HUD multi-family advised me that there were 5,861 units of the HUD multi-family stock that were still not open.

That is separate and apart from the thousands of public housing units that are still not open. And frankly, we have had a very difficult time getting any information out of the HUD multi-family side, whereas I can honestly say that, to say a nice thing about somebody, the Office of Public and Indian Housing has been very receptive to working with our office and providing us information and taking some of our suggestions about what should happen.

I want to go back just, I know I'm going over my time, but I want to mention something about the DHAP program briefly. My secretary, Pam B. is on that program. Our paralegal is still in a FEMA trailer. So we are talking about not just your elderly, your disabled people who don't have it together, we are talking about hardworking folks. Pam's three bedroom apartment is about $1,398 under DHAP, or is projected to be around that amount.

Under the DHAP program, if you are a phase one person, there are different phases, phase one people have to do the $50 a month, then $100 and so on until next March gets here, and that program is going to cap out at $600, and the idea is that everybody is going to be self-sufficient at that point. Well, the problem is we have a rent differential of $798; 30 percent of Pam's income is $700. Before the hurricane, she had a $550 apartment. She didn't need any help from the government or anybody else. All she needed was her paycheck. And she asks me every day, "What is going to happen to me? What is going to happen to us?"

And that is the question I would like to know, is what is going to happen to these families, thousands of them in our area alone, between 8,000 to 13,000, the numbers change every day, are going to be on DHAP, and what is going to become of them? That program is going to have to be extended in our area, at least until such time as more affordable rental units come online.

Thank you for your time and for allowing me to go over.

[The prepared statement of Ms. Tuggle can be found on page 260 of the appendix.]

Chairwoman WATERS. Thank you very much. I recognize myself for 5 minutes to ask questions. I really don't have a lot of questions.

Unfortunately, I know more about New Orleans and Mississippi and Hurricane Katrina than I have been able to digest, really, and I understand some of what we need to do here. I am particularly focused on the fact that we should never have allowed CDBG funds to have gone to the State without having stricter rules about what that money could and could not be used for. I am not happy in Mississippi with the diversion of funds to the port and some other issues dealing with the Road Home program.

I am not happy in the City of New Orleans where the city council voted to go along with HUD to tear down all of the public housing units. What is absolutely amazing to me is that despite the fact that there are those who want to get rid of public housing because they feel that it should be upgraded or it is too much of a concentration of poor people, to have it boarded-up for 3 years while you have homelessness that grows, and to have it boarded-up when you don't have places for people to live, rather than having rehabbed some of that, even if it was only done for a year or two, is just absolutely mind-boggling to me.

So much of what we need to do here, we have to take the lessons that have been learned from these natural disasters and make public policy that will help to facilitate rehabilitation and restoration. And some of the other stuff at the local level just requires that cities and communities have plans and city councils who are responsible for land use get their act together too, so I guess when you look at this great catastrophe that we were faced with, I guess there is a lot of blame to go around and certainly, Federal agencies have been less than stellar.

But let me thank all of you for coming here. Again, on our many visits to the Gulf Coast we have learned an awful lot, and we will be able to do some corrections here and hopefully at the local level, the same thing will happen, so let me just move to Ms. Capito for questions.

Mrs. CAPITO. Thank you, Madam Chairwoman, and I want to thank the panel. I have a question, and please correct me if this is incorrect.

I am from West Virginia and live in Charleston, and some of the public housing units that are older, have been around for a long time, the occupancy rate in some of these are probably around 70 percent because 30 percent of the units are basically uninhabitable, or they can't service the type of client, maybe somebody with a disability or a young family, it is not large enough. To me this is troubling. If we are going to have a unit that has 100 units, we need to be using all 100 units.

And I guess my first question would be, my understanding is that pre-Katrina, this was the case in New Orleans, that a lot of the public housing units were either: (a) uninhabitable; or (b) were not being used. Is that a correct assumption?

Ms. TUGGLE. He can go first.

Mr. BLAKELY. That is correct. Some of the units in some buildings were down to 50 percent and some were 60 and 70 percent. So there are various reasons for that. Some of them were not habitable. That just means you have to make them habitable. In other cases, there weren't people who were qualified to go into them. What I was speaking to, in an emergency, a unit is a unit.

Mrs. CAPITO. Excuse me, what?

Mr. BLAKELY. A unit is a unit.

Mrs. CAPITO. Right.

Mr. BLAKELY. And that unit might be used by a worker, and so forth, so you have to use the stock in a different way than it might have been used previously. So we did have, and I don't think that is the national situation, but we did have vacant units.

Chairwoman WATERS. If the gentlelady—

Mrs. CAPITO. Yes.

Chairwoman WATERS. Yes, you did have units that were uninhabitable that had not been attended to by the housing authority.

Mr. BLAKELY. Right.

Chairwoman WATERS. They had not invested any capital in the upkeep and rehab, but they had a long waiting list in New Orleans.

Mrs. CAPITO. Right, plenty of need.

Chairwoman WATERS. Plenty of need.

Mrs. CAPITO. Right, and I don't dispute that. That is the troubling thing. I mean I think across the Nation we find this. And so now we are where we are right now and I think, lessons learned, we want to make sure that we have our units when we rebuild and new construction or rehabilitation are being used and are being inhabited and are being—performing the mission which goes forward.

So that is just an issue that to me and I think the American taxpayer would say to themselves, we need to take better care of what we have to make sure that this situation doesn't continue in the future.

Mr. RAMIREZ. May I?

Mrs. CAPITO. Yes sir.

Mr. RAMIREZ. May I just bring up a more global perspective? Charleston actually is a satisfactory performer, and its occupancy runs in the 90s, at least to the best of my knowledge, which comes from representing over 26,000 to 27,000 housing agencies and professionals around the country, them being one them that we do represent.

Another point of clarification is that the New Orleans housing authority has been run by HUD for over 12 years, and so it really should have been a shining example of how to do it right.

And finally, the consistent underinvestment and capital funds under the covenant that was made with the Federal Government with housing authorities that has been breached for the better part of 8 to 9 years now and continues to decline further stretches the ability to maintain full occupancy in these units at a safe and decent standard.

So I applaud your highlighting that issue and hopefully we can work with Congress to reverse that trend nationwide.

Mrs. CAPITO. Well, we certainly want to work with you on that. I am really not finger pointing that it is anybody's fault so much as that some of it is just a function of the age of the units and the concept with which they were built.

The other question I would like to ask you, Dr. Blakely, in New Orleans, what kind of leveraging have you been doing with your funds from private entities and volunteer organizations, maybe some faith-based organizations? If you could enlighten me on that.

Mr. BLAKELY. I can't give you all the numbers. I know that we will have about, let's see, 24,000 units available—that's not the right number. 2,400 units available, I'm sorry, at the end of the year. Most of this has been leveraged using low-income tax credits, utilizing faith-based organizations, gifts and charitable organizations and the like. So that has been leveraged.

Our big problem has been securing the land, securing the people who do the development, and finding the right locations. We do want to make certain that we have the right locations so rehabilitation of existing facilities, or the demolition of a facility and putting another facility on-site has been the issue. And we were one of the few places in the Nation that had more renters than we had homeowners.

Mrs. CAPITO. Thank you. I yield back my time.

Chairwoman WATERS. Thank you very much. Next, we have the chairman of the Subcommittee on Emergency Communications, Preparedness, and Response, Mr. Cuellar.

Chairman CUELLAR. Thank you, Madam Chairwoman. I want to thank the witnesses for being here this morning.

Particularly, I have to emphasize a friend of mine. Mr. Ramirez was the former Mayor of my hometown in Laredo. He was also Assistant Secretary there at HUD, so we grew up—when I was a lifeguard, he used to give me a hard time when I was a lifeguard there at Lake Casablanca, but it is good seeing him.

A point of personal privilege also. Today is our subcommittee director Craig Sharman's last day, so he will be leaving and going off to another place to work, and we really appreciate the work that he has done.

I don't see Mr. Castillo and Mr. Riddel. I assume they left after the first panel. I was hoping they would have stayed here to listen to the four individuals that we have. Do we have anybody here from HUD or FEMA still around or did everybody leave?

[No response]

Chairman CUELLAR. Everybody left, okay. Why don't I do this? Instead of asking the questions, I am going to ask each of you to pose a question to which you would want me to get the information on your behalf. This will give you an opportunity to, and you pick whomever you want to, Mr. Castillo or Mr. Riddel, and then I am going to pose that question to them.

Chairwoman WATERS. That is fine.

Chairman CUELLAR. Mr. Ramirez, what question would you like us to follow up on, and I would ask them to get the answers within 10 working days. None of this 7 or 10 months, or whatever they usually work on, Mr. Chairman. Mr. Ramirez?

Mr. RAMIREZ. Well, it is like asking me which child do I want to sacrifice. We have several questions that need to get posed.

Chairman CUELLAR. Give me one and then submit the other ones.

Mr. RAMIREZ. I think the most important one is to bring clarity in the memorandum of understanding to help accelerate the reconstruction and rebuilding of a public asset that has been destroyed as the result of a disaster, and in particular, public housing, and their ability to tap into those resources under Section 406 to be able to accelerate the rehabilitation or the rebuilding of those properties because they are essential to serving our most vulnerable in these communities.

Chairman CUELLAR. Okay, we will submit that. If you have anything else, please get ahold of us. Mr. Morse?

Mr. MORSE. Well, I would ask that you ask each of those two agencies to submit a single unified yardstick so that we can have a complete, comprehensive understanding of how many people are in transitional housing. What is being seen down on the Mississippi coast is a heavy push to eliminate the very visible icon of the Katrina trailer and to shove people into a variety of different programs that are dispersed and which are thereafter impossible to quantify.

So I would ask that you require them to put together a single consolidated count of people who are in some form of FEMA assistance or DHAP assistance or something else so that we have a total number.

My suspicion is that number will stun you, that it is much, much higher than you imagine and that we have been lulled into a sense of relative calm about the gradually dropping number of FEMA trailers, when in reality what is going on is that as these folks are pushed into the DHAP market, that is going to end too, and our Gulf Coast region cannot absorb the demand for deeply affordable housing that those folks will place, and we are going to find another wave, another season of drastic homelessness facing us on the 4th hurricane season coming up in 2009. So please get them to come together and provide you with a single unified yardstick.

Chairman CUELLAR. Thank you. Dr. Blakely?

Mr. BLAKELY. I would like you to ask the agencies who is going to provide the free health care for people who have been in trailers so they can determine their health status, and if their health status need warrants continuing care, how is that going to be provided?

Chairman CUELLAR. Thank you, doctor. Ms. Tuggle?

Ms. TUGGLE. I have a lot of questions I would like to ask, so instead I will ask one with a lot of subparts.

I would like to know from the Office of Multi-Family, that side of HUD, what is the status of each and every closed HUD-assisted property, I think there are currently about 30, and they represent about 4,000 units. A lot of them have submitted Section 8 contracts that are just kind of sitting around somewhere, waiting to see what is going to happen with that property.

And I would also like to know what happened to our people who used to live in those properties because I have looked at the numbers of families who are in the disaster voucher program that are from the HUD-assisted stock and it is only 1,147 families. Well if we had 5,800 units out of commission, where are those people?

That is a lot of people. So if you can get them to tell you that, I would be amazed.

Chairman CUELLAR. Alright. Well first of all, I want to thank all of you. Those are excellent questions. Again, please work with the committee staff and I will again ask if they could get that to us within 10 working days from today. Thank you very much. Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you very much. Chairman Frank.

Chairman FRANK. Let me say, first, and I appreciate having former Deputy Secretary Ramirez's validation of the argument, I don't believe there is a legal argument for withholding those funds, but we are in a position where we can stop bad things from happening. It is harder to force good things happening.

But as near as I can make sense out of the testimony today, the argument from FEMA is that somehow generalized appropriations language keeps them from doing this. I will, and I have spoken to Chairman Thompson, Chairwoman Waters, and others, what I think we will do is to send a memorandum to Chairman Obey of the Appropriations Committee asking him to include in the next appropriations vehicle the simple statement that nothing in existing law prevents FEMA from dispensing those funds. It won't be an appropriation, and it won't even be a mandate, but it will take away their excuse. I don't think they'll be happy to lose their excuse but I don't think they will be able to avoid doing that. So I think that would be the appropriate action and we plan to take it.

Let me ask, and I apologize now, here in the testimony, and I have read it, and this HUD/FEMA thing was the ideal, the classic example. And by the way, the reason for having it done by FEMA instead of HUD and I sympathize with the HUD representative when he talked about this, it is hard enough getting appropriations for public housing in HUD. If you need it to be done outside of the regular HUD appropriation, that means every time there is a disaster, public housing which is traditionally underfunded in the capital area, will be even more grievously underfunded, and emergency funding ought to be emergency funding, so we will I think hope to clarify that in permanent language, that there is no bar to doing that.

But on the broader question, what should we do to change the allocation of responsibility between HUD and FEMA? Clearly there is a problem with the best will in the world because of this complication. There is no reason that I can think of why an emergency management agency should be in charge of housing nearly 3 years after the phase. One of my colleagues said and I understood that, we asked a question about long-term emergency housing. Well, we are in a situation where we have to deal with long-term emergency housing, but that is kind of an oxymoron. I mean, if it is long term, it is not emergency.

I would urge you to join us. And I think you have seen a good example here of cooperation. I wish we could get HUD and FEMA to cooperate as well as our two committees have cooperated, the two subcommittee chairs sitting next to each other, and working closely together, Chairman Thompson and myself.

What should we do statutorily to sort out the housing responsibility of FEMA and HUD? My first response is, maybe it should be

FEMA's responsibility up to "X" days, and then it becomes HUD's responsibility. Clearly the shared responsibility isn't working, but I think this will, and I have talked to Chairman Thompson, I would hope that before the end of this session, maybe we can't make it all the way, but we could take steps so that we have a policy in place so that going forward, we will have FEMA's responsibility in the emergency phase, HUD's responsibility going forward, with appropriate allocation of budgetary responsibility.

So if anybody has any initial response, I would be glad to hear it, and then you will follow up. Yes, doctor.

Mr. BLAKELY. I think the—in my testimony, I talked about shelter, emergency shelter. That should be FEMA's responsibility. Temporary housing and permanent housing should be HUD's responsibility. There are big, good reasons for that. One is that HUD knows housing, and FEMA knows how to move people and evacuate people. Housing people on a temporary basis, or on a permanent basis is very different. HUD has the toolkit. For example, HUD could help us use our underutilized sites so that we could put panelized housing on it. That is not FEMA's job or responsibility. So I think it should stop with the temporary shelter. Shelter should be short term, under 1 year.

Chairman FRANK. That is a good term. I appreciate that; it is a good distinction. The only thing I would add to that is our responsibility; we do want to make sure that the financing doesn't go entirely to HUD. That is, to the extent that there are emergency financial funds, they shouldn't compete with regular funds. But that distinction you make between shelter and housing is a very good one, and I think we will be able to operate on that. Thank you very much, Madam Chairwoman.

Chairwoman WATERS. Thank you very much. Mr. Cleaver.

Mr. CLEAVER. Thank you, Madam Chairwoman. Thank you for coming here today Mr. Ramirez. I had the pleasure of working with Mr. Ramirez when I was mayor, and it was refreshing to hear your comments.

Dr. Blakely, you might be able to help me. I don't know the current mayor of New Orleans as well. Mark Morreal and I were mayors at the same time and I got to know him. If there is some kind of confusion between your department and city development, who is the arbitrator?

Mr. BLAKELY. City development, what do you—

Mr. CLEAVER. Or any department. Any department.

Mr. BLAKELY. Well, I am in charge of all recovery, which includes permitting everything under me, except the ordinary day-to-day operations of the City. I have the responsibility of all those aspects of the City, so if there is a conflict in my department—

Mr. CLEAVER. Then who settles it?

Mr. BLAKELY. Me.

Mr. CLEAVER. And that is what I would expect, and that is what I don't understand. We have this ongoing conflict between FEMA and HUD and I asked a question as you may recall, who does the refereeing, who is the decider, and as a consequence, it is continuing, and it is very, very frustrating.

Mr. BLAKELY. Well, sir, clearly the mayor, if there is a conflict between my agency and the CAO, the operating agency, the mayor is the referee. We meet every Tuesday and sometimes these are not charming meetings.

Mr. CLEAVER. Yes, I can imagine. You know, I was a little embarrassed as we were, the United States is sending rough messages to Myanmar because they won't let us come in to help and I thought for a while, they are smart.

Madam Chairwoman, thank you very much for calling this hearing, and Mr. Cuellar, thank you.

Chairwoman WATERS. You are very welcome. Thank you. Mr. Green.

Mr. GREEN. Thank you, Madam Chairwoman, and while we are thanking people, let me thank the staff for the outstanding work that they do in assisting us. Much of the information that I recounted earlier with reference to numbers, dollars, and statistics came from staff persons who were readily available and helpful.

I would like to talk for just a moment about the $600 million for the port authority. We have had witnesses who came before us and we have talked about this $600 million and the indication that we have received is that this is necessary and that it will help low-income persons in some way. I think the allegation is that if you put people to work, you help everybody. But this was supposed to be for housing as I understand it, so let me ask someone to respond. I believe one person had addressed this directly. That was Mr. Morse?

Mr. MORSE. That is correct.

Mr. GREEN. Okay. Would you kindly address the $600 million, please?

Mr. MORSE. Well the low- and moderate-income benefit is nebulous at best with this diversion of $600 million. Representative Green, the forecast is that over 10 years, some few thousand jobs would be created and that those would be offered first to persons of low and moderate income.

That is the sum and substance of the rationale for doing it, and I want to suggest to you that it is patently inadequate and that this body ought to step in and challenge it, and that the mechanism by which that can be done is that the appropriation from which this $600 million has been plucked out was the December 2005 appropriation, and the use of those funds was subject to waivers, and this one was awarded a waiver, and those waivers are required to be reviewed, reexamined to determine their validity 2 years from the anniversary of the publication of the waiver.

In this instance, that is less than 2 weeks away. And that is to be examined not only by HUD, if I recall correctly the statute, Representative Green, but by you, and I strongly urge this body to do so. Because it is just fundamentally unsound, and it is fundamentally unjustifiable.

And the most basic part about that waiver is that it said we are going to grant this waiver provided that in the future, and this would be June 2006, future uses of Mississippi CDBG money would place reasonable priority on persons of low and moderate income, particularly housing needs, and I suggest to you today 34 months after this hurricane, when we are putting people into hotels, we haven't gotten the job done.

If you look in my testimony, Representative Green, there is an extensive examination of all of the available statistics, and it doesn't matter which set you use, the State of Mississippi has not met its obligations to provide affordable housing, particularly rental housing. So I welcome your care, thorough, and strong scrutiny of this issue.

Mr. GREEN. Thank you. One additional follow up. The witness that we had indicated that he was not sure as to the status of the port in terms of its economic standing, its ability to do this with its own funds. You mentioned earlier that the port seems to be doing quite well and has the funds necessary to make these modifications without the $600 million.

Mr. MORSE. Well, Representative Green, there is an exhibit to my testimony, Exhibit Q, and that is a paper prepared by the Mississippi Center for Justice about the status, the economic status of the State Port of Gulfport and it has a detailed look at this issue.

This port, since the hurricane, has come back to approximately 60 to 75 percent of its pre-Katrina levels in terms of overall throughput. It has damage that has to get repaired, but what we are talking about with the $600 million has relatively little, if anything, to do with restoring the status quo in this hurricane. Because there is insurance, there is FEMA money, there is other bonding capability, it is operating in the black, and there is another exhibit which I believe you asked Mr. Norris about at the preceding hearing in May 2008.

You asked for a copy or an audit showing what is that status of the economic status of this port, and if you look at Exhibit P to my testimony today, you will find the budget request for the fiscal year ending June 30, 2009, that shows it is operating in the black and that it has $82 million in unencumbered cash.

Now the last thing to say about it is that the use of this money is to not restore it, it is to do a vast and very controversial expansion. So this is not about restoring my hometown's State port, the town I grew up in and my father grew up in. I want to see that port restored. But you don't need the $600 million to do it.

Mr. BLAKELY. May I make a comment here? And this is not about ports. It is about CDBG funds and disasters.

Chairwoman WATERS. Yes, you may.

Mr. BLAKELY. I think we are trying to fit the wrong animal in the wrong place. Perhaps we should have disaster funds with clearer specifications of what they should be used for, and the HUD officials who are giving these waivers may not be prepared to understand a disaster versus a housing program.

And sometimes, you know, you are subject to—okay, I will go along with this because this is not your field of expertise. Had this been money coming from the EDA for the restoration of an economy, that is a different thing.

But I think we should have a disaster fund that is clearly aimed at disasters, and a disaster plan should be prepared for our community, that should indicate what they are going to do for that disaster, much as we did in New Orleans, how much is going to economic development, how much is going to housing, and the locals should be held accountable for implementing it.

Chairwoman WATERS. Thank you. Mr. Green?

Mr. GREEN. Thank you, Madam Chairwoman, I yield back.

Chairwoman WATERS. Well you are certainly welcome. I would like to thank all of our witnesses who have participated today. I want to thank Chairman Frank, Chairman Thompson, Subcommittee Chair Cuellar, Ranking Members Dent and Capito, and all of the members and staff for their participation here today.

I believe that the Chair knows that some members may have additional questions for this panel which they may wish to submit in writing, and without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses and to place their responses in the record.

Thank you panel, you are now dismissed, and we certainly appreciate your presence here today. The subcommittees are adjourned.

[Whereupon, at 1:03 p.m., the joint subcommittee hearing was adjourned.]

A P P E N D I X

June 4, 2008

Testimony

Dr. Edward J. Blakely
Executive Director
Office of Recovery and Development Administration
City of New Orleans

before the
Financial Services Subcommittee on Housing and Community Opportunity
and the
Homeland Security Subcommittee on Emergency Communications, Preparedness and Response
"Examining the Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters"

June 4, 2008
2128 Rayburn House Office Building

To the Chairs and Ranking Members of the Financial Services Subcommittee on Housing and Community Opportunity and the Homeland Security Subcommittee on Emergency Communications, Preparedness and Response, and to distinguished members of the committees and panel:

I am Dr. Edward J. Blakely, Executive Director of the Office of Recovery and Development Administration for the City of New Orleans. New Orleans is one of America's most beloved and culturally distinctive cities, but as you are all aware, it is facing the challenge of rebuilding after the worst natural and man-made disaster to occur in the United States of America.

Please know that I speak for our entire community when I say that we are grateful for all that you in Congress and that the people of the United States have done to help us recover from Hurricane Katrina and the subsequent flooding. We truly appreciate your continued concern about our progress in caring for our citizens while we work diligently toward resolving our longer term recovery challenges.

Thank you for providing me with the opportunity to share New Orleans' unique perspective on disaster shelter and housing needs. We have knowledge that should inform future law and policy for catastrophic disasters, and could be valuable to us now as we rebuild.

We also applaud Congress' decision to establish a National Disaster Housing Strategy. If that strategy is based on the lessons learned from communities that experienced catastrophic disasters, it will position the federal government to provide the financial and legal tools needed to help rebuilding communities such as New Orleans.

As many have testified over the past three years, the laws, rules and regulations governing HUD, FEMA, the U.S. Department of Treasury and other federal offices did not effectively address problems caused by the catastrophic devastation of Hurricane Katrina.

Regarding all aspects of shelter and housing -- initial survival sheltering, interim housing for citizens and the disaster workforce, and longer-term re-establishment of permanent affordable housing opportunities -- current rules and funding streams must be re-evaluated to ensure that they match the reality of post-disaster housing markets and affordable housing needs in devastated communities, large and small.

Survival Housing – Shelter

The housing crisis in New Orleans began as Hurricane Katrina strengthened in the Gulf of Mexico and aimed directly for the city. Though the City of New Orleans was able to successfully evacuate about 90 percent of its citizens as part of a regional evacuation of 1.2 million people, planning for the evacuation and shelter was carried out by the regional authorities within a state framework that left many without clear and predictable options of where to go. Disasters in major metropolitan areas, particularly catastrophic disasters, do not stop at state lines and require a broader level of planning.

Cities and states can easily be overwhelmed by the need to house large numbers of evacuated citizens during catastrophic events. Currently the State of Louisiana's plans call for the evacuation of citizens from the area in jeopardy to numerous undefined temporary shelters in non-affected areas of the state. Louisiana relies on these non-affected areas to offer the use of churches, civic centers, schools/gymnasiums, and other buildings as shelters; most are not designated for the public ahead of time. Since hurricanes can be very unpredictable and all the southern parishes are vulnerable to them, the "non-affected area" for hurricane evacuation excludes all areas in the southern portion of the state. This means that during an evacuation of the southeast region approximately 1/3 of the state's population will be required to evacuate to much lesser populated areas within the state. This places a tremendous burden on the facilities, infrastructure, and population of north Louisiana. Other Gulf Coast states likely have similar restrictions in their sheltering plans.

Most of the currently identified shelters are intended to have a small number of people for only a minimal amount of time. However, Hurricane Katrina demonstrated the need for a broader plan that would include capacity for large numbers of evacuees. It also made clear the need to be able to house people for longer periods.

The federal government should develop a National Sheltering Plan that would cover all hazards, have the capacity to be implemented rapidly and provide the needed facilities for thousands of individuals. FEMA could work within its existing regional structure and in conjunction with other federal agencies, such as the Department of Defense, to accomplish this objective. Its charge would be to develop pre-established, coordinated, and secure plans for facilities to provide reassurance and prevent panic in the event of a catastrophic natural or terrorist related disaster. These plans would involve:

- o Designing regional facilities to immediately serve thousands of evacuees, with the ability to absorb a larger population as needed;
- o Examining the use of federally owned property such as BRAC bases, under-utilized state and federal hospitals or hotels and motels in recreation areas that could be converted for year round accommodation as suitable sites;
- o Maintaining and provisioning facilities at a minimal "caretaker" level with minimal permanent staff;
- o Securing space for tents, trailers etc. that could be used in place of or in addition to structures at these sites;
- o Having USNORTHCOM provide security, administration, and logistical support for these facilities during time of operation through use of a dedicated workforce.
- o Educating citizens prior to an event about what to do and where to go for disasters that can occur without warning, such as terrorism events, industrial accidents or earthquakes.
- o Developing a resettlement plan for bringing citizens back to their community

By having better prepared and better equipped regional sheltering, people who evacuate their homes will be more comfortably settled for the short term while longer term temporary and transitional housing is put in place.

Scope of the Damage to Housing in New Orleans

When the federal levees failed, 80 percent of New Orleans flooded damaging 134,564 units of occupied housing, of which over 105,000 were severely damaged according to estimates by FEMA. In total, approximately 70 percent of the city's owner and renter occupied housing units received some damage.

As a result of this destruction, Fair Market Rent has increased 46% when compared to before the storm and the available stock of affordable housing is greatly depleted. As of April 29, 2008, 1,358 households were still in trailers outside of Orleans Parish. Over 800 of these households were renters before the storm and all are likely in need of available, safe, affordable housing within New Orleans.

Within the city, 5,837 households continued to occupy trailers in April. It is likely that the total population of 7,195 households still living in FEMA trailers, either in New Orleans or elsewhere, is unable to afford the increase in rental prices.

An indicator of the reduced stock of affordable housing is the rise in homelessness. Since Katrina, the homeless population in the New Orleans metro area has doubled from approximately 6,000 before the storm to a current estimate of 12,000.

Temporary Housing

Travel Trailers

The historic answer to temporary or transitional housing has been to provide travel trailers and housing vouchers. These responses to the huge housing need following the disaster in New Orleans have proven to be insufficient. In addition, what should be only temporary solutions have become long term due to the magnitude of the devastation from the catastrophic disaster. FEMA and HUD, as the responsible agencies, have been unable to adapt protocol to provide safe, decent and affordable housing in the wake of this disaster.

The travel trailers have proven to be dangerous for several reasons. They represent one of the least protective housing options in a hurricane prone region, requiring evacuation even in response to relatively low level storm warnings. They are cramped and difficult to live in, which adds to the mental and physical deprivations of our citizens. They have also been shown to have elevated levels of formaldehyde, which constitutes a cancer risk at any level of exposure, and have caused reports of ongoing illness in many residents.

Formaldehyde

I would like to highlight the issue of formaldehyde related to problematic disaster housing policies implemented after Katrina. The findings of the Center for Disease Control (CDC) regarding formaldehyde levels in FEMA-issued trailers is of great concern to Mayor Nagin and our entire community. According to the CDC, occupants of these trailers have been exposed to major heath risks. Each of these former and current trailer residents – adults and children -- deserves appropriate medical care for any current or future effect of this exposure.

As Mayor Nagin wrote in his letter to President Bush, FEMA and the Department of Health and Human Services (DHHS) must do better than their current commitment to move people out of trailers 2 ½ years after the event, and provide only public health information to affected trailer residents. Each current and former trailer resident must receive immediate free medical check-ups, and free treatment for any medical condition generated or exacerbated as a result of exposure to formaldehyde. They must also receive guaranteed access to comprehensive, state-of-the-art medical care for any future formaldehyde-related medical conditions.

It is also important that there be support to adequately and objectively evaluate the effects of formaldehyde and embark upon a widespread public educational effort. If funded to do so, the New Orleans Health Department, which has begun talks with the CDC, would work with them to conduct a full survey of affected residents. We ask that you support our efforts to engage FEMA and DHHS to ensure that the best medical care is given to those whose health was put at risk in travel trailers issued by the federal government.

Vouchers

An alternative to travel trailers that FEMA embraced is the use of vouchers to provide temporary housing. When compared to trailers, vouchers are a much better alternative since they (1) use existing resources, (2) have secondary benefits for the local economies by filling their vacant apartments, and (3) are generally more suitable places to live for the families than trailers.

However, the extent to which a community can rely on vouchers as a means to provide temporary housing depends on the severity of the disaster and its impact on the local real estate market. If available voucher compliant units are relatively close to the disaster area, then vouchers should be emphasized as major means of providing temporary housing. However, if the local affordable housing market is limited, or available nearby housing has been destroyed en masse, then over reliance on vouchers can be problematic. This reliance may prohibit the swift reunification of citizens and households and stall the recovery of established neighborhoods.

Housing vouchers played an important role in quickly establishing temporary living arrangements for New Orleans citizens. However, the extent of the devastation to the City's housing stock meant that vouchers were predominantly used in communities outside the City, thus prolonging the return of local workers and their families.

Particularly in catastrophic disasters, communities should be given flexibility to choose from a "tool kit" of federal programs to provide emergency housing. The options should include facilitating the repair of existing rental housing, rental payments to utilize the local existing rental supply, panelized and modular construction of temporary or permanent housing, improved trailers or other innovative ideas.

In addition, FEMA should establish expiration dates for rental assistance based on the amount of time a family's rental need lasts rather than on a rigid program of deadlines. This should be determined in part on housing market instabilities after a disaster. In the case of New Orleans, we urge reconsideration of the March 1, 2009 deadline. The rebuilding of the city and stabilization of the housing market will take several years. As the rental subsidies decrease and end, some people will be in apartments they will not be able to afford.

Rehabilitation of Rental Housing

In future disasters, FEMA should be prepared to quickly repair existing rental housing as one of the tools for emergency and transitional housing solutions. Early after the disaster, the city requested that FEMA pay for the repair and rehabilitation of existing rental housing as a crucial step to bring back citizens and accommodate the influx of workers. The swift repair of existing rental housing would have been a cost effective solution. With over 23,000 New Orleans families having lived in travel trailers at some point since the disaster, billions of dollars have been spent on unhealthy, unsafe and temporary housing solution. These dollars could have been used more effectively to repair existing housing stock that could have had a major impact on the recovery of New Orleans.

Panelized and Modular Construction

FEMA should also be prepared to bring in panelized and modular construction units to provide safe, temporary and transitional housing. Mayor C. Ray Nagin has proposed that already appropriated Disaster Relief Fund (DRF) monies can and should be used under the provision laid out in the Robert T. Stafford Act (Stafford Act) to meet this need. FEMA should require communities to identify ahead of time locations where these units could be located, and to have a means in place for accessing the locations quickly after a disaster. Panelized and modular structures could be placed on these pre-identified sites quickly. With a variety of new products available, some housing may be deconstructed and reused when the need for them ended and other could be transitioned to permanent housing.

For several months the City has also proposed a solution for FEMA to transition trailer residents into safer, better, panelized constructed units. These units would be built on lots acquired by the New Orleans Redevelopment Authority (NORA) and could be temporary or permanent. These units are more cost effective than hotels and trailers and could contribute to the increased affordable housing stock. This would allow residents to remain in the city and participate in the recovery.

Permanent Community Housing

The re-establishment of permanent housing is among the most important post-disaster recovery priorities for the City of New Orleans and one of the most difficult given a myriad of barriers. It is important to note that most of these barriers, however, are not unique to New Orleans and represent some of the most critical issues the federal government must address if it is to develop an effective National Disaster Housing Strategy.

Given the magnitude of the damage and number of properties destroyed or severely damaged, too little money was allocated to provide full replacement costs after insured losses.

Compounding the lack of adequate funding is the decision made within Louisiana's compensation program to limit homeowner compensation to pre-storm value. This is problematic because pre-storm value does not provide adequate resources to homeowners to rebuild or replace their properties in the face of low insurance payouts, spiraling construction costs, limited contractors, astronomical insurance rate increases, and higher mortgage and construction lenders interest rates.

At the state level, Louisiana's "Road Home Program" has provided grants to tens of thousands of homeowners; however, because of the pre-storm value cap, which does not reflect post-storm market exigencies, awarded grants are not readily translating into wide-spread property repairs and reconstruction.

The State's two primary rental housing programs are the GoZone/CDBG Piggyback Program and the Small Rental Property Program. Together these programs are projected to provide approximately 34,000 permanent housing units across the Louisiana Gulf Coast region. Because full funding for these efforts was not appropriated by Congress until June 2006 and the federal regulations needed to administer the programs were not promulgated until November 2006, these programs got a late start. Both of these initiatives are now well underway and thousands of units are currently under construction. We are only now beginning to see completed units coming on line. Though there are currently fewer than 100 completed units through these programs in Orleans Parish, this total is projected to be more than 3000 by the end of 2008.

The State, charged with implementing the Affordable Housing Pilot Program, has two components within Orleans Parish. Several hundred units will be constructed at Jackson Barracks, a National Guard facility and on sites scattered around the city identified by NORA.

Locally, the City of New Orleans has designated 18 areas as "Housing Opportunity Zones" within which the city will focus housing activities and investment as means of catalyzing broader redevelopment in surrounding areas. Some of these tools for investment include: soft second mortgage loans for households up to 140% AMI, use of loan loss reserves designed to increase lender confidence, and funds for non-profit organizations to provide rehabilitation services to elderly and disabled homeowners. Within each of these areas are federally insured or assisted properties, for which the city will need greater cooperation and information exchange with HUD and FHA to address the negative impact of having these properties sit unrepaired.

Also, over the next three years, NORA, the city's redevelopment agency, will receive upwards of 10,000 storm damaged properties which were sold by homeowners to the state. Most of these properties are concentrated in the city's most damaged areas irrespective of pre-existing income demographics. Facilitating redevelopment will likely require federal waivers and overall governmental support to lender institutions to encourage investment in these damaged properties.

Re-establishing permanent housing after a catastrophic disaster cannot depend on the provision of government grants alone. Given the importance of the lender community to establishing sustainable affordable homeownership, it is essential that the federal government also partner with lending institutions to reduce lender risk in post-disaster environments marred by diminished housing values, infrastructure disrepair, and compromised school and health care facilities.

Finally, federal, state, and local partners must engage in vigorous exchange of information relative to displaced persons and property damage if local government is to more effectively synchronize long term housing provision with available housing stocks.

To re-establish permanent housing in post-disaster New Orleans and any community affected by a catastrophic disaster, allocated funding should be commensurate with the level of devastation to the local housing stock, and with the post-disaster market realities impacting construction, insurance, and lending costs. In addition, federal funding should be allocated directly to affected localities, particularly if they are "entitlement" communities, to avoid unnecessary layers of bureaucracy. When at all possible, sources other than CDBG, such as the Disaster Relief Fund (DRF), should be used toward disaster housing initiatives.

We thank Chairman Frank for the assistance that would come to New Orleans through his legislation which would allocate profits from the GSE's to build affordable housing. His intentions that the first year's profits be targeted to the Gulf Coast in order to support its recovery are greatly appreciated.

Lastly, cities similar to New Orleans need a team of federal program staff to work with them day-to-day in resolving all the issues that persistently arise. Such support staff would serve as brokers, advocates, ombudsmen, and program experts to help the City harness best practices from other communities, utilize streamlined processing requirements and waiver processing.

Conclusion

Ladies and gentlemen, thank you for allowing me to speak with you on the status of our recovery and the challenges we and the nation face to become more responsive to shelter and housing needs during and after disasters. I believe the proposals outlined in this document will accelerate our recovery and assist others to rebound faster and more effectively, even after a disaster of catastrophic proportions. We thank you, the Financial Services Subcommittee on Housing and Community Opportunity and the Homeland Security Subcommittee on Emergency Communications, Preparedness and Response and Congress, for your continued support as we rebuild our city and region. Though we still face historic challenges, we are hopeful that with your assistance, we can solve the remaining problems and build a better and stronger community for everyone.

WRITTEN STATEMENT OF

CARLOS J. CASTILLO

ASSISTANT ADMINISTRATOR
FOR
DISASTER ASSISTANCE DIRECTORATE

FEDERAL EMERGENCY MANAGEMENT AGENCY

DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

FINANCIAL SERVICES COMMITTEE
AND
HOMELAND SECURITY COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 4, 2008

Good morning Chairwoman Waters, Chairman Cuellar and Members of the Subcommittees. I am Carlos J. Castillo, the Assistant Administrator of the Disaster Assistance Directorate in the Department of Homeland Security's Federal Emergency Management Agency (FEMA). Thank you for the opportunity to be here today to represent the Department and FEMA, to discuss our role and responsibility in responding to the affordable housing needs of Gulf Coast States following emergencies and natural disasters.

Much has been said about the methods and ways in which FEMA has housed disaster victims following the 2005 Hurricane Season. While we readily acknowledge that we could have done some things better, we must not lose sight of the fact that nearly three years after the most damaging storms in American History, close to two-thirds of those whose homes were impacted by the disaster have either returned to their pre-disaster housing or have moved on to other housing options. In response to the 2005 Hurricane Season, FEMA provided more housing assistance – direct and financial – than it had cumulatively over the previous 5 years. And while we continue to face challenges, we have learned and applied many lessons, and we have renewed focus on our mission to assist communities and disaster victims.

New programs, policies, initiatives, partnerships and collaborations define the changes and improvements that have taken place within FEMA since Katrina and Rita. Many of the lessons we learned have been institutionalized, and are now being implemented nationwide. FEMA continues to marshal the efforts and expertise of the community of Federal, State and local emergency managers and voluntary organizations to aggressively and compassionately address the needs of individuals, families and communities devastated by disasters.

Today, I will highlight FEMA's Gulf Coast Housing Strategy Action Plan and the Joint Federal/State Housing Relocation Task Force. Second, I will highlight the Disaster Housing Assistance Program and how the federal government is helping individuals and families displaced by Hurricanes Katrina and Rita transition to secure long-term housing. Third, I will address the Department of Housing and Urban Development Memorandum of Understanding outlining eligible emergency repair assistance. Finally, I will provide an update on the National Disaster Housing Strategy and additional measures FEMA is taking to prepare for the 2008 hurricane season and future housing missions.

Gulf Coast Housing Strategy Action Plan

Led by FEMA's Gulf Coast Recovery Office (GCRO), FEMA continues to work with remaining temporary housing occupants to ensure they have access to a broad range of housing options. The FEMA GCRO developed a formal housing strategy in early 2007 to close travel trailer group sites and ensure a comprehensive approach to transitioning occupants to more suitable long term housing options.

Each FEMA Transitional Recovery Office (TRO) developed a Housing Action Plan to detail specific goals, metrics and tools for accomplishing this mission.

Since early 2006, FEMA has offered immediate alternative housing to anyone who has requested to move out of their unit for any reason, including concerns about formaldehyde. FEMA has never believed that travel trailers are an acceptable long-term housing solution, and it is our desire to ensure that all residents move into permanent housing as soon as possible.

FEMA is aggressively identifying alternate temporary and long-term housing and matching up housing occupants with available units as quickly as the occupants can accept the offer and move. Those occupants who have voiced a health concern in response to continued engagement from FEMA have all been offered multiple options to relocate out of their travel trailer.

FEMA has assigned case workers to contact every applicant currently residing in a travel trailer, park model or mobile home in the Gulf Coast to make them aware of available housing resources, and we continue to provide case management services to applicants while they make final decisions about their housing alternatives. No occupant of a FEMA provided travel trailer has to wait for the results of air quality testing to take advantage of these alternative housing options -- they are available now. It is important to note that nearly 84% of the remaining travel trailers and park models in use in the Gulf Coast are on private home sites. These households are, for the most part, making repairs so they can return to their pre-disaster dwelling.

FEMA previously announced a plan to close all group sites and relocate residents by June 1, 2008 and has continued this activity as part of our ongoing efforts. FEMA has already moved over 120,500 households out of temporary housing units as residents move into long-term housing solutions. While a majority of group site residents have successfully transitioned into more functional and long-term housing, some of the remaining residents are experiencing challenges. FEMA officials understand this and have worked diligently to remove many of the barriers residents have faced in relocating. As of May 30, 2008, there are 22,437 households still occupying temporary housing units in the Gulf Coast, 728 households still in group sites.

FEMA is also actively working to increase the rental resources available to the applicants by utilizing the following resources:

- HUD's National Housing Locator System;
- Internet sites;
- Newspaper classified ads;
- Realtor associations;
- Real estate magazines;
- Local governments and agencies, such as City Halls and Chambers of Commerce;
- Word of mouth; and
- Landlord housing fairs.

Affordable housing, particularly rental units, is very limited in many areas along the Gulf Coast. However, FEMA has taken steps to increase the amount of available rental units and reduce the other barriers that may slow the process for an applicant. FEMA redefined the current CLC contract on August 24, 2007, to encourage greater landlord participation and expand the universe of rental properties and reduce common barriers for the remaining disaster population. These incentives and additional actions include:

- Payment of rental assistance above the current Fair Market Rate;
- Payment to landlords for utilities if included in the rent payment;
- Payment to landlords for repairs to property damage made by disaster applicants;
- Payment of security deposits, and processing fees for background checks required by some landlords; and,
- Assistance with locating furniture and other necessities to meet basic living needs.

In addition, in October 2007, FEMA reinstituted and expanded a reimbursement program that provides relocation assistance to disaster victims displaced by Hurricanes Katrina and Rita. This program reimburses relocation expenses up to $4,000 for applicants returning to their pre-disaster States. For those families that are already living in their pre-disaster State in FEMA-provided temporary housing, FEMA will pay moving expenses to a FEMA-funded rental resource anywhere in the continental United States, if the new location is greater than 50 miles from the applicant's current location in the State. Relocation assistance is limited to travel costs, furniture transportation expenses, and moving services, and is subject to the overall maximum amount of assistance that applicants can receive under the IHP.

On February 14, 2008, the Centers for Disease Control and Prevention (CDC) released preliminary test results where FEMA and CDC outlined the steps to be taken to provide for the safety and well being of the residents of temporary housing units. CDC's preliminary evaluation of a scientifically established random sample of 519 travel trailers and mobile homes tested between December 21, 2007 and January 23, 2008 found that, in many of the travel trailers and mobile homes tested, formaldehyde levels were higher than typical levels (based on recent sampling) of U.S. indoor exposure in single-family homes and apartments. The average level of formaldehyde was about 77 parts per billion (ppb), or .077 parts per million (ppm). In general, formaldehyde levels in travel trailers were higher then levels found in manufactured homes.

FEMA coordinated with CDC to provide occupants with additional public health information. Specifically, CDC and FEMA teams visited each of the CDC tested units to provide occupants with the specific results for their home and advise them on a course of action.

In addition, FEMA provided caseworker assistance to all temporary housing occupants to ensure best access to information and programs that can lead to permanent housing and self sufficiency.

Following the announcement of preliminary findings, FEMA took additional steps to address health concerns of occupants of temporary disaster housing by awarding a contract to complete follow-on testing of occupied trailers that will be done on request from occupants nationwide. As of May 30, 2008, 2,807 applicants have requested their unit be tested, 1,690 test have been completed and 1,748 tests have been schedule for testing.

As part of the effort to provide occupants with alternate housing, FEMA is implementing new and expanded policies and executing contracts to:

- Enter into direct contracts with hotels in order to obtain additional hotel/motel capacity if needed.
- Utilize contract resources to support local relocation.

- Provide food vouchers or stipends for households relocated to hotels without cooking facilities.
- Enter into direct lease agreements with landlords.
- Contract for temporary storage and/or shipping of household property.
- Contract for the boarding and care of household pets for families relocated to hotels or apartments that do not allow pets.
- Provide furniture for rental units by working with Voluntary Agencies where possible, or purchasing the furniture when necessary.
- Contract for moving teams and equipment to assist in the movement of households with special medical needs.
- Provide additional staff to our offices on the ground to facilitate and manage the expedited relocation of households.

Joint Federal/State Housing Relocation Task Force

This year, Administrator Paulison wrote to the Governors of Louisiana and Mississippi to establish a Joint Federal/State Housing Relocation Task Force. Both states, as well as our key federal partners, identified representatives for the task force. The task force is intended to share resources, identify solutions to barriers, and develop joint policies and messaging for those still in need of housing. The task force members will also be charged with identifying opportunities for collaboration with local governments. Leadership from FEMA's Transitional Recovery Offices (TRO) in each state will also ensure that the local officials have visibility on the Task Force efforts and an opportunity to identify issues or concerns needing Task Force attention. The local governments are invited to share any concerns or input that they may have with their State and FEMA partners, for consideration and coordination by the Task Force. Additional local participation will be identified as needed by the State representation.

FEMA hosted the first Louisiana Joint Federal/State Housing Relocation Task Force meeting in New Orleans on March 19, 2008. Representatives from FEMA, Louisiana Recovery Authority, Louisiana Department of Social Services, and HUD were in attendance for this meeting. Since that meeting, task force members have been meeting in smaller sessions to continue to work the action items identified during the meeting. The second meeting of the Joint Federal/State (Louisiana) Task Force was April 2, 2008. The third meeting in LA was on April 28, 2008 and the Louisiana Recovery Authority provided a draft copy of the Comprehensive Housing Strategy.

FEMA's Gulf Coast Recovery Office and our MS TRO recently held a coordination briefing with Mississippi officials in preparation for the full Task Force meeting on April 3, 2008 in Biloxi, Mississippi.

Because of the lack of housing resources in the Gulf Coast, FEMA has been working with our other Federal partners, State and local governments, housing experts and associations, and Congress to identify alternative options and methods of housing disaster victims.

Transitioning to Permanent Housing - Disaster Housing Assistance Program (DHAP)

One of our biggest challenges has been, and continues to be, helping families displaced by Hurricanes Katrina and Rita transition to secure long-term housing. While, over the years, FEMA has continued to be able to provide short-term temporary housing, we recognize that the expertise for longer-term housing resides in our Federal partners at the U.S. Department of Housing and Urban Development (HUD). HUD is responsible for administering the Housing Choice Voucher Program (HCVP), the nation's largest tenant-based subsidy program. HUD with its recognized expertise in providing long-term housing programs has been a particularly important partner in working with FEMA to create the new pilot Disaster Housing Assistance Program (DHAP).

On July 26, 2007, FEMA and HUD executed an Interagency Agreement (IAA) establishing the DHAP, a temporary housing rental assistance and case management program for eligible individuals and households displaced by Hurricanes Katrina and Rita. The program is currently being administered through HUD's existing infrastructure of Public Housing Agencies (PHAs). Local PHAs were awarded grants to provide rent subsidies to eligible individuals and households for a period not to exceed 15 months beginning December 1, 2007 and ending March 1, 2009. The designated PHAs will also provide case management services, which will include a needs assessment and individual development plan (IDP) for each family. The objective of the case management services is to promote self-sufficiency for the participating individuals and households. Ultimately, over 40,000 eligible residents displaced by the 2005 Gulf Coast hurricanes will have been provided assistance through this partnership with HUD.

Since this partnership began, HUD and FEMA have been working together to transfer information about tenants and their housing situation to ensure that the transition from one agency to another is as smooth as possible. In addition, HUD and PHAs have been aggressively reaching out to families eligible for assistance, sending letters, knocking on doors and calling households to verify information and ensure that no individual falls through the cracks. HUD has also deployed staff members to those cities where the largest numbers of displaced families are currently living.

The transition is conducted in phases as applicants are moved into rental assistance.

- **Phase 1:** FEMA transferred applicants who were receiving FEMA rental assistance prior to DHAP.
  - 30,213 applicants transferred to HUD Disaster Housing Assistance Program (DHAP) in August 2007.
  - Participants have been charged $50 rent in March 2008 and will continue to be charged incremental $50 payments until the period of assistance ends in March 2009.

- **Phase 2:** FEMA transferred applicants who had been living in FEMA-provided temporary housing units and were transitioned to FEMA rental assistance through direct payments provided to the landlords by Corporate Lodging Consultants (CLC).
  - 8,750 applicants transferred to HUD HDAP in March 2008.
  - This group of applicants will transition into DHAP but will not have to pay the $50 rent fee.

- **Phase 3:** HUD and FEMA have partnered to assist applicants in transitioning directly into DHAP to reduce confusion and frustration for applicants.
  - Training for Gulf Coast FEMA field staff began April 15 in Louisiana and will continue in Mississippi. Approximately 600 field staff will be trained.
  - FEMA field staff will assist applicants in locating alternate housing/landlords that will participate in DHAP and work with the occupant and landlord to transition directly into DHAP, instead of CLC.

In Louisiana, staff from the FEMA and HUD hosted housing information sessions last week for area residents currently living in FEMA-provided travel trailers and mobile homes. The sessions provided residents with information about transitioning directly into DHAP. Residents can now move directly from travel trailers or mobile homes into the DHAP program with no break in assistance between the two programs.

This is the first time the Federal government has ever carried out such a program. As you may imagine, there are many challenges associated with such a transition. Understanding and clarifying the authorities of each agency, ensuring the right mix of skills and expertise to manage the caseload, and exchanging large amounts of complex data have been among the challenges that FEMA and HUD face and continue to resolve, and both agencies are committed to continue to work together to make this new program work.

HUD and FEMA Memorandum of Understanding - Repair of Public Housing Following Emergencies and Natural Disasters

I am also aware that Chairman Frank has expressed concern over FEMA's ability to fund emergency repairs to Public Housing Authorities damaged as a result of Hurricane Katrina.

FEMA has a memorandum of understanding with HUD outlining eligible emergency repair assistance. Section 403 of the Stafford Act authorizes FEMA to meet immediate threats to life and property resulting from a major disaster. Under the MOU, HUD and FEMA have agreed that FEMA will, in its discretion, provide for essential assistance authorized under Section 403 of the Stafford Act to eligible public housing authorities, For example, FEMA has provided $7.4 million to the Housing Authority of New Orleans for emergency protective measures.

Under Section 406 of the Stafford Act, FEMA is authorized to contribute to State and local governments for the repair, restoration, and replacement of damaged public facilities. Under this authority, public housing authorities would qualify to receive FEMA Section 406 assistance if such assistance did not fall under another agency's purview.

When another Federal agency is authorized by Congress to perform a specific response or recovery activity, FEMA defers to the agency specifically authorized to provide such services to avoid augmenting another agency's appropriation. For example, in August 2007, the Interstate-35 Mississippi River bridge in Minneapolis, Minnesota, collapsed. The President issued an emergency declaration, and FEMA provided assistance under the Stafford Act to supplement state and local response efforts in the area impacted by the bridge collapse in Minneapolis. In addition, the

Department of Transportation received $195 million in emergency funding as part of the 2007 Consolidated Appropriations Act (PL 110-161) for I-35 bridge reconstruction under DOT's own authority to provide Emergency Relief.

In this case, Section 9(k) of the National Housing Act, as amended, authorizes HUD to award grants to public housing in response to natural disasters.

Recognizing the situation in the Gulf Coast, FEMA and HUD are working together to identify alternatives to address the need for repair assistance for public housing facilities.

A Comprehensive, Collaborative Approach to Disaster Housing

Update on National Disaster Housing Strategy

In 2006, Congress through the Post-Katrina Emergency Management Reform Act directed FEMA to develop a National Disaster Housing Strategy (Strategy). This task has proved to be a challenging one, and one that has taken more time than anticipated. However, FEMA recently completed the draft of the Strategy, and has now begun the necessary and beneficial process of review. The Strategy has been delivered to the FEMA National Advisory Committee, and has been submitted for internal review within the Administration.

2008 Disaster Housing Plan

FEMA will work with States, local communities and individual disaster victims to meet housing needs during the 2008 hurricane season. FEMA's approach is to provide flexible, scalable interim housing assistance that can be adjusted to the range of requirements generated by a disaster. The 2008 Disaster Housing Plan can expand to employ the full range of interim housing options and capabilities. FEMA may, in close coordination and collaboration with the State, provide interim housing to eligible disaster victims when they are either unable to quickly return to their pre-disaster dwellings, or are unable to quickly secure permanent housing.

FEMA's approach to interim housing is based on the following sequence of interim housing assistance:

- First: Maximize Available Housing Resources. This includes providing repair and replacement assistance, providing rental assistance, using transitional shelters (e.g. hotels/motels), and cataloging vacant rental properties.

- Second: Use Traditional Forms of Interim Housing. If no fixed apartments or other rentable properties are available at the Fair Market Rate within a reasonable commuting distance, temporary housing units may be needed. When requested by a State, FEMA will provide a range of options for temporary housing units, which may include mobile homes, park models, or other alternative forms of acceptable temporary housing. Under NO circumstances will FEMA provide temporary housing units (mobile homes, park models, or other alternative forms of acceptable temporary housing) that have not been tested for formaldehyde.

- Third: Employ Innovative Forms of Interim Housing. FEMA will actively search for opportunities to field test alternative forms of direct housing which have been recommended by FEMA's Joint Housing Solutions Group.

- Fourth: Authorize Permanent Construction. If needed, FEMA will coordinate with HUD to search for cost-effective opportunities to conduct one or more multifamily apartment rehabilitation projects under the authority of the IA Pilot Program. In addition, FEMA will coordinate with HUD and the affected States to authorize Permanent Housing Construction in those rare and unusual cases where preceding forms of interim housing are unavailable, infeasible, or not cost-effective.

Alternate Housing Options

FEMA only provides temporary disaster housing units when all other housing resources, including rental units, are unavailable. This assistance is only used as a last resort to provide safe, secure, and sanitary housing for eligible disaster victims. This form of temporary housing has proven enormously successful in many smaller-scale disasters, where the duration of occupation typically does not extend beyond 18 months. However, while many forms of traditional manufactured housing may prove invaluable to disaster victims anticipating a short occupation period, they were never designed for long-term occupation.

Alternative Housing Pilot Program (AHPP)

Recognizing that mobile homes and trailers are not ideal housing solutions, Congress provided $400 million in the 2006 Emergency Appropriations Act for FEMA to conduct an Alternative Housing Pilot Program (AHPP) to identify and evaluate alternatives to travel trailers and mobile homes. After a competitive process, pilot projects in Alabama, Mississippi, Louisiana and Texas were selected for grant awards. Projects submitted by the States included state-of-the-art engineering standards, designed to maximize energy efficiency with environmentally sound materials. Once tested and proven, these alternatives could potentially be used in response to future disasters. The AHPP sites will also include recreational areas for children and adults, community spaces, and support services for disaster-affected households.

Upon completion, these alternative housing projects are expected to provide between 4,100 and 4,900 units for occupation in Gulf Coast States. Actual occupation of units began in June 2007 (in one of the Mississippi projects) and is all units are projected to be occupied by December 2008, with the exception of Louisiana which expects to have its units occupied by March 2009.

The AHPP will be evaluated by the US. Department of Housing and Urban Development's (HUD) Office of Policy Development and Research. The evaluation will be used in two ways:

(1) To learn what type of temporary housing solution is the best approach for a full range of housing needs - from a stay of only a few months to a semi-permanent, long-term housing solution.; and

(2) To assess how well States administer temporary housing programs.

We look forward to learning from these pilot projects, and are hopeful they will provide valuable and viable housing options for use in future disasters.

Joint Housing Solutions Group

In September, 2006, FEMA established the Joint Housing Solutions Group (JHSG). The JHSG's purpose is to develop a systematic process to evaluate and rate various disaster housing options, identify viable alternatives to travel trailers and manufactured homes, and recommend improvements for conducting disaster housing operations. After the issuance of FEMA's July 31, 2007, Interim Direction suspending the use of travel trailers and park models, FEMA tasked the JHSG to identify and evaluate feasible forms of alternative housing on an accelerated timeline. The Joint Housing Solutions Group has evaluated 40 different types of units located across the country. They have looked at Gulf Coast cottages with front porches and standing-seam roofs, modular 'folding houses' that could transition to permanent housing, a steel modular modernist-design unit already in use in some areas, and housing units that basically are converted shipping containers. Costs range from $15,000 to $150,000, with most falling between $20,000 to $50,000.

To facilitate the identification and delivery of appropriate alternative housing units, the JHSG has developed a comprehensive Housing Assessment Tool (HAT) designed to collect information on housing products and help FEMA determine whether proposed housing options are suitable for local disaster housing needs. The assessment tool contains 175 questions related to range of use, livability, timeline for occupancy, and unit cost.

FEMA is prepared to utilize these housing options in pilot tests in future disasters where we can further study their effectiveness in the field, and gage occupant's responses to the alternative housing. In the meantime, the JHSG will continue to identify and assess the relative merits of additional forms of alternative housing.

Updated Housing Specifications

FEMA has also implemented new requirements for future purchases of to-be-built manufactured homes, park models, and other new forms of alternative temporary housing that will ensure such units are specifically designed and constructed to emit (and tested to assure) the lowest possible levels of formaldehyde. FEMA has updated housing specifications for purchases of Uniform Federal Accessibility Standard (UFAS) and non-UFAS park models, as well as mobile homes. These units must meet the design and construction requirements established in Title 24 of the Code of Federal Regulations sections 3280.308-309. Units must include weather radios and manufacturers must not use materials which emit high levels of formaldehyde during production.

Summary

In summary, we remain committed to managing a housing program that meets the needs of communities and disaster victims. All aspects of our programs today reflect the lessons learned from Katrina and Rita, due processes for registration, the delivery of disaster assistance quickly, and the provision of disaster victims with a broader range of housing options and case management services. We are a more effective partner with other federal agencies and the states. And FEMA is a better steward of the taxpayer's dollars.

The challenges have sometimes seemed insurmountable, and many times, FEMA has stood alone and received criticism, while continuing to carry out our mission in hundreds of other disasters around this country. FEMA remains committed to utilizing the new resources and authorities provided by Congress to assist communities and victims of disasters affect a full recovery. We expect and look forward to continued close collaboration and cooperation with Congress, as well as with our Federal, State and local government, private sector and voluntary agency partners in emergency management. Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.

WRITTEN STATEMENT OF REILLY MORSE
SENIOR ATTORNEY, KATRINA RECOVERY OFFICE
MISSISSIPPI CENTER FOR JUSTICE

UNITED STATES HOUSE OF REPRESENTATIVES
JOINT HEARING OF
HOUSE FINANCIAL SERVICES SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
AND
HOUSE HOMELAND SECURITY SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS, PREPAREDNESS AND RESPONSE
"EXAMINING THE ROLES AND RESPONSIBILITIES OF HUD AND FEMA IN RESPONDING TO THE AFFORDABLE HOUSING NEEDS OF GULF COAST STATES FOLLOWING EMERGENCIES AND NATURAL DISASTERS"

June 4, 2008

INTRODUCTION

Good morning, I am Reilly Morse, a senior attorney in the Katrina Recovery Office of the Mississippi Center for Justice in Biloxi, Mississippi. I thank Madam Chair Waters, Ranking Member Capito, and the members of the subcommittees for holding this hearing to examine the roles and responsibilities of the U. S. Department of Housing and Urban Development (HUD) and the Federal Emergency Management Agency (FEMA) in responding to the affordable housing needs of the Gulf Coast States following emergencies and natural disasters.

The Mississippi Center for Justice ("MCJ") is a nonpartisan, nonprofit, civil rights legal organization that was founded in 2003 in Jackson, Mississippi. It was formed to provide a home-grown and home-owned legal capacity to advance racial and economic justice in the state of Mississippi. In 2005, MCJ became the deep south affiliate of the Lawyers' Committee for Civil Rights Under Law, a national civil rights legal organization formed in 1963 at the request of President John F. Kennedy to involve the private bar in providing legal services to address racial discrimination. Shortly after Hurricane Katrina struck the region, MCJ opened a Katrina Recovery office in Biloxi, from which we have partnered with the Lawyers' Committee and a wide variety of pro bono volunteers to provide free legal representation to individuals and community groups who are seeking disaster recovery assistance. MCJ and the Lawyers' Committee also have provided research and policy advocacy support on behalf of lower-income and minority hurricane victims and communities in the region.

I am a third-generation Mississippi coast lawyer, a former municipal judge and municipal prosecutor for the city of Gulfport. I started with the Mississippi Center for Justice in October, 2005, after the obliteration of my law office and practice, and after taking personal bankruptcy. My focus is affordable housing policy advocacy and community development. For nine years prior to Hurricane Katrina, I had a solo civil practice with a specialty in public interest environmental and environmental justice litigation. For eleven years prior to that, I was in Gulf Coast law firms where I practiced commercial, insurance defense, and maritime litigation.

Three major hurricanes -the 1947 storm, Camille, and Katrina- have struck each of the generations of my family, but the damage from Hurricane Katrina was of a much higher order of magnitude. My family and I rode out Katrina and my home was safe, so I am fortunate compared to the clients I represent here today. On behalf of those clients, I am here to tell you that, in too many respects, HUD and FEMA have fallen short of their responsibilities to respond to the affordable housing needs of storm victims in Mississippi.

EXECUTIVE SUMMARY

Hurricane Katrina "had a particularly devastating impact on low-wealth residents who lacked an economic safety net" but the disaster also "presented a unique opportunity to correct decades of inequitable development," according to the Mississippi Governor's Commission.[1] Sharing these concerns, Congress required the states to spend at least 50% of the $11.5 billion in CDBG disaster recovery funds to benefit primarily persons of low and moderate income (LMI).[2] The U. S. Department of Housing and Urban Development (HUD) adopted regulations implementing the LMI requirement.[3] Yet Mississippi, with the nation's largest per capita poverty population, was the only state to request and receive waivers from this requirement. All told, HUD carved $4 billion out of the $5.481 billion allocated to Mississippi for uses other than to assist LMI households. As a result, Mississippi now has turned its back on the opportunity to broadly uplift the housing conditions of its most vulnerable storm victims in favor of other priorities.[4]

Overall, 241,283 housing units received some damage from Hurricane Katrina. 90,271 dwellings (owner-occupied or rental) suffered major damage or were destroyed, and another 151,012 suffered lesser damage, according to inspections by FEMA as of March 30, 2006.[5] In its

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[1] Governor's Commission on Recovery, Rebuilding, and Renewal, "After Katrina: Building Back Better Than Ever", pp. 60-61.

[2] Department of Defense Appropriations Act, 2006, Public Law 109-148, December 30, 2005, 119 Stat. 2680, 2780.

3 "[T]he aggregate use of CDBG Disaster Recovery funds shall principally benefit low and moderate income families in a manner that insures that at least 50% of the amount is expended for activities that benefit such persons." U. S. Department of Housing and Urban Development, February 13, 2006, 71 FR at 7671.

[4] "More Housing Woes for Mississippi," New York Times editorial, September 27, 2007, http://www.nytimes.com/2007/09/27/opinion/27thur2.html?_r=1&ref=opinion&oref=slogin

[5] Housing Unit Damage Report, July 12, 2006, FEMA ("FEMA July 2006 Report"). A copy is attached to this testimony as Exhibit "A." It also is available at the following link. http://www.stepscoalition.org/downloads/news/reports/HUD_MDA_FEMAdamage_estimates.pdf See discussion of this report at text accompanying footnotes 22-33.

first application for CDBG funds, Mississippi Development Authority ("MDA") wrote, "The sheer number of homes damaged or destroyed is one reason **the Governor considers the replacement of housing as a number one priority** in rebuilding the Mississippi Gulf Coast."[6] (emphasis added) However, using conservative estimates, all of Mississippi's programs combined (home grants, LIHTC, small rental, long term workforce housing, and HOME mortgage) would rebuild little better than half (47,458) of the total housing with major to severe damage, and none of the 151,012 with lesser damage.[7]

An earlier damage estimate dated February 12, 2006, by FEMA and HUD placed the total number of units with damage at 220,384, and those with major to severe damage at 61,386. The State of Mississippi considers the February, 2006 estimate to be reliable, and asserts that the July, 2006 report has been retracted. As detailed below, however, the July, 2006 report more nearly matched the actual count of damaged housing units in the largest housing program to date, and so is considered by MCJ to be more reliable than the February, 2006 study.

So far, Mississippi has devoted only about $3 billion dollars or 55 percent of CDBG funds to programs for direct housing recovery.[8] Mississippi has obligated or disbursed $513 million in homeowner assistance grants for persons of low and moderate income, and spent $10 million towards public housing as of February 28, 2008.[9] According to Mississippi's latest Disaster Recovery Grant Report, for the period ending December 31, 2007, Mississippi's cumulative overall benefit percentage is only 13.2 percent.[10]

Two and half years after Katrina, Mississippi has paid out over $1.2 billion to homeowners, but has not opened a single CDBG-financed rental unit.

Mississippi's programs do not address half the needs of small rental, very-low-income rental, or homeowners who suffered moderate to severe damage from Hurricane Katrina.

- MDA's Small Rental plan will restore 6,300 small rental units, leaving 7,500 unrepaired.[11]

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[6] Mississippi Development Authority Homeowner Assistance Program Partial Action Plan, September 11, 1006, p. 3.

[7] Mississippi Disaster Recovery Program Summary, February 28, 2008, p. 3. Mississippi's higher estimate of 58,107 units likely overstates the total number of units restored and therefore is not used.

[8] Mississippi Disaster Recovery Program Summary, February 20, 2008, Exhibit "B" Mississippi Center for Justice Analysis of MDA CDBG Programs, attached as Exhibit "C."

[9] Mississippi Center for Justice analysis of Mississippi Development Authority, Low/Mod Summary as of February 28, 2008, Exhibit "D".

[10] MDA Disaster Recovery Grant Report, 4th Quarter 2007, http://www.mississippi.org/UserFiles/File/Home_Owners_Assistance_Program/DRGR-12-2007.pdf

[11] FEMA and HUD, "Current Housing Unit Damage Estimates - Hurricanes Katrina, Rita and Wilma," February 12, 2006, Exhibit "E". p. 12.

- GO Zone and regular tax-credit funded developments will restore 1,023 very-low-income apartment units, leaving 8,023 unrepaired. In the six coastal counties, these programs will restore 5,632 low-income units, leaving 9,825 unrepaired.[12]
- Phase I and II homeowner assistance grants will restore about 25,000 storm surge damaged houses, leaving 33,885 wind-damaged units (estimated 16,942 LMI households) unrepaired. [13]

The prospects for financing the remainder of these housing needs have worsened as a result of HUD Secretary Alphonso Jackson's authorization of Mississippi's diversion of $600 million in housing funds into a costly and non-hurricane-recovery related expansion of the State Port at Gulfport. Secretary Jackson's rationale for this decision was that HUD had little or no discretion to question the State of Mississippi's decision to divert this money from housing needs. In fact, he testified before this Committee on March 11 that if he would have had discretion to reject this proposal he would have done so.[14] A careful analysis of the legislation and requirements of the CDBG program indicates that HUD's conclusion that it had little or no discretion to review the State's submitted proposals is in error. Without discretionary authority, there would be no oversight and no assurance that Congressional intent was being implemented or subverted. We respectfully believe Congress meant what it said -- and that low and moderate income families would be at the front, not the back of the line for federal aid.

Mississippi Center for Justice urges this subcommittee to re-examine the waivers two years after they were granted by HUD Secretary Jackson, as required by Public Law 109-148; to institute appropriate reforms to strengthen current and future emergency CDBG appropriations against excessive use of waivers of important federal requirements; to increase public accountability and transparency in both policy development and implementation stages of programs funded with CDBG dollars; to require greater federal uniformity in disaster recovery programs between states, and to condition access to emergency CDBG funds offered to municipalities and counties upon their undertaking to affirmatively remove barriers to affordable housing, including public, subsidized, and transitional housing after natural disasters.

I. What are the Affordable Housing Needs in the Gulf Coast States, particularly in light of the devastation caused by the 2005 hurricanes?

Reliable data on the damage to the affordable housing stock and income level of the occupants is a prerequisite to effective oversight by this Joint Committee. Unfortunately, I do not believe any such estimate exists for both homeowners and renters covering the Gulf Coast states impacted by the 2005 hurricanes. A February, 2006, FEMA/HUD housing damage estimate

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[12] Exhibit "A, p. 5, "Mississippi Home Corp LIHTC-finance report, attached as Exhibit "F."

[13] Exhibit "A", p. 5.

[14] See text accompanying footnote 73.

provides an overview of the damage done by housing tenure (owner-occupied or rental), location, and severity.[15] However, this data provides no income level information for the affected homeowners or renters. A federal affordable housing damage estimate ought to have been required to ensure uniform measurement of affordable housing needs and proper use by the states of emergency disaster recovery funds to restore affordable housing.

At a May 8, 2008, Financial Services Subcommittee on Housing and Community Opportunity, the HUD representative reported no statistics of affordable housing damage for the affected areas, only funding levels for affordable rental housing.[16] Louisiana confessed that "assessing the true demand for housing in the wake of this unprecedented disaster is nearly impossible."[17] Texas officials generally described damage levels but provided no systematic look at affordable housing losses.[18] Mississippi relied upon the February, 2006 estimates and announced that -33 months after Katrina struck, and after virtually all its funds had been allocated- it was contracting to collect and present housing needs data.[19] Alabama -likely the recipient of the least CDBG funding in the region- found sufficient funds to complete an independent housing needs assessment and concluded its principal target group was low and moderate income households, but its damage statistics were not broken down by income level.[20] Florida reported that Hurricane Wilma damaged 119,038 housing units occupied by persons earning incomes at or below $30,000, and limited use of its CDBG funds to "units occupied by low-and-moderate income persons since this population group traditionally does not have the personal resources and insurance needed to recover from the loss of their homes."[21]

A. Housing Damage Estimates by Income Level are Required to Assess Mississippi's Affordable Housing Needs.

Governor Barbour and MDA have published no single comprehensive housing damage assessment by location, severity of damage, tenure, and income level, despite having been urged

[15] A state-by-state comparison of this data is attached as Exhibit "G".

[16] Testimony of Stanley Gimont, Acting Director of Office of Block Grant Assistance, p.7. Link to testimony at http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr050808.shtml Mississippi had the second lowest percentage of rental funding out of its total grant, at 9.4 percent.

[17] Testimony of David Bowman, Director, Research and Special Projects, Louisiana Recovery Authority, p. 2. Link to testimony at footnote 16.

[18] Testimony of William Dally, Deputy Executive Director of Texas Department of Housing and Community Affairs, p. 3. Link to testimony at footnote 16.

[19] Testimony of Jack Norris, Executive Director, Governor's Office of Recovery and Renewal, p. 4. Link to testimony at footnote 16.

[20] Testimony of Bill Johnson, Director of Alabama Department of Economic and Community Affairs, pp. 2-4. Link to testimony at footnote 16.

[21] Testimony of Gail Stafford, Administrator of Florida CDBG Disaster Recovery Programs, pp. 4-5. Link to testimony at footnote 16.

to accomplish this task first,[22] and despite having ample resources to fund it.[23] This has hampered policy development, public debate, and accountability.[24]

The February, 2006, FEMA /HUD housing damage estimate counted a total of 220,384 housing units damaged in Mississippi as of February 12, 2006, of which 61,386 suffered major to severe damage. [25] Governor Barbour requested FEMA and HUD to prepare another housing damage estimate, but this report -dated July 12, 2006- was not publicly released. The July, 2007 report counted a total of 241,283 housing units damaged as of March 30, 2006, of which a total of 90,270 suffered major to severe damage. HUD and FEMA used the same methodology of direct inspection, valuation, and precautions against double counting. The author of both estimates is believed to be the same person.[26] The two estimates are compared in the table below.

Table 1. Two Housing Damage Estimates Compared

	owner		renter		total	
	Feb	**July**	**Feb**	**July**	**Feb**	**July**
minor	117,407	107,344	41,591	43,669	158,998	151,013
major	30,889	38,166	14,887	19,342	45,776	57,508
severe	9,618	24,157	5,992	8,605	15,610	32,762
total	157,914	169,667	62,470	71,616	220,384	241,283
% July/Feb		7.44%		14.64%		9.48%
major+severe	40,507	62,323	20,879	27,947	61,386	90,270
% July/Feb		53.86%		33.85%		47.05%

In the May 8, 2008, oversight hearing of the Financial Services Subcommittee on Housing and Community Opportunity, Jack Norris, Executive Director of the Governor's Office of Recovery and Renewal, testified that "the inspection data conducted by FEMA and the Small Business Administration released on February 12, 2006, is the most reliable source of damage estimates."[27] Mr. Norris added that HUD has since retracted the July, 2006 report on the basis

[22] Governor's Commission on Recovery, Rebuilding, and Renewal, "After Katrina: Building Back Better Than Ever," December 30, 2005,("After Katrina") p. 55.

[23] The Governor's Commission estimated the cost of a housing needs assessment, including residential demographics at $1 million. *Id.* Mississippi has allocated $112 million for state administrative activity, but has only spent $6 million as of December 31, 2007. CDBG Disaster Recovery Expenditure Overview, "State Administration." Exhibit "H."

[24] Editorial, Biloxi Sun Herald, "We Need Housing Numbers We Can Crunch With Confidence," December 19, 2007, p C-4. Attached as Exhibit "I."

[25] Exhibit "E" p. 6.

[26] Todd Richardson, HUD Program Evaluation Division.

[27] Jack Norris testimony, p. 4.

that the data contained a number of duplicate entries.[28] However, Mississippi cited figures from that report in their Small Rental Program Action Program Final Plan and its Long Term Workforce Housing Program Action Plan both of which HUD approved without adverse comment on the underlying data.[29]

The July, 2006 report is the only statewide rental housing damage assessment broken down by tenant income level - HUD assisted, very-low-income market rate, and all others.[30] If, as MCJ believes, the July, 2006 rental damage estimate is reliable, then Mississippi's contention that its existing programs will meet all affordable housing needs is clearly erroneous.[31] Even if the February, 2006, report were used, Mississippi's rental housing programs still will fall far short of meeting the need.[32]

One indication that the July, 2006 is more accurate than the February, 2006 report is that the July report more closely approaches actual units eligible in the largest program nearing completion: Mississippi's Homeowner Assistance Phase I grant program.[33] In the table below, the total for each report is the total number of homes outside the flood plain that received flood damage, reduced by the total without insurance. The July report shows 16,848, which is closer than the February report to the Phase I total eligible units of 19,738.

Table 2: Estimates for Phase I-eligible households compared to actual total.

	Feb	July
total	18,690	19,787
no insurance	2,752	2,939
eligible	15,938	16,848
Phase I total eligible units		19,378

[28] ***Id.***, p. 5.

[29] Mississippi Development Authority's Small Rental Program Action Plan, and Long Term Workforce Housing Action Plan, both at p. 3, state that 71,116 renter-occupied housing units statewide were damaged or destroyed by Hurricane Katrina. The July, 2006 report shows a total of 71,616 damaged rental units statewide.

[30] Exhibit "A", pp. 3-4.

[31] See text accompanying footnotes 42-44.

[32] See text accompanying footnote 47.

[33] To qualify for this grant, a homeowner had to suffer storm flood damage, reside outside the 100 year flood plain, and have insurance on the residence. A small number of homeowners located inside the flood plain qualify under Phase I if they provide a FEMA standard elevation certificate. MDA Homeowner Assistance Program Modification No. 8- Phase I Elevation Certificates. http://www.mississippi.org/UserFiles/File/Home_Owners_Assistance_Program/HAPModification8June26.pdf Even subtracting this small number of units, the Phase I totals likely will remain at or above the July, 2006 totals.

Also, the two reports do not differ as conspicuously on pure counting of units as they do on the severity of damage. The July total is 9.5% higher than the February total for all housing units, 7.4% higher for owner-occupied units, and 14.6% higher for rental units. For housing with major to severe damage, however, the July total is 47% higher than the February total for all housing, 53.8% higher for owner-occupied units, and 33.8% higher for rental units. Increases over time in the number of units with major to severe damage would be consistent with our extensive personal observations of worsening damage in housing units from continued leakage, mold infestation, and deterioration. This committee should require HUD to explain the basis for retracting the data, given the relatively small differences in the overall count compared to the relatively large differences in the degree of damage.

B. Recommendations on Needs Assessments

MCJ urges this Joint Committee to require HUD and FEMA to do the following in furtherance of its oversight responsibilities concerning emergency CDBG funds and the continued unmet need of FEMA trailer occupants.

1. Determine whether or not the July, 2006 report is reliable.

2. If reliable, then use this data to conduct the statutorily-required re-examination[34] of HUD's June 14, 2006 waiver of the overall benefit requirement particularly the condition "that the state must give reasonable priority for the balance of its funds to activities which will primarily benefit persons of low and moderate income."[35]

3. If not reliable, then use the 2-year re-examination of waivers to prohibit Mississippi from reprogramming (or obligating in the case of the $600 million diversion of housing funds to the State Port at Gulfport) any emergency CDBG funds to non-housing purposes until HUD completes and releases a housing damage estimate by tenure, geography, rental housing unit type, and ***income level.*** This is justified, given HUD Secretary Jackson's testimony that not all "has been provided to low and moderate income people that should be provided for housing," to explain his reluctance to approve Mississippi's diversion of $600 million in housing recovery funds to expand the State Port at Gulfport. [36]

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[34] Public Law 109-148, 119 Stat. 2680, 2780.

[35] 71 Federal Register 34457, June 14, 2006, 2006 WL 1622293.

[36] See text accompanying footnote 74.

C. Review of Programs

For purposes of the following discussion, the July, 2006, data is treated as reliable. However, in some instances, such as the small rental program, it is possible to use the February, 2006 data.

1. Unmet Affordable Rental Needs are Estimated to be at least 28,000 units.

Lower-income households faced difficulty finding affordable housing before Hurricane Katrina arrived. A recent report by the Rand Gulf States Policy Institute conservatively estimates that the pre-Katrina demand for affordable housing in the three coastal counties was close to 38,000 units, the supply was 25,000 units, and the loss of units from the Hurricane was 6,000 units.[37] Rand concedes that these estimates "almost certainly underestimate the scale of the affordability problem post-Katrina."[38] MCJ agrees that these estimates dramatically underestimate the need for affordable housing. Excluding public housing, Katrina damaged over 34,000 HUD-assisted and very-low-income (VLI) market rate rental units in Mississippi, and severely damaged or destroyed about 11,500 units, according the July, 2006 report.[39]

A pre-Katrina 2005 report by the Mississippi Regional Housing Authority VIII counted 3,054 households on a Section 8 voucher waiting list, of which 2,446 were extremely low income.[40] This is an income level for clients MCJ routinely has seen since Hurricane Katrina, such as a full time fast food preparation worker, a veterinary assistant with one child, and a pharmacy aide with spouse and one child.[41]

Katrina damaged 2,534 out of 2,695 units of public housing in South Mississippi, and destroyed 316 units, according to direct inspections by HUD representatives.[42] Mississippi's

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[37] Kevin McCarthy and Mark Hanson, "Post-Katrina Recovery of the Housing Market Along the Mississippi Gulf Coast," Rand Gulf States Policy Institute, 2008 ("Rand 2008 Report"), pp. 19, 30-31. http://www.rand.org/pubs/technical_reports/TR511/

[38] Id., p. 61. Rand's data is based upon correlations and extrapolations of several sets of damage and demographic data at the census block level. *Id.*, at 76-77. MCJ considers to be more reliable the data gathered by direct inspection of housing units, such as the FEMA and HUD reports cited elsewhere in this testimony. MCJ considers the Rand data to underestimate the actual damage done to the Mississippi coast housing stock.

[39] Exhibit "A," p. 5. Persons earning no more than 50% of area median income are considered "very low income." In south Mississippi, this would include a single fire fighter, a medical assistant with one child, and two child care workers with one child. Back Bay Mission "Who Lives in Affordable Housing?" Affordable Housing Conference 2007, Biloxi, MS. The 11,500 figure for major and severe damage is reached by adding the Assisted and VLI units with major damage and then subtracting out 400 public housing units with major/severe damage. (10,004 +1910)-400=11,514)

[40] Mississippi Regional Housing Authority VIII FY 2005 Annual Plan, p. 7.

[41] Back Bay Mission, "Who Lives in Affordable Housing?" Affordable Housing Conference, 2007, Biloxi, MS.

[42] Mississippi Development Authority Public Housing Program CDBG Disaster Recovery Action Plan, Amendment 1 approved August 31, 2007, p. 3.

CDBG public housing plan proposes to repair or restore 2,000 to 3,200 units, but this will not absorb the 3,000-household waiting list prior to Katrina. Mississippi's public housing authority reconstruction is moving at an extremely slow pace. A January, 2008, survey by the Mississippi Center for Justice found that several of the apartment complexes currently occupied by tenants have been severely infested with mold.

Since Hurricane Katrina, Mississippi has asserted that low income housing tax credit ("LIHTC") financed construction would restore these segments of the rental housing market without the use of CDBG funds. But Mississippi's 1,981 units offered at VLI rates will restore only 7 percent of the 29,869 VLI-damaged units and only 20 percent of the 10,004 with major to severe damage.[43] Mississippi's 9,168 LIHTC-financed units will not restore the 11,500 HUD-assisted and VLI units with major to severe damage.[44] Only 5,915 of the LIHTC-funded tax credits are located in the 6 coastal counties.[45] Low-moderate income persons earning between 50 and 80 percent area median incomes are among those who lived in other market rate rentals, which suffered damage to 34,511 units, and major to severe damage to 16,033 units, according to the July, 2006 report.

Some of the affordable rental housing needs, the projected production, and unmet needs are summarized in the table below. This summary is intended to be illustrative only. In reality, not all 9,168 LIHTC-funded rental units will be applied to HUD assisted or VLI rentals, because local housing authorities will use LIHTC financing to restore some of the capacity lost from damaged public housing units. So, unmet HUD-assisted and VLI needs will increase by each LIHTC-financed unit occupied by Public Housing residents.[46] Also, this unmet needs estimate likely understates actual demand since it fails to include pre-existing demand for affordable rentals besides public housing, additional demand due to worsening economic situations since Hurricane Katrina, through job loss, increased cost of living, decreased wages, increased costs of homeownership, or other financial or regulatory barriers to rebuilding. Subject to these limitations, one may estimate the remaining unmet affordable rental housing need to be approximately 28,000 units.

[43] Exhibit "F" for LIHTC-funded awards; Exhibit "A" for figures on Assisted and VLI rentals with major to severe damage.

[44] Exhibit "F."

[45] Mississippi Home Corporation data on LIHTC-funded awards, April 1, 2008, on file with author, copy attached as Exhibit "J."

[46] Mississippi Regional Housing Authority VIII, through its non-profit subsidiary, is using LIHTC financing to replace public housing formerly known as Charles Warner in Pascagoula, and formerly known as Camelot in Gulfport.

Table 3: Some Unmet Rental Housing Needs

type	number of damaged units	estimated number from MS program	unmet need
public housing damaged units	2,534	2,000-3,200	534
public housing waiting list	3,054	666	2,388
HUD assisted rental	4,702	9,168	0
VLI market rate rental	29,869	4,466	25,403
total			28,325

2. Mississippi's Small Rental Program Will Fail to Restore 6,300 to 7,500 Units with Major to Severe Damage.

Hurricane Katrina damaged 47,013 units in small rental sites (less than 10 units), and inflicted major to severe damage upon almost 13,800 units, including over 12,170 single family units.[47] But Mississippi's small rental program will restore only 6,300 to 7,500 units in the lower four counties, or 45 to 54 percent of those with major to severe damage, leaving another 6,300 to 7,500 units unrepaired. The program will restore only 13 to 16 percent of damaged small rentals overall. It bears emphasis that this shortfall is calculated using the Governor's projections and the February, 2006, report that Mississippi considers to be the "most reliable source for damage estimates." By program design, only 51 percent of units constructed under the Small Rental program must be rented to low-moderate income persons. It should be noted that the unmet small rental need cannot be added to the unmet need identified in the preceding section.

3. Mississippi's LIHTC program will fail to restore 6,200 apartment units.

Hurricane Katrina damaged 15,457 units in apartment complexes, and caused major to severe damage to 7,081 units. But Mississippi's LIHTC program is forecast to produce 9,168 apartments, leaving 6,2789 units unrepaired. This shortfall, like the Small Rental calculation, rests on Mississippi's most optimistic forecast and the February, 2006 damage estimate. Also, this unmet need cannot be added to that which is calculated from the July, 2006 report.

[47] Exhibit "E". Current Housing Unit Damage Estimates - Hurricanes Katrina, Rita and Wilma," FEMA/HUD, February 12, 2006, p. 12.

4. Long Term Work Force Housing Will Not Significantly Remedy the Affordable Rental Shortfall.

Mississippi's Long Term Work Force Housing (LTWF) program continues Mississippi's over-weighting of owner-occupied housing programs and cannot be counted on to produce a significant number of rental housing units. For example, the largest grant in the first round went to an employer-assisted housing program that will allocate the majority of its funds to employees who wish to purchase housing.[48] Another large development funded by the LTWF program is the redevelopment of the east bank of the Pascagoula River. The majority of the units proposed for this location will be owner-occupied. In addition, the LTWF program is available to non-Katrina damaged persons, which places new employee housing needs ahead of the unmet rental housing needs of existing residents. In a post-Katrina inflation environment, it is not financially feasible for many low and moderate income persons to transition from renting to home-ownership.

5. 33,885 Badly Wind-Damaged Homeowners Ineligible for Grants

As in many communities across America, the principal railroad track in Coastal Mississippi functions as a racial line of demarcation in coastal Mississippi. Due to decades of inequitable development, many impoverished minority enclaves remain immediately north of the rail bed, including Soria City, the Quarters, and Gaston Point, to name a few in Gulfport, the coast's largest city. Hurricane Katrina's category 3 velocity winds struck these communities with virtually identical intensity as the predominantly white residential beach-front areas only a few blocks to the south. But these communities, and thousands of other households with major to severe damage, both white and black, were denied housing disaster assistance grants because the rail bed held back the tidal surge, or they were on higher ground.[49] Looking to the lower 10 counties who experienced Katrina's most intense winds, the number of households with major to severe damage is 11,951.[50] Inadequate insurance settlements have left these households at the mercy of long term recovery organizations, as described below.

Louisiana offered a single program that covered both flood- and wind-damaged homeowners, with a single $150,000 cap. Mississippi has denied all grant support to those with only wind damage and has created a two-tier system in which predominantly wealthier Phase I grantees receive up to $150,000 above insurance, while lower-income households are eligible for only up to a $100,000 grant. These illogical and arbitrary disparities in relief programs between United States citizens struck by the nation's worst natural disaster should not be

[48] Gulf Coast Renaissance Corporation, Response to Request for Proposal to Provide Long Term Work Force Housing provides that the program is limited to owner-occupied primary residences, with a small set aside for rental programs. p. 7.

[49] Reilly Morse, "Environmental Justice Through the Eye of Hurricane Katrina," Joint Center for Political and Economic Studies, May, 2008, p. 13.

[50] Table of wind-damaged households in lower 10 counties compiled from FEMA February, 2007 report, attached as Exhibit "K."

permitted to exist. If federal funds are used to help these citizens recover, then the basic eligibility and amount of recovery ought not to depend on one's state citizenship.

One indirect measure of unmet need is that Mississippi's county long term recovery organizations (LTRs) currently have 8,956 open files statewide, with another 6,638 on waiting lists for services.[51] Two thirds are working poor who are homeowners; one third are renters. They include homeowners with uncompensated wind damage. Another segment will be renters seeking assistance with furnishings and personal effects. The LTRs also have 5,778 closed files, which include households who received no relief due to budget constraints. Currently, the LTRs are publicly seeking to raise $300 million in additional funds to "Finish The Job."[52]

6. Temporary and Transitional Housing Continues to Have Serious Problems

As of April 18, 2008. Mississippi has 7,574 households (20,450 individuals) currently in FEMA direct housing assistance and 1,680 households (4,536 individuals) receiving rental assistance. housing programs. All told, 81 percent of individuals are in FEMA trailers. These figures cumulatively represent approximately 24,986 displaced individuals. [53] Eighty-two percent of households in FEMA trailers or receiving other direct assistance are LMI households, yet only 1.1 percent of those who still remain in trailers ever received federal housing assistance prior to Katrina. Nearly half (48 percent) of those receiving direct assistance were renters before the storm and 34 percent of these residents are over the age of 60 and/or have a disability.

Ninety-three percent of the 1,680 households receiving rental subsidy assistance are LMI households. Eighty-eight percent of households receiving subsidies were renters before Katrina, but only seven percent received any federal housing assistance before Katrina. Eleven percent of these households include elderly and/or persons with disabilities.

On November 19, 2007, HUD announced that it was taking over the rental housing assistance program from FEMA, "since HUD [not FEMA] is in the long term housing business,"[54] HUD announced that 375 Public Housing Authorities and 12,000 landlords would be participating in the new program run by HUD, the Disaster Housing Assistance Program (DHAP). HUD Secretary Jackson stated that "all hands are on deck to make this transition as

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[51] Mississippi Long Term Recovery Case Management Survey Results, January, 2008, http://www.msidtf.org/index.php?option=com_docman&task=cat_view&gid=40&Itemid=16

[52] See www.finishthejobfund.org .

[53] FEMA, Mississippi 1604, GCRO, IA Global Report No. 37 : http://www.fema.gov/pdf/hazard/hurricane/2005katrina/ms_iag.pdf . See Statistical Highlights compiled by Steps Coalition, http://www.stepscoalition.org/downloads/news/reports/April_08_FEMA_Stats.pdf

[54] HUD Secretary Alphonso Jackson in "HUD TO TAKE OVER RENTAL HOUSING ASSISTANCE FOR NEARLY 30,000 RESIDENTS AFFECTED BY 2005 HURRICANES," November 19, 2007: http://www.hud.gov/news/release.cfm?content=pr07-171.cfm

seamless as possible for these families who have already been through so much....We have built a coalition that...will not rest until every eligible family has a roof over their head."[55]

One unpublicized problem with the transition is that all landlords participating in FEMA's rental assistance program would be given the option to either continue receiving subsidies for FEMA eligible tenants under HUD's new DHAP program or to, as of December 1, 2007, opt out of the program entirely. This transition from FEMA to HUD's DHAP has left many families vulnerable to homelessness.

In its most recent Global Report, FEMA identified only 1,204 rental units available at fair market rate in the entire State of Mississippi.[56] The number of all eligible rental units statewide totals 2,512 units.[57]

Mississippi's MEMA cottage pilot program, which was supported by a special allocation of CDBG funds expects to produce a total of 3,100 small cottages to eligible applicants by June, 2008.[58] At present, nearly 2,887 units have been place or are awaiting placement, and another 200 are reserved for Region VIII Housing authority, leaving a remainder of 13 units.[59] Until recently, these cottages had been viewed as a postive and beneficial addition to the affordable housing needs of the area. In May, 2008, new tests of these cottages have reveal potentially unsafe levels of formaldehyde.[60]

As FEMA closes its trailer parks, tenants are confronted with a variety of misinformation.[61] In a recent survey of 114 residents in 10 FEMA trailer parks, MCJ found that tenants were told conflicting information about when they had to leave their trailer.[62] Some were told that if they did not leave by May 31, 2008, their door would be locked and the trailer destroyed. Others were pressured to take hotel housing, but feared their rights to temporary housing would terminate prematurely if they did so. Tenants often still cannot find affordable rental housing that will accept FEMA rental assistance. Those who found a willing landlord often still could not move in, due to the inability to cover the deposits for rent and electricity. The

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[55] ***Id.***

[56] FEMA, Mississippi 1604, GCRO, IA Global Report No. 41.0, Report Date: May 21, 2008 http://www.fema.gov/pdf/hazard/hurricane/2005katrina/ms_iag.pdf

[57] ***Id.***

[58] Personal Communication between MCJ and Keith Campbell, May 8, 2008.

[59] ***Id.***

[60] "WLOX Investigation Questions Formaldehyde Levels in Mississippi Cottages," May 22, 2008, http://www.wlox.com/Global/story.asp?s=8368342

[61] Chris Joyner, "Katrina Victims will lose homes when FEMA ends temporary housing efforts," Clarion Ledger, June 1, 2008.

[62] Mississippi Center for Justice, FEMA Trailer Findings as of May 16, 2008, attached as Exhibit "L".

survey includes five case studies of the types of problems faced by FEMA tenants. These conflicting messages and misinformation were corroborated in local news articles.[63]

As the hardest to house FEMA residents are being removed from trailers and dispersed across a variety of programs administered by more than one agency, FEMA or HUD, with differing terms and conditions, these tenants will increasingly become lost and invisible. It is necessary for Congress to require HUD and/or FEMA to provide a single common yardstick to measure the current status of displaced storm victims and track progress.

7. Special Needs Populations

The 2000 Census population for persons with disabilities is 607,570 statewide in Mississippi and 76,650 in the three coastal counties. In addition to being the state with the greatest poverty rate in the nation, Mississippi has the largest per capita population of people with disabilities, the majority of whose incomes fall below the 80% area median income (AMI) category. Persons with disabilities tend to have less income because many are on fixed income, but most also have substantial disability-related expenses not borne by the non-disabled population on fixed income.[64] Only 413 of the LIHTC-funded rental units in the 6 coastal counties are elderly-disabled compatible.[65]

D. Mississippi's Excessive Use of Waivers Aggravated the Affordable Housing Needs of the State.

Public Law 109-148 prohibits the Secretary of HUD from waiving compliance with requirements relating to fair housing and non-discrimination.[66] Title VIII of the Civil Rights Act of 1968 prohibits housing discrimination on the basis of race, color, religion, sex, national origin, familial status and disability. There are widely accepted correlations of lower income to race, sex, familial status and disability. For example, 24% of African-Americans live in poverty in Harrison County, Mississippi compared to 11.2% of whites.[67] By ignoring or underemphasizing the needs of low to moderate income individuals, Mississippi's overall disaster recovery plan fails to affirmatively further fair housing. For example, Mississippi's Phase I homeowner's

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[63] Michael Bell, "Katrina Victims Face June 1 FEMA Evictions," Sun Herald, May 15, 2008; Michael Bell, "FEMA: People won't be thrown out of Trailer Parks," Sun Herald, May 16, 2008, ("Housing advisers should not be telling residents in FEMA trailer parks they will be evicted June 1 when the temporary housing program ends, the federal agency said Thursday.")

[64] Statistical analysis supplied by Mississippi Coalition for Citizens With Disabilities and Living Independently For Everyone, two Mississippi non-profit disability rights organizations.

[65] Mississippi Home Corporation, April 1, 2008, LIHTC-funded data, Exhibit "M."

[66] Department of Defense Appropriations Act, 109 Public Law 148, 119 Stat. at 2780.

[67] 2006 American Community Survey, Poverty Status, African Americans in Poverty to Total African American Population (9,117/37,839) Whites in Poverty To Total White Population (13,385/118,577).

assistance program has paid out over $1 billion in grants, but a disproportionately low $255 million to about 5,835 LMI applicants, who are statistically more likely to be African American.[68]

Mississippi sought excessive waivers of the low-moderate income benefit requirement, covering $4 billion out of $5.481 billion of disaster recovery funds. The result of this misallocation is that fewer CDBG dollars are available to restore critically-needed affordable rental and owner-occupied housing than otherwise would have been the case without the waivers. As of the last Disaster Recovery Grant Report filed by the State of Mississippi, only 13.2 percent of the $5.058 billion in emergency CDBG funds was spent on programs that adhere to the LMI benefit requirement.[69]

Apart from its public housing proposal, Mississippi has delayed for eighteen months or more after Katrina in proposing and implementing any broad programs to restore low-income rental housing.[70] This delay has disproportionately adversely affected members of classes protected under the Fair Housing Act, who were more likely to be renters than their white counterparts. These include racial minorities, female-headed households, and families with children.[71]

Mississippi's Phase I housing grant program failed to require applicants to provide their race and ethnicity in the Phase I Homeowners Assistance program, thereby thwarting a specific record-keeping mandate intended to track compliance with the Fair Housing Act.[72] Furthermore, to our knowledge Mississippi has made no funding available to fair housing organizations in Mississippi. Finally, it is our understanding that HUD's most recent review of the Mississippi's

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[68] Mississippi Development Authority DRGR Report, December 31, 2007, Grantee Activity ID 05R-Homeowner L/M Phase I, http://www.mississippi.org/content.aspx?url=/page/3707&

[69] Mississippi Development Authority, Disaster Recovery Grant Report, December 31, 2007. Until three days before this Oversight Hearing, Mississippi was three quarters behind in filing applicable quarterly reporting requirements. At present, there are no approved filings posted for the third quarter of 2007 or the first quarter of 2008. See 71 Federal Register 7666, at 7670. *Reporting 14.b.* "Each grantee must submit a quarterly performance report, as HUD prescribes no later than 30 days following each calendar quarter.... Each quarterly report will include... performance measures such as numbers of low-and moderate- income persons or households benefitting." MCJ believes that HUD has in fact made a finding of non-compliance for Mississippi's failure to file reports as described above, or for late filings. HUD appears unwilling to impose any sanction upon Mississippi for its delayed and inaccurate filings.

[70] Mississippi's Public Housing action plan was proposed in the spring of 2006 and approved on August 31, 2006. The small rental and work force housing programs were not published for comment until the spring and fall of 2007, respectively.

[71] Memorandum from Debby Goldberg, Hurricane Relief Project, National Fair Housing Alliance, to Gail Laster, House Financial Services Committee, February 19, 2008, Exhibit "M", Tables 1-5, pp. 3-5.

[72] See 71 Federal Register 7666, at 7670. *Recordkeeping* "For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants form, participants in, or beneficiaries of the program." MCJ requested public records on these data and were told that MDA understood that HUD did not require record keeping on racial and ethnic characteristics, and so MDA failed to require applicants to report race and ethnicity. See letter from Melissa Medley to Reilly Morse, September 6, 2007, Exhibit "N" p. 5.

actions to affirmatively further fair housing at the end of February resulted in a continuation of earlier conclusions that there were serious shortcomings in the Mississippi program in meeting this requirement.

The Fair Housing Act requires more than that HUD or its grantees "do more than simply not discriminate itself; it reflects the desire to have HUD use its grant programs to assist in ending discrimination and segregation, to the point where the supply of genuinely open housing increases." ***NAACP v. HUD,*** 817 F.2d 149, 155 (1st Cir. 1987). Entrenched areas of racial segregation remain on the Mississippi Gulf Coast, reinforced by generations of inequitable development. Mississippi's decision to build back bridges, sewage and water systems, roads, public structures, and a state-owned port better than before, continues rather than corrects a decades-long pattern of inequitable development, and is at odds with the letter and spirit of the Fair Housing Law.

E. Mississippi's diversion of $600 million to the expansion of the State Port at Gulfport aggravates the State's affordable housing needs.

On January 25, 2008, Mississippi received approval from HUD Secretary Alphonso Jackson for a controversial proposal to divert $600 million in housing funds into the repair and vast expansion of the State Port at Gulfport.[73] HUD Secretary Alphonso Jackson took the unusual step of personally writing Governor Barbour about the approval to explain that he had "little discretion" in the matter, and to voice concerns that "this expansion does indeed divert emergency federal funding from other, more pressing recovery needs, most notably affordable housing."[74]

In testimony before the House Financial Services Committee on March 11, 2008, Secretary Jackson explained his position, stating "I don't think that everything has been provided to low and moderate income people that should be provided for housing or infrastructure, ... but had I had my druthers, I probably would have said, 'Sir, I don't think we should be using this money and I would not approve it, but I didn't have that kind of authority.'"[75]

The reasons for the controversy are straightforward. The planned expansion, which was conceived two years before Hurricane Katrina,[76] would be the single largest expenditure of

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[73] Mike Stuckey, "Feds OK Mississippi's Katrina Grant Diversion," January 25, 2008, http://today.msnbc.msn.com/id/22805282/

[74] Letter from HUD Secretary Alphonso Jackson to Mississippi Governor Haley Barbour, January 25, 2008, attached as Exhibit "O."

[75] House Financial Services Committee, Oversight Hearing of the Department of Housing and Urban Development, March 11, 2008, examination by Rep. Capuano. http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr031108.shtml

[76] JWD Group, Mississippi State Port Authority at Gulfport, Master Plan Update, 2003. This report runs to 123 pages, with appendices and will be submitted electronically.

taxpayer funds on any state enterprise in the history of Mississippi. The amount is more than ten times that necessary to pay for hurricane related damages[77] – which are already largely covered by insurance and other sources.[78] The $600 million does not buy mere channel improvements - it creates a controversial new land form in the Mississippi Sound, an inland terminal and causeway that will import traffic, pollution, and hazards to North Gulfport, an African American neighborhood, and finally it would open up 60 waterfront acres in the center of the port for a luxury hotel, condominium and casino development to be known as the "Village at Gulfport."[79] The Port has $108 million in insurance,[80] up to $54 million in FEMA funds pending insurance,[81] and $82 million in unencumbered cash,[82] far more than adequate to cover the estimated $50 million in damages to a port with an asset value of $127 million at the time Hurricane Katrina struck.[83] This extraordinary and unprecedented expenditure[84] diverts critical funds from dire housing recovery needs on the Gulf Coast.

On March 7, 2006, three months after Congress had voted to give Mississippi $5.05 billion in emergency CDBG funds, Governor Barbour returned to Congress and testified in a hearing on Gulf Coast Hurricane Recovery before the Senate Appropriations committee:

> **There were three projects for which we did not request funding last fall**, simply because they weren't ready and our policy is we're not going ask you to give us money for something what we're not prepared to do, and show you exactly how we're going to do it and how we're going to be accountable for it. Since then two of those projects have further developed and I ask Congress and the committee to consider them. Both are integral transportation projects dealing with hazard mitigation, safety, and economic and community development. **The first is for the rebuilding and the redevelopment of the**

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[77] The State Port at Gulfport's asset value prior to Hurricane Katrina was $127,573,778, and its damage assessment from the storm was $50,556,175. Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) Report #487, "The Impact of Hurricane Katrina on Mississippi's Commercial Public Ports and Opportunities for Expansion of the Ports, June 20, 2006, p. 23.

[78] Janet Nodar, "Cloudy Forecast-Skies Still Not Clear Over Gulfport," Gulf Shipper, July 7, 2007, (reporting the port was insured for $108 million, including business interruption, received almost $60 million so far, settlement still under way); FEMA July 2007 Summary of PA Funding and Project Worksheet Data, http://www.fema.gov/pdf/media/2007/ms_global_report.pdf

[79] DMJM Harris, Gulfport Master Plan Update 2007, Mississippi State Port Authority, pp. 30-37. This report runs to 134 pages and will be submitted electronically.

[80] Janet Nodar, "Cloudy Forecast," Gulf Shipper, July 9, 2007.

[81] FEMA Public Assistance Global Report, July, 2007, p. 7. http://www.fema.gov/pdf/media/2007/ms_global_report.pdf

[82] Recap of State Port at Gulfport's Budget Request for Fiscal Year Ending June 30, 2009, attached as Exhibit "P."

[83] See footnote 74.

[84] MCJ has prepared a financial analysis of the State Port at Gulfport's proposal and submits it as Exhibit "Q."

> **Port of Gulfport,** the entire infrastructure of which was devastated. The second is to move a railroad from right on the coast to move it farther inland.[85] (emphasis added)

Mississippi's efforts to win additional funds failed after budget-conscious lawmakers derided the relocation of the rail line as wasteful.[86] In July, 2006, HUD awarded nearly all of the second disaster recovery allocation to Louisiana, and left Mississippi without funds for the reconstruction of the port.[87] Two years after Katrina, Governor Barbour proposed to redirect $600 million of housing recovery funds into the expansion of the State Port at Gulfport.

Almost two years later, on February 20, 2008, in response to public outcry over the diversion of housing funds to expansion of the State Port at Gulfport, Governor Haley Barbour was interviewed on videotape at the Biloxi Sun Herald:

> We immediately went to work on a Mississippi proposal which we gave to Congress on November 1, 2005. And in that proposal was $600 million for the port, $500 million for the port itself and another $100 million for channel improvements. **The Port of Gulfport has been in our plan from the very, very beginning.**[88] (emphasis added)

Mississippi's decision to redirect $600 million from housing to a massive expansion of the State Port at Gulfport removes any hope for thousands of low-income homeowners and renters displaced by Hurricane Katrina of return to safe and affordable housing.

Between 6,300 and 7,500 households who occupied small rental sites that suffered major to severe damage from Katrina no longer may expect that their landlord will repair or rebuild the residences they occupied. The cost to cover this unmet need is $250 million.

Very-low-income households whose market rate or voucher-subsidized rental housing had major to severe damage from Katrina will face an even longer wait for the return of deeply affordable rental housing without CDBG support for LIHTC-financed apartment complexes.

Lower-income wind-damaged homeowners, who might otherwise benefit from an extension of the Homeowners Assistance Grant Phase II, will have to seek charitable assistance to repair or rebuild their dwellings.

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[85] Senate Appropriations Committee hearing, March 7, 2006, Gulf Coast Hurricane Recovery, C-SPAN link, http://www.c-spanarchives.org/library/index.php?main_page=product_video_info&products_id=191498-1&highlight=recovery

[86] Jonathan Weisman, "Mississippi Senators' Rail Plan Challenged," Washington Post, April 26, 2006, http://www.washingtonpost.com/wp-dyn/content/article/2006/04/17/AR2006041701551.html

[87] Ana Radelat, "Mississippi Still Without Funds to Fix Port," Jackson, Mississippi, Clarion Ledger, A-1, July 12, 2006.

[88] Governor Barbour at the Sun Herald, February 20, 2008, http://videos.sunherald.com/vmix_hosted_apps/p/media?id=1729323

II. Recommendations

The program has been weakened in Mississippi by the excessive grant of waivers of the low-moderate income benefit requirement. The piecemeal granting of waivers has substantially accomplished indirectly what HUD refused to do directly, namely grant Mississippi a blanket waiver for all $5.481 billion of the emergency CDBG funds.

HUD's affirmative responsibility to ensure that affordable housing is restored by the programs presented to it. Whatever may have been the conditions in the six to twelve months after Katrina, it simply is not sufficient for HUD to treat applications for the use of emergency CDBG funds more than 2 years later with the same deference as in the weeks or months immediately following the disaster. As time passes, more information about the conditions and unmet needs surfaces (or should surface), and HUD has a responsibility to require MS to fulfill the requirements HUD placed on MS when it originally granted the June 14, 2006, waiver.

Mississippi also delayed for almost a year the posting of Disaster Recovery Grant Reports and, had failed to make publicly available three quarters' worth of disaster recovery grant reports, from September 2007 through March 2008 until mid-day on May 5, 2008, only hours before testimony was due to be filed for previous oversight hearing of the Financial Services Subcommittee on Housing and Community Development, Mississippi. As of this writing, Mississippi now has posted the September and December, 2007 quarterly reports, but has failed to publish its March, 2008 report, now two months overdue.

Mississippi's strategy of submitting a series of partial action plans also thwarted effective public debate over policy development. Mississippi never publicly laid out a global plan for use of its emergency CDBG funds, and so there was no framework for assessing whether the Governor's Office and MDA were identifying and prioritizing correctly the competing needs. As programs evolved, and funds began to be shifted from one program to another, the public's ability to track and assess the overall recovery plan became impossible to accurately track.

For low-income homeowners displaced by Katrina, the home grant programs have generally been viewed as excessively complex, difficult to access due to extremely centralized service centers, poorly publicized through media that do not target the community in need of assistance, and fundamentally inadequate in provision of funds. There is a sense among many of MCJ's clients who have sought homeowners' assistance that Reznick, the MDA service contractor is unresponsive, arbitrary, staffed with non-lawyers who take excessively legalistic approaches to all problems, and fundamentally disinterested in providing adequate assistance.

For low-income renters, the viewpoint is that Mississippi considers renters to be inferior citizens, less economically responsible, and less deserving of assistance. These views arise from the pronounced delays by Mississippi in developing and implementing any programs to restore affordable rental housing, while hundreds of millions, if not billions, of dollars are paid out to homeowners, utilities, insurance companies, and local governments.

These perceptions influence the willingness of housing-challenged storm victims to participate and continue in programs that seem indifferent or even hostile to their needs, and result in persons needing housing assistance simply giving up. So the problems and challenges for Mississippi and its contractors going forward are to accelerate the progress in restoring affordable housing and to treat those storm victims still without repaired or rebuilt housing with greater respect.

Municipal and county governments have abused their zoning power to prevent the lawful construction of affordable rental housing. The City of Gulfport in particular refused a long line of LIHTC-financed apartment complexes in 2007, and triggered a formal complaint by the Mississippi Regional Housing Authority VIII charging the City with discrimination. Gulfport and other municipalities have modified their zoning to discourage new construction of duplexes under the small rental program. And several cities have resisted the permanent placement of MEMA cottages.

Mississippi also placed excessive reliance upon market based solutions even though these same markets have failed to fairly treat minority and low-income communities, whether in the realm of credit, land sales, insurance, or business opportunity. Mississippi needs to place greater dependence upon non-profit organizations capable of working in harmony with these communities.

Overall, Mississippi's housing programs have unduly neglected the needs of lower-income renters. As of the end of 2007, Mississippi had paid out over $1 billion in CDBG funds to homeowners, but not one dollar to any fund actual construction of any affordable rental housing. The vast majority of programs targeted for lower income housing were not even submitted by the state until 18 months or more after the hurricane, and MDA had to be pressured heavily to increase the size of these programs, despite clear evidence of the inadequacy of the size of the programs. HUD had an affirmative responsibility to ensure that Mississippi would fulfill the conditions of the Phase I waiver. However, HUD has failed to act with sufficient force to restore Mississippi's use of CDBG funds to a path that will fully serve the unmet affordable housing needs.

Housing programs in Mississippi account for about 55% of the overall emergency CDBG expenditure,[89] up from about 49% in the summer of 2007, but still substantially below Louisiana's 72% funding of housing programs.[90] Mississippi has actually spent only about $500

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[89] See footnote 8.

[90] Reilly Morse, Environmental Justice Through the Eye of Hurricane Katrina, Joint Center on Political and Economic Studies, May, 2008, p 20, Figure 14. http://www.jointcenter.org/publications_recent_publications/environmental_projects/environmental_justice_through_the_eye_of_hurricane_katrina

million out of $2 billion so far on lower income housing.[91] MDA cannot legitimately score general programs such as windpool and ratepayer subsidies, infrastructure, and building grants as housing programs, because they benefit commercial and industrial customers as well as residential customers.[92] Mississippi's latest overall low-moderate income percentage is only 13.2 percent, well below Louisiana.[93]

Mississippi Center for Justice recommends the following actions and reforms:

1. Carefully review the language and requirements of the Emergemcy CDBG legislation Public Law 109-148, passed on December 30, 2005. Such a review will demonstrate that HUD has adequate discretion to reject the State's proposals for use of these emergency grants. **Congress should urge HUD to reconsider its approval of the diversion of $600 million from housing programs to expansion of the Port of Gulfport.** HUD should reject the proposal for the reasons stated in former Secretary Jackson's January 25, 2008 letter and in his March 11, 2008 testimony.
2. **For future emergency CDBG allocations, provide both Congressional and HUD discretion to veto a state's action plan** if the state's overall use of CDBG funds has strayed from the Congressional purposes and requirements.
3. **Eliminate or more severely restrict the use of waivers** of federal low-moderate income requirements or CDBG dollars per job created requirements that was done in the last Disaster Recovery legislation.
4. **Require states to present for public comment a comprehensive, global plan for use of emergency CDBG funds**. This will ensure a fairer and more balanced effort in designing the recovery, and will prevent situations such as Mississippi's in which homeowner recovery was the exclusive focus of emergency CDBG programs for two years.
5. **Tie municipal and county receipt of CDBG or FEMA funds to requirements to affirmatively remove barriers to affordable housing** and discourage NIMBYism during the disaster recovery period. Include "clawback" provisions to ensure compliance.
6. **Require greater federal substantive uniformity in design and use of emergency CDBG funds** that affect more than one state, such as per-capita funding, basic minimum standards for disaster relief eligibility, uniformity in non-duplication of benefit rules.
7. **Require states early in the planning process to prepare, publicly release, and provide updates of housing damage assessments by county and city, with sufficient demographic information to assess the impact of the disaster and recovery efforts on members of protected classes.** A disaster the magnitude of Katrina completely disrupts the housing

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[91] See footnote 9.

[92] For example, the Mississippi Ratepayer program included $50 million for residential rates and $30 million for commercial rates. Mississippi Development Authority Ratepayer and Windpool Mitigation Program Recovery Action Plan Amendment 3 - Modification 1, p. 2, February 12, 2007. MDA must subtract the commercial coverage and adjust the residential by a representative percentage.

[93] Mississippi Development Authority DRGR Report, December 31, 2007, p. 1, http://www.mississippi.org/content.aspx?url=/page/3707&

market in the area. In order to affirmatively further fair housing in such a situation, it is critical to know how members of protected classes were affected. Without such an analysis, a jurisdiction cannot know what their needs are, what barriers they face, and how to overcome them.

(a) One of the first steps should be updating the jurisdiction's Analysis of Impediments to Fair Housing Choice ("AI"). Louisiana is just doing this now. Mississippi updated its AI last year, but HUD has rejected it and its current status is unclear. It does not appear that Alabama has even thought about this obligation.

(b) It is important to look at all the protected classes. Families with children and people with disabilities have not gotten much attention in this process.

(c) Do not confuse race (or membership in another protected class) and income. Providing assistance to low and moderate income people is not sufficient to meet fair housing obligations because race, etc. and income are not always synonymous.

(d) Prepare a housing damage assessment that counts damaged houses by direct inspection, and categorizes the housing losses by tenure, type of structure, and income level.

8. **Conduct aggressive outreach.** Once they know who the members of protected classes are and what kind of assistance they need, jurisdictions must reach out aggressively to make sure residents know about the assistance available and have a meaningful opportunity to apply. In Mississippi, the State did little outreach for its Phase II homeowner assistance program, despite persistent demands by the Steps Coalition, MCJ and others to decentralize the intake process. Mississippi's complex eligibility criteria, which changed over time, left many protected classes confused and discouraged about participation. MCJ spent considerable effort to dispel numerous false assumptions about eligibility, but MDA did not do anything to address this sort of dilemma.

9. **Design recovery in ways that eliminates or reduces legacy of discrimination**. In Mississippi, one consideration in the formula for homeowner assistance is the pre-storm value of the home, since this is the basis on which the insured value is set. A comparable home is worth much less in a community of color than in a white community, even though the repair costs are the same, so this formula disadvantages owners in communities of color. In Mississippi, racial segregation led to communities of color being located north of the railroad tracks in Harrison County. They experienced the same hurricane force winds as their more southerly neighbors, but were protected from some of the storm surge (flood). Mississippi's assistance program is limited to homes that experienced damage from storm surge and unfairly excludes those communities of color. Find ways to reverse the legacy of inequitable development in these communities, using land trusts, and other targeted solutions.

10. **Make rebuilding rental housing as high a priority as assisting homeowners.** A higher percentage of members of protected classes live in rental housing than their non-protected counterparts. Yet, it appears that all across the region, the rebuilding of affordable rental housing is lagging behind other parts of the housing market. More funding should have been

allocated for this purpose. Another problem is that many rental units, including units that were affordable but not subsidized, were in single family homes or duplexes owned by small landlords. To be effective, rental housing rebuilding programs must be tailored to the needs of these landlords, which may be very different from those of large, sophisticated owners. Do not repeat the experience of Mississippi in which only homeowners are the beneficiaries of emergency CDBG funds for two or more years.

11. **Monitor and Prevent NIMBYism more aggressively using HUD and the Department of Justice.** All across the Gulf, communities have tried to block the rebuilding of affordable rental housing through zoning restrictions and other means. HUD and DOJ should be monitoring this situation and intervening to prevent such actions, which prevent members of protected classes from returning to the region or relegate them to substandard housing. Where jurisdictions are violating the law through these actions, appropriate sanctions should be applied, including rescinding federal assistance if necessary.

12. **Provide more transparency and accountability in the rebuilding process.** The current reporting system has not worked well. As a result, the public has not had access to accurate and timely information on how the federal funds are being spent to benefit low- and moderate-income people. In addition, Congress should require that CDBG grantees collect information on the extent to which the funds are benefitting members of all protected classes under the Fair Housing Act. This information should also be readily available to the public. Currently, grantees only have to collect information on some protected classes for HUD's benefit alone, but do not have to disclose it to the public.

13. **Congress should make sure that federally-funded elevation programs promote accessibility.** Neither the National Flood Insurance Program nor (in our understanding) FEMA's Hazard Mitigation Grant Program allows funds to be used to build ramps or provide other means of access to elevated properties for homeowners in wheelchairs or with limited mobility. This appears inconsistent with the requirements of Section 504 of the Rehabilitation Act of 1973, and should be changed. This is a particular problem in the Gulf, where the rate of disability in the population is higher than the national average. (For example, before the storm, the disability rate in Mississippi was 25% compared to the national average of 20%.)

Exhibits
Reilly Morse
Mississippi Center for Justice

A)	Methodology for Assessing Housing Unit Damage due to Katrina, Rita, and Wilma
B)	Mississippi Development Authority: Mississippi Disaster Recovery, Program Summary
C)	MCJ Analysis.
	C-2) Housing Initiatives, MCJ Analysis
D)	Low Mod Actual MCJ
E)	Current Housing Units Damage Estimates, Hurricanes Katrina, Rita, and Wilma, Feb 12, 2006
F)	GoZone Credit Authority, Low Income Housing Tax Credit
G)	State by State Comparison – Major and Severe Damage
H)	December 31, 2007 CDBG Disaster Recovery Expenditures Overview
I)	"We Need Numbers about Housing that We Can Crunch With Confidence" *Biloxi Sun Harold,* Dec 19, 2007.
J)	LIHTC Projects Funded in Lower Six Counties, Mississippi
K)	Table 1: Lower 10 Counties Owner Occupied with Windstorm Damage
	K-2) Design Level Exceedence – Peak Gust Wind Speeds: Hurricane Katrina
L)	FEMA Trailer Findings as of May 16, 2008, Executive Summary
M)	Memorandum from Debbie Goldberg, National Fair Housing Alliance to Gail Laster, House Financial Services Committee
N)	Letter from Reilly Morse to Gray Swoope, Mississippi Development Authority.
	N-S) Letter dated September 6, 2007 from Gray Swoope, Mississippi Development Authority, to Reilly Morse.
O)	HUD letter to Mississippi Governor Haley Barbour
P)	Budget Request for Fiscal Year Ending June 30, 2009
Q)	Summary: The State of Mississippi's Plan to Divert Federal Hurricane Recovery Housing Funds For the Expansion of the State Port at Gulfport
R)	Environmental Justice Through the Eye of Hurricane Katrina

Methodology for Assessing Housing Unit Damage due to Katrina, Rita, and Wilma
July 12, 2006

The estimates of housing unit damage in the attached tables are based on inspection data conducted by FEMA in support of its Individual Assistance program and the Small Business Administration in support of its disaster loan program.

Definitions

FEMA Level of Damage

The FEMA inspections used for this analysis were conducted between the time of each of the three Hurricanes and March 30, 2006. Only occupants of housing units are eligible for FEMA housing assistance. As such, these data do not reflect other types of damaged housing units, such as pre-disaster vacant units and summer or second homes.

In addition, because it is possible for multiple individuals to register for FEMA housing assistance for the same housing unit, these data reflect a complicated set of procedures to identify individual housing units. For example, if a husband and wife both registered, or if an owner and their boarder both registered for the housing unit, we attempted to only count the housing unit once.

For most properties, FEMA contract inspectors make a direct assessment of housing unit damage. For some of the units impacted by Hurricane Katrina, FEMA did not do direct inspections, but made some assumed level of damage based on the flood depth of a housing unit in some portions of Orleans, St. Bernard, and Jefferson Parishes and to a much lesser extent in some of the flood inundated areas of Mississippi.

FEMA inspects properties to determine eligibility for real property and personal property assistance. FEMA real property assistance is determined as the cost to make repairs to make the home habitable. If a home is less than 50 percent damaged, FEMA will provide up to $5,200 in repair assistance for damage not covered by insurance. If damage is greater than 50 percent FEMA will provide $10,500 in repair assistance for damage not covered by insurance. FEMA will make similar assessments for personal property damage.

Because FEMA only provides reimbursement at three levels, less than $5,200, $5,200, and $10,500, this analysis categorizes the inspection results into three categories:

Minor Damage:

- Property inspection finds damage less than $5,200; or
- If no real property inspection, personal property damage of less than $5,195.76; or
- If no direct inspection, remote sensing finds water depth of 6 inches to 1 foot (for portions of Orleans, St. Bernard, and Jefferson Parish).

Major Damage:

- Property inspection finds damage greater than or equal to $5,200 and less than $30,000; or
- If real property inspection used the inspection default of $5,200; or
- If no real property inspection, personal property damage of greater than or equal to $5,195.76 but less than $30,000; or
- If no real property inspection and personal property used the inspection default of $5,195.76; or
- If no direct inspection, remote sensing finds water depth of 1 foot to 2 feet (for portions of Orleans, St. Bernard, and Jefferson Parish).

Severe Damage:

- Property inspection finds damage greater than or equal to $30,000; or
- If real property inspection used the inspection default of $10,500; or
- If no real property inspection, personal property damage of greater than or equal to $30,000; or
- If no real property inspection and personal property used the inspection default of $10,391.51; or
- If no direct inspection, remote sensing finds water depth of 2 feet or greater (for portions of Orleans, St. Bernard, and Jefferson Parish).

As a result of Hurricanes Katrina, Rita, and Wilma, FEMA's inspection data show that over 1.3 million housing units received some damage.

Small Business Administration (SBA) Verified Loss

A subset of FEMA registrants with real property damage applied to the Small Business Administration for a loan to assist with repairing their property. If the applicant meets some income and credit thresholds, SBA will have a contract inspector make a detailed assessment of the real property loss due to the disaster (referred to as "verified loss"). This is usually a more precise estimate than FEMA of what it would actually cost to repair the housing unit.

Following Hurricanes Katrina, Rita, and Wilma, SBA conducted 184,361 inspections as of May 31, 2006. Since the FEMA data are more comprehensive in coverage - over 1.3 million inspections - and the SBA data are more specific on dollar damage, they are linked together for this analysis. The units with both a FEMA and SBA inspection are used to develop an estimate of the dollar damage for units inspected by FEMA but with no SBA inspection.

Basically this estimation works as follows. At the Census Block level, the average SBA damage amount for a FEMA designated "Severe" damage property is applied to all of the properties in the block with a "Severe" damage rating from FEMA. The same process is repeated for properties with "Major" damage. The assumption here is that properties in the same block with the same type of FEMA inspection are likely to be of a similar structure type, value, and damage to allow an assumption that their cost to repair would be similar. If there is not an SBA inspection in the Block, then the next level of geography average is used (first Census Tract followed by County).

In the tables provided, both the total number of units damaged in each category and the SBA average verified loss for each category are presented. This allows the reader to know the context of a "major" or "severe" damaged unit within the category or geography of interest. In some areas, the dollar amount for "major" damage might be twice that of "severe" damage in another geographic area. This can be due to different home values, structure type, and type of damage. Generally, storm surge caused much more monetary damage per "severely damaged" unit than did wind.

Tenure

Owner-Occupied Housing Units & Renter-Occupied Housing Units. When individuals registered for FEMA assistance, they were asked if they were a renter or an owner. In approximately 10 percent of cases, there was no tenure indicated. These tables assume those individuals not indicating tenure were owner-occupants.

Type of Damage

These tables break out damage into two categories, homes with any flood damage, and homes with no flood damage. If a home had flood damage as well as other types of damage, it is categorized as having flood damage. Most homes without flood damage had damage related to wind. Flood damage was determined if FEMA inspectors indicated damage was due to flooding or if the damage estimate was from remote sensing (which based damage on flood depth).

Flood Plain Status

Each housing unit was geocoded to determine if it was inside or outside of a FEMA 100-year flood zone, as determined using Q3 flood maps with flood zone designations of "A" or "V".

Insurance Status

Insurance status was determined by FEMA data if the registrant indicated having hazard or flood insurance. For a very few cases, there was no information on insurance status and "no insurance" was assumed.

Income Level

Income level was calculated by comparing the income and household size reported to FEMA at time of registration to HUD's published income limits for the county of the damaged property.

Assisted Housing

Assisted Housing information is based on matching the FEMA registrants to HUD data on program participants in its Public Housing, Voucher, and Project Based Section 8 programs.

Double Counting

There is risk for double counting in these data. A number of procedures were implemented to reduce this double counting but some double counting may remain. Those procedures were as follows:

- Only include records with a FEMA inspection. If remote sensing inspection, only include cases where a grant was provided or the FEMA data indicate that the owner or renter had flood insurance.
- If there were duplicate registrant numbers with the same address, then the record with highest FEMA damage rating is retained
- If there were multiple registrants for the same address of a single-family property, then the record with highest FEMA damage rating was retained. If one registrant was owner and other was renter, the owner was retained. Single-family records were considered to be duplicate for the same property if USPS zip9 plus DPBC were the same.
- If there were multiple registrants for the same multifamily or mobile home unit, then the record with the highest damage rating was retained. Multifamily and mobile home records were considered to be duplicate if the last name and address were the same.
- If a unit identified as a duplicate had an SBA Inspection, it was retained.

Even with these procedures, double-counting units likely remains in the file.

Undercounting

There is also a risk for undercounting. These data do not count vacant homes or second homes. They also will not include properties that have not yet had a FEMA inspection or re-inspection. If an individual did not register with FEMA, their damage would not be counted. Our procedures to reduce multiple registrants for a single unit to one record, may eliminate cases where there are actually more than one unit represented.

Explanation for the Attached Tables
July 12, 2006

Three tables are attached:

Estimated Number of Housing Units Damaged as of March 30, 2006.

This table provides a count of total housing units damaged, distinguishing by:

(1) Tenure (owner and renter occupied units)
(2) Insurance Status of Owners
 - Hazard and Flood = Had both hazard and flood insurance
 - Hazard = Had hazard insurance only, no flood insurance
 - No Insurance
(3) Assisted/Income Characteristics of occupant of damaged rental unit
 - Assisted = Assisted by HUD (Public Housing, Project Based Section 8, or Housing Voucher)
 - Very Low-Income = Unassisted renter households with incomes less than 50 percent of local area median
 - Other Renters = The remaining unassisted renter households
(4) Type of Damage
 - Flood Damage. Units with flood damage. They may also have other types of damage.
 - No Flood Damage. Units without flood damage. Most of these units had wind damage or damage from wind driven rain.
(5) In or out of FEMA designated 100-year flood plain
(6) Level of damage (Minor, Major, Severe)

Estimated Per Unit Cost to Repair as of March 30, 2006.

This table provides the same breaks as the above table, but instead of a unit count it provides the estimated average dollar amount of damage for units in the category of interest. For major and severe damage, the dollar amount estimate is based on SBA inspection data (see methodology). For the minor damage units, the dollar amount estimate is based on FEMA inspection data. To estimate the total cost to repair, one can simply multiply the cell of interest in the first table by the same cell of interest in the second table. These estimates are of repair costs only. They do not reflect mitigation costs such as elevation or buyouts to relocate families to a safer location.

Extent of Damage from Hurricanes Katrina, Rita, and Wilma: Counties with over 10 units with major or severe damage, Places with over 100 units with severe damage.

This table provides summary information for each county in the state with 10 or more units having major or severe damage. For select counties with substantial damage, places within the county with over 100 units with severe damage are also provided.

The table has six columns:

(1) A count of units with major damage
(2) A count of units with severe damage
(3) An estimate of the per unit cost to repair units with major damage
(4) An estimate of the per unit cost to repair units with severe damage
(5) A count of the total number of occupied housing units based on the 2000 Census
(6) The percent of total number of occupied housing units with severe damage.

Note that in some places, the sum of major damage and severe damage exceeds the total Census 2000 count. This is indicative of the multiple registrant problem in the FEMA data that HUD's routine of eliminating multiple registrants for a single unit does not totally resolve.

Estimated Number of Housing Units Damaged as of March 30, 2006*

Mississippi Total Housing Unit Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Assisted (Project Based and Voucher)	Very Low-Income (LT 50% median)	Other Renter	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	55	85	43	183	47	139	228	414	597
Major Damage	1623	1228	620	3471	262	1282	2153	3697	7168
Severe/Destroyed	3660	1835	1105	6600	156	1109	2069	3334	9934
Subtotal	*5338*	*3148*	*1768*	*10254*	*465*	*2530*	*4450*	*7445*	*17699*
Homes outside 100 yr. fl plain									
Minor Damage	106	986	328	1420	445	846	1078	2369	3789
Major Damage	1692	6662	1384	9738	936	3441	5493	9870	19608
Severe/Destroyed	1941	5461	1227	8629	137	1147	1890	3174	11803
Subtotal	*3739*	*13109*	*2939*	*19787*	*1518*	*5434*	*8461*	*15413*	*35200*
Homes with no flood damage (generally wind damage)									
Minor Damage	1847	64475	39419	105741	4834	18880	17172	40886	146627
Major Damage	815	17531	6611	24957	368	2246	3161	5775	30732
Severe/Destroyed	939	4301	3688	8928	51	779	1267	2097	11025
Subtotal	*3601*	*86307*	*49718*	*139626*	*5253*	*21905*	*21600*	*48758*	*188384*
TOTAL	**12678**	**102564**	**54425**	**169667**	**7236**	**29869**	**34511**	**71616**	**241283**
Census 2000 Occupied Housing Units:				756967				289467	1046434
Damaged Units as Percent of Occupied Housing Units:				22%				25%	23%
Minor	2008	65546	39790	107344	5326	19865	18478	43669	151013
Major	4130	25421	8615	38166	1566	6969	10807	19342	57508
Severe	6540	11597	6020	24157	344	3035	5226	8605	32762

Estimated Per Unit Cost to Repair as of March 30, 2006*

Mississippi

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Assisted (Project Based and Voucher)	Very Low-Income (LT 50% median)	Other Renter	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	$2519	$2314	$2796	$2489	$2511	$2527	$2253	$2374	$2410
Major Damage	$111384	$87112	$87971	$98615	$88309	$97798	$102763	$100017	$99338
Severe/Destroyed	$192889	$153517	$120386	$169804	$133199	$140021	$147744	$144494	$161309
Subtotal	*$166146*	*$123531*	*$106159*	*$142720*	*$94697*	*$111072*	*$118527*	*$114505*	*$130852*
Homes outside 100 yr. fl plain									
Minor Damage	$2392	$2250	$2433	$2303	$2200	$2427	$2595	$2461	$2402
Major Damage	$95494	$69857	$68755	$74155	$69221	$79346	$82611	$80203	$77199
Severe/Destroyed	$185660	$120551	$104958	$132979	$115472	$147175	$152210	$148805	$137235
Subtotal	*$139662*	*$85890*	*$76468*	*$94651*	*$53748*	*$81688*	*$87963*	*$82381*	*$89279*
Homes with no flood damage (generally wind damage)									
Minor Damage	$1121	$1114	$1144	$1125	$1323	$1185	$1221	$1217	$1151
Major Damage	$53415	$34676	$31948	$34566	$53524	$48616	$50571	$49999	$37466
Severe/Destroyed	$201187	$91756	$70275	$94392	$89947	$98631	$106515	$103184	$96064
Subtotal	*$65126*	*$12448*	*$10368*	*$13066*	*$5841*	*$9514*	*$14619*	*$11380*	*$12630*
TOTAL	**$129642**	**$25244**	**$17050**	**$30417**	**$21601**	**$31247**	**$45999**	**$37381**	**$32484**

Minor	$1226	$1132	$1157	$1143	$1407	$1247	$1314	$1295	$1187
Major	$93435	$46429	$41893	$50492	$68726	$72837	$77254	$74972	$58725
Severe	$191935	$115088	$86542	$128779	$119727	$132101	$139364	$136017	$130680

Extent of Damage from Hurricanes Katrina, Rita, and Wilma
Counties with over 10 units with major or severe damage, Places with over 100 units with severe damage

	FEMA Inspections		SBA Inspections		Concentration of Severe Damage	
	Major Damage	Severe Damage	Average Verified Loss Major Damage	Average Verified Loss Severe Damage	Census 2000 Occupied Units	Percent Occupied Units with Severe Damage
MISSISSIPPI						
Adams County	88	16	$25038	$54401	13677	0.1%
Amite County	45	23	$17035	$40096	5271	0.4%
Attala County	19	6	$20527	$47314	7567	0.1%
Choctaw County	10	2	$29915	$119830	3686	0.1%
Claiborne County	42	18	$18701	$39958	3685	0.5%
Clarke County	183	57	$16670	$58890	6978	0.8%
Copiah County	134	34	$17733	$62150	10142	0.3%
Covington County	346	110	$22031	$48788	7126	1.5%
Forrest County						
Hattiesburg city	772	188	$34320	$74669	16251	1.2%
Forrest County Balance	900	286	$31909	$71324	10932	2.6%
TOTAL FORREST COUNTY	1672	474	$33022	$72651	27183	1.7%
Franklin County	16	10	$12304	$38681	3211	0.3%
George County	652	258	$33932	$60807	6742	3.8%
Greene County	193	69	$25666	$58527	4148	1.7%
Hancock County						
Waveland city	1947	2434	$103808	$161152	2731	89.1%
Shoreline Park CDP	679	1286	$107751	$136067	1649	78.0%
Pearlington CDP	221	550	$120903	$143855	648	84.9%
Kiln CDP	254	178	$92181	$135396	782	22.8%
Diamondhead CDP	768	396	$58680	$206740	2559	15.5%
Bay St. Louis city	1737	1249	$86911	$169563	3271	38.2%
Hancock County Balance	1569	1994	$78117	$123193	5257	37.9%
TOTAL HANCOCK COUNTY	7175	8087	$89757	$149591	16897	47.9%
Harrison County						
Pass Christian city	1126	2287	$132303	$182739	2687	85.1%
Long Beach city	1780	1862	$75065	$176551	6560	28.4%
Gulfport city	7848	3366	$63035	$142592	26943	12.5%
Biloxi city	6099	3619	$73751	$130825	19588	18.5%
Harrison County Balance	4107	2431	$57046	$109960	15760	15.4%
TOTAL HARRISON COUNTY	20960	13565	$69722	$145035	71538	19.0%
Hinds County	532	50	$16474	$79893	91030	0.1%
Holmes County	36	7	$5668	$40680	7314	0.1%
Humphreys County	11	3	$16559	$21823	3765	0.1%

Extent of Damage from Hurricanes Katrina, Rita, and Wilma

Jackson County						
St. Martin CDP	478	740	$75861	$170492	2387	31.0%
Pascagoula city	5067	2138	$60458	$106106	9878	21.6%
Ocean Springs city	1933	571	$64677	$184998	6650	8.6%
Moss Point city	1822	609	$46711	$85095	5714	10.7%
Gulf Park Estates CDP	736	359	$55852	$107358	1537	23.4%
Gulf Hills CDP	540	178	$62892	$213891	2199	8.1%
Gautier city	1631	676	$54857	$112201	4260	15.9%
Escatawpa CDP	428	157	$42678	$68548	1310	12.0%
Jackson County Balance	2859	1344	$48013	$106816	13741	9.8%
TOTAL JACKSON COUNTY	15494	6772	$56332	$120682	47676	14.2%
Jasper County	419	88	$16683	$54800	6708	1.3%
Jefferson County	45	18	$20737	$46076	3308	0.5%
Jefferson Davis County	157	40	$16263	$51585	5177	0.8%
Jones County	1391	446	$27823	$62251	24275	1.8%
Kemper County	37	9	$17879	$32300	3909	0.2%
Lamar County	1079	225	$33262	$66384	14396	1.6%
Lauderdale County	427	106	$17458	$49298	29990	0.4%
Lawrence County	187	50	$20518	$49227	5040	1.0%
Leake County	15	7	$8282	$192393	7611	0.1%
Lincoln County	236	65	$25474	$50626	12538	0.5%
Lowndes County	41	2	$19496	$17605	22849	0.0%
Madison County	58	13	$18450	$33165	27219	0.0%
Marion County	500	218	$29270	$54119	9336	2.3%
Neshoba County	35	16	$40257	$30377	10694	0.1%
Newton County	127	38	$17006	$42164	8221	0.5%
Noxubee County	46	13	$19329	$58008	4470	0.3%
Oktibbeha County	25	18	$25829	$48392	15945	0.1%
Pearl River County						
Picayune city	450	132	$36715	$72754	4100	3.2%
Pearl River County Balance	1921	772	$42231	$77633	13978	5.5%
TOTAL PEARL RIVER COUNTY	2371	904	$41184	$76921	18078	5.0%
Perry County	234	85	$23242	$65424	4420	1.9%
Pike County	293	108	$24440	$160303	14792	0.7%
Rankin County	154	44	$14145	$57609	42089	0.1%
Scott County	74	27	$16757	$56559	10183	0.3%
Simpson County	198	54	$21672	$52378	10076	0.5%
Smith County	67	22	$16818	$51512	6046	0.4%
Stone County	773	282	$28694	$65813	4747	5.9%
Walthall County	415	156	$31116	$57209	5571	2.8%
Warren County	84	12	$13889	$38434	18756	0.1%
Wayne County	290	97	$23854	$52751	7857	1.2%
Wilkinson County	48	7	$18147	$46092	3578	0.2%
Winston County	34	5	$21320	$35478	7578	0.1%

Extent of Damage from Hurricanes Katrina, Rita, and Wilma

Yazoo County	28	17	$29803	$41969	9178	0.2%

MISSISSIPPI DEVELOPMENT AUTHORITY

MISSISSIPPI DISASTER RECOVERY

Program Summary

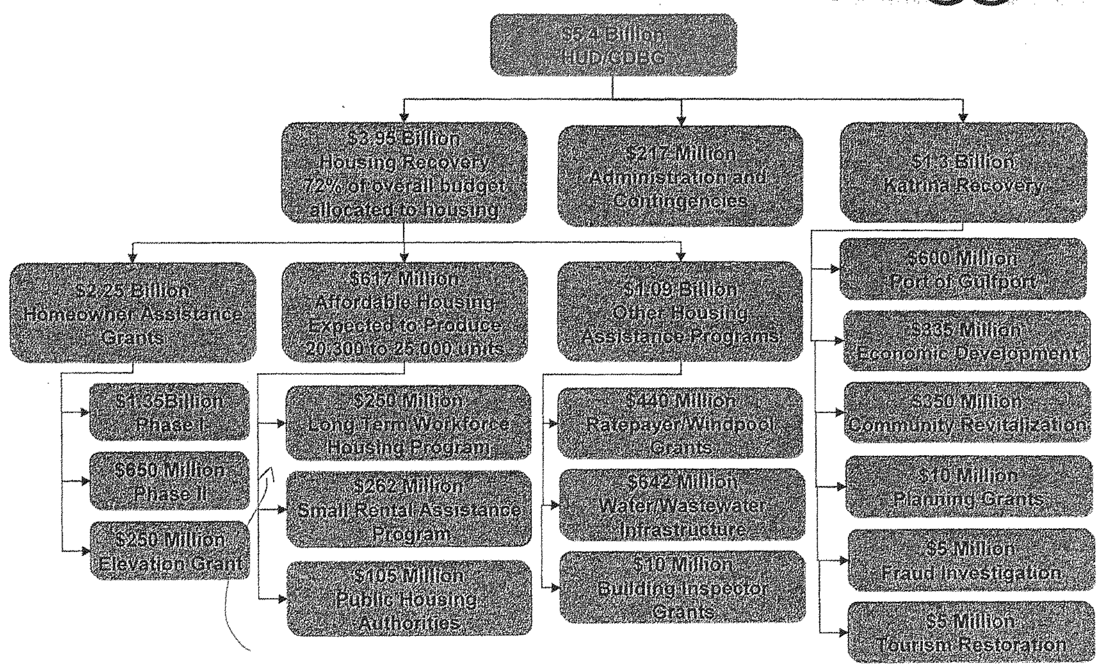
February 28, 2008

Jon Mabry
COO, Disaster Recovery
601-359-2379

Exhibit "B"

Hurricane Katrina Dollars as of February 28, 2008

MISSISSIPPI DEVELOPMENT AUTHORITY
MISSISSIPPI



Housing Initiatives

MISSISSIPPI DEVELOPMENT AUTHORITY

				Targeted Units	
		Dollars		Low	High
Housing Assistance Program					
	Phase I	$1,350,000,000		15,578	18,157
	Phase II	$650,000,000		3,380	6,400
		$2,000,000,000		18,958	24,557
Small Rental Assistance Program					
	Round 1	$150,000,000		3,400	4,300
X	Round 2 (NEW)	$112,000,000		2,800	3,200
		$262,000,000		6,200	7,500
Public Housing		$105,000,000		2,000	3,200
Long Term Workforce Housing					
	Round 1	$150,000,000		5,000	5,850
	Round 2 Phase II	$100,000,000		3,000	3,500
*	Round 3 (NEW)	$100,000,000		3,000	3,500
		$350,000,000		11,000	12,850
Loan Fund (NEW)		$180,000,000		3,800	4,500
	CDBG SUB-TOTAL	$2,897,000,000		41,958	52,607
Low Income Housing Tax Credits		$106,000,000		5,500	5,500
	GRAND TOTAL	$3,003,000,000		47,458	58,107

18,800 solar

2/4/10 new construction 40k/unit

new funds → from?

28 - 32k affordable

Gozer

MCJ Analysis

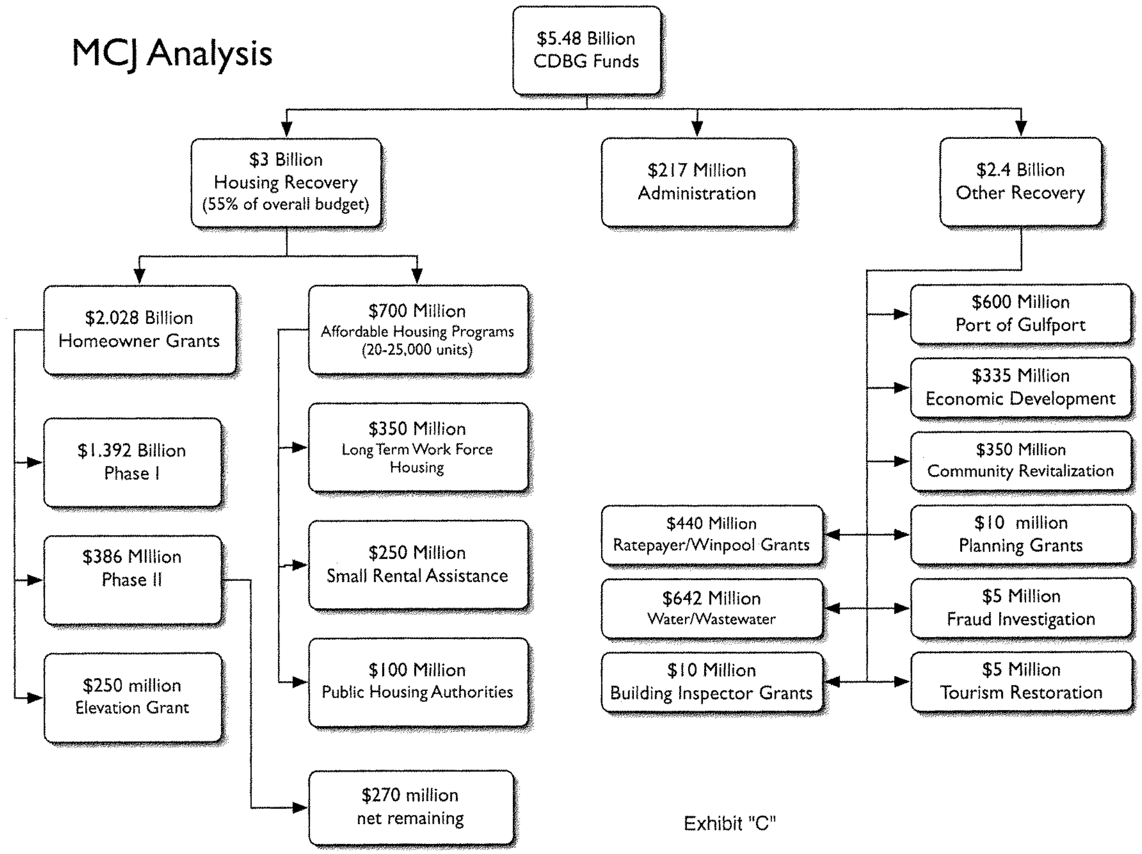


Exhibit "C"

Housing Initiatives-MCJ analysis

		Dollars	Targeted Units		LMI Benefit Units	
			Low	High	Low	High
Homeowner Assistance Grants						
	Phase I	$1,350,000,000	16,874	19,417	6,750	7,766.8
	Phase II	$650,000,000	4,701	5,526	3,103	3,647
	Total	$2,000,000,000 $0	21,575	24,943	9,852	11,414
					46%	46%
Small Rental Assistance Program						
	Round I	$150,000,000	3,472	4,300	1,770.72	2,193
	Round 2 (new)	$112,000,000	2,800	3,200	1,428	1,632
		$262,000,000 $0	6,272	7,500	3,199	3,825
					51%	51.00%
Public Housing						
		$105,000,000	2,000	3,200		
Long Term Workforce Housing						
	Round 1	$150,000,000	5,000	5,850	2,550	2,984
	Round 2	$100,000,000	3,000	3,500	1,530	1,785
	Round 3(new)	$100,000,000	3000	3500	1530	1,785
		$350,000,000	11,000	12,850	5,610	6,554
Loan Fund (New)						
		$180,000,000	3,800	4,500	1,938	2,295
CDBG Subtotal		$2,897,000,000	44,647	52,993	20,599	24,087
Low Income Housing Tax Credits						
		$106,000,000	5,500	5,500	5,225	5,225
Grand Total		$3,003,000,000	50,147	58,493	25,823.98	29,312.46

Low Mod Actual-MCJ

	allocated	obligated	disbursed	remaining	% actual low mod	$ actual or anticipated low/mod		
Housing								
Phase I	$1,350,000,000	$0	$1,099,008,701	$250,991,299	30.4%	$334,098,645	actual	
Phase II	$650,000,000	$0	$217,566,862	$432,433,138	82.4%	$179,275,094	actual	
Elevation Grants	$250,000,000	$0	$0	$250,000,000	55.9%	$0	actual	
LTWF	$250,000,000	$0	$0	$250,000,000	51.0%	$0	actual	
Small Rental	$262,000,000	$0	$0	$262,000,000	51.0%	$0	actual	
Public Housing	$105,000,000	$9,941,231	$0	$95,058,769	100.0%	$9,941,231	actual	
Total Housing	$2,867,000,000	$9,941,231	$1,316,575,563	$1,540,483,206	18.3%	$523,314,970		
Other Recovery								
Water/ Wastewater	$642,000,000	$0	$0	$642,000,000	25.0%	$0	actual	
Ratepayer/ Windpool	$440,000,000	$0	$440,000,000	$0	39.9%	$175,560,000	actual	
Building Code Inspector	$10,000,000	$3,351,313	$1,210,617	$5,438,070	39.9%	$1,820,210	actual	
Port of Gulfport	$600,000,000			$600,000,000	10.0%	$0	actual	
Economic Development	$340,000,000	$20,007,183	$4,604,755	$315,388,062	51.0%	$12,552,088	actual	
Community Revitalization	$350,000,000	$277,074,573	$0	$72,925,427	9.5%	$26,322,084	actual	
Planning	$10,000,000	$9,942,900	$0	$57,100	0.0%	$0	actual	
Fraud Investigation	$5,000,000	$4,151,118	$848,882	$0	39.9%	$1,995,000	actual	
Administration	$217,221,059							
Total	$5,481,221,059	$324,468,318	$1,763,239,817	$3,176,291,865.00	13.53%	$741,564,353		$2,087,708,135.0

Exhibit "D"

Low/Mod Summary
as of February 28, 2008

MISSISSIPPI DEVELOPMENT AUTHORITY
MISSISSIPPI

	Allocated	Obligated	Disbursed	Remaining	% Allocated for Low/Mod	$ Allocated for Low/Mod	% Actual or Anticipated Low/Mod	$ Actual or Anticipated Low/Mod	Actual or Anticipated
HOUSING									
Phase I	$1,350,000,000	$0	$1,099,008,701	$250,991,299	0.0%	$0	30.4%	$334,098,645.10	Actual
Phase II	$650,000,000	$0	$217,566,862	$432,433,138	51.0%	$331,500,000	82.4%	$179,275,094.29	Actual
Elevation Grants Phases I and II	$250,000,000	$0	$0	$250,000,000	34.0%	$85,000,000	55.9%	$139,750,000.00	Anticipated
Long Term Workforce Housing	$250,000,000	$0	$0	$250,000,000	~~51.0%~~	$127,500,000	51.0%	$127,500,000.00	Anticipated
Small Rental	$262,000,000	$0	$0	$262,000,000	51.0%	$133,620,000	51.0%	$133,620,000.00	Anticipated
Water/Wastewater Infrastructure (DEQ)	$642,000,000	$0	$0	$642,000,000	~~39.9%~~	$256,365,797	39.9%	$256,158,000.00	Anticipated
Public Housing	$105,000,000	$9,941,231	$0	$95,058,769	100.0%	$105,000,000	100.0%	$9,941,231.00	Actual
Ratepayer/Windpool	$440,000,000	$0	$440,000,000	$0	39.9%	$175,702,415	39.9%	$175,560,000.00	Actual
Building/Code Inspector Grants	$10,000,000	$3,351,313	$1,210,617	$5,438,070	39.9%	$3,993,237	39.9%	$1,820,210.07	Actual
TOTAL HOUSING	$3,959,000,000	$13,292,544	$1,757,786,180	$2,187,921,276					
Port of Gulfport	$600,000,000			$600,000,000	51.0%	$306,000,000	51.0%	$306,000,000.00	Anticipated
Economic Development Grants/Loans	$340,000,000	$20,007,183	$4,604,755	$315,388,062	51.0%	$173,400,000	51.0%	$12,552,088.38	Actual
Community Revitalization Grants	$350,000,000	$277,074,573	$0	$72,925,427	5.0%	$17,500,000	9.5%	$26,322,084.44	Actual
Planning Grants	$10,000,000	$9,942,900	$0	$57,100	0.0%	$0	0.0%	$0.00	Actual
Fraud Investigation/Contractor Fraud	$5,000,000	$4,151,118	$848,882	$0	39.9%	$1,996,618	39.9%	$1,995,000.00	Actual
Administration	$217,221,059								
TOTAL	$5,481,221,059	$324,468,318	$1,763,239,817	$3,176,291,865					

$1.7B disbursed

CURRENT HOUSING UNIT DAMAGE ESTIMATES

HURRICANES KATRINA, RITA, AND WILMA

February 12, 2006

Data from FEMA Individual Assistance Registrants and Small Business Administration Disaster Loan Applications. Analysis by the U.S. Department of Housing and Urban Development's Office of Policy Development and Research.

Introduction

The Office of the Federal Coordinator for Gulf Coast Rebuilding at the Department of Homeland Security, in cooperation with the Federal Emergency Management Agency, the Small Business Administration, and the Department of Housing and Urban Development have compiled data to assess the full extent of housing damage due to Hurricanes Katrina, Rita, and Wilma. Detailed tables on the extent of damage, type of damage, tenure, insurance status, and housing type are provided for Alabama, Florida, Louisiana, Mississippi, Texas combined and individually.

Detailed tables are also provided for select parishes in Louisiana (Calcasieu, Cameron, Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany, and Vermilion), counties in Mississippi (Hancock, Harrison, and Jackson), and each of Orleans Parish's 14 Planning Districts.

Summary damage estimates are provided for the 136 counties across the five states that had 10 or more housing units with damage.

Users of these data are advised to review the methodology section. We hope that these data are helpful as states and local communities plan and implement their long-term recovery strategies.

Table of Contents

Methodology for Assessing Housing Unit Damage due to Katrina, Rita, and Wilma:
February 12, 2006

The estimates of housing unit damage in these tables are largely based on direct inspection of housing units by FEMA to determine eligibility for FEMA housing assistance. These inspections were conducted between the time of each of the three Hurricanes and February 12, 2006. Only occupants of housing units are eligible for FEMA housing assistance. As such, these data do not reflect other types of damaged housing units, such as pre-disaster vacant units and summer or second homes.

Because it is possible for multiple individuals to register for FEMA housing assistance for the same housing unit, these data reflect a complicated set of procedures to identify individual housing units. For example, if a husband and wife both registered, or if an owner and their boarder both registered for the housing unit, we only counted the housing unit once.

<u>Definitions</u>

Level of Damage

For most properties, FEMA contract inspectors make a direct assessment of housing unit damage. For some of the units impacted by Hurricane Katrina, FEMA did not do direct inspections, but made some assumed level of damage based on the flood depth of a housing unit in some portions of Orleans, St. Bernard, and Jefferson Parishes and to a much lesser extent in some of the flood inundated areas of Mississippi.

FEMA inspects properties to determine eligibility for real property and personal property assistance. FEMA real property assistance is determined as the cost to make repairs to make the home habitable. If a home is less than 50 percent damaged, FEMA will provide up to $5,200 in repair assistance for damage not covered by insurance. If damage is greater than 50 percent FEMA will provide $10,500 in repair assistance for damage not covered by insurance. FEMA will make similar assessments for personal property damage.

Because FEMA only provides reimbursement at three levels, less than $5,200, $5,200, and $10,500, this analysis categorizes the inspection results into three categories:

Minor Damage:
- Property inspection finds damage less than $5,200; or
- If no real property inspection, personal property damage of less than $5,195.76; or
- If no direct inspection, remote sensing finds water depth of 6 inches to 1 foot (for portions of Orleans, St. Bernard, and Jefferson Parish); or

Major Damage:
- Property inspection finds damage greater than or equal to $5,200 and less than $30,000; or
- If real property inspection used the inspection default of $5,200; or
- If no real property inspection, personal property damage of greater than or equal to $5,195.76 but less than $30,000; or
- If no real property inspection and personal property used the inspection default of $5,195.76; or
- If no direct inspection, remote sensing finds water depth of 1 foot to 2 feet (for portions of Orleans, St. Bernard, and Jefferson Parish); or

Severe Damage:

- Property inspection finds damage greater than or equal to $30,000; or
- If real property inspection used the inspection default of $10,500; or
- If no real property inspection, personal property damage of greater than or equal to $30,000; or
- If no real property inspection and personal property used the inspection default of $10,391.51; or
- If no direct inspection, remote sensing finds water depth of 2 feet or greater (for portions of Orleans, St. Bernard, and Jefferson Parish); or

Small Business Administration (SBA) Median Verified Loss

A subset of FEMA registrants with real property damage applied to the Small Business Administration for a loan to assist with repairing their property. If the applicant meets some income and credit thresholds, SBA will have a contract inspector make a detailed assessment of the real property loss due to the disaster (referred to as "verified loss"). This assessment is generally more precise than the FEMA inspections.

In the tables, SBA Median Verified Loss refers to the median "verified loss" estimate by the SBA inspectors for units assessed by the FEMA inspector to have either "major damage" or "severe damage". This SBA inspection helps provide context as to what "major" and "severe" damage mean in the local context. That is, "severe damage" due to wind may be different than "severe damage" due to a storm surge. The SBA data extract was from early January 2006.

Tenure

Owner-Occupied Housing Units & Renter-Occupied Housing Units. When individuals registered for FEMA assistance, they were asked if they were a renter or an owner. In approximately 10 percent of cases, there was no tenure indicated. These tables assume those individuals not indicating tenure were owner-occupants.

Type of Damage

These tables break out damage into two categories, homes with any flood damage, and homes with no flood damage. If a home had flood damage as well as other types of damage, it is categorized as having flood damage. Most homes without flood damage had damage related to wind. Flood damage was determined if FEMA inspectors indicated damage was due to flooding or if the damage estimate was from remote sensing (which based damage on flood depth).

Flood Plain Status

Each housing unit was geocoded to determine if it was in or outside of a FEMA 100-year flood zone, as determined using Q3 flood maps with flood zone designations of "A" or "V".

Insurance Status

Insurance status was determined by FEMA data if the registrant indicated having hazard or flood insurance. For a very few cases, there was no information on insurance status and "no insurance" was assumed.

Structure Type

Structure type is determined using United State Postal Service Delivery Point Bar Code (DBPC). If DPBC equals the last two numbers of the address, then the unit was categorized as single-family (one-unit). Generally, units in row houses were considered single-family. If the unit was not single-family, then it was assumed to be in a multifamily structure (more than one unit at an address). The size of the multifamily structure was determined by adding all registrant housing units from the same address. In some cases, trailer parks were also determined to be "multifamily".

Double Counting

There is risk for double counting in these data. A number of procedures were implemented to reduce this double counting but some double counting may remain. Those procedures were as follows:

- Only include records with a FEMA inspection. If remote sensing inspection, only include cases where a grant was provided or the FEMA data indicate that the owner or renter had flood insurance.
- If there were duplicate registrant numbers, then the record with highest FEMA damage rating is retained
- If there were duplicate records for a single-family property, then the record with highest FEMA damage rating was retained. If one registrant was owner and other was renter, the owner was retained. Single-family records were considered to be duplicate for the same property if USPS zip9 plus DPBC were the same.
- If there were duplicate records for a multifamily unit, then the record with the highest damage rating was retained. Multifamily records were considered to be duplicate if the last name and address were the same.

Undercounting

There is also a risk for undercounting. These data do not count vacant homes or second homes. They also will not include properties that have not yet had a FEMA inspection, although FEMA reports that most inspections were completed at the time of the February 12, 2006 extract used for this analysis. Finally, if an individual did not register with FEMA, their damage would not be counted.

TOTAL DAMAGE

AND

STATEWIDE DAMAGE

Housing Unit Damage Estimates as of February 12, 2006*

Hurricanes Katrina, Rita, and Wilma - Total Housing Units with Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	6,206	2,406	1,897	10,509	4,981	1,763	2,634	9,378	19,887
Major Damage	26,682	7,585	5,498	39,765	13,981	3,012	6,660	23,653	63,418
Severe/Destroyed	36,293	7,645	8,042	51,980	24,947	3,932	6,469	35,348	87,328
Subtotal	*69,181*	*17,636*	*15,437*	*102,254*	*43,909*	*8,707*	*15,763*	*68,379*	*170,633*
Homes outside 100 yr. fl plain									
Minor Damage	1,629	3,730	1,759	7,118	4,048	728	1,527	6,303	13,421
Major Damage	7,152	13,211	3,743	24,106	9,310	1,420	3,915	14,645	38,751
Severe/Destroyed	7,512	5,542	3,719	16,773	7,961	1,117	1,730	10,808	27,581
Subtotal	*16,293*	*22,483*	*9,221*	*47,997*	*21,319*	*3,265*	*7,172*	*31,756*	*79,753*
Homes with no flood damage (generally wind damage)									
Minor Damage	91,374	330,300	204,526	626,200	161,994	31,461	39,427	232,882	859,082
Major Damage	8,452	26,300	18,418	53,170	12,255	3,174	8,610	24,039	77,209
Severe/Destroyed	834	1,839	4,353	7,026	2,333	359	1,104	3,796	10,822
Subtotal	*100,660*	*358,439*	*227,297*	*686,396*	*176,582*	*34,994*	*49,141*	*260,717*	*947,113*
TOTAL	**186,134**	**398,558**	**251,955**	**836,647**	**241,810**	**46,966**	**72,076**	**360,852**	**1,197,499**

* See Methodology for explanation of how these damage estimates were calculated

Housing Unit Damage Estimates as of February 12, 2006*

Alabama Total Housing Unit Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	284	139	113	536	196	67	25	288	824
Major Damage	486	250	308	1,044	256	29	18	303	1,347
Severe/Destroyed	66	13	19	98	24	2	23	49	147
Subtotal	*836*	*402*	*440*	*1,678*	*476*	*98*	*66*	*640*	*2,318*
Homes outside 100 yr. fl plain									
Minor Damage	173	400	288	861	318	58	33	409	1,270
Major Damage	333	288	164	785	155	7	5	167	952
Severe/Destroyed	38	8	12	58	7	-	-	7	65
Subtotal	*544*	*696*	*464*	*1,704*	*480*	*65*	*38*	*583*	*2,287*
Homes with no flood damage (generally wind damage)									
Minor Damage	533	19,015	16,832	36,380	11,395	1,386	2,432	15,213	51,593
Major Damage	21	297	447	765	136	19	17	172	937
Severe/Destroyed	11	34	117	162	47	14	13	74	236
Subtotal	*565*	*19,346*	*17,396*	*37,307*	*11,578*	*1,419*	*2,462*	*15,459*	*52,766*
TOTAL	**1,945**	**20,444**	**18,300**	**40,689**	**12,534**	**1,582**	**2,566**	**16,682**	**57,371**
Census 2000:				1,258,705				478,375	1,737,080
Percent:				3%				3%	3%

FEMA Damage Level:	SBA Median Verified Loss**:	N
Major:	$ 55,619	633
Severe:	$ 118,303	77

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Florida Total Housing Unit Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	934	298	432	1,664	528	268	196	992	2,656
Major Damage	1,357	305	546	2,208	905	274	212	1,391	3,599
Severe/Destroyed	7	5	28	40	4	2	4	10	50
Subtotal	*2,298*	*608*	*1,006*	*3,912*	*1,437*	*544*	*412*	*2,393*	*6,305*
Homes outside 100 yr. fl plain									
Minor Damage	88	225	138	451	254	61	11	326	777
Major Damage	54	83	120	257	119	11	1	131	388
Severe/Destroyed	1	3	13	17	3	-	2	5	22
Subtotal	*143*	*311*	*271*	*725*	*376*	*72*	*14*	*462*	*1,187*
Homes with no flood damage (generally wind damage)									
Minor Damage	40,112	98,850	44,199	183,161	33,933	14,751	6,108	54,792	237,953
Major Damage	2,959	6,667	4,353	13,979	2,167	828	796	3,791	17,770
Severe/Destroyed	42	220	772	1,034	233	34	69	336	1,370
Subtotal	*43,113*	*105,737*	*49,324*	*198,174*	*36,333*	*15,613*	*6,973*	*58,919*	*257,093*
TOTAL	**45,554**	**106,656**	**50,601**	**202,811**	**38,146**	**16,229**	**7,399**	**61,774**	**264,585**
Census 2000:				4,441,799				1,896,130	6,337,929
Percent:				5%				3%	4%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 41,482	394
Severe:	$ 51,157	49

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Louisiana Total Housing Unit Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	4,873	1,814	1,270	7,957	4,064	1,395	2,259	7,718	15,675
Major Damage	22,365	5,186	3,806	31,357	11,152	2,569	5,488	19,209	50,566
Severe/Destroyed	33,726	6,649	7,224	47,599	23,541	3,787	5,538	32,866	80,465
Subtotal	*60,964*	*13,649*	*12,300*	*86,913*	*38,757*	*7,751*	*13,285*	*59,793*	*146,706*
Homes outside 100 yr. fl plain									
Minor Damage	1,135	1,541	849	3,525	2,254	422	608	3,284	6,809
Major Damage	4,307	3,202	1,568	9,077	4,683	704	1,285	6,672	15,749
Severe/Destroyed	6,381	4,085	3,072	13,538	6,575	896	1,024	8,495	22,033
Subtotal	*11,823*	*8,828*	*5,489*	*26,140*	*13,512*	*2,022*	*2,917*	*18,451*	*44,591*
Homes with no flood damage (generally wind damage)									
Minor Damage	41,165	94,637	61,194	196,996	63,423	10,415	17,194	91,032	288,028
Major Damage	4,604	8,284	5,701	18,589	5,747	1,889	5,546	13,182	31,771
Severe/Destroyed	372	609	1,451	2,432	942	195	584	1,721	4,153
Subtotal	*46,141*	*103,530*	*68,346*	*218,017*	*70,112*	*12,499*	*23,324*	*105,935*	*323,952*
TOTAL	**118,928**	**126,007**	**86,135**	**331,070**	**122,381**	**22,272**	**39,526**	**184,179**	**515,249**
Census 2000:				1,125,135				530,918	1,656,053
Percent:				29%				35%	31%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 76,349	11,854
Severe:	$ 115,035	19,885

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Mississippi Total Housing Unit Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	90	135	55	280	165	32	147	344	624
Major Damage	2,455	1,829	831	5,115	1,661	139	939	2,739	7,854
Severe/Destroyed	2,494	978	771	4,243	1,378	141	904	2,423	6,666
Subtotal	*5,039*	*2,942*	*1,657*	*9,638*	*3,204*	*312*	*1,990*	*5,506*	*15,144*
Homes outside 100 yr. fl plain									
Minor Damage	144	1,408	378	1,930	1,073	166	815	2,054	3,984
Major Damage	2,324	9,534	1,779	13,637	4,255	694	2,597	7,546	21,183
Severe/Destroyed	1,090	1,438	595	3,123	1,361	221	702	2,284	5,407
Subtotal	*3,558*	*12,380*	*2,752*	*18,690*	*6,689*	*1,081*	*4,114*	*11,884*	*30,574*
Homes with no flood damage (generally wind damage)									
Minor Damage	2,169	71,189	41,839	115,197	28,779	3,000	7,414	39,193	154,390
Major Damage	327	7,566	4,244	12,137	2,704	332	1,566	4,602	16,739
Severe/Destroyed	388	715	1,149	2,252	811	101	373	1,285	3,537
Subtotal	*2,884*	*79,470*	*47,232*	*129,586*	*32,294*	*3,433*	*9,353*	*45,080*	*174,666*
TOTAL	**11,481**	**94,792**	**51,641**	**157,914**	**42,187**	**4,826**	**15,457**	**62,470**	**220,384**
Census 2000:				756,967				289,467	1,046,434
Percent:				21%				22%	21%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 70,026	10,641
Severe:	$ 153,180	3,617

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Texas Total Housing Unit Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	25	20	27	72	28	1	7	36	108
Major Damage	19	15	7	41	7	1	3	11	52
Severe/Destroyed	-	-	-	-	-	-	-	-	-
Subtotal	*44*	*35*	*34*	*113*	*35*	*2*	*10*	*47*	*160*
Homes outside 100 yr. fl plain									
Minor Damage	89	156	106	351	149	21	60	230	581
Major Damage	134	104	112	350	98	4	27	129	479
Severe/Destroyed	2	8	27	37	15	-	2	17	54
Subtotal	*225*	*268*	*245*	*738*	*262*	*25*	*89*	*376*	*1,114*
Homes with no flood damage (generally wind damage)									
Minor Damage	7,395	46,609	40,462	94,466	24,464	1,909	6,279	32,652	127,118
Major Damage	541	3,486	3,673	7,700	1,501	106	685	2,292	9,992
Severe/Destroyed	21	261	864	1,146	300	15	65	380	1,526
Subtotal	*7,957*	*50,356*	*44,999*	*103,312*	*26,265*	*2,030*	*7,029*	*35,324*	*138,636*
TOTAL	**8,226**	**50,659**	**45,278**	**104,163**	**26,562**	**2,057**	**7,128**	**35,747**	**139,910**
Census 2000:				4,716,959				2,676,395	7,393,354
Percent:				2%				1%	2%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 47,346	890
Severe:	$ 60,862	137

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

COUNTY DAMAGE

Katrina, Rita, Wilma Damage* by County

		Census 2000 Occupied Units	Minor Damage	Major Damage	Severe Damage	Total Damage	Total Major/Severe Damage	Pct Occupied Units with Damage	Pct. Occupied Units with Major/ Severe Damage
	ALABAMA								
AL	Baldwin County, AL	55,336	3,467	245	39	3,751	284	6.8%	0.5%
AL	Choctaw County, AL	6,363	1,316	15	4	1,335	19	21.0%	0.3%
AL	Clarke County, AL	10,578	1,376	57	6	1,439	63	13.6%	0.6%
AL	Greene County, AL	3,931	674	6	2	682	8	17.3%	0.2%
AL	Hale County, AL	6,415	503	4	1	508	5	7.9%	0.1%
AL	Marengo County, AL	8,767	646	7	2	655	9	7.5%	0.1%
AL	Mobile County, AL	150,179	41,692	2,814	363	44,869	3,177	29.9%	2.1%
AL	Pickens County, AL	8,086	703	10	3	716	13	8.9%	0.2%
AL	Sumter County, AL	5,708	1,170	14	3	1,187	17	20.8%	0.3%
AL	Tuscaloosa County, AL	64,517	348	7	6	361	13	0.6%	0.0%
AL	Washington County, AL	6,705	1,757	55	20	1,832	75	27.3%	1.1%
AL	Wilcox County, AL	4,776	28	2	0	30	2	0.6%	0.0%
	FLORIDA								
FL	Brevard County, FL	198,195	900	134	12	1,046	146	0.5%	0.1%
FL	Broward County, FL	654,445	90,594	7,781	441	98,816	8,222	15.1%	1.3%
FL	Collier County, FL	102,973	6,405	423	41	6,869	464	6.7%	0.5%
FL	Glades County, FL	3,852	699	70	17	786	87	20.4%	2.3%
FL	Hendry County, FL	10,850	2,620	396	214	3,230	610	29.8%	5.6%
FL	Highlands County, FL	37,471	25	2	0	27	2	0.1%	0.0%
FL	Indian River County, FL	49,137	405	42	3	450	45	0.9%	0.1%
FL	Lee County, FL	188,599	3,241	132	17	3,390	149	1.8%	0.1%
FL	Martin County, FL	55,288	2,329	142	27	2,498	169	4.5%	0.3%
FL	Miami-Dade County, FL	776,774	76,427	4,552	132	81,111	4,684	10.4%	0.6%
FL	Monroe County, FL	35,086	3,828	3,900	80	7,808	3,980	22.3%	11.3%
FL	Okeechobee County, FL	12,593	1,056	97	16	1,169	113	9.3%	0.9%
FL	Palm Beach County, FL	474,175	48,194	3,884	428	52,506	4,312	11.1%	0.9%
FL	St. Lucie County, FL	76,933	4,679	204	14	4,897	218	6.4%	0.3%
	LOUISIANA								
LA	Acadia Parish, LA	21,142	4,814	477	27	5,318	504	25.2%	2.4%
LA	Allen Parish, LA	8,102	3,442	178	20	3,640	198	44.9%	2.4%
LA	Ascension Parish, LA	26,691	4,085	114	24	4,223	138	15.8%	0.5%

		Census 2000 Occupied Units	Minor Damage	Major Damage	Severe Damage	Total Damage	Total Major/Severe Damage	Pct Occupied Units with Damage	Pct. Occupied Units with Major/ Severe Damage
LA	Assumption Parish, LA	8,239	1,892	147	6	2,045	153	24.8%	1.9%
LA	Beauregard Parish, LA	12,104	5,663	453	60	6,176	513	51.0%	4.2%
LA	Calcasieu Parish, LA	68,613	37,786	5,764	620	44,170	6,384	64.4%	9.3%
LA	Cameron Parish, LA	3,592	662	914	1,665	3,241	2,579	90.2%	71.8%
LA	East Baton Rouge Parish, LA	156,365	16,915	226	12	17,153	238	11.0%	0.2%
LA	East Feliciana Parish, LA	6,699	1,111	39	2	1,152	41	17.2%	0.6%
LA	Evangeline Parish, LA	12,736	1,623	41	6	1,670	47	13.1%	0.4%
LA	Iberia Parish, LA	25,381	5,269	1,146	120	6,535	1,266	25.7%	5.0%
LA	Iberville Parish, LA	10,674	2,163	60	16	2,239	76	21.0%	0.7%
LA	Jefferson Parish, LA	176,234	59,552	29,643	4,677	93,872	34,320	53.3%	19.5%
LA	Jefferson Davis Parish, LA	11,480	5,314	419	46	5,779	465	50.3%	4.1%
LA	Lafayette Parish, LA	72,372	4,543	102	17	4,662	119	6.4%	0.2%
LA	Lafourche Parish, LA	32,057	8,782	486	68	9,336	554	29.1%	1.7%
LA	Livingston Parish, LA	32,630	6,789	318	46	7,153	364	21.9%	1.1%
LA	Orleans Parish, LA	188,251	29,241	26,405	78,918	134,564	105,323	71.5%	55.9%
LA	Plaquemines Parish, LA	9,021	2,033	1,190	3,994	7,217	5,184	80.0%	57.5%
LA	Pointe Coupee Parish, LA	8,397	919	17	2	938	19	11.2%	0.2%
LA	Rapides Parish, LA	47,120	56	0	0	56	0	0.1%	0.0%
LA	Sabine Parish, LA	9,221	1,459	39	10	1,508	49	16.4%	0.5%
LA	St. Bernard Parish, LA	25,123	561	5,938	13,748	20,247	19,686	80.6%	78.4%
LA	St. Charles Parish, LA	16,422	7,736	350	51	8,137	401	49.5%	2.4%
LA	St. Helena Parish, LA	3,873	1,681	63	13	1,757	76	45.4%	2.0%
LA	St. James Parish, LA	6,992	2,379	74	11	2,464	85	35.2%	1.2%
LA	St. John the Baptist Parish, LA	14,283	6,332	237	40	6,609	277	46.3%	1.9%
LA	St. Landry Parish, LA	32,328	4,973	97	8	5,078	105	15.7%	0.3%
LA	St. Martin Parish, LA	17,164	2,452	91	8	2,551	99	14.9%	0.6%
LA	St. Mary Parish, LA	19,317	4,320	286	31	4,637	317	24.0%	1.6%
LA	St. Tammany Parish, LA	69,253	31,182	15,948	1,682	48,812	17,630	70.5%	25.5%
LA	Tangipahoa Parish, LA	36,558	15,397	715	130	16,242	845	44.4%	2.3%
LA	Terrebonne Parish, LA	35,997	8,981	2,317	94	11,392	2,411	31.6%	6.7%
LA	Vermilion Parish, LA	19,832	5,124	2,372	207	7,703	2,579	38.8%	13.0%
LA	Vernon Parish, LA	18,260	4,202	219	18	4,439	237	24.3%	1.3%
LA	Washington Parish, LA	16,467	9,767	1,230	150	11,147	1,380	67.7%	8.4%
LA	West Baton Rouge Parish, LA	7,663	1,064	13	2	1,079	15	14.1%	0.2%
LA	West Feliciana Parish, LA	3,645	305	5	0	310	5	8.5%	0.1%
	TOTAL		**310,569**	**98,133**	**106,549**	**515,251**	**204,682**		

		Census 2000 Occupied Units	Minor Damage	Major Damage	Severe Damage	Total Damage	Total Major/Severe Damage	Pct Occupied Units with Damage	Pct. Occupied Units with Major/ Severe Damage
	MISSISSIPPI								
MS	Adams County, MS	13,677	1,575	34	4	1,613	38	11.8%	0.3%
MS	Amite County, MS	5,271	1,277	9	5	1,291	14	24.5%	0.3%
MS	Attala County, MS	7,567	348	3	3	354	6	4.7%	0.1%
MS	Choctaw County, MS	3,686	126	7	0	133	7	3.6%	0.2%
MS	Claiborne County, MS	3,685	709	13	8	730	21	19.8%	0.6%
MS	Clarke County, MS	6,978	1,974	95	22	2,091	117	30.0%	1.7%
MS	Copiah County, MS	10,142	2,309	53	10	2,372	63	23.4%	0.6%
MS	Covington County, MS	7,126	3,169	148	40	3,357	188	47.1%	2.6%
MS	Forrest County, MS	27,183	10,503	997	131	11,631	1,128	42.8%	4.1%
MS	Franklin County, MS	3,211	333	3	3	339	6	10.6%	0.2%
MS	George County, MS	6,742	3,433	365	76	3,874	441	57.5%	6.5%
MS	Greene County, MS	4,148	1,383	128	15	1,526	143	36.8%	3.4%
MS	Hancock County, MS	16,897	3,406	7,185	4,611	15,202	11,796	90.0%	69.8%
MS	Harrison County, MS	71,538	24,204	16,829	7,618	48,651	24,447	68.0%	34.2%
MS	Hinds County, MS	91,030	9,434	228	22	9,684	250	10.6%	0.3%
MS	Holmes County, MS	7,314	949	22	2	973	24	13.3%	0.3%
MS	Humphreys County, MS	3,765	240	7	1	248	8	6.6%	0.2%
MS	Jackson County, MS	47,676	14,212	14,259	2,043	30,514	16,302	64.0%	34.2%
MS	Jasper County, MS	6,708	2,509	256	40	2,805	296	41.8%	4.4%
MS	Jefferson County, MS	3,308	898	27	8	933	35	28.2%	1.1%
MS	Jefferson Davis County, MS	5,177	1,781	63	11	1,855	74	35.8%	1.4%
MS	Jones County, MS	24,275	9,135	824	168	10,127	992	41.7%	4.1%
MS	Kemper County, MS	3,909	607	22	3	632	25	16.2%	0.6%
MS	Lamar County, MS	14,396	6,625	674	70	7,369	744	51.2%	5.2%
MS	Lauderdale County, MS	29,990	4,818	226	45	5,089	271	17.0%	0.9%
MS	Lawrence County, MS	5,040	1,790	97	19	1,906	116	37.8%	2.3%
MS	Leake County, MS	7,611	641	5	4	650	9	8.5%	0.1%
MS	Lincoln County, MS	12,538	2,626	96	16	2,738	112	21.8%	0.9%
MS	Lowndes County, MS	22,849	1,049	11	1	1,061	12	4.6%	0.1%
MS	Madison County, MS	27,219	1,537	16	2	1,555	18	5.7%	0.1%
MS	Marion County, MS	9,336	4,716	266	54	5,036	320	53.9%	3.4%
MS	Neshoba County, MS	10,694	581	22	3	606	25	5.7%	0.2%
MS	Newton County, MS	8,221	1,442	65	10	1,517	75	18.5%	0.9%
MS	Noxubee County, MS	4,470	1,120	19	3	1,142	22	25.5%	0.5%

		Census 2000 Occupied Units	Minor Damage	Major Damage	Severe Damage	Total Damage	Total Major/Severe Damage	Pct Occupied Units with Damage	Pct. Occupied Units with Major/ Severe Damage
MS	Oktibbeha County, MS	15,945	649	14	11	674	25	4.2%	0.2%
MS	Pearl River County, MS	18,078	9,857	1,272	218	11,347	1,490	62.8%	8.2%
MS	Perry County, MS	4,420	1,997	134	36	2,167	170	49.0%	3.8%
MS	Pike County, MS	14,792	5,538	112	36	5,686	148	38.4%	1.0%
MS	Rankin County, MS	42,089	2,276	90	21	2,387	111	5.7%	0.3%
MS	Scott County, MS	10,183	1,302	43	11	1,356	54	13.3%	0.5%
MS	Simpson County, MS	10,076	2,446	92	18	2,556	110	25.4%	1.1%
MS	Smith County, MS	6,046	854	35	9	898	44	14.9%	0.7%
MS	Stone County, MS	4,747	2,681	432	101	3,214	533	67.7%	11.2%
MS	Walthall County, MS	5,571	2,924	241	41	3,206	282	57.5%	5.1%
MS	Warren County, MS	18,756	1,447	38	7	1,492	45	8.0%	0.2%
MS	Wayne County, MS	7,857	3,011	181	27	3,219	208	41.0%	2.6%
MS	Wilkinson County, MS	3,578	991	11	2	1,004	13	28.1%	0.4%
MS	Winston County, MS	7,578	575	14	1	590	15	7.8%	0.2%
MS	Yazoo County, MS	9,178	1,033	13	5	1,051	18	11.5%	0.2%
	TEXAS								
TX	Angelina County, TX	28,685	3,174	154	30	3,358	184	11.7%	0.6%
TX	Brazoria County, TX	81,954	1,004	13	5	1,022	18	1.2%	0.0%
TX	Chambers County, TX	9,139	2,821	103	28	2,952	131	32.3%	1.4%
TX	Fort Bend County, TX	110,915	428	3	1	432	4	0.4%	0.0%
TX	Galveston County, TX	94,782	7,324	203	16	7,543	219	8.0%	0.2%
TX	Hardin County, TX	17,805	9,123	1,071	179	10,373	1,250	58.3%	7.0%
TX	Harris County, TX	1,205,516	11,591	113	29	11,733	142	1.0%	0.0%
TX	Houston County, TX	8,259	16	1	1	18	2	0.2%	0.0%
TX	Jasper County, TX	13,450	6,873	721	176	7,770	897	57.8%	6.7%
TX	Jefferson County, TX	92,880	41,255	4,227	321	45,803	4,548	49.3%	4.9%
TX	Liberty County, TX	23,242	7,572	363	56	7,991	419	34.4%	1.8%
TX	Montgomery County, TX	103,296	2,927	130	12	3,069	142	3.0%	0.1%
TX	Nacogdoches County, TX	22,006	1,686	45	9	1,740	54	7.9%	0.2%
TX	Newton County, TX	5,583	2,396	306	61	2,763	367	49.5%	6.6%
TX	Orange County, TX	31,642	15,749	2,038	462	18,249	2,500	57.7%	7.9%
TX	Polk County, TX	15,119	3,674	261	22	3,957	283	26.2%	1.9%
TX	Sabine County, TX	4,485	1,336	52	11	1,399	63	31.2%	1.4%
TX	San Augustine County, TX	3,575	856	14	7	877	21	24.5%	0.6%
TX	San Jacinto County, TX	8,651	2,289	110	25	2,424	135	28.0%	1.6%

		Census 2000 Occupied Units	Minor Damage	Major Damage	Severe Damage	Total Damage	Total Major/Severe Damage	Pct Occupied Units with Damage	Pct. Occupied Units with Major/ Severe Damage
TX	Shelby County, TX	9,595	791	14	4	809	18	8.4%	0.2%
TX	Trinity County, TX	5,723	773	19	4	796	23	13.9%	0.4%
TX	Tyler County, TX	7,775	3,481	547	113	4,141	660	53.3%	8.5%
TX	Walker County, TX	18,303	688	18	10	716	28	3.9%	0.2%

* See Methodology

Housing Unit Damage Estimates as of February 12, 2006*

Calcasieu Parish, LA Housing Unit Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	44	24	24	92	23	4	12	39	131
Major Damage	141	64	31	236	43	3	14	60	296
Severe/Destroyed	12	2	11	25	5	-	1	6	31
Subtotal	*197*	*90*	*66*	*353*	*71*	*7*	*27*	*105*	*458*
Homes outside 100 yr. fl plain									
Minor Damage	18	49	12	79	31	4	21	56	135
Major Damage	51	55	16	122	20	3	8	31	153
Severe/Destroyed	2	1	2	5	-	-	2	2	7
Subtotal	*71*	*105*	*30*	*206*	*51*	*7*	*31*	*89*	*295*
Homes with no flood damage (generally wind damage)									
Minor Damage	2,227	17,475	5,566	25,268	8,230	879	3,122	12,231	37,499
Major Damage	333	2,343	957	3,633	850	122	707	1,679	5,312
Severe/Destroyed	22	115	270	407	100	12	63	175	582
Subtotal	*2,582*	*19,933*	*6,793*	*29,308*	*9,180*	*1,013*	*3,892*	*14,085*	*43,393*
TOTAL	**2,850**	**20,128**	**6,889**	**29,867**	**9,302**	**1,027**	**3,950**	**14,279**	**44,146**
Census 2000:				49,106				19,507	68,613
Percent:				61%				73%	64%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 77,864	354
Severe:	$ 67,287	63

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*

Cameron Parish, LA Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	39	28	26	93	22	-	-	22	115
Major Damage	133	149	159	441	106	7	2	115	556
Severe/Destroyed	281	287	475	1,043	252	15	41	308	1,351
Subtotal	*453*	*464*	*660*	*1,577*	*380*	*22*	*43*	*445*	*2,022*
Homes outside 100 yr. fl plain									
Minor Damage	2	5	4	11	2	-	-	2	13
Major Damage	4	14	4	22	6	-	-	6	28
Severe/Destroyed	1	1	2	4	3	-	-	3	7
Subtotal	*7*	*20*	*10*	*37*	*11*	-	-	*11*	*48*
Homes with no flood damage (generally wind damage)									
Minor Damage	85	240	101	426	97	4	7	108	534
Major Damage	57	148	72	277	41	4	6	51	328
Severe/Destroyed	64	69	105	238	53	4	11	68	306
Subtotal	*206*	*457*	*278*	*941*	*191*	*12*	*24*	*227*	*1,168*
TOTAL	**666**	**941**	**948**	**2,555**	**582**	**34**	**67**	**683**	**3,238**
Census 2000:				3,056				536	3,592
Percent:				84%				127%	90%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 93,730	185
Severe:	$ 146,894	301

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Jefferson Parish, LA Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	2,728	504	250	3,482	1,157	932	952	3,041	6,523
Major Damage	10,636	1,345	706	12,687	2,325	1,384	1,643	5,352	18,039
Severe/Destroyed	1,873	256	162	2,291	590	262	420	1,272	3,563
Subtotal	*15,237*	*2,105*	*1,118*	*18,460*	*4,072*	*2,578*	*3,015*	*9,665*	*28,125*
Homes outside 100 yr. fl plain									
Minor Damage	393	265	83	741	316	129	92	537	1,278
Major Damage	369	154	84	607	227	87	93	407	1,014
Severe/Destroyed	111	67	20	198	75	28	19	122	320
Subtotal	*873*	*486*	*187*	*1,546*	*618*	*244*	*204*	*1,066*	*2,612*
Homes with no flood damage (generally wind damage)									
Minor Damage	17,866	10,276	3,963	32,105	9,296	4,122	6,178	19,596	51,701
Major Damage	2,261	1,314	731	4,306	1,613	1,331	3,332	6,276	10,582
Severe/Destroyed	75	67	108	250	153	95	295	543	793
Subtotal	*20,202*	*11,657*	*4,802*	*36,661*	*11,062*	*5,548*	*9,805*	*26,415*	*63,076*
TOTAL	**36,312**	**14,248**	**6,107**	**56,667**	**15,752**	**8,370**	**13,024**	**37,146**	**93,813**
Census 2000:				112,549				63,685	176,234
Percent:				50%				58%	53%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 66,237	3,966
Severe:	$ 72,267	799

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Orleans Parish, LA Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	713	354	209	1,276	2,107	340	1,028	3,475	4,751
Major Damage	3,505	981	851	5,337	5,994	842	2,915	9,751	15,088
Severe/Destroyed	26,861	5,258	5,086	37,205	20,971	3,115	4,759	28,845	66,050
Subtotal	*31,079*	*6,593*	*6,146*	*43,818*	*29,072*	*4,297*	*8,702*	*42,071*	*85,889*
Homes outside 100 yr. fl plain									
Minor Damage	279	439	197	915	1,162	175	387	1,724	2,639
Major Damage	984	929	549	2,462	2,752	331	1,040	4,123	6,585
Severe/Destroyed	2,816	2,273	1,624	6,713	4,281	491	781	5,553	12,266
Subtotal	*4,079*	*3,641*	*2,370*	*10,090*	*8,195*	*997*	*2,208*	*11,400*	*21,490*
Homes with no flood damage (generally wind damage)									
Minor Damage	4,828	4,579	1,537	10,944	7,119	1,185	2,551	10,855	21,799
Major Damage	634	642	359	1,635	1,471	276	1,290	3,037	4,672
Severe/Destroyed	35	46	41	122	158	44	170	372	494
Subtotal	*5,497*	*5,267*	*1,937*	*12,701*	*8,748*	*1,505*	*4,011*	*14,264*	*26,965*
TOTAL	**40,655**	**15,501**	**10,453**	**66,609**	**46,015**	**6,799**	**14,921**	**67,735**	**134,344**
Census 2000:				87,589				100,662	188,251
Percent:				76%				67%	71%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 80,884	2,280
Severe:	$ 107,815	13,630

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Plaquemines Parish, LA Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	34	11	42	87	39	3	1	43	130
Major Damage	124	50	140	314	131	12	8	151	465
Severe/Destroyed	691	229	893	1,813	560	16	5	581	2,394
Subtotal	*849*	*290*	*1,075*	*2,214*	*730*	*31*	*14*	*775*	*2,989*
Homes outside 100 yr. fl plain									
Minor Damage	33	29	29	91	53	8	1	62	153
Major Damage	91	39	76	206	72	6	-	78	284
Severe/Destroyed	165	114	430	709	312	5	-	317	1,026
Subtotal	*289*	*182*	*535*	*1,006*	*437*	*19*	*1*	*457*	*1,463*
Homes with no flood damage (generally wind damage)									
Minor Damage	594	389	212	1,195	414	106	35	555	1,750
Major Damage	90	91	117	298	114	19	8	141	439
Severe/Destroyed	79	59	244	382	186	3	-	189	571
Subtotal	*763*	*539*	*573*	*1,875*	*714*	*128*	*43*	*885*	*2,760*
TOTAL	**1,901**	**1,011**	**2,183**	**5,095**	**1,881**	**178**	**58**	**2,117**	**7,212**
Census 2000:				7,117				1,904	9,021
Percent:				72%				111%	80%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 77,653	181
Severe:	$ 101,996	576

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
St. Bernard Parish, LA Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	27	11	18	56	26	14	19	59	115
Major Damage	845	68	84	997	311	121	88	520	1,517
Severe/Destroyed	3,456	352	303	4,111	954	330	215	1,499	5,610
Subtotal	*4,328*	*431*	*405*	*5,164*	*1,291*	*465*	*322*	*2,078*	*7,242*
Homes outside 100 yr. fl plain									
Minor Damage	54	100	76	230	121	29	19	169	399
Major Damage	1,442	951	516	2,909	1,062	236	129	1,427	4,336
Severe/Destroyed	3,218	1,569	879	5,666	1,829	369	221	2,419	8,085
Subtotal	*4,714*	*2,620*	*1,471*	*8,805*	*3,012*	*634*	*369*	*4,015*	*12,820*
Homes with no flood damage (generally wind damage)									
Minor Damage	3	4	8	15	17	8	3	28	43
Major Damage	13	7	12	32	24	14	8	46	78
Severe/Destroyed	7	5	9	21	16	5	4	25	46
Subtotal	*23*	*16*	*29*	*68*	*57*	*27*	*15*	*99*	*167*
TOTAL	**9,065**	**3,067**	**1,905**	**14,037**	**4,360**	**1,126**	**706**	**6,192**	**20,229**
Census 2000:				18,753				6,370	25,123
Percent:				75%				97%	81%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 130,052	1,475
Severe:	$ 147,193	4,044

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
St.Tammany Parish, LA Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	526	195	79	800	260	41	170	471	1,271
Major Damage	5,060	1,266	679	7,005	1,459	166	775	2,400	9,405
Severe/Destroyed	461	195	176	832	161	46	93	300	1,132
Subtotal	*6,047*	*1,656*	*934*	*8,637*	*1,880*	*253*	*1,038*	*3,171*	*11,808*
Homes outside 100 yr. fl plain									
Minor Damage	264	242	90	596	147	7	16	170	766
Major Damage	1,254	927	163	2,344	400	28	7	435	2,779
Severe/Destroyed	32	32	14	78	21	2	-	23	101
Subtotal	*1,550*	*1,201*	*267*	*3,018*	*568*	*37*	*23*	*628*	*3,646*
Homes with no flood damage (generally wind damage)									
Minor Damage	7,020	14,057	3,395	24,472	3,818	180	665	4,663	29,135
Major Damage	880	1,626	614	3,120	488	31	116	635	3,755
Severe/Destroyed	66	91	153	310	84	19	35	138	448
Subtotal	*7,966*	*15,774*	*4,162*	*27,902*	*4,390*	*230*	*816*	*5,436*	*33,338*
TOTAL	**15,563**	**18,631**	**5,363**	**39,557**	**6,838**	**520**	**1,877**	**9,235**	**48,792**
Census 2000:				55,719				13,534	69,253
Percent:				71%				68%	70%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 85,326	2,511
Severe:	$ 106,203	295

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Vermilion Parish, LA Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	245	284	130	659	136	6	30	172	831
Major Damage	651	659	334	1,644	355	10	25	390	2,034
Severe/Destroyed	34	46	59	139	20	1	-	21	160
Subtotal	*930*	*989*	*523*	*2,442*	*511*	*17*	*55*	*583*	*3,025*
Homes outside 100 yr. fl plain									
Minor Damage	11	47	25	83	25	-	-	25	108
Major Damage	19	23	30	72	22	1	-	23	95
Severe/Destroyed	2	5	12	19	2	-	-	2	21
Subtotal	*32*	*75*	*67*	*174*	*49*	*1*	-	*50*	*224*
Homes with no flood damage (generally wind damage)									
Minor Damage	272	1,554	1,162	2,988	1,055	65	77	1,197	4,185
Major Damage	25	92	95	212	24	3	1	28	240
Severe/Destroyed	-	8	14	22	4	-	-	4	26
Subtotal	*297*	*1,654*	*1,271*	*3,222*	*1,083*	*68*	*78*	*1,229*	*4,451*
TOTAL	**1,259**	**2,718**	**1,861**	**5,838**	**1,643**	**86**	**133**	**1,862**	**7,700**
Census 2000:				15,283				4,549	19,832
Percent:				38%				41%	39%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 52,887	207
Severe:	$ 72,159	37

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Hancock County, MS Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	8	17	11	36	24	1	2	27	63
Major Damage	671	455	304	1,430	590	28	19	637	2,067
Severe/Destroyed	971	396	418	1,785	501	59	1	561	2,346
Subtotal	*1,650*	*868*	*733*	*3,251*	*1,115*	*88*	*22*	*1,225*	*4,476*
Homes outside 100 yr. fl plain									
Minor Damage	18	102	28	148	89	6	35	130	278
Major Damage	394	1,824	489	2,707	884	126	421	1,431	4,138
Severe/Destroyed	347	505	293	1,145	418	45	68	531	1,676
Subtotal	*759*	*2,431*	*810*	*4,000*	*1,391*	*177*	*524*	*2,092*	*6,092*
Homes with no flood damage (generally wind damage)									
Minor Damage	68	1,880	612	2,560	429	12	64	505	3,065
Major Damage	30	476	240	746	161	14	55	230	976
Severe/Destroyed	161	145	154	460	101	13	9	123	583
Subtotal	*259*	*2,501*	*1,006*	*3,766*	*691*	*39*	*128*	*858*	*4,624*
TOTAL	**2,668**	**5,800**	**2,549**	**11,017**	**3,197**	**304**	**674**	**4,175**	**15,192**
Census 2000:				13,447				3,450	16,897
Percent:				82%				121%	90%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 93,066	1,551
Severe:	$ 145,188	1,135

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Harrison County, MS Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	41	23	17	81	60	13	96	169	250
Major Damage	914	531	215	1,660	554	74	715	1,343	3,003
Severe/Destroyed	962	393	234	1,589	685	67	813	1,565	3,154
Subtotal	*1,917*	*947*	*466*	*3,330*	*1,299*	*154*	*1,624*	*3,077*	*6,407*
Homes outside 100 yr. fl plain									
Minor Damage	31	289	55	375	269	84	258	611	986
Major Damage	706	2,608	550	3,864	1,883	461	1,229	3,573	7,437
Severe/Destroyed	522	738	234	1,494	852	168	609	1,629	3,123
Subtotal	*1,259*	*3,635*	*839*	*5,733*	*3,004*	*713*	*2,096*	*5,813*	*11,546*
Homes with no flood damage (generally wind damage)									
Minor Damage	573	10,710	2,907	14,190	4,714	629	3,418	8,761	22,951
Major Damage	167	2,623	1,014	3,804	1,142	179	1,250	2,571	6,375
Severe/Destroyed	147	211	263	621	364	48	305	717	1,338
Subtotal	*887*	*13,544*	*4,184*	*18,615*	*6,220*	*856*	*4,973*	*12,049*	*30,664*
TOTAL	**4,063**	**18,126**	**5,489**	**27,678**	**10,523**	**1,723**	**8,693**	**20,939**	**48,617**
Census 2000:				44,826				26,712	71,538
Percent:				62%				78%	68%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 77,296	3,256
Severe:	$ 157,255	1,521

Housing Unit Damage Estimates as of February 12, 2006*
Jackson County, MS Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	34	86	23	143	57	16	36	109	252
Major Damage	866	839	309	2,014	510	37	205	752	2,766
Severe/Destroyed	560	189	119	868	192	15	90	297	1,165
Subtotal	*1,460*	*1,114*	*451*	*3,025*	*759*	*68*	*331*	*1,158*	*4,183*
Homes outside 100 yr. fl plain									
Minor Damage	80	796	154	1,030	533	58	488	1,079	2,109
Major Damage	1,210	5,060	699	6,969	1,446	104	944	2,494	9,463
Severe/Destroyed	221	191	60	472	88	8	24	120	592
Subtotal	*1,511*	*6,047*	*913*	*8,471*	*2,067*	*170*	*1,456*	*3,693*	*12,164*
Homes with no flood damage (generally wind damage)									
Minor Damage	247	6,152	2,083	8,482	2,251	147	962	3,360	11,842
Major Damage	49	1,023	425	1,497	311	27	189	527	2,024
Severe/Destroyed	68	46	60	174	64	8	40	112	286
Subtotal	*364*	*7,221*	*2,568*	*10,153*	*2,626*	*182*	*1,191*	*3,999*	*14,152*
TOTAL	**3,335**	**14,382**	**3,932**	**21,649**	**5,452**	**420**	**2,978**	**8,850**	**30,499**
Census 2000:				35,550				12,126	47,676
Percent:				61%				73%	64%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 63,901	5,112
Severe:	$ 176,593	820

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

ORLEANS PARISH
PLANNING DISTRICTS

Housing Unit Damage Estimates as of February 12, 2006*
French Quarter Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	1	1	-	2	4	2	-	6	8
Major Damage	2	-	-	2	1	2	1	4	6
Severe/Destroyed	-	-	-	-	-	-	-	-	-
Subtotal	*3*	*1*	-	*4*	*5*	*4*	*1*	*10*	*14*
Homes outside 100 yr. fl plain									
Minor Damage	2	1	2	5	10	2	3	15	20
Major Damage	1	-	-	1	6	2	2	10	11
Severe/Destroyed	-	-	2	2	4	-	-	4	6
Subtotal	*3*	*1*	*4*	*8*	*20*	*4*	*5*	*29*	*37*
Homes with no flood damage (generally wind damage)									
Minor Damage	82	108	35	225	229	117	44	390	615
Major Damage	5	9	4	18	17	6	6	29	47
Severe/Destroyed	-	-	-	-	3	-	-	3	3
Subtotal	*87*	*117*	*39*	*243*	*249*	*123*	*50*	*422*	*665*
TOTAL	**93**	**119**	**43**	**255**	**274**	**131**	**56**	**461**	**716**
Census 2000:				572				1,644	2,216
Percent:				45%				28%	32%

* See Methodology for explanation of how these damage estimates were calculated

Housing Unit Damage Estimates as of February 12, 2006*
Garden District Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	52	31	13	96	254	53	65	372	468
Major Damage	90	44	57	191	514	95	119	728	919
Severe/Destroyed	359	143	188	690	1,193	158	165	1,516	2,206
Subtotal	*501*	*218*	*258*	*977*	*1,961*	*306*	*349*	*2,616*	*3,593*
Homes outside 100 yr. fl plain									
Minor Damage	26	58	37	121	248	71	156	475	596
Major Damage	53	54	45	152	332	72	145	549	701
Severe/Destroyed	25	10	9	44	74	10	6	90	134
Subtotal	*104*	*122*	*91*	*317*	*654*	*153*	*307*	*1,114*	*1,431*
Homes with no flood damage (generally wind damage)									
Minor Damage	600	648	281	1,529	1,645	392	475	2,512	4,041
Major Damage	87	94	64	245	246	55	122	423	668
Severe/Destroyed	3	5	2	10	43	9	22	74	84
Subtotal	*690*	*747*	*347*	*1,784*	*1,934*	*456*	*619*	*3,009*	*4,793*
TOTAL	**1,295**	**1,087**	**696**	**3,078**	**4,549**	**915**	**1,275**	**6,739**	**9,817**
Census 2000:				5,307				14,288	19,595
Percent:				58%				47%	50%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 64,678	123
Severe:	$ 79,169	164

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Uptown Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	174	81	41	296	382	47	27	456	752
Major Damage	642	208	156	1,006	990	102	42	1,134	2,140
Severe/Destroyed	2,699	625	660	3,984	2,900	295	84	3,279	7,263
Subtotal	*3,515*	*914*	*857*	*5,286*	*4,272*	*444*	*153*	*4,869*	*10,155*
Homes outside 100 yr. fl plain									
Minor Damage	108	112	38	258	263	27	2	292	550
Major Damage	212	118	78	408	310	38	7	355	763
Severe/Destroyed	149	74	31	254	136	11	1	148	402
Subtotal	*469*	*304*	*147*	*920*	*709*	*76*	*10*	*795*	*1,715*
Homes with no flood damage (generally wind damage)									
Minor Damage	1,024	929	231	2,184	1,450	211	101	1,762	3,946
Major Damage	106	125	44	275	180	26	12	218	493
Severe/Destroyed	1	5	5	11	20	1	2	23	34
Subtotal	*1,131*	*1,059*	*280*	*2,470*	*1,650*	*238*	*115*	*2,003*	*4,473*
TOTAL	**5,115**	**2,277**	**1,284**	**8,676**	**6,631**	**758**	**278**	**7,667**	**16,343**
Census 2000:				12,574				14,300	26,874
Percent:				69%				54%	61%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 77,571	387
Severe:	$ 87,194	1,178

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Mid-City Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	92	83	61	236	762	120	231	1,113	1,349
Major Damage	456	232	283	971	2,155	301	437	2,893	3,864
Severe/Destroyed	2,448	854	1,146	4,448	8,002	1,330	730	10,062	14,510
Subtotal	*2,996*	*1,169*	*1,490*	*5,655*	*10,919*	*1,751*	*1,398*	*14,068*	*19,723*
Homes outside 100 yr. fl plain									
Minor Damage	34	60	27	121	157	28	46	231	352
Major Damage	147	136	73	356	417	50	72	539	895
Severe/Destroyed	143	100	105	348	330	167	191	688	1,036
Subtotal	*324*	*296*	*205*	*825*	*904*	*245*	*309*	*1,458*	*2,283*
Homes with no flood damage (generally wind damage)									
Minor Damage	70	70	43	183	394	42	23	459	642
Major Damage	19	29	17	65	106	12	10	128	193
Severe/Destroyed	1	3	-	4	12	5	1	18	22
Subtotal	*90*	*102*	*60*	*252*	*512*	*59*	*34*	*605*	*857*
TOTAL	**3,410**	**1,567**	**1,755**	**6,732**	**12,335**	**2,055**	**1,741**	**16,131**	**22,863**
Census 2000:				8,277				22,061	30,338
Percent:				81%				73%	75%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 63,677	293
Severe:	$ 68,872	1,193

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Lakeview Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	79	63	18	160	42	8	16	66	226
Major Damage	544	123	49	716	273	20	29	322	1,038
Severe/Destroyed	4,554	736	353	5,643	1,074	110	30	1,214	6,857
Subtotal	*5,177*	*922*	*420*	*6,519*	*1,389*	*138*	*75*	*1,602*	*8,121*
Homes outside 100 yr. fl plain									
Minor Damage	29	30	4	63	29	7	2	38	101
Major Damage	109	67	14	190	55	7	9	71	261
Severe/Destroyed	195	62	31	288	50	16	1	67	355
Subtotal	*333*	*159*	*49*	*541*	*134*	*30*	*12*	*176*	*717*
Homes with no flood damage (generally wind damage)									
Minor Damage	125	54	11	190	43	6	10	59	249
Major Damage	18	3	-	21	3	1	10	14	35
Severe/Destroyed	-	-	1	1	-	-	1	1	2
Subtotal	*143*	*57*	*12*	*212*	*46*	*7*	*21*	*74*	*286*
TOTAL	**5,653**	**1,138**	**481**	**7,272**	**1,569**	**175**	**108**	**1,852**	**9,124**
Census 2000:				7,245				3,733	10,978
Percent:				100%				50%	83%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 119,634	247
Severe:	$ 150,478	2,347

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Gentilly Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	75	17	8	100	89	11	21	121	221
Major Damage	470	81	43	594	286	44	70	400	994
Severe/Destroyed	5,465	1,013	722	7,200	1,696	338	117	2,151	9,351
Subtotal	*6,010*	*1,111*	*773*	*7,894*	*2,071*	*393*	*208*	*2,672*	*10,566*
Homes outside 100 yr. fl plain									
Minor Damage	24	73	15	112	95	6	18	119	231
Major Damage	132	152	53	337	195	24	104	323	660
Severe/Destroyed	584	541	265	1,390	514	43	57	614	2,004
Subtotal	*740*	*766*	*333*	*1,839*	*804*	*73*	*179*	*1,056*	*2,895*
Homes with no flood damage (generally wind damage)									
Minor Damage	108	39	9	156	36	-	-	36	192
Major Damage	18	9	4	31	6	-	-	6	37
Severe/Destroyed	1	-	-	1	-	-	-	-	1
Subtotal	*127*	*48*	*13*	*188*	*42*	-	-	*42*	*230*
TOTAL	**6,877**	**1,925**	**1,119**	**9,921**	**2,917**	**466**	**387**	**3,770**	**13,691**
Census 2000:				11,427				4,669	16,096
Percent:				87%				81%	85%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 102,591	319
Severe:	$ 122,291	3,193

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Bywater Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	78	47	41	166	302	23	9	334	500
Major Damage	286	99	142	527	871	54	32	957	1,484
Severe/Destroyed	1,093	346	579	2,018	2,118	154	179	2,451	4,469
Subtotal	*1,457*	*492*	*762*	*2,711*	*3,291*	*231*	*220*	*3,742*	*6,453*
Homes outside 100 yr. fl plain									
Minor Damage	17	25	26	68	129	9	28	166	234
Major Damage	95	128	98	321	460	33	92	585	906
Severe/Destroyed	289	315	275	879	903	69	42	1,014	1,893
Subtotal	*401*	*468*	*399*	*1,268*	*1,492*	*111*	*162*	*1,765*	*3,033*
Homes with no flood damage (generally wind damage)									
Minor Damage	309	270	118	697	756	70	89	915	1,612
Major Damage	29	33	40	102	184	13	62	259	361
Severe/Destroyed	1	2	3	6	23	1	10	34	40
Subtotal	*339*	*305*	*161*	*805*	*963*	*84*	*161*	*1,208*	*2,013*
TOTAL	**2,197**	**1,265**	**1,322**	**4,784**	**5,746**	**426**	**543**	**6,715**	**11,499**
Census 2000:				6,273				8,596	14,869
Percent:				76%				78%	77%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 76,413	209
Severe:	$ 100,542	741

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*

Lower 9th Ward Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	3	2	1	6	20	3	-	23	29
Major Damage	12	4	13	29	59	5	-	64	93
Severe/Destroyed	567	216	396	1,179	759	73	-	832	2,011
Subtotal	*582*	*222*	*410*	*1,214*	*838*	*81*	-	*919*	*2,133*
Homes outside 100 yr. fl plain									
Minor Damage	5	19	14	38	50	6	30	86	124
Major Damage	95	125	82	302	356	47	48	451	753
Severe/Destroyed	422	493	501	1,416	1,140	83	29	1,252	2,668
Subtotal	*522*	*637*	*597*	*1,756*	*1,546*	*136*	*107*	*1,789*	*3,545*
Homes with no flood damage (generally wind damage)									
Minor Damage	-	-	1	1	7	-	3	10	11
Major Damage	2	1	1	4	4	3	1	8	12
Severe/Destroyed	-	-	-	-	-	-	-	-	-
Subtotal	*2*	*1*	*2*	*5*	*11*	*3*	*4*	*18*	*23*
TOTAL	**1,106**	**860**	**1,009**	**2,975**	**2,395**	**220**	**111**	**2,726**	**5,701**
Census 2000:				3,423				2,715	6,138
Percent:				87%				100%	93%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 95,857	72
Severe:	$ 114,915	573

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
New Orleans East Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	107	15	14	136	153	65	617	835	971
Major Damage	893	160	87	1,140	713	191	2,019	2,923	4,063
Severe/Destroyed	8,579	1,055	886	10,520	2,869	642	3,411	6,922	17,442
Subtotal	*9,579*	*1,230*	*987*	*11,796*	*3,735*	*898*	*6,047*	*10,680*	*22,476*
Homes outside 100 yr. fl plain									
Minor Damage	5	22	12	39	76	4	58	138	177
Major Damage	90	98	74	262	329	21	311	661	923
Severe/Destroyed	736	490	244	1,470	536	34	184	754	2,224
Subtotal	*831*	*610*	*330*	*1,771*	*941*	*59*	*553*	*1,553*	*3,324*
Homes with no flood damage (generally wind damage)									
Minor Damage	31	7	9	47	28	9	107	144	191
Major Damage	2	2	2	6	15	6	71	92	98
Severe/Destroyed	1	-	-	1	-	-	25	25	26
Subtotal	*34*	*9*	*11*	*54*	*43*	*15*	*203*	*261*	*315*
TOTAL	**10,444**	**1,849**	**1,328**	**13,621**	**4,719**	**972**	**6,803**	**12,494**	**26,115**
Census 2000:				14,599				11,837	26,437
Percent:				93%				106%	99%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 90,104	393
Severe:	$ 97,089	3,662

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*

Village de L Est Area Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	8	3	4	15	12	-	7	19	34
Major Damage	38	19	7	64	44	-	6	50	114
Severe/Destroyed	795	148	105	1,048	290	3	6	299	1,347
Subtotal	*841*	*170*	*116*	*1,127*	*346*	*3*	*19*	*368*	*1,495*
Homes outside 100 yr. fl plain									
Minor Damage	8	15	9	32	34	1	22	57	89
Major Damage	28	28	16	72	86	1	238	325	397
Severe/Destroyed	237	168	132	537	403	4	257	664	1,201
Subtotal	*273*	*211*	*157*	*641*	*523*	*6*	*517*	*1,046*	*1,687*
Homes with no flood damage (generally wind damage)									
Minor Damage	2	-	4	6	20	3	86	109	115
Major Damage	-	-	3	3	12	1	170	183	186
Severe/Destroyed	-	-	4	4	-	-	7	7	11
Subtotal	*2*	-	*11*	*13*	*32*	*4*	*263*	*299*	*312*
TOTAL	**1,116**	**381**	**284**	**1,781**	**901**	**13**	**799**	**1,713**	**3,494**
Census 2000:				1,523				1,768	3,290
Percent:				117%				97%	106%

	SBA Median Verified Loss:	N
FEMA Damage Level:		
Major:	$ 89,289	31
Severe:	$ 83,510	375

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Venetian Isles Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	2	-	-	2	1	-	-	1	3
Major Damage	20	4	5	29	4	-	-	4	33
Severe/Destroyed	276	112	49	437	31	-	-	31	468
Subtotal	*298*	*116*	*54*	*468*	*36*	-	-	*36*	*504*
Homes outside 100 yr. fl plain									
Minor Damage	-	-	-	-	-	-	-	-	-
Major Damage	-	-	1	1	1	-	-	1	2
Severe/Destroyed	-	-	-	-	-	-	-	-	-
Subtotal	-	-	*1*	*1*	*1*	-	-	*1*	*2*
Homes with no flood damage (generally wind damage)									
Minor Damage	-	1	1	2	3	-	-	3	5
Major Damage	2	5	2	9	2	-	-	2	11
Severe/Destroyed	15	16	7	38	11	-	-	11	49
Subtotal	*17*	*22*	*10*	*49*	*16*	-	-	*16*	*65*
TOTAL	**315**	**138**	**65**	**518**	**53**	-	-	**53**	**571**
Census 2000:				592				430	1,022
Percent:				88%				12%	56%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 207,755	10
Severe:	$ 197,821	167

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Algiers Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	37	7	4	48	39	5	24	68	116
Major Damage	30	4	2	36	27	12	47	86	122
Severe/Destroyed	4	1	-	5	17	5	20	42	47
Subtotal	*71*	*12*	*6*	*89*	*83*	*22*	*91*	*196*	*285*
Homes outside 100 yr. fl plain									
Minor Damage	15	13	8	36	34	8	11	53	89
Major Damage	3	7	4	14	31	1	7	39	53
Severe/Destroyed	7	-	4	11	19	4	10	33	44
Subtotal	*25*	*20*	*16*	*61*	*84*	*13*	*28*	*125*	*186*
Homes with no flood damage (generally wind damage)									
Minor Damage	2,154	2,034	635	4,823	2,159	296	1,373	3,828	8,651
Major Damage	295	260	136	691	605	135	739	1,479	2,170
Severe/Destroyed	7	12	11	30	39	25	85	149	179
Subtotal	*2,456*	*2,306*	*782*	*5,544*	*2,803*	*456*	*2,197*	*5,456*	*11,000*
TOTAL	**2,552**	**2,338**	**804**	**5,694**	**2,970**	**491**	**2,316**	**5,777**	**11,471**
Census 2000:				8,798				8,680	17,478
Percent:				65%				67%	66%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 43,610	149
Severe:	$ 58,151	12

* See Methodology for explanation of how these damage estimates were calculated
** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*

New Aurora/English Turn Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	-	-	-	-	-	-	5	5	5
Major Damage	-	1	-	1	1	-	2	3	4
Severe/Destroyed	1	3	-	4	2	-	4	6	10
Subtotal	*1*	*4*	-	*5*	*3*	-	*11*	*14*	*19*
Homes outside 100 yr. fl plain									
Minor Damage	4	5	2	11	4	-	4	8	19
Major Damage	1	1	2	4	6	1	3	10	14
Severe/Destroyed	1	3	1	5	6	1	2	9	14
Subtotal	*6*	*9*	*5*	*20*	*16*	*2*	*9*	*27*	*47*
Homes with no flood damage (generally wind damage)									
Minor Damage	288	328	112	728	195	15	158	368	1,096
Major Damage	45	63	38	146	47	2	41	90	236
Severe/Destroyed	2	2	5	9	2	-	15	17	26
Subtotal	*335*	*393*	*155*	*883*	*244*	*17*	*214*	*475*	*1,358*
TOTAL	**342**	**406**	**160**	**908**	**263**	**19**	**234**	**516**	**1,424**
Census 2000:				850				300	1,150
Percent:				107%				172%	124%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 35,289	22
Severe:		

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Housing Unit Damage Estimates as of February 12, 2006*
Warehouse District / CBD Planning District Total Housing Damage

	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	-	2	3	5	43	3	3	49	54
Major Damage	4	-	1	5	47	2	2	51	56
Severe/Destroyed	1	1	-	2	13	-	6	19	21
Subtotal	*5*	*3*	*4*	*12*	*103*	*5*	*11*	*119*	*131*
Homes outside 100 yr. fl plain									
Minor Damage	2	1	2	5	5	-	7	12	17
Major Damage	1	-	-	1	5	-	2	7	8
Severe/Destroyed	1	-	-	1	2	-	1	3	4
Subtotal	*4*	*1*	*2*	*7*	*12*	-	*10*	*22*	*29*
Homes with no flood damage (generally wind damage)									
Minor Damage	22	76	41	139	34	9	75	118	257
Major Damage	-	3	-	3	3	2	32	37	40
Severe/Destroyed	-	1	-	1	1	1	1	3	4
Subtotal	*22*	*80*	*41*	*143*	*38*	*12*	*108*	*158*	*301*
TOTAL	**31**	**84**	**47**	**162**	**153**	**17**	**129**	**299**	**461**
Census 2000:				132				831	963
Percent:				123%				36%	48%

* See Methodology for explanation of how these damage estimates were calculated

9/11/2007

GoZone Credit Authority | Low Income Housing Tax Credit
Direct 6 Counties (George, Hancock, Harrison, Jackson, Pearl River, and Stone)

Information Request for
Gulf Coast Renaissance Corporation

NUMBER	NAME	TYPE	ADDRESS	CITY	ZIP	COUNTY	UNITS	LOWINC	@ 50% AMI	# Units @ 60% AMI	# Units @ 61-80% AMI	CREDIT YEAR	CREDIT AMOUNT
06-008	Oakwood Park Estates	New Construction	50th Avenue	Gulfport	39501	Harrison	50	50		50		2006	$794,753.00
06-009	Brookstone Park Apts Ph III	New Construction	50th Avenue	Gulfport	39501	Harrison	96	95	20	75		2006	$788,168.00
06-010	East End Homes	New Construction	210 Maple Street	Biloxi	39530	Harrison	34	34	34			2006 2007	$462,729 $187,206
06-012	Holiman Place	New Construction	East side of E. Ave at end of Purdie Circle	Gulfport	39503	Harrison	60	60		60		2006 2007	$675,756 $58,333
06-014	Holliman Place II	New Construction	East side of E. Ave at end of Purdie Circle	Gulfport	39503	Harrison	40	40		40		2006 2007	$459,616 $32,523
06-016	Holliman Place III	New Construction	East side of E. Ave at end of Purdie Circle	Gulfport	39503	Harrison	32	32		32		2006 2007	$348,449 $26,101
06-030	Waveview Place	New Construction	100 Auderer Blvd	Waveland	39576	Hancock	100	100	20	80		2006	$964,759.00
06-071	Lexington Park Apartments	New Construction	5300 Tucker Road	Jackson County	39564	Jackson	120	119	24	95		2006	$1,282,821.00
06-073	Sawgrass Park Apartments	New Construction	4560 Engram Drive	Gulfport	39501	Harrison	204	203	41	162		2006	$1,837,035.00
06-075	Park at Lemoyne Apartments	New Construction	10399 Lemoyne Blvd	D'Iberville	39540	Harrison	160	159	32	127		2006	$1,663,271.00
06-081	Roxbury Cove	New Construction	Dedeaux Road	Gulfport	39501	Harrison	30	30	5	25		2006	$352,564.00
06-114	The Colonnades	New Construction	Reilly Road	Ocean Springs		Harrison	56	56	11	45		2006	$598,444.00
06-116	Camille Village Apartments	Rehabilitation	600 East North Street	Pass Christian		Harrison	86	86	20	66		2006	$524,354.00
06-132	Summerville Townhomes	New Construction	O'Neal Road	Gulfport	39503	Harrison	150	150	30	120		2006	$1,973,676.00
06-133	Angela Apartments	New Construction	Angela Drive	Gulfport	39503	Harrison	60	60	12	48		2006	$816,527.00
07-006CF	Three Rivers Landing	New Construction	One Block North of Three Rivers Rd and Oneal Rd	Gulfport	39503	Harrison	170	170	45	125		2008	$2,458,103.00
07-007	The Ridge of Diamondhead	New Construction	Park Ten Drive	Diamondhead	39525	Hancock	120	118	24	94		2007	$1,167,741.00
07-011	Oak Haven Apartments	New Construction	1200 Russell Drive	Waveland	39576	Hancock	80	80	41	39		2007	$685,166.00
07-012	Bay Pines	New Construction	601 Bienville Drive	Bay St. Louis	39520	Hancock	129	129	65	64		2007	$2,138,109.00
07-013	Morrison Village Apartments	New Construction	2503 Old Mobile Highway	Pascagoula	39567	Jackson	120	120	24	96		2007	$1,259,165.00
07-014	Hillside Terrace Apartments	New Construction	1100 Block at Pass Road	Gulfport	39501	Harrison	96	96	20	76		2007	$1,031,816.00
07-015	Timber Grove Apartments	New Construction	Suzanne Drive at Auto Mall Parkway	D'Iberville	39540	Harrison	96	96	20	76		2007	$1,023,404.00

Exhibit "F"

NUMBER	NAME	TYPE	ADDRESS	CITY	ZIP	COUNTY	UNITS	LOWINC	@ 50% AMI	# Units @ 60% AMI	# Units @ 61 - 80% AMI	CREDIT YEAR	CREDIT AMOUNT
07-016	Taylor Heights Apartments	New Construction	2300 Block of Old Mobile Highway	Pascagoula	39567	Jackson	144	144	29	57	58	2007	$920,834.00
07-022CF	Dailey Estates, LLC	New Construction	Pinewood Avenue	Picayune	39466	Pearl River	43	43		43		2007	$900,831.00
07-023CF	Bridgewater Park Apartments	New Construction	14104 Big Ridge Road	Jackson County	39532	Jackson	198	197	40	157		2007	$2,164,019.00
07-024	Riverchase Apartments	New Construction	Prudie Circle	Gulfport	39503	Harrison	216	215	44	171		2007	$2,247,504.00
07-026CF	Bayou Village Apartments	New Construction	Martin Bluff Road	Gautier	39553	Jackson	128	128	26	102		2007	$1,322,863.00
07-028	Long Beach HD	New Construction	Oneal Road	Gulfport	39503	Harrison	40	40	8	32		2007	$502,832.00
07-029	Grande Oak Apartments	New Construction	South Haugh Avenue	Picayune	39466	Pearl River	136	136	27	109		2007	$1,437,218.00
07-031	Waves Apartments	New Construction	South of Park Ten Drive	Diamondhead	39525	Hancock	96	96	20	76		2007	$1,065,282.00
07-033CF	Windward Homes	New Construction	North of Sonja Drive	Gulfport	39503	Harrison	90	90	18	72		2008	$1,116,897.00
07-037	Ocean Estates II	New Construction	SW Corner of Old CCC Camp & Riley Road	Ocean Springs	39564	Jackson	120	120		120		2007	$1,639,998.00
07-038CF	Ocean Estates	New Construction	46th Avenue and 31st Street	Gulfport	39501	Harrison	192	192	42	150		2008	$1,874,325.00
07-2-006	Village Place Apartments	New Construction	1000 34th Street	Gulfport	39501	Harrison	96	96	20	76		2008	$1,076,502.00
07-2-007	Regency Way Apartments	New Construction	1700 Avondale Circle	Gulfport	39501	Harrison	120	120	24	96		2008	$1,319,507.00
07-2-009	Back Bay Villas	New Construction	149 Douglas Drive	D'Iberville	39532	Harrison	128	128	26	102		2008	$1,414,894.00
07-2-010	Baywood Place Apartments	New Construction	1900 Switzer Road	Gulfport	39507	Harrison	72	72	15	57		2008	$847,195.00
07-2-011	Highland Springs Apartments	New Construction	8100 Seaman Road	Ocean Springs	39565	Jackson	96	96	20	76		2007 2008	$941,069 $86,677
07-2-016	The Gates at Coralbay	New Construction	U.S. Hwy 90 and Kiln Waveland Cutoff Road	Waveland	39576	Hancock	160	158	32	126		2008	$1,724,775.00
07-2-018	Bellemont Gardens	New Construction	Lot 4 of Motsie Subdivision, Terminus of Motsie Road	Biloxi	39533	Harrison	60	59	12	47		2008	$706,386.00
07-2-020	The Gates at Cedar Lake	New Construction	Northeast Corner of Brodie Road and Cedar Lake	Biloxi	39533	Harrison	224	222	45	177		2008	$2,299,347.00
07-2-025	Pine Cove Apartments	New Construction	Lakeshore Drive	Bay St. Louis	39520	Hancock	84	83	17	66		2008	$961,104.00
07-2-027	Timber Creek Estates	New Construction	South Howard Creek Road at Old Highway 67	Biloxi	39532	Harrison	100	99		99		2008	$1,987,319.00
07-2-028	Timber Creek Estates, Phase II	New Construction	South Howard Circle Road at Old Highway 67	Biloxi	39532	Harrison	100	99		99		2008	$1,987,319.00

9/11/2007

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Information Request for
Gulf Coast Renaissance Corporation

NUMBER	NAME	TYPE	ADDRESS	CITY	ZIP	COUNTY	UNITS	LOWINC	@ 50% AMI	# Units @ 60% AMI	# Units @ 61 - 80% AMI	CREDIT YEAR	CREDIT AMOUNT
07-2-030	Sheffield Park Apartments	New Construction	Carroll Avenue at Highway 90	Bay St. Louis	39520	Hancock	132	131	27	104		2008	$1,459,690.00
07-2-033	Crown Hill II	New Construction	N. of the intersection of Three Rivers & Crown Road	Harrison County	39503	Harrison	118	118		118		2008	$2,414,624.00
07-2-036	Thorton Hill	New Construction	N of the intersection of Three Rivers & Crown Road	Harrison County	39503	Harrison	118	118		118		2007 2008	$106,992 $2,307,632
07-2-037	Crown Hill I	New Construction	N of the intersection of Three Rivers & Crown Road	Harrison County	39503	Harrison	118	118		118		2007 2008	$106,992 $2,307,632
07-2-043	Franklin Point, L.P.	New Construction	Corner of Depew and Oneal	Gulfport	39503	Harrison	144	144	29	115		2008	$1,696,036.00
07-2-044	The Bradley Apartments	New Construction	Old Highway 63 South	Lucedale	39452	George	72	72	14	58		2007	$808,530.00
07-2-059	Long Beach Estates	New Construction	E Side of Klondyke Road, N side of Stout Road	Long Beach	39560	Harrison	90	88		88		2008	$1,170,500.00
07-2-060	Pass Estates	New Construction	E. of Cedar Avenue, N of Everett Street	Pass Christian	39571	Harrison	130	127		127		2008	$2,387,000.00

TOTALS

Units	Low Income Units	# Units @ 50%AMI	# Units @ 60% AMI	# Units @ 61% - 80% AMI	Credits Awarded	2006 Credit Authority	2007 Credit Authority	2008 Credit Authority
5654	5632	1023	4551	58	$68,920,914.00	$13,542,922.00	$21,774,528.00	$33,603,464.00

NUMBER	NAME	TYPE	ADDRESS	CITY	ZIP	COUNTY	UNITS	LOWINC	# Units @ 50% AMI	# Units @ 60% AMI	# Units @ 61 - 80% AMI	CREDIT YEAR	CREDIT AMOUNT
06-002	Valley Park Subdivision Phase I	New Construction	McClure Road	Jackson	39212	Hinds	81	81	64	16		2006	$689,983.00
06-003	Carousel Place (Victory Village)	New Construction	47th Avenue and Valley Street	Meridian	39307	Lauderdale	130	130		129		2006	$758,424.00
06-004	Waverly Park Apartments	Acq./Rehabilitation	210 Briarwood Drive	Jackson	39205	Hinds	120	120	119			2006	$741,910.00
06-005	Chapel Estates	New Construction	Flag Chapel Road	Jackson	39209	Hinds	30	30		30		2006	$513,576.00
06-006	Azalea Park Apartments Ph III	New Construction	2800 Highway 39 North	Meridian	39305	Lauderdale	40	40	8	32		2006	$350,000.00
06-007	Chapel Estates Phase II	New Construction	Flag Chapel Road	Jackson	39209	Hinds	20	20		20		2006	$378,615.00
06-008	Oakwood Park Estates	New Construction	50th Avenue	Gulfport	39501	Harrison	50	50		50		2006	$794,753.00
06-009	Brookstone Park Apts Ph III	New Construction	50th Avenue	Gulfport	39501	Harrison	96	95	20	75		2006	$788,168.00
06-010	East End Homes	New Construction	210 Maple Street	Biloxi	39530	Harrison	34	34	34			2006 2007	$462,729 $187,206
06-011	Laurel Gardens	New Construction	Hwy 11, Limbert St, Masonite Dr, 9th Ave	Laurel	39441	Jones	40	40		40		2006	$434,700.00
06-012	Holiman Place	New Construction	East side of E. Ave at end of Purdie Circle	Gulfport	39503	Harrison	60	60		60		2006 2007	$675,756 $58,333
06-013	Burketts Creek III	New Construction	W.S.F. Tatum Blvd	Vicksburg	39401	Forrest	40	40		40		2006	$451,583.00
06-014	Holliman Place II	New Construction	East side of E. Ave at end of Purdie Circle	Gulfport	39503	Harrison	40	40		40		2006 2007	$459,616 $32,523
06-015	Valley View Estates II	New Construction	Blount and Wells Streets	Philadelphia	39350	Neshoba	32	32		32		2006	$347,262.00
06-016	Holliman Place III	New Construction	East side of E. Ave at end of Purdie Circle	Gulfport	39503	Harrison	32	32		32		2006 2007	$348,449 $26,101
06-017	Magnolia Towers	Acq./Rehabilitation	809 North State Street	Jackson	39202	Hinds	157	156	124	32		2006	$805,573.00
06-020	Yazoo Estates	New Construction	Northern Terminus of Kohlman Road	Yazoo City	39194	Yazoo	96	96	20	76		2006	$748,992.00
06-023	Kingston Place	New Construction	W of King Ranch Road and South of Heindl Road	Canton	39046	Madison	45	45		45		2006	$522,524.00
06-025	Campbell Apartments	New Construction	Beverly Hills Road	Hattiesburg	39401	Forrest	30	30	6	24		2006	$345,881.00
06-026	King Ranch Homes Phase I	New Construction	King Ranch Road	Canton	39046	Madison	45	45	10	35		2006	$640,484.00
06-027	Beverly Hills Homes	New Construction	1127 Beverly Hills Road	Hattiesburg	39401	Forrest	30	30	6	24		2006	$418,235.00
06-028	King Ranch Homes Phase II	New Construction	King Ranch Road	Canton	39046	Madison	26	26	5	21		2006	$349,965.00

NUMBER	NAME	TYPE	ADDRESS	CITY	ZIP	COUNTY	UNITS	LOWINC	# Units @ 50% AMI	# Units @ 60% AMI	# Units @ 61 - 80% AMI	CREDIT YEAR	CREDIT AMOUNT
06-030	Waveview Place	New Construction	100 Auderer Blvd	Waveland	39576	Hancock	100	100	20	80		2006	$964,759.00
06-033	Hickory Hills Apartments	New Construction	Hwy 12 West	Koscuisko	39090	Attala	48	47	11	36		2006	$517,812.00
06-053	Burketts Creek	New Construction	WSF Tatum Blvd	Hattiesburg	39401	Forrest	170	167		167		2006	$2,180,537.00
06-054	Forrest Hill Place	New Construction	Raymond Road	Jackson	39212	Hinds	170	167		167		2006	$2,223,250.00
06-055	Timber Falls	New Construction	Raymond Road	Jackson	39212	Hinds	155	152		152		2006	$1,972,100.00
06-056	Collinwoods Estates	New Construction	McDonald Chapel Road	Collins	39428	Covington	40	39		39		2006	$568,968.00
06-069	Kingston Place II	New Construction	King Ranch Road	Canton	39046	Madison	122	120		120		2006	$1,658,640.00
06-071	Lexington Park Apartments	New Construction	5300 Tucker Road	Jackson County	39564	Jackson	120	119	24	95		2006	$1,282,821.00
06-073	Sawgrass Park Apartments	New Construction	4560 Engram Drive	Gulfport	39501	Harrison	204	203	41	162		2006	$1,837,035.00
06-074	Shadowood Park Apartments	New Construction	3250 Highway 15	Laurel	39440	Jones	112	111	23	88		2006	$1,200,285.00
06-075	Park at Lemoyne Apartments	New Construction	10399 Lemoyne Blvd	D'Iberville	39540	Harrison	160	159	32	127		2006	$1,663,271.00
06-076	Shaw Estates	New Construction	5600 Shaw Road	Jackson	39209	Hinds	48	48	48			2006	$704,581.00
06-077	Camden Park Apartments	New Construction	470 King Ranch Road	Madison County	39046	Madison	96	95	20	75		2006	$1,059,619.00
06-078	Bristol Park II Apartments	New Construction	793 West County Line Road	Jackson	39213	Hinds	128	127	26	101		2006	$1,302,673.00
06-081	Roxbury Cove	New Construction	Dedeaux Road	Gulfport	39501	Harrison	30	30	5	25		2006	$352,564.00
06-114	The Colonnades	New Construction	Reilly Road	Ocean Springs		Harrison	56	56	11	45		2006	$598,444.00
06-116	Camille Village Apartments	Rehabilitation	600 East North Street	Pass Christian		Harrison	86	86	20	66		2006	$524,354.00
06-132	Summerville Townhomes	New Construction	O'Neal Road	Gulfport	39503	Harrison	150	150	30	120		2006	$1,973,676.00
06-133	Angela Apartments	New Construction	Angela Drive	Gulfport	39503	Harrison	60	60	12	48		2006	$816,527.00
07-006CF	Three Rivers Landing	New Construction	One Block North of Three Rivers Rd and Oneal Rd	Gulfport	39503	Harrison	170	170	45	125		2008	$2,458,103.00
07-007	The Ridge of Diamondhead	New Construction	Park Ten Drive	Diamondhead	39525	Hancock	120	118	24	94		2007	$1,167,741.00
07-009	The Village Apartments	Acq/Rehabilitation	388 Raymond Road	Jackson	39204	Hinds	264	264	53	211		2007	$2,109,789.00

NUMBER	NAME	TYPE	ADDRESS	CITY	ZIP	COUNTY	UNITS	LOWINC	# Units @ 50% AMI	# Units @ 60% AMI	# Units @ 61-80% AMI	CREDIT YEAR	CREDIT AMOUNT
07-011	Oak Haven Apartments	New Construction	1200 Russell Drive	Waveland	39576	Hancock	80	80	41	39		2007	$685,166.00
07-012	Bay Pines	New Construction	601 Bienville Drive	Bay St. Louis	39520	Hancock	129	129	65	64		2007	$2,138,109.00
07-013	Morrison Village Apartments	New Construction	2503 Old Mobile Highway	Pascagoula	39567	Jackson	120	120	24	96		2007	$1,259,165.00
07-014	Hillside Terrace Apartments	New Construction	1100 Block at Pass Road	Gulfport	39501	Harrison	96	96	20	76		2007	$1,031,816.00
07-015	Timber Grove Apartments	New Construction	Suzanne Drive at Auto Mall Parkway	D'Iberville	39540	Harrison	96	96	20	76		2007	$1,023,404.00
07-016	Taylor Heights Apartments	New Construction	2300 Block of Old Mobile Highway	Pascagoula	39567	Jackson	144	144	29	57	58	2007	$920,834.00
07-020	Magnolia Park	Acq./Rehabilitation	1509 W. Capitol Street and 1315 W. Capitol Street	Jackson	39203	Hinds	120	120	26	94		2007	$624,392.00
07-021	Madison Glen	Acq./Rehabilitation	1950 Hope Street	Vicksburg	39180	Warren	68	68	14	54		2007	$463,911.00
07-022CF	Dailey Estates, LLC	New Construction	Pinewood Avenue	Picayune	39466	Pearl River	43	43		43		2007	$900,831.00
07-023CF	Bridgewater Park Apartments	New Construction	14104 Big Ridge Road	Jackson County	39532	Jackson	198	197	40	157		2007	$2,164,019.00
07-024	Riverchase Apartments	New Construction	Prudie Circle	Gulfport	39503	Harrison	216	215	44	171		2007	$2,247,504.00
07-026CF	Bayou Village Apartments	New Construction	Martin Bluff Road	Gautier	39553	Jackson	128	128	26	102		2007	$1,322,863.00
07-027CF	Winston Place Apartments	New Construction	1659 Highway 15 South	Louisville	39339	Winston	80	80	19	61		2008	$803,632.00
07-028	Long Beach HD	New Construction	Oneal Road	Gulfport	39503	Harrison	40	40	8	32		2007	$502,832.00
07-029	Grande Oak Apartments	New Construction	South Haugh Avenue	Picayune	39466	Pearl River	136	136	27	109		2007	$1,437,218.00
07-030	Ridgeway Apartments	Acq./Rehabilitation	1142 Raymond Road	Jackson	39204	Hinds	32	32	8	24		2007	$466,554.00
07-031	Waves Apartments	New Construction	South of Park Ten Drive	Diamondhead	39525	Hancock	96	96	20	76		2007	$1,065,262.00
07-033CF	Windward Homes	New Construction	North of Sonja Drive	Gulfport	39503	Harrison	90	90	18	72		2008	$1,116,897.00
07-037	Ocean Estates II	New Construction	SW Corner of Old CCC Camp & Riley Road	Ocean Springs	39564	Jackson	120	120		120		2007	$1,639,998.00
07-038CF	Ocean Estates	New Construction	46th Avenue and 31st Street	Gulfport	39501	Harrison	192	192	42	150		2008	$1,874,325.00
07-039	Glendale Estates	Rehabilitation	948 F Street	Kosciusko	39090	Attala	72	72	70			2007	$509,520.00
07-2-003	Cypress Meadows Apartments	Acquisition/Rehabilitation	373 South Canal Street	Canton	39046	Madison	48	48	10	38		2007	$351,279.00

NUMBER	NAME	TYPE	ADDRESS	CITY	ZIP	COUNTY	UNITS	LOWINC	# Units @ 50% AMI	# Units @ 60% AMI	# Units @ 61 - 80% AMI	CREDIT YEAR	CREDIT AMOUNT
07-2-004	Christian Brotherhood Homes	Acquisition/Rehabilitation	3930 Skyview Drive	Jackson	39213	Hinds	200	200	160	40		2007	$2,146,233.00
07-2-006	Village Place Apartments	New Construction	1000 34th Street	Gulfport	39501	Harrison	96	96	20	76		2008	$1,076,502.00
07-2-007	Regency Way Apartments	New Construction	1700 Avondale Circle	Gulfport	39501	Harrison	120	120	24	96		2008	$1,319,507.00
07-2-009	Back Bay Villas	New Construction	149 Douglas Drive	D'Iberville	39532	Harrison	128	128	26	102		2008	$1,414,894.00
07-2-010	Baywood Place Apartments	New Construction	1900 Switzer Road	Gulfport	39507	Harrison	72	72	15	57		2008	$847,195.00
07-2-011	Highland Springs Apartments	New Construction	8100 Seaman Road	Ocean Springs	39565	Jackson	96	96	20	76		2007 2008	$941,069 $86,677
07-2-012	The Grove Apartments	Acquisition/Rehabilitation	150 Woodway Drive	Jackson	39533	Hinds	256	254	52	202		2007	$2,486,622.00
07-2-013	Columbus Heights Subdivision	New Construction	South Lehmberg and William Roberts Road	Columbus	39701	Lowndes	85	83	17	66		2007	$1,222,795.00
07-2-016	The Gates at Coralbay	New Construction	U.S. Hwy 90 and Kiln Waveland Cutoff Road	Waveland	39576	Hancock	160	158	32	126		2008	$1,724,775.00
07-2-018	Bellemont Gardens	New Construction	Lot 4 of Motsie Subdivision, Terminus of Motsie Road	Biloxi	39533	Harrison	60	59	12	47		2008	$706,386.00
07-2-020	The Gates at Cedar Lake	New Construction	Northeast Corner of Brodie Road and Cedar Lake	Biloxi	39533	Harrison	224	222	45	177		2008	$2,299,347.00
07-2-024	Magnolia Trace Apartments	New Construction	Ramey Lane	Waynesboro	39367	Wayne	60	59	12	47		2007	$643,263.00
07-2-025	Pine Cove Apartments	New Construction	Lakeshore Drive	Bay St. Louis	39520	Hancock	84	83	17	66		2008	$961,104.00
07-2-027	Timber Creek Estates	New Construction	South Howard Creek Road at Old Highway 67	Biloxi	39532	Harrison	100	99		99		2008	$1,987,319.00
07-2-028	Timber Creek Estates, Phase II	New Construction	South Howard Circle Road at Old Highway 67	Biloxi	39532	Harrison	100	99		99		2008	$1,987,319.00
07-2-030	Sheffield Park Apartments	New Construction	Carroll Avenue at Highway 90	Bay St. Louis	39520	Hancock	132	131	27	104		2008	$1,459,690.00
07-2-033	Crown Hill II	New Construction	N. of the intersection of Three Rivers & Crown Road	Harrison County	39503	Harrison	118	118		118		2008	$2,414,624.00
07-2-036	Thorton Hill	New Construction	N of the intersection of Three Rivers & Crown Road	Harrison County	39503	Harrison	118	118		118		2007 2008	$106,992 $2,307,632
07-2-037	Crown Hill I	New Construction	N of the intersection of Three Rivers & Crown Road	Harrison County	39503	Harrison	118	118		118		2007 2008	$106,992 $2,307,632
07-2-040	Providence Place	New Construction	Applewood Drive	Columbus		Lowndes	21	21	5	16		2007	$402,160.00
07-2-043	Franklin Point, L.P.	New Construction	Corner of Depew and Oneal	Gulfport	39503	Harrison	144	144	29	115		2008	$1,696,035.00
07-2-044	The Bradley Apartments	New Construction	Old Highway 63 South	Lucedale	39452	George	72	72	14	58		2007	$808,530.00

NUMBER	NAME	TYPE	ADDRESS	CITY	ZIP	COUNTY	UNITS	LOWINC	# Units @ 50% AMI	# Units @ 60% AMI	# Units @ 61% - 80% AMI	CREDIT YEAR	CREDIT AMOUNT
07-2-046	Pinnacle at Magnolia Pointe	New Construction	Parklane Road, E of I-55 and N of W. Presley Blvd.	McComb	39648	Pike	108	108	22	86		2007	$1,428,259.00
07-2-059	Long Beach Estates	New Construction	E Side of Klondyke Road, N side of Stout Road	Long Beach	39560	Harrison	90	88		88		2008	$1,170,500.00
07-2-060	Pass Estates	New Construction	E. of Cedar Avenue, N of Everett Street	Pass Christian	39571	Harrison	130	127		127		2008	$2,387,000.00
07-2-064	Crystal Estates	New Construction	S of Bankhead Lane, E of Pentecostal Lane	Crystal Springs	39059	Copiah	50	48		48		2008	$908,772.00
07-2-067	Jacob's Crossing	New Construction	Woodgate Dr located off Raleigh Dr	Magee	39111	Simpson	45	45		45		2007	$799,789.00
								9168					$ 98,066,349.00

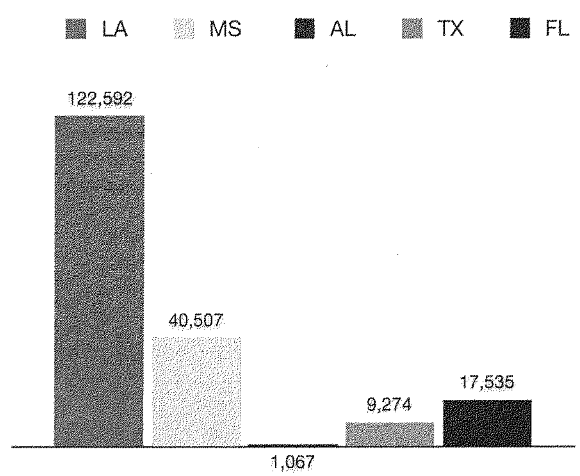
TOTALS

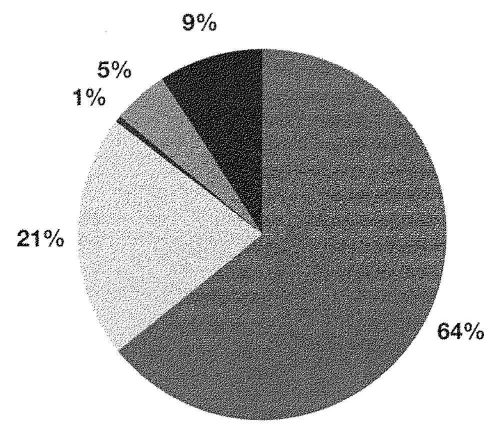
Units	Low Income Units	# Units @ 50%AMI	# Units @ 60% AMI	# Units @ 61% - 80% AMI	Credits Awarded	2006 Credit Authority	2007 Credit Authority	2008 Credit Authority
9214	9168	1981	7124	58	$106,174,056.00	$35,429,094.00	$35,429,094.00	$35,315,868.00

STATE BY STATE COMPARISON - MAJOR AND SEVERE DAMAGE HURRICANE KATRINA AND RITA (source: Feb 2006 FEMA data)

HOME OWNERS

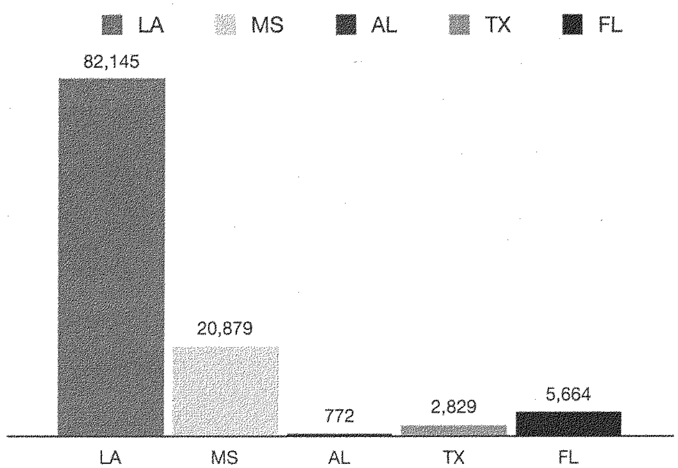
owner occupied	louisiana	mississippi	alabama	texas	florida
minor	208,478	117,407	17,233	94,889	185,276
major	59,023	30,889	919	8,091	16,444
severe	63,569	9,618	148	1,183	1,091
	331,070	157,914	18,300	104,163	202,811
major+severe	122,592	40,507	1,067	9,274	17,535

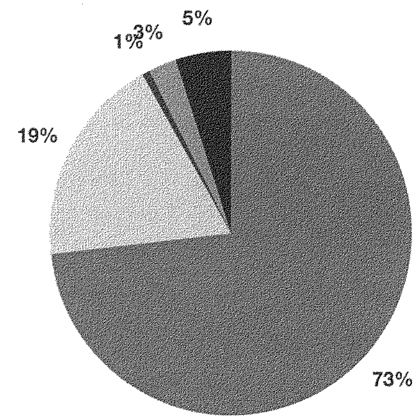




RENTALS - MAJOR and SEVERE DAMAGE

rentals	louisiana	mississippi	alabama	texas	florida
minor	102,034	41,591	15,910	32,918	56,110
major	39,063	14,887	642	2,432	5,313
severe	43,082	5,992	130	397	351
	184,179	62,470	16,682	35,747	
major+severe	82,145	20,879	772	2,829	5,664





December 31, 2007 CDBG Disaster Recovery Expenditure Overview

Category	Total Appropriations	Expenditures Through 12/31/07
Homeowners Assistance	$3,160,000,000	$1,372,538,197
Ratepayer / Windpool Mitigation	$440,000,000	$440,000,000
Public Housing Authority Assistance	$105,000,000	$2,101,973
Infrastructure	$641,075,000	$7,143,922
Economic Development	$650,000,000	$2,919,170
Small Rental Program	$262,500,000	$131,271
State Administration	$112,700,000	$6,047,838
	$5,371,275,000	$1,830,882,370

Homeowners' Assistance

Activity	Allocation	Expenditures Through 12/31/07
Compensation Grants Phase I	$1,970,000,000	$1,067,876,993
Compensation Grants Phase II	$700,000,000	$190,797,322
Elevation Grants	$250,000,000	$0
Program Delivery Costs	$180,000,000	$100,533,419
Program Administration	$50,000,000	$10,342,251
Fraud Prevention	$5,000,000	$848,812
Code Enforcement	$5,000,000	$2,139,400
Total Homeowners' Assistance	$3,160,000,000	$1,372,538,197

Ratepayer / Windpool Mitigation

Activity	Allocation	Expenditures Through 12/31/07
Public Utilities Ratepayer Mitigation	$360,000,000	$360,000,000
Windpool Mitigation	$80,000,000	$80,000,000
Total Ratepayer / Windpool Mitigation	$440,000,000	$440,000,000

Economic Development

Activity	Allocation	Expenditures Through 12/31/07
Economic Dev Grants	$335,000,000	$2,311,979
Community Revitalization	$225,000,000	$475,339
Planning	$10,000,000	$131,852
GO Zone	$75,000,000	$0
Tourism	$5,000,000	$0
Total Economic Development	$650,000,000	$2,919,170

Please Note: These figures are all subject to HUD approval.

The Mississippi Development Authority - Disaster Recovery Division has not entered into any sole source contracts with organization providing services for the disaster recovery efforts.

Infrastructure

Activity	Allocation	Expenditures Through 12/31/07
Planning	$6,500,000	$2,629,859
Program Administration	$31,575,000	$3,137,241
Emergency Grants	$25,000,000	$0
Implementation	$523,000,000	$1,376,822
Total Infrastructure	$641,075,000	$7,143,922

Public Housing Authority Assistance

Activity	Allocation	Expenditures Through 12/31/07
Public Housing Program	$100,000,000	$1,133,387
Program Administration	$5,000,000	$968,587
Total Public Housing Authority Assistance	$105,000,000	$2,101,973

Small Rental

Activity	Allocation	Expenditures Through 12/31/07
Rental Compensation Grant	$258,500,000	$0
Program Administration	$4,000,000	$131,271
Total Small Rental	$262,500,000	$131,271

State Administration

Activity	Allocation	Expenditures Through 12/31/07
State Administration	$112,700,000	$6,047,838
Total Administration	$112,700,000	$6,047,838

STATE OF MISSISSIPPI
MISSISSIPPI DEVELOPMENT AUTHORITY
Disaster Recovery Division

Executive Director - Gray Swoope
Chief Operating Officer - Jon Mabry
Post Office Box 849
Jackson, Mississippi 39205-0849
601-359-3449

Exhibit "H"

Sun Herald (Biloxi, MS)
2007-12-19
Page: C4

We need numbers about **housing** that **we** can crunch with confidence

More than two years after Hurricane Katrina, **we** are still unable to size up the **housing** situation in South Mississippi.

Look at the range of **numbers** contained in just three recent articles in the Sun Herald:

From October 26: "**Housing** continues to be an issue and will continue to be because there is nothing available now," said Talatha Denison of the nonprofit Mississippi Protection and Advocacy Program.

It and other groups say only 25 percent of $5.4 billion the federal government allotted for recovery in Mississippi is being spent on low-income residents. The **number** of rental units planned for residents on limited incomes falls woefully short of the 13,800 that FEMA estimates were destroyed by Katrina.

From November 9: Attorney Reilly Morse is a member of the STEPS Coalition, a local group that advocates fair and affordable **housing** on the Coast. He said there isn't enough small rental **housing** or low-income **housing** for Coast residents who can't afford to pay rent at apartment complexes or own a home.

Using figures from FEMA, Morse said more than 80,000 affordable **housing** units are needed along the Coast at a cost of about $1.3 billion.

He believes local cities and the state aren't doing enough to fix the problem and it's a form of discrimination. Morse and the STEPS Coalition say affordable **housing** must be addressed before federal money earmarked for such is diverted to projects such as improvements at the Port of Gulfport.

From November 17: Katrina damaged or destroyed 134,000 homes and 10,000 rental units in Mississippi, according to the report by the U.S. Government Accountability Office.

These are hard **numbers** to crunch

These reports mystify more than clarify.

For instance, how many affordable **housing** units did Katrina destroy - 10,000 or 13,800? The difference is significant.

And whatever the **number**, when it comes to replacing them, **we need** to remember that South Mississippi needed more affordable **housing** units before Katrina. Federal money for the recovery effort is meant to help restore what **we** had, it cannot possibly meet unmeet demand.

As for that money, if 25 percent of the $5.4 billion allotted for recovery is being spent on low-income residents, that's $1.35 billion - which is, supposedly, what is needed.

So why isn't the **need** being met?

We don't know if any of these **numbers** are accurate.

We don't know how many people **need** better **housing**, and **we** don't know how much they can afford to pay and how much should be provided by taxpayers.

What **we** do know is that tossing around large **numbers** is beginning to mean less and less.

We need a census.

We need an inventory.

We need an accounting.

Obviously, the **housing needs** of many pre-Katrina residents of South Mississippi have not been satisfied.

And just as obviously, no one really knows just how many people **we**'re talking about.

LIHTC-STATUS REPORT
6/2/2008

LIHTC Projects Funded in Lower Six Counties, Mississippi

Developer	Project #	Development Name	Development Address	City	County	Year	Cycle	Units	Credit Amt	Tot. Credit (10 yrs)	Credits/ Unit	Tot. Credits/Unit	Dev Cost	Cost/ Unit	Elderly	# of Elderly DU	PIS deadline
James Maddox	06-030	Waveview Place	100 Auderer Blvd	Waveland	Hancock	2006		100	$1,008,674	$10,086,740	$10,087	$100,867	$10,167,275	$101,673		0	2008
Andrea Cooper	07-007	The Ridge of Waveland	548 Highway 90	Waveland	Hancock	2007	1	120	$1,167,741	$11,677,410	$9,731	$97,312	$13,713,699	$114,281		0	2009
Karen Ladner	07-011	Oak Haven Apartments	1200 Russell Drive	Waveland	Hancock	2007	1	80	$722,408	$7,224,080	$9,030	$90,301	$11,032,969	$137,912	YES	80	2009
Demetria Crumbly	07-012	Bay Pines	601 Bienville Drive	Bay St. Louis	Hancock	2007	1	129	$2,208,253	$22,082,530	$17,118	$171,182	$25,346,445	$196,484		0	2009
Verlyn Foley	07-031	Waves Apartment	South of Park Ten Drive-Parcel # 132H-1-03-006.000	Diamondhead	Hancock	2007	1	96	$1,065,282	$10,652,820	$11,097	$110,967	$11,865,149	$123,595		0	2009
Louis Jurney	07-2-016	The Gates at Coralbay	Hwy 90 and Kiln Waveland Cutoff Road	Waveland	Hancock	2007	2	160	$1,724,775	$17,247,750	$10,780	$107,798	$18,288,695	$114,304		0	2010
Lynn Greer	07-2-025	Pine Cove Apartments	Lakeshore Drive	Bay St. Louis	Hancock	2007	2	84	$961,104	$9,611,040	$11,442	$114,417	$10,012,450	$119,196		0	2010
Cliff Bates	07-2-030	Sheffield Park Apartments	Carroll Avenue at Highway 90	Bay St. Louis	Hancock	2007	2	132	$1,459,690	$14,596,900	$11,058	$110,583	$16,067,057	$121,720		0	2010
Hayes Dent	07-3-099	Pinecrest Manor	1303 Bloom Place	Waveland	Hancock	2007	3	36	$440,142	$4,401,420	$12,226	$122,262	$5,200,318	$144,453		0	2009
Total Hancock County								937		$107,580,690		$114,814	$121,694,056	$129,876		80	

Developer	Project Numbe	Development Name	Development Address	City	County	Year	Cycle	Units	Credit Amt	Tot. Credit (10 yrs)	Credits/ Unit	Tot. Credits/Unit	Dev Cost	Cost/ Unit	Elderly	# of Elderly DU	PIS deadline
Rodney Triplett, Jr.	05-022	Oakwood Park Estates	50th Avenue	Gulfport	Harrison	2005		50	$794,753	$7,947,530	$15,895	$158,951	$8,380,400	$167,608		0	2008
Helen Werby	05-024	East End Homes	210 Maple Street	Biloxi	Harrison	2005		34	$649,935	$6,499,350	$19,116	$191,157	$4,759,842	$139,995		0	2008
Clarence Chapman	05-026	Holliman Place	East side of E. Ave at end of Purdie Circle	Gulfport	Harrison	2005		60	$1,449,821	$14,498,210	$24,164	$241,637	$6,314,328	$105,239		0	2008
Clarence Chapman	05-028	Holliman Place II	East side of E. Ave at end of Purdie Circle	Gulfport	Harrison	2005		40	$998,313	$9,983,130	$24,958	$249,578	$4,273,647	$106,841		0	2008
Duke Chapman	05-030	Holliman Place III	East side of E. Ave at end of Purdie Circle	Gulfport	Harrison	2005		32	$775,720	$7,757,200	$24,241	$242,413	$3,248,391	$101,512		0	2008
Rodney Triplett, Jr.	06-073	Sawgrass Park Apartments	4560 Engram Drive	Gulfport	Harrison	2006		204	$1,837,035	$18,370,350	$9,005	$90,051	$19,297,212	$94,594		0	2008
Rodney Triplett, Jr.	06-075	Park at Lemoyne Apartments	10399 Lemoyne Boulevard	D'Iberville	Harrison	2006		160	$1,663,271	$16,632,710	$10,395	$103,954	$17,502,089	$109,388		0	2008
Dale Lancaster	06-08	Roxbury Cove	Dedeaux Road near Lorraine	Gulfport	Harrison	2006		30	$421,099	$4,210,990	$14,037	$140,366	$4,030,000	$134,333		0	2008
William Brockman	06-114	The Colonnades	Reilly Road	Ocean Springs	Harrison	2006		56	$598,444	$5,984,440	$10,687	$106,865	$6,655,983	$118,857	YES	56	2008
Mike Seago	06-116	Camille Village Apartments	600 East North St.	Pass Christian	Harrison	2006		86	$524,354	$5,243,540	$6,097	$60,971	$6,514,884	$75,754		0	2008
Verlyn Foley	06-132	Summerville Townhomes	O'Neal Road	Gulfport	Harrison	2006		150	$1,973,676	$19,736,760	$13,158	$131,578	$18,630,800	$124,205		0	2008
Verlyn Foley	06-133	Angela Apartments	Angela Drive	Gulfport	Harrison	2006		60	$816,527	$8,165,270	$13,609	$136,088	$7,790,166	$129,836		0	2008
Mark Kinser	07-006CF	Three Rivers Landing	One Block North of Three Rivers Rd and O'Neal Rd	Gulfport	Harrison	2007	2	170	$2,458,103	$24,581,030	$14,459	$144,594	$27,331,205	$160,772		0	2010
Rick Deyoe	07-014	Hillside Terrace Apartments	1100 Block at Pass Road	Gulfport	Harrison	2007	1	96	$1,031,816	$10,318,160	$10,748	$107,481	$11,910,850	$124,071		0	2009
Rick Deyoe	07-015	Timber Grove Apartments	Suzanne Drive at Auto Mall Parkway	D'Iberville	Harrison	2007	1	96	$1,023,404	$10,234,040	$10,660	$106,605	$11,920,851	$124,176		0	2009
Rodney Triplett, Jr.	07-024	Riverchase Park Apartments	Prudie Circle	Gulfport	Harrison	2007	1	216	$2,247,504	$22,475,040	$10,405	$104,051	$25,738,562	$119,160		0	2009
William Brockman	07-028	Long Beach HD	Oneal Road	Gulfport	Harrison	2007	1	40	$502,832	$5,028,320	$12,571	$125,708	$5,072,732	$126,818	YES	40	2009
Verlyn Foley	07-033CF	Windward Homes	North of Sonja Drive-Tax ID# 0908M-01-/013.000-014	Gulfport	Harrison	2007	2	90	$1,116,897	$11,168,970	$12,410	$124,100	$11,159,304	$123,992		0	2010
Clifton Phillips	07-038CF	Ocean Estates	46th Avenue and 31st Street	Gulfport	Harrison	2007	2	192	$1,874,325	$18,743,250	$9,762	$97,621	$20,324,710	$105,858		0	2010
Rick Deyoe.	07-2-006	Village Place Apartments	1000 34th Street	Gulfport	Harrison	2007	2	96	$1,076,502	$10,765,020	$11,214	$112,136	$11,910,263	$124,065		0	2010
Rick Deyoe	07-2-007	Regency Way Apartments	1700 Avondale Circle	Gulfport	Harrison	2007	2	120	$1,319,507	$13,195,070	$10,996	$109,959	$14,892,009	$124,100		0	2010
Rick Deyoe	07-2-009	The Estates at Juan de Cuev	149 Douglas Drive	D'Iberville	Harrison	2007	2	128	$1,414,894	$14,148,940	$11,054	$110,539	$15,881,091	$124,071		0	2010
Rick Deyoe	07-2-010	Baywood Place Apartments	1900 Switzer Road	Gulfport	Harrison	2007	2	72	$847,195	$8,471,950	$11,767	$117,666	$9,364,731	$130,066		0	2010
Louis Jurney	07-2-018	Bellemont Gardens	Lot 4 Motsie Subdivision, Terminus Motsie Road	Biloxi	Harrison	2007	2	60	$706,386	$7,063,860	$11,773	$117,731	$7,681,309	$128,022	YES	60	2010
Louis Jurney	07-2-020	The Gates at Biloxi	Northeast Corner of Brodie Road and Cedar Lake	Biloxi	Harrison	2007	2	224	$2,299,347	$22,993,470	$10,265	$102,649	$25,573,727	$114,168		0	2010
Cliff Bates	07-2-027	Timber Creek Estates	South Howard Creek Road at Old Highway 67	Biloxi	Harrison	2007	2	100	$1,987,319	$19,873,190	$19,873	$198,732	$21,554,528	$215,545		0	2010
Cliff Bates	07-2-028	Timber Creek Estates, Phase	South Howard Creek Road at Old Highway 67	Biloxi	Harrison	2007	2	100	$1,987,319	$19,873,190	$19,873	$198,732	$21,554,528	$215,545		0	2010
Tim Smith	07-2-033	Crown Hill II	N. of the intersection of Three Rivers & Crown Rd.	Harrison County	Harrison	2007	2	118	$2,450,917	$24,509,170	$20,770	$207,705	$26,291,524	$222,810		0	2010
Tim Smith	07-2-036	Thorton Hill	N. of the interestion of Three Rivers & Crown Rd	Harrison County	Harrison	2007	2	118	$2,414,624	$24,146,240	$20,463	$204,629	$26,291,524	$222,810		0	2009
Tim Smith	07-2-037	Crown Hill I	N. of the interestion of Three Rivers & Crown Rd	Harrison County	Harrison	2007	2	118	$2,414,624	$24,146,240	$20,463	$204,629	$26,291,524	$222,810		0	2009
Chris Hughes	07-2-043	Franklin Point, L.P.	Corner of Depew and Oneal	Gulfport	Harrison	2007	2	144	$2,499,750	$24,997,500	$17,359	$173,594	$17,450,637	$121,185		0	2010
Clarence Chapman	07-2-059	Long Beach Estates	E side of Klondyke Road, N side of Stout Road	Long Beach	Harrison	2007	2	90	$1,170,500	$11,705,000	$13,006	$130,056	$11,848,841	$131,654		0	2010
Clarence Chapman	07-2-060	Pass Estates	E. of Cedar Avenue, N of Everett Street	Pass Christian	Harrison	2007	2	130	$2,387,000	$23,870,000	$18,362	$183,615	$23,828,708	$183,298		0	2010
Hunter McKenzie	07-047	William Bell Apartments	1700 65th Avenue	Gulfport	Harrison	2008	TEB	104	$303,695	$3,036,950	$2,920	$29,201	$9,324,878	$89,662		0	2010
Tom Capp	07-048	Edgewood Manor Apartment	3318 38th Avenue	Gulfport	Harrison	2008	TEB	120	$538,669	$5,386,690	$4,489	$44,889	$13,338,823	$111,157		0	2010
Total Harrison County								3704		$485,760,770		$131,145	$503,934,600	$136,051		156	

Developer	Project Numbe	Development Name	Development Address	City	County	Year	Cycle	Units	Credit Amt	Tot. Credit (10 yrs)	Credits/ Unit	Tot. Credits/Unit	Dev Cost	Cost/ Unit	Elderly	# of Elderly DU	PIS deadline
Rodney Triplett, Jr.	06-071	Lexington Park Apartments	5300 Tucker Road	Jackson County	Jackson	2006		120	$1,282,821	$12,828,210	$10,690	$106,902	$13,501,952	$112,516		0	2008
Rick Deyoe	07-013	Morrison Village Apartments	2503 Old Mobile Highway	Pascagoula	Jackson	2007	1	120	$1,259,165	$12,591,650	$10,493	$104,930	$13,974,994	$116,458	YES	120	2009
Rick Deyoe	07-016	Taylor Heights Apartments	2300 Block of Old Mobile Highway	Pascagoula	Jackson	2007	1	144	$920,834	$9,208,340	$6,395	$63,947	$17,296,035	$120,111		0	2009

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Rodney Triplett, Jr.	07-023CF	Bridgewater Park Apartment	14104 Big Ridge Road	Jackson County	Jackson	2007	2	198	$2,164,019	$21,640,190	$10,929	$109,294	$24,473,185	$123,602		0	2009
Chris Hughes	07-026CF	Bayou Village Apartments	Martin Bluff Road at Bluff Point Rd	Gautier	Jackson	2007	2	128	$1,322,863	$13,228,630	$10,335	$103,349	$14,445,065	$112,852		0	2009
Clifton Phillips	07-037	Ocean Estates II	5600 Block of Old Spanish Trail	Gautier	Jackson	2007	1	120	$1,639,998	$16,399,980	$13,667	$136,667	$18,687,890	$155,732		0	2009
Rick Deyoe	07-2-011	Highland Springs Apartment	Seaman Road North of Sam Seymore Rd	Ocean Springs	Jackson	2007	2	96	$1,027,746	$10,277,460	$10,706	$107,057	$11,947,579	$124,454		0	2009
J. Steve Nail	07-3-105	Bayside Village	2903 Pascagoula Street	Pascagoula	Jackson	2007	3	57	$629,785	$6,297,850	$11,049	$110,489	$8,914,223	$156,390	YES	57	2010
Total Jackson County								983		$102,472,310		$104,244	$123,240,923	$125,372		177	

Developer	Project Numbe	Development Name	Development Address	City	County	Year	Cycle	Units	Credit Amt	Tot. Credit (10 yrs)	Credits/ Unit	Tot. Credits/Unit	Dev Cost	Cost/ Unit	Elderly	# of Elderly DU	PIS deadline
Helmon Johnson	07-022CF	Dailey Estates, LLC	Central Avenue South of Monica Ln	Picayune	Pearl Rive	2007	2	43	$900,831	$9,008,310	$20,950	$209,496	$9,567,596	$222,502		0	2009
Chris Hughes	07-029	Grande Oak Apartments	Hwy 43 & South Haugh Avenue	Picayune	Pearl Rive	2007	1	136	$1,437,218	$14,372,180	$10,568	$105,678	$15,566,498	$114,460		0	2009
Total Pearl River County								179		$23,380,490		$130,617	$25,134,094	$140,414		0	

Developer	Project Numbe	Development Name	Development Address	City	County	Year	Cycle	Units	Credit Amt	Tot. Credit (10 yrs)	Credits/ Unit	Tot. Credits/Unit	Dev Cost	Cost/ Unit	Elderly	# of Elderly DU	PIS deadline
Roger Swann	06-099	Wiggins Estates, LLC	Highway 26 & McGregor Road & Stevon Moore Street	Wiggins	Stone	2006		40	$1,177,862	$11,778,620	$29,447	$294,466	$6,238,074	$155,952		0	2009
Total Stone County								40		$11,778,620		$294,466	$6,238,074	$155,952		0	

Developer	Project Numbe	Development Name	Development Address	City	County	Year	Cycle	Units	Credit Amt	Tot. Credit (10 yrs)	Credits/ Unit	Tot. Credits/Unit	Dev Cost	Cost/ Unit	Elderly	# of Elderly DU	PIS deadline
Chris Hughes	07-2-044	The Bradley Apartments, L.P	Old Highway 63 South	Lucedale	George	2007	2	72	$808,530	$8,085,300	$11,230	$112,296	$8,779,159	$121,933		0	2009
Total George County								72		$8,085,300		$112,296	$8,779,159	$121,933		0	

SUMMARY - LOWER SIX COUNTIES

	Units	Percent	Tot. Credit (10 yrs)	Tot. Credits/Unit	Dev Cost	Cost/ Unit	Elderly	# of Elderly DU
Hancock	937	15.84%	$107,580,690	$114,814	$121,694,056	$129,876		80
Harrison	3704	62.62%	$485,760,770	$131,145	$503,934,600	$136,051		156
Jackson	983	16.62%	$102,472,310	$104,244	$123,240,923	$125,372		177
Pearl River	179	3.03%	$23,380,490	$130,617	$25,134,094	$140,414		0
Stone	40	0.68%	$11,778,620	$294,466	$6,238,074	$155,952		0
George	72	1.22%	$8,085,300	$112,296	$8,779,159	$121,933		0
TOTALS	5915	100%	$739,058,180	$124,946	$789,020,906	$133,393		413

Table 1. Lower 10 Counties Owner Occupied with Windstorm Damage.

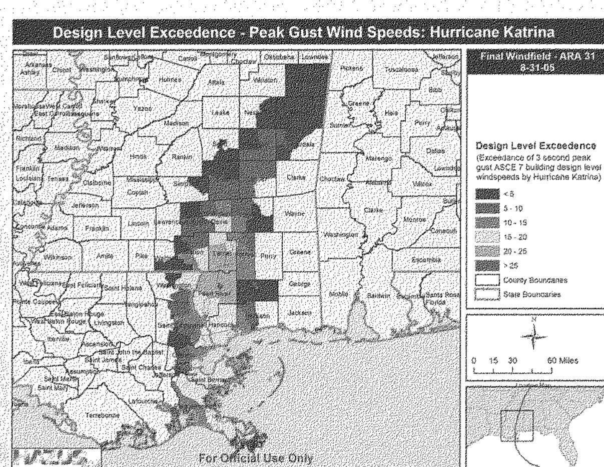
	census 2000 occupied units	minor	major	Severe	total damage	total major/severe damage	percent major/severe damage
Upper Tier Counties							
Pearl River	**18,078**	9,857	1,272	218	11,347	1,490	8.2%
Stone	**4,747**	2,681	432	101	3,214	533	11.2%
George	**6,742**	3,433	365	76	3,874	441	6.5%
Lamar	**14,396**	6,625	674	70	7,369	744	5.2%
Forrest	**27,183**	10,503	997	131	11,631	1,128	4.1%
Perry	**4,420**	1,997	134	36	2,167	170	3.8%
Greene	**4,148**	1,383	128	15	1,526	143	3.4%
subtotal	**79,714**	**36,479**	**4,002**	**647**	**41,128**	**4,649**	**6.1%**
Coast Counties							
Hancock	**16,897**	2,560	746	460	11,017	1,206	90.0%
Harrison	**71,538**	18,615	3,804	621	48,651	4,425	68.0%
Jackson	**47,676**	8,482	1,497	174	30,514	1,671	64.0%
subtotal	**136,111**	**29,657**	**6,047**	**1,255**	**90,182**	**7,302**	74.0%
total wind claims major/severe						11,951	
means test	**estimate 50%**					5976	

source: February, 2006 FEMA/HUD damage estimate
http://www.gnocdc.org/reports/Katrina_Rita_Wilma_Damage_2_12_06___revised.pdf

Exhibit "F"

HAZUS-MH APPLICATION: HURRICANE WIND

Design Level Exceedence – Peak Gust Wind Speeds: Hurricane Katrina



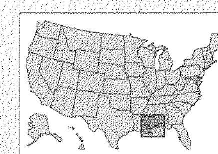
DATA AND ANALYSIS DISPLAYED:

- Areas where peak gust wind speeds exceeded the ASCE building design level

POTENTIAL USES

- Identify counties with the highest probability of sustaining residential damage from wind.
- Identify and quantify manufactured housing sites and other vulnerable structures – by county.
- Identify counties that likely will require Individual Assistance, including home repair and rental assistance.

Confidence Level in Analysis: Moderate to High



FEMA

FEMA TRAILER FINDINGS AS OF MAY 16, 2008
-EXECUTIVE SUMMARY-

During interviews with 114 FEMA trailer park residents, the Mississippi Center for Justice determined that FEMA housing advisers were notifying the displaced storm victims that they needed to move out of their trailers as soon as possible, generally without providing a specific deadline or explaining the resident's housing options. Residents indicated feeling pressured to move immediately to avoid their belongings being "bagged and tagged" despite the lack of housing options and potential homelessness they faced. MCJ conducted a survey of ten[1] of the fifteen FEMA trailer parks still in existence in Harrison and Hancock counties.

Fifty-five of the 114 residents we spoke with had been told they had to leave their FEMA trailer park this summer (May-July 2008). Only residents of Coliseum North had received consistent, uniform confirmation of the park closing in the form of a flyer with the closing date of June 15, 2008. Fifty-one residents in the parks had been told by a FEMA employee that their park would be closing. Others had received information by word-of-mouth and news media.

Few residents had any knowledge that FEMA assistance will continue **until** March 1, 2009. Others were unaware of HUD rental assistance available **after** March 1, 2009.

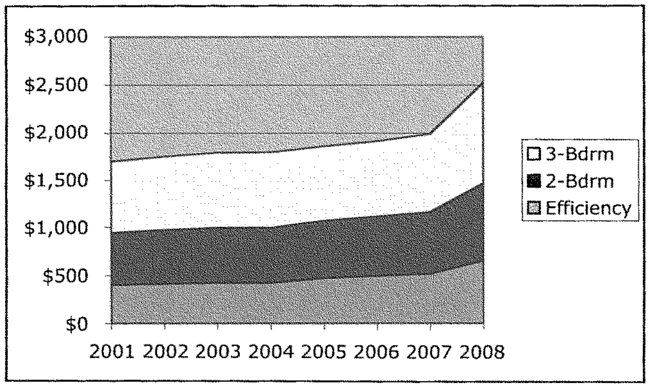
Many people were under the impression that if they accepted hotel housing, at the end of their one-month placement they would no longer be eligible for FEMA housing assistance. Some residents who planned to move into the hotel or were in the process of moving into the hotel were concerned about not being home during meal delivery. Some were told if their belongings were not out of the trailer by May 31, 2008, the door would be locked and trailer destroyed. A few residents did not know how to apply for FEMA rental assistance or even the option of FEMA rental assistance instead of hotel placement. Most residents have not been able to find affordable rental housing that will accept FEMA rental assistance.

Eighty-seven of the 114 were renters prior to Katrina; eighteen owned homes, two were renting to own, and seven had other arrangements. The majority of persons interviewed were employed prior to Katrina. Twenty-nine residents were on disability, and seven had health problems that did not qualify for disability compensation. Forty-three attributed health problems to formaldehyde.

Between 2005 and 2008, HUD fair market rents for the Gulfport-Biloxi metropolitan area have gone up from 33% (efficiency apartment) to 38% (3 bedroom apartment). These increases are charted below for the period 2001-2008. For lower-income renters, such as those seeking to leave FEMA trailers, the supply of affordable rental units continues to badly lag the remainder of the housing reconstruction. The latest Rand report notes that "repairs to the single family (presumably owner-occupied) stock are proceeding more rapidly than the are to the multifamily

[1] Interviewers with the Mississippi Center for Justice visited ten trailer parks with FEMA issued trailers. The parks visited included 1) Coliseum North; 2) Fox's RV; 3) Ellzey; 4) Veterans; 5) Frisby; 6) Ray Ladner; 7) Carlos Ladner; 8) A-1 Trade; 9) Five Star RV; 10) Obert. All of the parks were located in Mississippi.

(overwhelmingly rental) stock." "Post Katrina Recovery of the Housing Market Along the Mississippi Gulf Coast," p. 43. http://www.rand.org/pubs/technical_reports/TR511/



Please find enclosed five cases that demonstrate some of the problems FEMA trailer park residents face on a regular basis.

Kevin Miller
Phone: No phone
Address: 264 Tuxedo St. Unit 25A, Biloxi, MS (until June 1, 2007 when park will close); after that he will be staying temporarily with a friend at 334 Lamiuse St., Biloxi, MS 39530
Current Trailer Park: Obert
Age: 40s
Race: Caucasian
Pre-Katrina Employment: Able Body Labor (before he was mugged in the trailer park)

Kevin Miller has lived in a FEMA trailer at 264 Tuxedo St. in a private park with some FEMA placements for two years. Mr. Miller was mugged on November 27, 2007 and suffered a broken leg, concussion, and some broken ribs. Because he had no insurance or money to pay for medical treatment, he was released from the hospital that very night without being given any substantial care. He was subsequently denied benefits from the Crime Victim's Compensation Fund because his hospital records did not reflect any substantial treatment for his injuries. As a result, his case was filed as a simple assault, rather than an aggravated assault. Mr. Miller is in dire need of surgery for his broken leg, but has no means of obtaining medical care.

If a resident living in a FEMA trailer is not financially able to sign a lease for a new residence, he can qualify for assistance through the CLC program that will help pay a rental deposit and rent. To qualify for this program, a resident must have a new valid address. However, Mr. Miller cannot obtain an address for new housing until he signs a lease. To do so, he needs FEMA's assistance with the deposit and rental price. FEMA, however, won't help him until he signs the lease and obtains a new address. Therefore, Mr. Miller is left in a very difficult situation.

In sum, Kevin Miller has no access to medical care for his various injuries. Furthermore, since he has been denied access to funds from the Victim's Compensation Program, he cannot obtain the medical treatment he needs to enable him to find employment. When FEMA residents are evicted from the Obert Community Park, Mr. Miller will not be physically or financially able to find another home.

Rodney Bonner
Phone: No phone.
Address: Lot #67, 8095 Menge Ave, Pas Christian, MS 39571
Current Trailer Park: A-1 Trade Park
Age: 76
Race: Caucasian
Pre-Katrina Employment: Retired before Katrina

Rodney Bonner is a seventy-six year old FEMA resident of the A-1 Trade Park, Lot #67. After moving into his FEMA trailer, he suffered a stroke. Mr. Bonner lost some cognitive functions as well as much of the use of his right arm. As a result of the stroke, Mr. Bonner is also unable to read and write. He would like to live in a handicap accessible trailer but because of his disability, is unable to fill out the proper paperwork to qualify for such a trailer. FEMA has not provided him with a caseworker to assist him with the required paperwork.

Some time ago, a tree fell on Mr. Bonner's trailer, causing it damage. FEMA has not responded to repeated requests for repair. As a result, water leaks through the trailer every time it rains. Mr. Bonner does not know where he will go when the time comes to leave his FEMA trailer.

Mr. Bonner has no phone or emergency contact information.

Rodney Gonzalez
Phone: (901) 482-8704
Emergency Contact: (228) 380-8704
Address: Lot #12, 9280 Canal Road, Gulf Port, MS 39503
Current Trailer Park: Frisby
Age: Approx. 45
Race: Hispanic
Pre-Katrina Employment: Receiving Disability

Rodney Gonzalez is a resident in the Frisby FEMA trailer park. He receives disability benefits for a work-related injury. Mr. Gonzalez believes that this injury has caused damage to his nerves and head. He recounts driving to run errands and then waking up in Texas or Louisiana. He is currently unable to get his medications because he has trouble traveling to the drugstore.

Mr. Gonzalez lives with his daughter and two grandchildren. His daughter currently works at Wendy's, and his grandchildren are both under the age of three. He was told that he could go to a hotel after his trailer park closes, but FEMA would only assist his rental cost for a maximum of one month. He was told that after the time he would be entirely responsible for all of his expenses. Mr. Gonzalez fears bringing his family to one of the FEMA contracted hotels because there have been reports of sexual crimes and drug use and sale.

Mr. Gonzalez was told that there are other catastrophes in need of FEMA assistance and that there is no money left for people living in the FEMA trailer parks. His most recent FEMA case worker told him that he needs to leave immediately. The case worker provided him with a list of rental properties for him to visit. However, he is physically unable to drive to visit these properties.

Rex Puckett
Phone: (228) 596-4420
Address: Lot #127, 190 B Beauvoir, Biloxi, MS 39531
Current Trailer Park: Fox
Age: 41
Race: Caucasian
Pre-Katrina Employment: Worked in maintenance and going to school for cosmetology

Lives/d at Fox's since September 2005. Single Parent - w/m. Referred to Harrison long-term care.

Rex Puckett is a single father of two infants. His wife died during childbirth, leaving him alone with the children. Mr. Puckett's trailer is next to the train tracks and the noise caused by the passing trains frequently wake his children at night.

Mr. Puckett is unable to leave his children to seek employment because he cannot afford childcare. His financial problems have also limited his search for affordable housing options for when the park closes. Mr. Puckett fears that FEMA will shut down the trailer park in a month and he and his children will be left homeless.

Diane Shields
Phone: (228) 229-6429
Emergency Contact: (228) 223-9649
Address: Lot #37, 1824 Popps Ferry Road, Biloxi, MS
Current Trailer Park: Ellzey
Age: Approx. 45-50
Race: African American
Pre-Katrina Employment: Nurse (earning $45,000/yr. No longer employed)

Diane Shields lives in a FEMA trailer with her husband and two children; her daughter is now pregnant. Her husband has lung problems, and they all experience upper respiratory problems, headaches, dizziness, and a general lack of appetite. Ms. Shields previously was renting-to-own a house and working as a nurse. She is now unemployed.

FEMA has not given her an exact date as to when her trailer park will close. However, when a Coastal Electric worker came to shut off her power a few weeks ago, he informed her Ms. Shields that FEMA was closing the park and all power would be cut by June 30th 2008.

After Katrina, Ms. Shields bought a house for $23,000 and a lot for $10,000 but a housing scam and a $5,000 bill from the city to install a septic tank have stalled her plans to settle into her new home. A grant Ms. Shields received from United Methodist Church failed, as well. She was initially approved for a MEMA cottage 8 months ago but has since been denied. Shields will not qualify for HUD housing and is uncertain as to her and her family's future housing plans.

MEMORANDUM

2/8/08, revised 2/19/08

TO: Gail Laster, House Financial Services Committee
FR: Debby Goldberg, Hurricane Relief Project, National Fair Housing Alliance
Dgoldberg@nationalfairhousing.org; (202) 898-1661
RE: Fair housing issues in Mississippi

Summary

The National Fair Housing Alliance (NFHA) believes that Mississippi is not meeting its obligation to affirmatively further fair housing with the Community Development Block Grant (CDBG) disaster recovery funds it received after Hurricanes Katrina and Rita.

From the beginning, in the Action Plans submitted to HUD, Mississippi stated that housing was the number one need for the recovery. Given the fair housing mandates of CDBG, part of the State's analysis should have been how it would meet the housing needs of members of classes protected under the Fair Housing Act. These fall into two categories: the rebuilding assistance needs of homeowners who are members of protected classes; and, since so many members of protected classes were renters, the rebuilding and restoration of rental housing, particularly affordable rental housing.

For a significant share of its CDBG disaster recovery funds, Mississippi has requested, and HUD has granted, a waiver from the requirement that at least 50% of the funds benefit low and moderate-income people. This is already a reduction from the usual standard of 70% of the funds benefiting low and moderate-income benefit. Mississippi is the only state to have requested such a waiver. ***According to the reports the State has filed with HUD, approximately 23% of its CDBG disaster recovery funds are allocated to programs targeted to meet the low and moderate-income benefit.*** Because of the distribution of protected classes under the Fair Housing Act in the affected areas, we believe the State is violating the fair housing portion of the statute.

In addition, the disaster recovery program to which Mississippi has allocated the largest amount of funding is the Phase I Homeowner Assistance Program. This program was designed to compensate the uninsured losses of homeowners who lived outside the flood plain and had homeowners insurance but not flood insurance. We have requested from the State detailed information on the applications filed for this program – including information on the race and ethnicity of the homeowners – but have not yet been able to obtain this information.

This memo summarizes information about coastal Mississippi with respect to members of protected classes who lived there before Hurricane Katrina, and examines the fair housing implications of the State's plans for expending its federal Community Development Block Grant (CDBG) funds. The statute requires jurisdictions receiving CDBG funds to use these funds to "affirmatively further fair housing." In the case of the funds appropriated for recovery from

Hurricanes Katrina and Rita, Congress authorized HUD to waive various other CDBG requirements, but expressly withheld from HUD the authority to waive the fair housing mandate.

Key Facts and Figures

- People of color made up approximately ¼ of the population in coastal Mississippi prior to Hurricane Katrina
- In general, white households in coastal Mississippi tended to have median incomes above the median for each county, while households of color had median incomes below the median. Black households had the lowest median incomes, 71% or less of the county median in all three coastal counties.
- Approximately 2/3 of the area's pre-Katrina housing stock was owner-occupied, and nearly 1/3 was renter-occupied.
- Mississippi has devoted only $500 million of its $5.4 billion CDBG funds to the restoration of rental housing stock (including public housing), and virtually none of those funds has been disbursed to date. It recently announced plans to move an additional $100 million from other housing assistance into work force housing.
- Rental housing is a critical resource for members of classes protected under the Fair Housing Act, since Census figures prior to the storm show that they were more likely to be renters:
  - White households were least likely to be renters, with 16% of white households renting their home in Hancock County, 19% in Harrison County, and 20% in Jackson County
  - African-American households were much more likely to be renters: 35% in Hancock County, 21% in Harrison County, and 46% in Jackson County.
  - Hispanic households were even more likely to be renters: 36% in Hancock County, 62% in Harrison County, and 54% in Jackson County.
  - Asian-Americans had the highest percentage of renters: 50% in Harrison County and 34% in Jackson County. The Census reported no Asian households in Hancock County.
  - 42% of female-headed households were renters, compared to 31% of the population overall.
  - 36% of families with children were renters, compared to 29% of households without children. In Harrison County, 42% of households with children were renters, compared to 35% of households without children.
- Even the programs designed to compensate homeowners for their losses fail to serve the needs of minority homeowners adequately. Many homeowners of color lived in areas that suffered damage from wind but not storm surge. These homeowners were excluded from the State's CDBG-funded programs.

Members of Protected Classes in Coastal Mississippi[1]

The Mississippi Gulf coast comprises three counties. Moving from west (on the Louisiana border) to east (on the Alabama border) these are Hancock, Harrison, and Jackson counties. Harrison County, where Gulfport and Biloxi are located, has the largest population.

[1] Figures cited in this memo are derived from the 2000 Census.

According to the 2000 Census, the total population of the three coastal counties was 363,988: 42,967 in Hancock County, 189,601 in Harrison County, and 131,420 in Jackson County. Approximately ¼ of the residents in these counties prior to Katrina were members of racial or ethnic minority groups: African-Americans, Asian-Americans and Hispanics, with the greatest concentration of these groups living in Harrison County.

Table 1. Racial and Ethnic Composition of Population in Coastal Mississippi

County	Total Pop.	White Pop.	% White	Black Pop.	% Black	Asian Pop.	% Asian	Hispanic Pop.	% Hispanic
Hancock	42,967	32,229	75%	3,076	7%	--	--	571	1%
Harrison	189,601	141,548	75%	41,030	22%	5,906	3%	4,820	2.5%
Jackson	131,420	100,345	76%	27,510	20.9%	2,477	1.8%	2,681	2%
Total	363,988	274,122	75%	71,616	19.6%	8,383	2%	8,072	2%

Racial and ethnic minority households were, to a very large degree, low and moderate-income – the very people whom CDBG is intended to benefit. Data from the 2000 Census indicates that in all three coastal counties, white households had median incomes higher than the county median. In most cases, minority households had much lower median incomes. This was particularly true for Black households, whose median incomes were well below 80% of the county medians. The sole exception to this pattern was Asian-American households in Jackson County, whose median income exceeded the county median. Table 2 provides detailed data on median income by race and ethnicity.

Table 2. Median Income by Race & Ethnicity as a Percentage of County Median Income

	Hancock County	Harrison County	Jackson County
Household median income (1999)	$ 35,794	$ 35,624	$ 39,118
White household median income (1999)	$ 35,794	$ 38,150	$ 41,650
White household median income as % county median income (1999)	102%	107%	106%
Black household median income (1999)	$ 23,843	$ 25,367	$ 27,412
Black household median income as % county median income (1999)	68%	71%	70%
Asian household median income (1999)	--	$ 32,101	$ 43,403
Asian household median income as % county median income (1999)	--	90%	111%
Hispanic household median income (1999)	$ 22,353	$ 33,494	$ 32,336
Hispanic household median income as % county median income (1999)	63%	94%	83%

The Census indicates that before the storm, there were 136,111 occupied housing units in the three coastal counties. Of these, 69% were owner-occupied and 31% were renter-occupied.

Thus, rental housing was an important component of the housing market in the area. Figures for each county are shown in Table 3.

Table 3. Distribution of Housing Units by Tenure in Coastal Mississippi

County	Occupied Housing Units (total)	Owner-Occupied Units	% Owner-Occupied	Renter-Occupied Units	% Renter-Occupied
Hancock Co.	16,897	13,457	80%	3,440	20%
Harrison Co.	71,538	44,845	63%	26,693	37%
Jackson Co.	47,676	35,548	75%	12,128	25%
TOTAL	136,111	93,850	69%	42,261	31%

Members of classes protected under the Fair Housing Act were more likely to be renters than were their white counterparts, as illustrated in Table 4, below. This was particularly true for Hispanic and Asian-American households in all three counties. It was also true for Black households in Hancock and Jackson Counties. Only in Harrison County did the percentage of Black households who are owner-occupants come close to that of white households, and even there Black homeownership lagged behind that of whites.

Table 4. Tenure of Protected Classes in Coastal Mississippi

	Hancock County	Harrison County	Jackson County
White-occupied units (total)	7,872	97,992	36,987
% owner-occupied	84%	81%	80%
% renter-occupied	16%	19%	20%
Black-occupied units (total)	1,478	47,898	8,672
% owner-occupied	65%	79%	54%
% renter-occupied	35%	21%	46%
Hispanic-occupied units (total)	153	1,424	759
% owner-occupied	64%	38%	46%
% renter-occupied	36%	62%	54%
Asian-occupied units (total)	--	1,153	468
% owner-occupied	--	50%	66%
% renter-occupied	--	50%	34%

Similarly, female-headed households were more likely to be renters than married couples or male-headed households, as shown in Table 5. In coastal Mississippi as a whole, 42% of female-headed households were renters, compared to 25% of other households.

Table 5. Tenure of Households by Sex in Coastal Mississippi

	Married Couples and Male-headed Households		Female-headed Households	
County	Owners (#, %)	Renters (#, %)	Owners (#, %)	Renters (#, %)
Hancock	10,048 (84%)	1,919 (16%)	2,886 (71%)	1,172 (29%)
Harrison	31,961 (69%)	14,480 (31%)	11,205 (54%)	9,616 (46%)
Jackson	27,306 (81%)	6,449 (19%)	7,384 (61%)	4,637 (39%)
Total	69,315 (75%)	22,848 (25%)	21,475 (58%)	15,425 (42%)

Families with children were also more likely to be renters than owners, as illustrated below.

Table 6. Tenure of Households with and without Children in Coastal Mississippi

County	House-holds w/Children	House-holds w/o Children	% Households w/Children that Rent	% Households w/Children that Own	% Households w/o Children that Rent	% Households w/o Children that Own
Hancock County	5,310	11,587	25%	75%	18%	82%
Harrison County	24,005	47,533	42%	58%	35%	65%
Jackson County	17,788	29,888	30%	70%	23%	77%
Total	47,103	89,008	36%	64%	29%	71%

Damage to Housing Units from Katrina

The winds and storm surge from Katrina devastated communities across the entire Mississippi Gulf Coast, and high winds and tornadoes caused damage far inland. Much of the worst of the damage was concentrated in Harrison, Hancock and Jackson Counties, along the coast. FEMA estimated that 65,380 homes were damaged or destroyed in South Mississippi, and more than half a million Mississippians applied for assistance from FEMA – more than one in six of the state's residents.

Rental housing was particularly hard hit. The Rand Corporation Gulf States Institute studied the extent of the damage. Among its key findings:

- 47,013 small rental units were damaged, including 42,187 single family rentals
- 15,457 multi-family units were damaged, including 7,081 with major or severe damage
- 37,105 units affordable to very low income families were damaged, including 11,914 with severe damage or completely destroyed

Federal Assistance

$5.4 billion in Community Development Block Grant (CDBG) disaster recovery funds have been allocated for Mississippi through two Congressional appropriations intended to help the region recover from the hurricanes of 2005. In broad terms, Mississippi plans to spend these funds as follows:

Program	**Funding Level**
Phase I Homeowner Assistance Grants	$1.715 billion*
Elevation Grants	$ 250 million*
Utilities/Wind Pool Rate Mitigation	$ 420 million*
Infrastructure	$ 586 million*
Economic Development	$ 340 million*
Community Revitalization	$ 300 million*
Port of Gulfport Expansion	$ 600 million
Phase II Homeowner Assistance Grants	$ 750 million
Small Rental Program	$ 250 million
Public Housing	$ 100 million
Work Force Housing	$ 150 million

Asterisks indicate programs for which Mississippi has asked, and HUD has granted, a waiver from the requirement that at least 50% of the funds benefit low and moderate income people. This is a reduction from the usual 70% standard for low and moderate-income benefit. Mississippi is the only state to have requested such a waiver. According to the reports the State has filed with HUD, a mere 23% of its CDBG disaster recovery funds are allocated to programs targeted to meet the low and moderate-income benefit requirement. As of September 30, 2007, only 13% of its total CDBG disaster recovery expenditures have actually benefited low and moderate-income people. Given the large numbers of members of protected classes who are low and moderate-income, this raises serious fair housing concerns.

Equally important from a fair housing standpoint, Mississippi has not allocated sufficient funds to rebuild its rental housing stock, including rental housing affordable to low- and moderate-income people. A comparison of the state-wide estimates of units damaged and the number of units expected to be repaired or restored through the CDBG-funded programs currently in place shows a substantial gap:

	Units Damaged	Units Replaced w/CDBG	Net Loss of Units
Small Rental	47,013	6,000	41,103
Multi-family Rental	15,457	5,753	9,727
Very Low-Income Rental	37,105	5,730	31,375

Since members of protected classes are more likely than others to be renters, this use of the CDBG funds jeopardizes their ability to find housing that meets their needs, now and in the future It also calls into question Mississippi's compliance with the requirement that CDBG funds be used to "affirmatively further" fair housing. In order to meet this requirement, restoring the rental housing stock that was lost in the storm must be a top priority. So far, it clearly has not been.

Assistance for Homeowners

The disaster recovery program to which Mississippi has allocated the most funding is the Phase I Homeowner Assistance Program, designed to compensate the uninsured losses of homeowners who lived outside the flood plain and lacked flood insurance. We have requested from the State detailed information on the applications filed for this program – including information on the race and ethnicity of the homeowners – but have not yet been able to obtain this information. As a result, we cannot be confident that it has served members of classes protected under the Fair Housing Act.

One important class of homeowners was excluded from assistance under both the Phase I and Phase II Homeowner Assistance programs: those whose homes suffered damage from wind but not storm surge. The topography of the region and the geographic distribution of population by race suggest that this policy is likely have a disparate impact on homeowners of color. Take, for example, Harrison County, where raised railroad tracks divide the county from east to west a few miles in from the coast. According to local accounts, these tracks served as a natural levy, stopping the storm surge in many areas. The tracks also divide the county along racial lines, with many African-American homeowners residing to the north (inland) of the tracks. In contrast, the areas south of the tracks are more heavily white. Many of the homes north of the railroad tracks were damaged by wind, but not by storm surge. Unlike their counterparts to the south, these homeowners have received no compensation for their losses from the State.

Conclusion

In sum, the design of the homeowner assistance programs, the scarce funding devoted to restoration of rental housing, and the repeated requests for waivers from the 50% low and moderate-income benefit requirement all have disparate impact on members of protected classes. It is for this reason that the National Fair Housing Alliance believes that the State is not meeting its obligation to affirmatively further fair housing. Furthermore, HUD could be violating its own obligations by granting the waivers allowing Mississippi not to serve low- and moderate-income families.

MiSSiSSiPPi
CENTER
FOR JUSTICE

736 N. CONGRESS ST. (39202)
P. O. BOX 1023
JACKSON, MS 39215-1023
601-352-2269
fax 601-352-4769
www.mscenterforjustice.org

A Mississippi Nonprofit Corporation

KATRINA RECOVERY OFFI(
974 Division Street
Biloxi, MS 39530-2960
228-435-7284
fax 228-435-7285

August 7, 2007

Gray Swope, Executive Director
Mississippi Development Authority
Post Office Box 849
Jackson, Mississippi 39205

Dear Sir:

Enclosed please find a request for public records.

The Mississippi Public Records Act requires you to respond to this request within 14 working days from the date of this request.

If the MDA requires a fee deposit in order to comply with this request, please immediately advise me in writing of the amount of the deposit and form of payment.

If you withhold some or all of the requested documents, Mississippi Code § 25-61-5 (2), ,uires you to provide a written statement specifying the basis for your contention that any such withheld records are exempt.

If any exemption that you assert applies to only a portion of the records, then you must separate the exempt records or portions thereof and make available the non-exempt remaining records or portions thereof. Miss. Code Ann. § 25-61-9(2).

Please direct any questions regarding the enclosed request to me. Thank you for your attention to this matter and with regards, I am,

Very Truly Yours,

Reilly Morse
Reilly Morse
Mississippi Center for Justice

Exhibit "N"

MISSISSIPPI DEVELOPMENT AUTHORITY
Public Records Access Report

Name of Requesting Party: Mississippi Center for Justice

Address: 974 Division Street, Biloxi, Mississippi, 39530

Telephone No.: 228-435-7284

Nature, Location and Description of Record(s) Sought:

1. Any public records containing the information on applicants to the Phase I or Phase II Homeowner Assistance Program, including applications for Elevation Grants, as specified below.
   a. The **nature** of the records to be copied are public records as that term is defined in the Public Access to Public Records Act, Miss. Code Ann. §25-61-3(b) Definitions.
   b. The **location** of the public records to be produced for inspection are all public records in the possession custody or control of the Mississippi Development Authority and/or the State of Mississippi.
   c. The **description** of the public records to be produced for inspection is the following information :

      i. All quarterly reports from the State to HUD (required to be submitted no later than 30 days following each calendar quarter), as submitted using the online Disaster Recovery Grant Reporting system or otherwise, including detailed information about the uses of grant funds, such as "the project name, activity, location, and national objective; funds budgeted, obligated, drawn down, and expended; . . . beginning and ending dates of activities; and performance measures such as numbers of low- and moderate-income persons or households benefiting," 71 Fed. Reg. at 7668-70;
      ii. data recorded through that recordkeeping system, including "data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program," 71 Fed. Reg. at 7670."

STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
GRAY SWOOPE
EXECUTIVE DIRECTOR

August 23, 2007

Reilly Morse
Mississippi Center for Justice
974 Division Street
Biloxi, Mississippi 39530-2960

Re: Phase I and Phase II of Homeowner Assistance Program

Dear Mr. Morse:

This letter is being sent within the fourteen (14) working day period provided in the policies of MDA to respond to your written request "for any public records containing the formation on applicants to the Phase I or Phase II Homeowner Assistance Program, including applications for Elevation grants". Enclosed herein is the information that MDA has which is responsive to your request.

1 In response to your request No. i, this agency, after a review of the available documents has determined that it has located four quarterly reports that are in our possession. The Mississippi Public Records Act of 1983, codified at Section 25-61-1 et seq., Mississippi Code of 1972 as amended, requires us to collect fees for the costs of duplicating such public records. These quarterly reports, approximately 185 pages may be obtained from the state at an estimated cost at .25 per page for a cost of $46.25 plus postage of 1.65 totaling $47.90. These quarterly reports may also be located and printed at no cost from the Federal Register.

2 In response to your request No. ii. regarding "data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program," this agency, after a review of the record keeping systems, has determined that there are over 19,000 individual files for Phase I and over 7,500 for Phase II, which will have to be reviewed and protected before production.

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A Mississippi Nonprofit Corporation

KATRINA RECOVERY OFFIC
974 Division Street
Biloxi, MS 39530-2960
228-435-7284
fax 228-435-7285

August 27, 2007

Melissa Medley, CME
Mississippi Development Authority
Post Office Box 849
Jackson, Mississippi 39205-0849

Re: Public Records Request : Phase I and II of Homeowner Assistance Program

Dear Ms. Medley:

With respect to the first request, I will have a check delivered tomorrow in the sum of $46.25. Please call me at (228) 435-7284 when the materials are ready for pick-up. I will have someone in my Jackson office come by to get it.

With respect to the second request, I would like clarification about the form in which the data would be provided. Would you please describe for me the way in which the end product would be presented?

Sincerely,

Reilly Morse

Reilly Morse
Equal Justice Works Katrina Legal Fellow
Mississippi Center for Justice

STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
GRAY SWOOPE
EXECUTIVE DIRECTOR

September 6, 2007

Reilly Morse
Mississippi Center for Justice
974 Division Street
Biloxi, Mississippi 39530-2960

Re: Phase I and Phase II of Homeowner Assistance Program

Dear Mr. Morse:

This letter is a written response to your request for clarification about the structure in which the data would be provided to you.

For ad hoc reporting in response to your request for "data on racial, ethnic and gender characteristics of persons who are applicants for, participants in or beneficiaries of the program," the state would prepare a report showing the total number of applications received from Phase I ‹ Phase II of the homeowner programs. From the total applicant pool, we can show:

- The number of non-reports
- The number of those who reported
- The totals by race, gender and ethnicity

This data would be presented to you in the form of a report reflecting these aggregate totals by county.

Again, since this information was not required by HUD and was provided voluntarily, we have not tracked this data and cannot, at this time, give you a number of the respondents who completed these data fields without initiating ad hoc reporting. For ad hoc reporting, the State estimates 16 hours at a fee of $120.00 per hour totaling $1,920.

If this office can be of further assistance to you or if you should have any questions, please do not hesitate to cont me at 601-359-3041.

Sincerely,

Melissa Medley

Melissa Medley, CME
Marketing & Communications Director

MM:ers

POST OFFICE BOX 849 · JACKSON, MISSISSIPPI 39205-0849
TELEPHONE (601) 359-3449 · FAX (601) 359-2832 · www.mississippi.org

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0001

THE SECRETARY

JAN 25 2008

The Honorable Haley Barbour
Governor of Mississippi
P.O. Box 139
Jackson, MS 39205-0139

Dear Governor Barbour:

On December 12, 2007, the Department of Housing and Urban Development received the State of Mississippi's Amendment 5, Port of Gulfport Restoration Program. In accordance with our regulations, the plan has been reviewed for completeness and consistency with the purposes of the Cranston-Gonzales National Affordable Housing Act (NAHA) 42 U.S.C. 12708. HUD's acceptance of this amendment is in keeping with the nature of the disaster recovery supplemental Community Development Block Grant (CDBG) program for the hurricane-ravaged Gulf Coast. As designed by Congress, the statute relegates decision-making for setting priorities and specific program design for these CDBG dollars to the States themselves. The Congressional language associated with these CDBG funds allows me little discretion and, therefore, the Mississippi Development Authority (MDA) may reprogram the $600 million originally intended for the Homeowners Assistance Program to be used for the Port Restoration Program.

Although economic development is important and the Port expansion will create jobs and serve as a significant regional economic driver, I remain concerned that this expansion does indeed divert emergency federal funding from other more pressing recovery needs, most notably affordable housing. To that end, I was pleased to learn that just this week you announced an additional $100 million to be reprogrammed to address the critical housing needs of low- and moderate-income households in the Gulf region of Mississippi. This additional $100 million brings the State of Mississippi's total financial obligation to affordable housing to over $615 million. I consider this $100 million commitment a responsible and prudent expense of prioritizing federal funds to meet the most pressing hurricane-related needs. I'm sure that you share my concern that there may still be significant unmet needs for affordable housing, and I strongly encourage you to prioritize Gulf Coast housing as you move forward.

My staff and I look forward to continuing to work with you to achieve long-term recovery and rebuilding in Mississippi. If you or any members of your staff have any questions regarding this matter, do not hesitate to contact Nelson R. Bregón, General Deputy Assistant Secretary for Community Planning and Development, at (202) 708-2690.

Sincerely,

Alphonso Jackson

State of Mississippi
Form MBR-1 (2006)

BUDGET REQUEST FOR FISCAL YEAR ENDING JUNE 30, 2009

936-00

Mississippi State Port Authority at Gulfport (AGENCY) — P.O. Box 40, Gulfport, MS 39502 (ADDRESS) — Donald R. Allee (CHIEF EXECUTIVE OFFICER)

	Actual Expenses FY Ending June 30, 2007	Estimate Expenses FY Ending June 30, 2008	Requested for FY Ending June 30, 2009	Requested Increase (+) or Decrease (-) FY 2009 vs. FY 2008 (Col. 3 vs. Col. 2)	
I. A. PERSONAL SERVICES				AMOUNT	PERCENT
1. Salaries, Wages & Fringe Benefits (Base)	1,864,041	2,953,172	2,725,000		
a. Additional Compensation					
b. Proposed Vacancy Rate (Dollar Amount)					
c. Per Diem	3,080	12,000	12,000		
Total Salaries, Wages & Fringe Benefits	**1,867,121**	**2,965,172**	**2,737,000**	**(228,172)**	**(7.69%**
2. Travel					
a. Travel & Subsistence (In-State)	1,951	18,350	7,500	(10,850)	(59.12%
b. Travel & Subsistence (Out-of-State)	14,499	62,700	40,000	(22,700)	(36.20%
c. Travel & Subsistence (Out-of-Country)	9,724	54,000	22,500	(31,500)	(58.33%
Total Travel	**26,174**	**135,050**	**70,000**	**(65,050)**	**(48.16%**
B. CONTRACTUAL SERVICES (Schedule B):					
a. Tuition, Rewards & Awards	4,137	4,708	6,000	1,292	27.44
b. Communications, Transportation & Utilities	202,019	286,157	215,000	(71,157)	(24.86%
c. Public Information	39,019	25,170	50,000	24,830	98.64
d. Rents	235,068	147,179	195,500	48,321	32.83
e. Repairs & Service	186,098	228,816	45,000	(183,816)	(80.33%
f. Fees, Professional & Other Services	1,769,617	860,800	1,400,000	539,200	62.63
g. Other Contractual Services	1,816,811	1,500,000	1,600,000	100,000	6.66
h. Data Processing	12,986	17,923	16,000	(1,923)	(10.72%
i. Other					
Total Contractual Services	**4,265,755**	**3,070,753**	**3,527,500**	**456,747**	**14.87**
C. COMMODITIES (Schedule C):					
a. Maintenance & Construction Materials & Supplies	35,303	3,207	35,000	31,793	991.36
b. Printing & Office Supplices & Materials	41,223	45,706	50,000	4,294	9.39
c. Equipment, Repair Parts, Supplies & Accessories	49,307	41,551	45,000	3,449	8.30
d. Professional & Scientific Supplies & Materials	9	53	500	447	843.39
e. Other Supplies & Materials	118,107	78,988	60,000	(18,988)	(24.03%
Total Commodities	**243,949**	**169,505**	**190,500**	**20,995**	**12.38**
D. CAPITAL OUTLAY:					
1. Total Other Than Equipment (Schedule D-1)	**18,598,612**	**38,735,000**	**57,650,000**	**18,915,000**	**48.83%**
2. Equipment (Schedule D-2):					
b. Road Machinery, Farm & Other Working Equipment		100,000	200,000	100,000	100.00
c. Office Machines, Furniture, Fixtures & Equipment	2,313	20,000	60,000	40,000	200.00
d. IS Equipment (Data Processing & Telecommunications)	11,205	84,000	87,500	3,500	4.16
e. Equipment - Lease Purchase		500,000	900,000	400,000	80.00
f. Other Equipment	11,479	40,000	67,500	27,500	68.75
Total Equipment (Schedule D-2)	**24,997**	**744,000**	**1,315,000**	**571,000**	**76.74%**
3. Vehicles (Schedule D-3)		**50,000**	**38,000**	**(12,000)**	**(24.00%**
4. Wireless Comm. Devices (Schedule D-4)	**375**	**6,000**	**1,600**	**(4,400)**	**(73.33%**
E. SUBSIDIES, LOANS & GRANTS (Schedule E):	**3,138,745**	**3,220,300**	**3,249,390**	**29,090**	**0.90%**
TOTAL EXPENDITURES	**28,165,728**	**49,095,780**	**68,778,990**	**19,683,210**	**40.09%**
II. BUDGET TO BE FUNDED AS FOLLOWS:					
Cash Balance-Unencumbered	81,756,822	82,353,592	74,857,092	(7,496,500)	(9.10%
General Fund Appropriation (Enter General Fund Lapse Below)					
Federal Funds — Other Funds (Specify) —					
Port Operations	8,008,771	8,699,280	11,143,544	2,444,264	28.09
Tax Levy	861,416	900,000	900,000		
Interest & Other	3,637,425	2,000,000	800,000	(1,200,000)	(60.00%
Insurance & Grants	16,254,886	30,000,000		(30,000,000)	(100.00%
Less: Estimated Cash Available Next Fiscal Period	(82,353,592)	(74,857,092)	(18,921,646)	(55,935,446)	(74.72%
TOTAL (same as total of A through E above)	**28,165,728**	**49,095,780**	**68,778,990**	**19,683,210**	**40.09%**
GENERAL FUND LAPSE					
III. PERSONNEL DATA					
Number of Positions Authorized in Appropriation Bill a.) Full Perm	30	55	48	(7)	(12.72%
b.) Full T-L					
c.) Part Perm					
d.) Part T-L					
Average Annual Vacancy Rate (Percentage) a.) Full Perm					
b.) Full T-L					
c.) Part Perm					
d.) Part T-L					

Approved by: Lenwood S. Sawyer, Jr.
Official of Board or Commission

Submitted by: Donald R. Allee
Name

Budget Officer: Mary J. Bourdin / MBourdin@shipmspa.com

Title: Executive Director & CEO

Phone Number: (228) 865-4300

Date: July 31, 2007

Form MBR-1-01

Name of Agency Mississippi State Port Authority at Gulfport

Consolidate Funding Sources to No More Than Six and List	FY 2007 Actual Amount	% Of Line Item	% Of Total Budget	FY 2008 Estimated Amount	% Of Line Item	% Of Total Budget	FY 2009 Requested Amount	% Of Line Item	% Of Total Budget
1. General									
2. Federal									
Other (Specify)									
3. Port Operations	1,867,121	100.00%		2,965,172	100.00%		2,737,000	100.00%	
4. Tax Levy									
5. Interest & Other									
6. Insurance & Grants									
Total Salaries	**1,867,121**		**6.62%**	**2,965,172**		**6.03%**	**2,737,000**		**3.97%**
1. General									
2. Federal									
Other (Specify)									
3. Port Operations	26,174	100.00%		135,050	100.00%		70,000	100.00%	
4. Tax Levy									
5. Interest & Other									
6. Insurance & Grants									
Total Travel	**26,174**		**0.09%**	**135,050**		**0.27%**	**70,000**		**0.10%**
1. General									
2. Federal									
Other (Specify)									
3. Port Operations	4,265,755	100.00%		3,070,753	100.00%		3,527,500	100.00%	
4. Tax Levy									
5. Interest & Other									
6. Insurance & Grants									
Total Contractual	**4,265,755**		**15.14%**	**3,070,753**		**6.25%**	**3,527,500**		**5.12%**
1. General									
2. Federal									
Other (Specify)									
3. Port Operations	243,949	100.00%		169,505	100.00%		190,500	100.00%	
4. Tax Levy									
5. Interest & Other									
6. Insurance & Grants									
Total Commodities	**243,949**		**0.86%**	**169,505**		**0.34%**	**190,500**		**0.27%**
1. General									
2. Federal									
Other (Specify)									
3. Port Operations	17,238,516	92.68%		38,735,000	100.00%		57,650,000	100.00%	
4. Tax Levy									
5. Interest & Other	1,360,096	7.31%							
6. Insurance & Grants									
Total Other Than Equipment	**18,598,612**		**66.03%**	**38,735,000**		**78.89%**	**57,650,000**		**83.81%**
1. General									
2. Federal									
Other (Specify)									
3. Port Operations	24,997	100.00%		744,000	100.00%		1,315,000	100.00%	
4. Tax Levy									
5. Interest & Other									
6. Insurance & Grants									
Total Equipment	**24,997**		**0.08%**	**744,000**		**1.51%**	**1,315,000**		**1.91%**
1. General									
2. Federal									
Other (Specify)									
3. Port Operations				50,000	100.00%		38,000	100.00%	
4. Tax Levy									
5. Interest & Other									
6. Insurance & Grants									
Total Vehicles				**50,000**		**0.10%**	**38,000**		**0.05%**
1. General									
2. Federal									
Other (Specify)									
3. Port Operations	375	100.00%		6,000	100.00%		1,600	100.00%	
4. Tax Levy									
5. Interest & Other									
6. Insurance & Grants									
Total Wireless Comm. Devices	**375**		**0.00%**	**6,000**		**0.01%**	**1,600**		**0.00%**

State of Mississippi
Form MBR-1-01

REQUEST BY FUNDING SOURCE

Name of Agency Mississippi State Port Authority at Gulfport

Consolidate Funding Sources to No More Than Six and List	FY 2007 Actual Amount	% Of Line Item	% Of Total Budget	FY 2008 Estimated Amount	% Of Line Item	% Of Total Budget	FY 2009 Requested Amount	% Of Line Item	% Of Total Budget
1. General									
2. Federal									
Other (Specify)									
3. Port Operations				320,300	9.94%		349,390	10.75%	
4. Tax Levy	861,416	27.44%		900,000	27.94%		900,000	27.69%	
5. Interest & Other	2,277,329	72.55%		2,000,000	62.10%		2,000,000	61.55%	
6. Insurance & Grants									
Total Subsidies, Loans & Grants	**3,138,745**		**11.14%**	**3,220,300**		**6.55%**	**3,249,390**		**4.72%**
1. General									
2. Federal									
Other (Specify)									
3. Port Operations	23,666,887	84.02%		46,195,780	94.09%		65,878,990	95.78%	
4. Tax Levy	861,416	3.05%		900,000	1.83%		900,000	1.30%	
5. Interest & Other	3,637,425	12.91%		2,000,000	4.07%		2,000,000	2.90%	
6. Insurance & Grants									
TOTAL	**28,165,728**		**100.00%**	**49,095,780**		**100.00%**	**68,778,990**		**100.00%**

State of Mississippi
Form MBR-1-02

SPECIAL FUNDS DETAIL

Mississippi State Port Authority at Gulfport
Name of Agency

A. FEDERAL FUNDS* Source and Fund Number	Detailed Description of Source	Percentage Match Requirement FY 2008	FY 2009	(1) Actual Revenues FY 2007	(2) Estimated Revenues FY 2008	(3) Requested Revenues FY 2009
	Cash Balance-Unencumbered					
Section A TOTAL						

B. SPECIAL FUNDS (NON-FEDERAL) Source and Fund Number	Detailed Description of Source	(1) Actual Revenues FY 2007	(2) Estimated Revenues FY 2008	(3) Requested Revenues FY 2009
	Cash Balance-Unencumbered	81,756,822	82,353,592	74,857,092
Port Operations	Wharfage, Dockage, Leases	8,008,771	8,699,280	11,143,544
Tax Levy	Harrison County Appropriation	861,416	900,000	900,000
Interest & Other	Investment Income	3,637,425	2,000,000	800,000
Insurance & Grants	Insurance & FEMA Recovery	16,254,886	30,000,000	
Section B TOTAL		110,519,320	123,952,872	87,700,636
Section A and B TOTAL		110,519,320	123,952,872	87,700,636

C. TREASURY FUND/BANK ACCOUNTS* Name of Fund/Account	Fund/Account Number	Name of Bank (If Applicable)	(1) Reconciled Balance as of 6/30/07	(2) Balance as of 6/30/08	(3) Balance as of 6/30/09
Deposits (00200)	13022373	Hancock Bank	2,749,382	500,000	1,500,000
Payroll (00202)	10018511	Hancock Bank	500	500	500
Gross Revenue (00201)	10018503	Hancock Bank	31,212	25,000	25,000
Earnings Fund (00203)	10343889	Hancock Bank	10,089	1,000	10,000
Construction Fund (00204)	10343897	Hancock Bank	18,828	1,000	20,000
Investments - Safekeeping Account	789A28006	Trustmark National Bank	74,890,679	73,829,592	16,866,146
Money Market Account (00301)	1044001649	Trustmark National Bank	4,652,902	500,000	500,000

* Any non-federal funds that have restricted uses must be identified and narrative of restrictions attached.

NARRATIVE OF SPECIAL FUNDS DETAIL AND TREASURY FUND/BANK ACCOUNTS

Mississippi State Port Authority at Gulfport
Name of Agency

SPECIAL FUNDS

As an Enterprise Agency the Mississippi State Port Authority receives operating revenue from tenant leases and Port user fees. The Port also earns interest on excess revenues. Harrison County is obligated to provide a minimum of $900,000 annually from ad valorem tax collections.

TREASURY FUND/BANK

Bank Accounts - Bank accounts have been established for the day to day Port Operations. Checking accounts have been established for deposits, payroll, accounts payable, construction and debt service activities. Money market and safekeeping accounts have been established for investment funds. Customer deposits are segregated into a restricted funds account.

State of Mississippi
Form MBR-1-03

CONTINUATION AND EXPANDED REQUEST

Mississippi State Port Authority at Gulfport
AGENCY

Program No._____ of __2__ Programs

SUMMARY OF ALL PROGRAMS
PROGRAM

	FY 2007 Actual				FY 2008 Estimate			
	(1) General	(2) Federal	(3) Other	(4) Total	(5) General	(6) Federal	(7) Other	(8) Total
Salaries, Wages, Fringe			1,867,121	1,867,121			2,965,172	2,965,172
Travel			26,174	26,174			135,050	135,050
Contractual Services			4,265,755	4,265,755			3,070,753	3,070,753
Commodities			243,949	243,949			169,505	169,505
Other Than Equipment			18,598,612	18,598,612			38,735,000	38,735,000
Equipment			24,997	24,997			744,000	744,000
Vehicles							50,000	50,000
Wireless Comm. Devs.			375	375			6,000	6,000
Subsidies, Loans & Grants			3,138,745	3,138,745			3,220,300	3,220,300
Total			**28,165,728**	**28,165,728**			**49,095,780**	**49,095,780**
No. of Positions (FTE)			30.00	30.00			55.00	55.00

	FY 2009 Increase/Decrease for Continuation				FY 2009 Expansion/Reduction of Existing Activities			
	(9) General	(10) Federal	(11) Other	(12) Total	(13) General	(14) Federal	(15) Other	(16) Total
Salaries, Wages, Fringe			(228,172)	(228,172)				
Travel			(65,050)	(65,050)				
Contractual Services			456,747	456,747				
Commodities			20,995	20,995				
Other Than Equipment			18,915,000	18,915,000				
Equipment			571,000	571,000				
Vehicles			(12,000)	(12,000)				
Wireless Comm. Devs.			(4,400)	(4,400)				
Subsidies, Loans & Grants			29,090	29,090				
Total			**19,683,210**	**19,683,210**				
No. of Positions (FTE)			(7.00)	(7.00)				

	FY 2009 New Activities				FY 2009 Total Request			
	(17) General	(18) Federal	(19) Other	(20) Total	(21) General	(22) Federal	(23) Other	(24) Total
Salaries, Wages, Fringe							2,737,000	2,737,000
Travel							70,000	70,000
Contractual Services							3,527,500	3,527,500
Commodities							190,500	190,500
Other Than Equipment							57,650,000	57,650,000
Equipment							1,315,000	1,315,000
Vehicles							38,000	38,000
Wireless Comm. Devs.							1,600	1,600
Subsidies, Loans & Grants							3,249,390	3,249,390
Total							**68,778,990**	**68,778,990**
No. of Positions (FTE)							48.00	48.00

Note: FY2009 Total Request = FY2008 Estimated + FY2009 Incr(Decr) for Continuation + FY2009 Expansion/Reduction of Existing Activities + FY2009 New Activities.

SUMMARY OF PROGRAMS
FORM MBR-1-03

Mississippi State Port Authority at Gulfport
Agency Name

FUNDING REQUESTED FISCAL YEAR 2009

	PROGRAM	GENERAL	FEDERAL	OTHER	TOTAL
1.	PORT OPERATIONS			65,583,100	65,583,100
2.	DEBT SERVICE			3,195,890	3,195,890
	SUMMARY OF ALL PROGRAMS			68,778,990	68,778,990

State of Mississippi
Form MBR-1-03

CONTINUATION AND EXPANDED REQUEST

Mississippi State Port Authority at Gulfport
AGENCY

Program No. 1 of 2 Programs

PORT OPERATIONS
PROGRAM

	FY 2007 Actual				FY 2008 Estimate			
	(1) General	(2) Federal	(3) Other	(4) Total	(5) General	(6) Federal	(7) Other	(8) Total
Salaries, Wages, Fringe			1,867,121	1,867,121			2,965,172	2,965,172
Travel			26,174	26,174			135,050	135,050
Contractual Services			4,265,755	4,265,755			3,070,753	3,070,753
Commodities			243,949	243,949			169,505	169,505
Other Than Equipment			18,598,612	18,598,612			38,735,000	38,735,000
Equipment			24,997	24,997			744,000	744,000
Vehicles							50,000	50,000
Wireless Comm. Devs.			375	375			6,000	6,000
Subsidies, Loans & Grants			4,156	4,156			75,000	75,000
Total			**25,031,139**	**25,031,139**			**45,950,480**	**45,950,480**
No. of Positions (FTE)			30.00	30.00			55.00	55.00

	FY 2009 Increase/Decrease for Continuation				FY 2009 Expansion/Reduction of Existing Activities			
	(9) General	(10) Federal	(11) Other	(12) Total	(13) General	(14) Federal	(15) Other	(16) Total
Salaries, Wages, Fringe			(228,172)	(228,172)				
Travel			(65,050)	(65,050)				
Contractual Services			456,747	456,747				
Commodities			20,995	20,995				
Other Than Equipment			18,915,000	18,915,000				
Equipment			571,000	571,000				
Vehicles			(12,000)	(12,000)				
Wireless Comm. Devs.			(4,400)	(4,400)				
Subsidies, Loans & Grants			(21,500)	(21,500)				
Total			**19,632,620**	**19,632,620**				
No. of Positions (FTE)			(7.00)	(7.00)				

	FY 2009 New Activities				FY 2009 Total Request			
	(17) General	(18) Federal	(19) Other	(20) Total	(21) General	(22) Federal	(23) Other	(24) Total
Salaries, Wages, Fringe							2,737,000	2,737,000
Travel							70,000	70,000
Contractual Services							3,527,500	3,527,500
Commodities							190,500	190,500
Other Than Equipment							57,650,000	57,650,000
Equipment							1,315,000	1,315,000
Vehicles							38,000	38,000
Wireless Comm. Devs.							1,600	1,600
Subsidies, Loans & Grants							53,500	53,500
Total							**65,583,100**	**65,583,100**
No. of Positions (FTE)							48.00	48.00

Note: FY2009 Total Request = FY2008 Estimated + FY2009 Incr(Decr) for Continuation + FY2009 Expansion/Reduction of Existing Activities + FY2009 New Activities.

State of Mississippi
Form MBR-1-03A

PROGRAM DECISION UNITS

Mississippi State Port Authority at Gulfport — AGENCY

1 - PORT OPERATIONS — PROGRAM NAME

EXPENDITURES:	A FY 2008 Appropriation	B Escalations By DFA	C Non-Recurring Items	D Continue Existing Programs	E Total Funding Change	F FY 2009 Total Request	G	H
SALARIES	**2,965,172**			**(228,172)**	**(228,172)**	**2,737,000**		
GENERAL								
FEDERAL								
OTHER	2,965,172			(228,172)	(228,172)	2,737,000		
TRAVEL	**135,050**			**(65,050)**	**(65,050)**	**70,000**		
GENERAL								
FEDERAL								
OTHER	135,050			(65,050)	(65,050)	70,000		
CONTRACTUAL	**3,070,753**			**456,747**	**456,747**	**3,527,500**		
GENERAL								
FEDERAL								
OTHER	3,070,753			456,747	456,747	3,527,500		
COMMODITIES	**169,505**			**20,995**	**20,995**	**190,500**		
GENERAL								
FEDERAL								
OTHER	169,505			20,995	20,995	190,500		
CAPITAL-OTE	**38,735,000**			**18,915,000**	**18,915,000**	**57,650,000**		
GENERAL								
FEDERAL								
OTHER	38,735,000			18,915,000	18,915,000	57,650,000		
EQUIPMENT	**744,000**			**571,000**	**571,000**	**1,315,000**		
GENERAL								
FEDERAL								
OTHER	744,000			571,000	571,000	1,315,000		
VEHICLES	**50,000**			**(12,000)**	**(12,000)**	**38,000**		
GENERAL								
FEDERAL								
OTHER	50,000			(12,000)	(12,000)	38,000		
WIRELESS DEV	**6,000**			**(4,400)**	**(4,400)**	**1,600**		
GENERAL								
FEDERAL								
OTHER	6,000			(4,400)	(4,400)	1,600		
SUBSIDIES	**75,000**			**(21,500)**	**(21,500)**	**53,500**		
GENERAL								
FEDERAL								
OTHER	75,000			(21,500)	(21,500)	53,500		
TOTAL	**45,950,480**			**19,632,620**	**19,632,620**	**65,583,100**		

FUNDING:

GENERAL FUNDS								
FEDERAL FUNDS								
OTHER FUNDS	45,950,480			19,632,620	19,632,620	65,583,100		
TOTAL	**45,950,480**			**19,632,620**	**19,632,620**	**65,583,100**		

POSITIONS:

GENERAL FTE								
FEDERAL FTE								
OTHER FTE	55.00			(7.00)	(7.00)	48.00		
TOTAL FTE	**55.00**			**(7.00)**	**(7.00)**	**48.00**		

PRIORITY LEVEL:

				1				

FY 2009 PROGRAM NARRATIVE

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT — AGENCY NAME

PORT OPERATIONS — PROGRAM NAME

I. NARRATIVE DESCRIPTION OF THE PROGRAM.

The MSPA Board of Port Commissioners designs this program to fund the continuing operation, maintenance, and capital outlay of the Mississippi State Port Authority at Gulfport. The Port of Gulfport is owned and operated jointly by the Mississippi Development Authority and the Mississippi State Port Authority. The Port of Gulfport is an important U.S. Port of Entry; it is one of eighty-six commercial deepwater container seaports, and one of only five container seaports within the U.S. Gulf of Mexico region. The Port Authority promotes, administers and maintains port facilities, including warehouses, piers, bulkheads, channels, harbors, anchorages, intermodal facilities and services, and equipment required for loading and unloading commercial vessels.

II. STATEMENT OF BASIC OVERALL OBJECTIVES OF THE PROGRAM.

The Mississippi State Port Authority's Mission Statement establishes the primary objective of the program. The Mission Statement for MSPA is: "To be a profitable, self sufficient Port providing world class marine terminal services to present and future customers and facilitate the economic growth of Mississippi through the promotion of international trade".

The Port Authority is currently undertaking a major multi-year capital outlay program. The objective of this program is to reorganize the current and future marine cargo handling infrastructure to maximize throughput capacity and to create an intermodal plan that will ensure efficient and safe flows for future Port activities.

The Commercial seaport activities at the Port of Gulfport generate more than $25.9 million in State and local taxes annually. MSPA estimates that the total annual economic benefit is more than $643.7 million while providing directly and indirectly more than 7,300 jobs in Mississippi.

III. STATEMENT OF THE CURRENT PROGRAM ACTIVITIES AS SUPPORTED BY THE FUNDING IN COLUMNS 5-12 OF MBR 1-03.

1. PORT OPERATIONS PROGRAM:

The Port Authority's seaport operations are paid from operating revenues generated by the Port of Gulfport. The Port of Gulfport generates revenues from both maritime and non-maritime activities. Maritime tariff revenues include wharfage, dockage, demurrage and other reimbursable revenues. Lease revenues are generated from both maritime and non-maritime premises. Prior to Hurricane Katrina maritime revenues funded operating expenses.

Fiscal Year	Maritime Operating Revenues	Operating Expenses	Excess Revenues over Expenditures
2006 Actual (Audited)	**$3,381,302**	**$ 13,409,538**	**$ (10,028,236)**
2007 Actual (Un-audited)	**$ 4,057,635**	**$ 6,402,585**	**$(2,344,950)**
2008 Budget Estimate	**$ 4,674,280**	**$ 6,340,480**	**$ (1,666,200)**
2009 Budget Proposed	**$ 4,723,544**	**$ 6,525,000**	**$ (1,801,456)**

Non-maritime activities include gaming and other commercial activities. The Port Authority does not receive any State General Fund revenues, and is considered an Enterprise Fund within the State of Mississippi. The Port Authority funds capital projects from excess earnings, Harrison County Ad Valorem Revenues, and State General Obligation Bonds.

Fiscal Year 2007 expenditures include $1,283,379 of hurricane temporary recovery expenses. The Fiscal Year 2008 Revenue Estimate is based on current maritime customers and business volumes at June 30, 2007. Authorized Operating Expenses are $10,811,730. The Port Authority is projecting Fiscal Year 2008 Operating Expenses of $5,262,005.

Total Operating Revenues proposed for Fiscal Year 2009 are $ 4,723,544. Total Non-Operating Revenues proposed for Fiscal Year 2009 are $6,420,000.

2. JUSTIFICATION FOR FISCAL YEAR 2009 SPENDING LEVELS:

PERSONNEL SERVICES:

Salaries, Wages, Fringe: [7.69% Decrease - $(228,172)]. This budget item funds salaries, wages, and fringes for 48 authorized positions. Prior to Fiscal Year 2009, a total of 55 full time positions were authorized for the Port Authority. Due to the change in our Mechanical Handling Operations this number has been adjusted to 48.

Travel: [48.16% Decrease $(65,050)].Business development activities of the Port Authority require in-state, out of state, and international travel. These activities are in association with the expansion of the Port of Gulfport's maritime activities and the State's economic development efforts. Major emphasis is being placed on expanding business with our Latin American neighbors.

CONTRACTUAL SERVICES: [14.87% Increase - $456,747]

The Port Authority purchases utilities for operations at the Port of Gulfport. As business activity at the Port increases, the cost of utilities increases.

Professional fees include legal, auditing, trade data, planning, security, and other professional services provided for in the accomplishment of the Port Authority's business activities.

Other Contractual services include trade development, membership fees, insurance costs, preventive maintenance and other services provided by outside vendors in the furtherance of the Port Authority's business activities. Amounts for Contractual Services have been adjusted in accordance with current business activities.

COMMODITIES: [12.38% Increase - $20,995]

The Port Authority continues to carry out a preventive maintenance program on warehouses, piers, channels, equipment and other facilities. The Port Authority is committed to maintaining newly constructed and repaired facilities as detailed in the Port's five year capital plan.

CAPITAL OUTLAY:

Capital Outlay – Other than Equipment [48.83% Increase - $18,915,000]

The major capital outlay projects for Fiscal Year 2009 are a continuation of Hurricane Katrina recovery and projects planned in accordance with the Strategic Master Plan. Capital Outlay projects for Fiscal Year 2009 utilize reserve funds and excess FY 08 revenues. The projects do not include anticipated FEMA, or other grant funds.

Capital Outlay - Equipment [76.74% Increase - $571,000]

The capital outlay for equipment during Fiscal Year 2009 includes various categories of equipment. It includes $200,000 for working equipment for Port operations and also includes $900,000 for the lease of equipment – lease / purchase for two new Gantry Cranes.

Total Capital Outlay Budgeted: $59,004,600

Subsidies, Loans, Grants: [28.67% Decrease - $(21,500)]

The proposed subsidies, loans, and grants for Port operations include sales tax expenditures and gain/(loss) on disposal of obsolete equipment. A $21,500 decrease is proposed.

Total Expenditures: [40.09% INCREASE - $19,683,210]

The Mississippi State Port Authority's operations budget request for Fiscal Year 2009 is an increase of $19,683,210.

MBR1-03PI

PROGRAM PERFORMANCE INDICATORS AND MEASURES

Program Data Collected in Accordance with the Mississippi Performance Budget and Strategic Planning Act of 1994

Mississippi State Port Authority at Gulfport — AGENCY NAME

1 - PORT OPERATIONS — PROGRAM NAME

PROGRAM OUTPUTS: (This is the measure of the process necessary to carry out the goals and objectives of this program. This is the volume produced, i.e., how many people served, how many documents generated.)

		FY 2007 ACTUAL	FY 2008 ESTIMATED	FY 2009 PROJECTED
1	Number of Vessel Calls	222.00	240.00	264.00
2	Number of Short Tons	1,780,699.00	1,887,000.00	2,075,700.00
3	Number of FEUs	101,202.00	113,500.00	113,500.00
4	Tons of Intermodal Cargo	1,780,699.00	1,887,000.00	2,075,700.00

PROGRAM EFFICIENCIES: (This is the measure of the cost, unit cost or productivity associated with a given outcome or output. This measure indicates linkage between services and funding, i.e., cost per investigation, cost per student or number of days to complete investigation.)

		FY 2007 ACTUAL	FY 2008 ESTIMATED	FY 2009 PROJECTED
1	These items have not been established for the Port Authority.	1.00	1.00	1.00

PROGRAM OUTCOMES: (This is the measure of the quality or effectiveness of the services provided by this program. This measure provides an assessment of the actual impact or public benefit of your agency's actions. This is the results produced, i.e., increased customer satisfaction by x% within a 12-month period, reduce the number of traffic fatalities due to drunk drivers within a 12-month period.)

	FY 2007 Targeted Outcomes	FY 2007 ACTUAL	FY 2008 ESTIMATED	FY 2009 PROJECTED
1	Increase / (Decrease) Number of Vessel Calls (%)	(1.33)	8.11	10.00
2	Increase / (Decrease) Tons of Cargo Shipped (%)	22.58	5.97	10.00
3	Increase / (Decrease) Number of Containers Handled %	107.61	12.15	0.00
4	Increase / (Decrease) in Intermodal Tons Shipped %	22.58	5.97	10.00

State of Mississippi
Form MBR-1-03

CONTINUATION AND EXPANDED REQUEST

Mississippi State Port Authority at Gulfport
AGENCY

Program No. 2 of 2 Programs

DEBT SERVICE
PROGRAM

	FY 2007 Actual				FY 2008 Estimate			
	(1) General	(2) Federal	(3) Other	(4) Total	(5) General	(6) Federal	(7) Other	(8) Total
Salaries, Wages, Fringe								
Travel								
Contractual Services								
Commodities								
Other Than Equipment								
Equipment								
Vehicles								
Wireless Comm. Devs.								
Subsidies, Loans & Grants			3,134,589	3,134,589			3,145,300	3,145,300
Total			**3,134,589**	**3,134,589**			**3,145,300**	**3,145,300**
No. of Positions (FTE)								

	FY 2009 Increase/Decrease for Continuation				FY 2009 Expansion/Reduction of Existing Activities			
	(9) General	(10) Federal	(11) Other	(12) Total	(13) General	(14) Federal	(15) Other	(16) Total
Salaries, Wages, Fringe								
Travel								
Contractual Services								
Commodities								
Other Than Equipment								
Equipment								
Vehicles								
Wireless Comm. Devs.								
Subsidies, Loans & Grants			50,590	50,590				
Total			**50,590**	**50,590**				
No. of Positions (FTE)								

	FY 2009 New Activities				FY 2009 Total Request			
	(17) General	(18) Federal	(19) Other	(20) Total	(21) General	(22) Federal	(23) Other	(24) Total
Salaries, Wages, Fringe								
Travel								
Contractual Services								
Commodities								
Other Than Equipment								
Equipment								
Vehicles								
Wireless Comm. Devs.								
Subsidies, Loans & Grants							3,195,890	3,195,890
Total							**3,195,890**	**3,195,890**
No. of Positions (FTE)								

Note: FY2009 Total Request = FY2008 Estimated + FY2009 Incr(Decr) for Continuation + FY2009 Expansion/Reduction of Existing Activities + FY2009 New Activities.

State of Mississippi
Form MBR-1-03A

PROGRAM DECISION UNITS

Mississippi State Port Authority at Gulfport — AGENCY

2 - DEBT SERVICE — PROGRAM NAME

EXPENDITURES:	A FY 2008 Appropriation	B Escalations By DFA	C Non-Recurring Items	D Continuation Of Program	E Total Funding Change	F FY 2009 Total Request	G	H
SALARIES								
GENERAL								
FEDERAL								
OTHER								
TRAVEL								
GENERAL								
FEDERAL								
OTHER								
CONTRACTUAL								
GENERAL								
FEDERAL								
OTHER								
COMMODITIES								
GENERAL								
FEDERAL								
OTHER								
CAPITAL-OTE								
GENERAL								
FEDERAL								
OTHER								
EQUIPMENT								
GENERAL								
FEDERAL								
OTHER								
VEHICLES								
GENERAL								
FEDERAL								
OTHER								
WIRELESS DEV								
GENERAL								
FEDERAL								
OTHER								
SUBSIDIES	3,145,300			50,590	50,590	3,195,890		
GENERAL								
FEDERAL								
OTHER	3,145,300			50,590	50,590	3,195,890		
TOTAL	3,145,300			50,590	50,590	3,195,890		

FUNDING:

GENERAL FUNDS								
FEDERAL FUNDS								
OTHER FUNDS	3,145,300			50,590	50,590	3,195,890		
TOTAL	3,145,300			50,590	50,590	3,195,890		

POSITIONS:

GENERAL FTE								
FEDERAL FTE								
OTHER FTE								
TOTAL FTE								

PRIORITY LEVEL:

				1				

MBR1-03NA

PROGRAM NARRATIVE

Program Data Collected in Accordance with the
Mississippi Performance Budget and Strategic Planning Act of 1994
(To Accompany Form MBR-1-03)

Mississippi State Port Authority at Gulfport — 2 - DEBT SERVICE
AGENCY NAME — PROGRAM NAME

I. Program Description:

MSPA Board of Port Commissioners designs this program to assist the Port in providing financing for new facilities and for the replacement and/or improvement of existing port infrastructure. All approved projects are necessary to provide immediate essential port operating and terminal services.

The Mississippi State Port Authority's current outstanding bonded debt as of June 30, 2007 is $28,545,000.

II. Program Objective:

The Debt Service program enables the Port to finance additional marine teminal facilities. The most recent debt issued was $40 million in Fiscal Year 1999 for the expansion and addition of terminal facilities.

III. Current program activities as supported by the funding in Columns 5-12 (FY 08 Estimated & FY 09 Increase/Decrease for continuations) of MBR-1-03 and designated Budget Unit Decisions columns of MBR-1-03-A:

(D) Continuation of Program:

Funding is requested to continue program of retiring Port debt.

MBR1-03PI

PROGRAM PERFORMANCE INDICATORS AND MEASURES

Program Data Collected in Accordance with the Mississippi Performance Budget and Strategic Planning Act of 1994

Mississippi State Port Authority at Gulfport	2 - DEBT SERVICE
AGENCY NAME	PROGRAM NAME

PROGRAM OUTPUTS: (This is the measure of the process necessary to carry out the goals and objectives of this program. This is the volume produced, i.e., how many people served, how many documents generated.)

		FY 2007 ACTUAL	FY 2008 ESTIMATED	FY 2009 PROJECTED
1	Outstanding Bond Principal Payment	1,695,000.00	1,780,000.00	1,870,000.00
2	Outstanding Bond Interest Payment	1,439,589.00	1,365,300.00	1,325,890.00

PROGRAM EFFICIENCIES: (This is the measure of the cost, unit cost or productivity associated with a given outcome or output. This measure indicates linkage between services and funding, i.e., cost per investigation, cost per student or number of days to complete investigation.)

		FY 2007 ACTUAL	FY 2008 ESTIMATED	FY 2009 PROJECTED
1	Efficiencies have not been established for Debt Service Program.	1.00	1.00	1.00

PROGRAM OUTCOMES: (This is the measure of the quality or effectiveness of the services provided by this program. This measure provides an assessment of the actual impact or public benefit of your agency's actions. This is the results produced, i.e., increased customer satisfaction by x% within a 12-month period, reduce the number of traffic fatalities due to drunk drivers within a 12-month period.)

	FY 2007 Targeted Outcomes	FY 2007 ACTUAL	FY 2008 ESTIMATED	FY 2009 PROJECTED
1	Outcomes have not been established for Debt Service Program.	1.00	1.00	1.00

PROGRAM 3% GENERAL FUND REDUCTION AND NARRATIVE EXPLANATION

Mississippi State Port Authority at Gulfport

	Fiscal Year 2008 Funding			FY 2008 PERCENT REDUCED
	Total Funds	Reduced Amount	Reduced Funding Amount	
PROGRAM NAME PORT OPERATIONS				
GENERAL				
FEDERAL				
OTHER	45,950,480		45,950,480	
TOTAL	45,950,480		45,950,480	
Narrative Explanation: Not a General Fund Agency, not applicable.				
PROGRAM NAME DEBT SERVICE				
GENERAL				
FEDERAL				
OTHER	3,145,300		3,145,300	
TOTAL	3,145,300		3,145,300	
Narrative Explanation: Not a General Fund Agency - not applicable.				
PROGRAM NAME **Summary of all Programs**				
GENERAL				
FEDERAL				
OTHER	49,095,780		49,095,780	
TOTAL	49,095,780		49,095,780	

State of Mississippi
Form MBR-1-04

Mississippi State Port Authority MEMBERS

Mississippi State Port Authority at Gulfport
Agency

A. Explain Rate and manner in which board members are reimbursed:

Board members are reimbursed with per diem at the rate of $40.00 per meeting.

B. Estimated number of meetings FY2008

60

C.

Names of Members	City, Town, Residence	Appointed By	Date of Appointment	Length of Term
1. John K. Rester - secretary	Gulfport, MS	Governor	Dec. 8, 2004	5 years
2. Frances Turnage - treasurer	Gulfport, MS	Governor	Dec . 8, 2005	5 years
3. Frank T. Wilem, Jr. - member	Gulfport, MS	City of Gulfport	Dec. 9, 2006	5 years
4. Lenwood S. Sawyer,Jr - president	Gulfport, MS	County / Harrison	Dec. 10, 2002	5 years
5. AJM"Butch" Oustalet,III-vice pres.	Gulfport, MS	Governor	Dec. 8, 2003	5 years

Identify Statutory Authority (Code Section or Executive Order Number)*

MS Code Section 59-5-21 et. seq.

*If Executive Order, please attach copy.

State of Mississippi
Form MBR-1-D-1

SCHEDULE D-1
CAPITAL OUTLAY
OTHER THAN EQUIPMENT

Mississippi State Port Authority at Gulfport
Name of Agency

MINOR OBJECT OF EXPENDITURE	(1) Actual Expenses FY Ending June 30, 2007	(2) Estimated Expenses FY Ending June 30, 2008	(3) Requested for FY Ending June 30, 2009
A. LANDS (63100-63199)			
63170 Landfill for Marine Terminals (West Pier 702)	3,291,470		
63175 Landfill for Marine Terminals (East Pier 709)			
Mitigations Costs (714)			
TOTAL (A)	**3,291,470**		
B. BUILDINGS & IMPROVEMENTS (63200-63299)			
Stormwater Management (755)		500,000	1,500,000
Warehouse 50 Repairs (760)	3,719,232		
Warehouse 16 (CFS) Repairs (753)	194,291		
Comfort Stations (767)	17,482		
Warehouse 53 Repairs (759)	2,294,835		
W. Terminal General Warehousing			2,500,000
Command & Control Center (745)			1,500,000
E. Terminal Warehouse Reconstruction		8,000,000	
W. Terminal Chiller Warehousing		1,100,000	2,500,000
W. Terminal Gate Complex		500,000	1,000,000
TOTAL (B)	**6,225,840**	**10,100,000**	**9,000,000**
C. INFRASTRUCTURE & OTHER (63500-63999)			
Berth 1 Upgrade - West Pier (708)	3,627,712	9,000,000	4,000,000
W. Pier Water System (766)	4,620		
Perimeter Fencing (720)	31,613		
Berth 2 Upgrade - West Pier (718)		9,000,000	4,000,000
E. Terminal Berths 2 & 3 Upgrades (730)	16,367	1,000,000	3,000,000
Lift Stations (768)	19,122		
Internal Port Roads (764)	3,990,724		
Water/Sewer Distribution System			500,000
Homeland Security Improvement Projects (746)		1,000,000	2,000,000
W. Pier Berth 7 Improvements (769 & 770)	15,760		
Rail Improvements (756)	509,895		100,000
Fender System Improvements-Berth 7 (765)	17,200		
West Pier Electrical Development (763)	9,381		
West Terminal Breakbulk & Container Site Development		1,500,000	
North Harbor Improvements (771)	6,115	435,000	500,000
West Pier Chiquita Terminal (757)	1,852	1,000,000	10,000,000
West Pier Dole Terminal			3,000,000
High Mast Lighting (754)	540,056		
Berths 3 & 4 Upgrade West Pier (762)	290,885	5,000,000	15,000,000
Hydraulic Dredge 160 Acres		500,000	
Internal Roadways		50,000	800,000
Fender System Rehabilitation		50,000	250,000
Electrical Distriburion System (Underground & New)			2,500,000
Inland Terminal Site Development			1,000,000
Inland Terminal Rail Development			750,000
Inland Terminal Roads & Gates			750,000
Channel Dredging - Widen & Deepen		100,000	500,000

State of Mississippi
Form MBR-1-D-1

SCHEDULE D-1
CAPITAL OUTLAY
OTHER THAN EQUIPMENT CONTINUED

Mississippi State Port Authority at Gulfport
Name of Agency

MINOR OBJECT OF EXPENDITURE	(1) Actual Expenses FY Ending June 30, 2007	(2) Estimated Expenses FY Ending June 30, 2008	(3) Requested for FY Ending June 30, 2009
TOTAL (C)	**9,081,302**	**28,635,000**	**48,650,000**
GRAND TOTAL *(Enter on Line I-D-1 of Form MBR-1)*	18,598,612	38,735,000	57,650,000
FUNDING SUMMARY:			
GENERAL FUNDS			
FEDERAL FUNDS			
OTHER FUNDS	18,598,612	38,735,000	57,650,000
TOTAL FUNDS	**18,598,612**	**38,735,000**	**57,650,000**

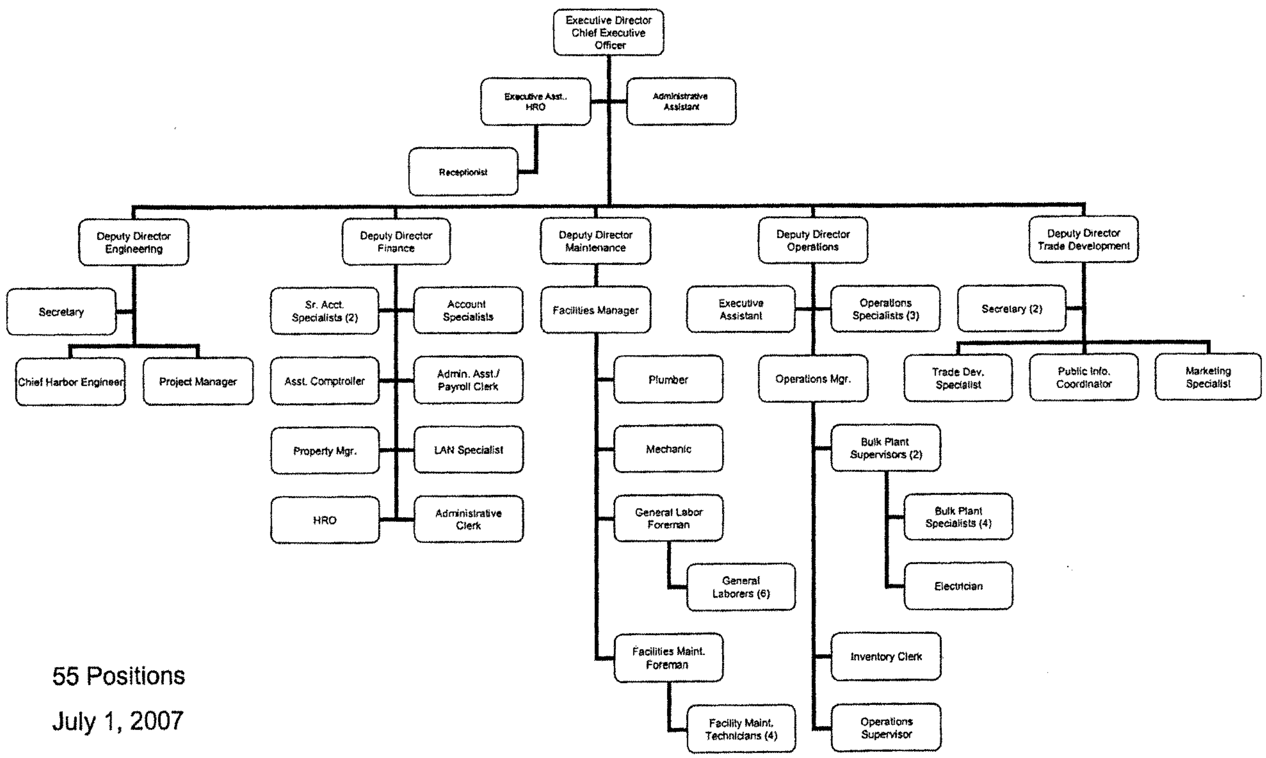
State of Mississippi
Form MBR-1-E

SCHEDULE E
SUBSIDIES, LOANS & GRANT

Mississippi State Port Authority at Gulfport
Name of Agency

MINOR OBJECT OF EXPENDITURE	(1) Actual Expenses FY Ending June 30, 2007	(2) Estimated Expenses FY Ending June 30, 2008	(3) Requested for FY Ending June 30, 2009
A. SCHOOL GRANTS TO COUNTIES & MUNICIPALITIES (64000-64599)			
TOTAL (A)			
B. GRANTS TO I.H.L. & OTHER POLITICAL SUBDIVISIONS (64600-64699)			
TOTAL (B)			
C. GRANTS TO NON-GOVERNMENT INSTNS & INDS (64700-64999)			
TOTAL (C)			
D. DEBT SERVICE & JUDGEMENTS (65000-65399)			
Outstanding Bond Payments	1,695,000	1,780,000	1,870,000
Outstanding Bond Interest Payments	1,439,589	1,365,300	1,325,890
TOTAL (D)	**3,134,589**	**3,145,300**	**3,195,890**
E. OTHER (66000-89999)			
Sales Tax	42	3,000	3,500
Loss on Disposal	4,114	72,000	50,000
TOTAL (E)	**4,156**	**75,000**	**53,500**
GRAND TOTAL *(Enter on Line I-E of Form MBR-1)*	3,138,745	3,220,300	3,249,390
FUNDING SUMMARY:			
GENERAL FUNDS			
FEDERAL FUNDS			
OTHER FUNDS	3,138,745	3,220,300	3,249,390
TOTAL FUNDS	**3,138,745**	**3,220,300**	**3,249,390**

Mississippi State Port Authority



55 Positions

July 1, 2007

FY 2009 BUDGET NARRATIVE

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT

I. NARRATIVE DESCRIPTION OF THE PROGRAM.

The MSPA Board of Port Commissioners designs this program to fund the continuing operation, maintenance, and capital outlay of the Mississippi State Port Authority at Gulfport. The Port of Gulfport is owned and operated jointly by the Mississippi Development Authority and the Mississippi State Port Authority. The Port of Gulfport is an important U.S. Port of Entry; it is one of eighty-six commercial deepwater container seaports, and one of only five container seaports within the U.S. Gulf of Mexico region. The Port Authority promotes, administers and maintains port facilities, including warehouses, piers, bulkheads, channels, harbors, anchorages, intermodal facilities and services, and equipment required for loading and unloading commercial vessels.

II. STATEMENT OF BASIC OVERALL OBJECTIVES OF THE PROGRAM.

The Mississippi State Port Authority's Mission Statement establishes the primary objective of the program. The Mission Statement for MSPA is: "To be a profitable, self sufficient Port providing world class marine terminal services to present and future customers and facilitate the economic growth of Mississippi through the promotion of international trade".

The Port Authority is currently undertaking a major multi-year capital outlay program. The objective of this program is to reorganize the current and future marine cargo handling infrastructure to maximize throughput capacity and to create an intermodal plan that will ensure efficient and safe flows for future Port activities.

The Commercial seaport activities at the Port of Gulfport generate more than $25.9 million in State and local taxes annually. MSPA estimates that the total annual economic benefit is more than $643.7 million while providing directly and indirectly more than 7,300 jobs in Mississippi.

III. STATEMENT OF THE CURRENT PROGRAM ACTIVITIES AS SUPPORTED BY THE FUNDING IN COLUMNS 5-12 OF MBR 1-03.

1. PORT OPERATIONS PROGRAM:

The Port Authority's seaport operations are paid from operating revenues generated by the Port of Gulfport. The Port of Gulfport generates revenues from both maritime and non-maritime activities. Maritime tariff revenues include wharfage, dockage, demurrage and other reimbursable revenues. Lease revenues are generated from both maritime and non-maritime premises. Prior to Hurricane Katrina maritime revenues funded operating expenses.

Fiscal Year	Maritime Operating Revenues	Operating Expenses	Excess Revenues over Expenditures
2006 Actual (Audited)	**$ 3,381,302**	**$13,409,538**	**$(10,028,236)**
2007 Actual (Un-audited)	**$ 4,057,635**	**$ 6,402,585**	**$(2,344,950)**
2008 Budget Estimate	**$ 4,674,280**	**$ 6,340,480**	**$ (1,666,200)**
2009 Budget Proposed	**$ 4,723,544**	**$ 6,525,000**	**$ (1,801,456)**

Non-maritime activities include gaming and other commercial activities. The Port Authority does not receive any State General Fund revenues, and is considered an Enterprise Fund within the State of Mississippi. The Port Authority funds capital projects from excess earnings, Harrison County Ad Valorem Revenues, and State General Obligation Bonds.

Fiscal Year 2007 expenditures include $1,283,379 of hurricane temporary recovery expenses. The Fiscal Year 2008 Revenue Estimate is based on current maritime customers and business volumes at June 30, 2007. Authorized Operating Expenses are $10,811,730. The Port Authority is projecting Fiscal Year 2008 Operating Expenses of $5,262,005.

Total Operating Revenues proposed for Fiscal Year 2009 are $ 4,723,544. Total Non-Operating Revenues proposed for Fiscal Year 2009 are $6,420,000.

2. DEBT SERVICE PROGRAM:

MSPA Board of Port Commissioners designs this program to assist the Port in providing financing for new port infrastructure and for replacement and/or improvements to existing port facilities as necessary to carry out essential port operations and terminal services.

3. JUSTIFICATION FOR FISCAL YEAR 2009 SPENDING LEVELS:

PERSONNEL SERVICES:

Salaries, Wages, Fringe: [7.69% Decrease - $(228,172)]. This budget item funds salaries, wages, and fringes for 48 authorized positions. Prior to Fiscal Year 2009, a total of 55 full time positions were authorized for the Port Authority. Due to the change in our Mechanical Handling Operations this number has been adjusted to 48.

Travel: [48.16% Decrease - $(65,050)].Business development activities of the Port Authority require in-state, out of state, and international travel. These activities are in association with the expansion of the Port of Gulfport's maritime activities and the State's economic development efforts. Major emphasis is being placed on expanding business with our Latin American neighbors.

CONTRACTUAL SERVICES: [14.87% Increase - $456,747]

The Port Authority purchases utilities for operations at the Port of Gulfport. As business activity at the Port increases, the cost of utilities increases.

Professional fees include legal, auditing, trade data, planning, security, and other professional services provided for in the accomplishment of the Port Authority's business activities.

Other Contractual services include trade development, membership fees, insurance costs, preventive maintenance and other services provided by outside vendors in the furtherance of the Port Authority's business activities. Amounts for Contractual Services have been adjusted in accordance with current business activities.

COMMODITIES: [12.38% Increase - $20,995]

The Port Authority continues to carry out a preventive maintenance program on warehouses, piers, channels, equipment and other facilities. The Port Authority is committed to maintaining newly constructed and repaired facilities as detailed in the Port's five year capital plan.

CAPITAL OUTLAY:

Capital Outlay - Other than Equipment: [48.83% Increase - $18,915,000]

The major capital outlay projects for Fiscal Year 2009 are a continuation of Hurricane Katrina recovery and projects planned because of the Strategic Master Plan. Capital Outlay projects for Fiscal Year 2009 utilize only funds available to the Port at June 30, 2007. The projects do not include anticipated FEMA, Grant or other funds.

Capital Outlay - Equipment [76.74% Increase - $571,000]

The capital outlay for equipment during Fiscal Year 2009 includes various categories of equipment. It includes $200,000 for working equipment for Port operations and also includes 900,000 for the lease of equipment - lease/ purchase for marine terminal equipment (2 Gantry Cranes).

Total Capital Outlay Budgeted: $59,004,600

Subsidies, Loans, Grants: [.90% Increase - $29,090]

The proposed subsidies, loans, and grants include existing general obligation bonds debt service.

Subsidies, Loans, and Grants	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Mississippi General Obligation Bonds Debt Service	$ 3,134,589	$ 3,145,300	$ 3,195,890

Total Expenditures: [40.09% Increase - $19,683,210]

The Mississippi State Port Authority's overall budget request for Fiscal Year 2009 is an increase of $19,683,210.

OUT-OF-STATE TRAVEL
FISCAL YEAR 2007

Mississippi State Port Authority at Gulfport
Agency Name

Note: All expenditures recorded on this form must be totaled and said total must agree with the out-of-state travel amount indicated for FY 2007 on Form Mbr-1, line I.A.2.b.

Employee's Name	Destination	Purpose	Travel Cost	Funding Source
McNeel, David	Chicago	AAPA Conference	326	Port Funds
McNeel, David	Chicago	AAPA Conference	796	Port Funds
Simmons, Dee	New Orleans, LA	Breakbulk Expo	300	Port Funds
Hurtado, Enrique	New Orleans, LA	Breakbulk Expo	184	Port Funds
Allee, Don	Port Canaveral, FL	FCCA Conference	730	Port Funds
Waltman, Dale	Houston, TX	Secure Port Conference	1,095	Port Funds
McNeel, David	Houston, TX	Secure Port Conference	991	Port Funds
Allee, Don	Miami, FL	Sea Trade Conference (23358)	1,999	Port Funds
Allee, Don	Houston, TX	AAPA Spring Conference (23413)	1,652	Port Funds
Wilem, Frank	Washington, DC	AAPA Spring Conference	196	Port Funds
Rester, John	Washington, DC	AAPA Spring Conference	196	Port Funds
Sawyer, Lenwood	Washington, DC	AAPA Spring Conference	187	Port Funds
Oustalet, AJM	Washington, DC	AAPA Spring Conference	187	Port Funds
Hurtado, Enrique	Miami, FL	Sea Trade Conference	1,978	Port Funds
Webb, John	San Diego, CA	ASCE Ports 2007	2,703	Port Funds
Allee, Don	South Padre Island, TX	GPAA Spring Conference	979	Port Funds
		Total Out of State Travel Cost	**$14,499**	

FEES, PROFESSIONAL AND OTHER SERVICES
(EXPENDITURE CODES 61600-61699)

Mississippi State Port Authority at Gulfport
Name of Agency

TYPE OF FEE AND NAME OF VENDOR	Retired w/ PERS	(1) Actual Expenses FY Ending June 30, 2007	(2) Estimated Expenses FY Ending June 30, 2008	(3) Requested for FY Ending June 30, 2009	Fund Source
61610 Engineering					
General Engineering Fees / Engineering			204,231	515,400	Port Funds
Comp. Rate: Hourly Rate					
Brown & Mitchell Engineering / Engineering		6,681			Port Funds
Comp. Rate: $139 per hour					
Lanier and Associates / Engineering		106,559			Port Funds
Comp. Rate: $95 per hour					
JWD / Master Plan		331,187			Port Funds
Comp. Rate: $152 per hour					
QES / Engineering		377			Port Funds
Comp. Rate: $60.00 per hour					
Morris Material Handling / Engineering		77,203			Port Funds
Comp. Rate: per contract					
TOTAL 61610 Engineering		**522,007**	**204,231**	**515,400**	
61616 MMRS Fees					
MMRS Fees / Reporting		54	54	100	Port Funds
Comp. Rate: $13.52 per qtr					
TOTAL 61616 MMRS Fees		**54**	**54**	**100**	
61620 Department of Audit					
Dept. of Audit / Statewide Test Work		220	231	300	Port Funds
Comp. Rate: Pro-rated per agency					
TOTAL 61620 Department of Audit		**220**	**231**	**300**	
6162X Accounting (61621 - 61624)					
Alexander, VanLoon, Sloan, Levens & Favre / Annual Audit Fees		33,635	55,724	45,000	Port Funds
Comp. Rate: $135.00 per hour					
TOTAL 6162X Accounting (61621 - 61624)		**33,635**	**55,724**	**45,000**	
6163X Legal (61630-61636)					
General Legal / Legal			21,522		Port Funds
Comp. Rate: Hourly Rate					
Balch & Bingham / Legal		93,700	80,000	110,000	Port Funds
Comp. Rate: $150.00 per hour					
TOTAL 6163X Legal (61630-61636)		**93,700**	**101,522**	**110,000**	
61690 Other Fees & Services					
Bonds Services / Janitorial		15,875			Port Funds
Comp. Rate: $1175.00 per mon					
Other Fees & Services / Variuos			195,084	260,000	Port Funds
Comp. Rate: Hourly / Monthly					
Levanway & Associates / State Lobbyist		37,000			Port Funds
Comp. Rate: $3000.00 per month					
Rick Maldonado & Associates / Federal Lobbyist		60,947			Port Funds
Comp. Rate: $5000.00 per month					
MS Development Authority / Port Admin Fee		5,000			Port Funds
Comp. Rate: Annual Fee					

FEES, PROFESSIONAL AND OTHER SERVICES

iissippi State Port Authority at Gulfport
Name of Agency

TYPE OF FEE AND NAME OF VENDOR	Retired w/ PERS	(1) Actual Expenses FY Ending June 30, 2007	(2) Estimated Expenses FY Ending June 30, 2008	(3) Requested for FY Ending June 30, 2009	Fund Source
›owerLines Advertising & Design / Layout/Design of Graphic Panels		784			Port Funds
Comp. Rate: Cost per Project					
iouthern Admins. & Benefits Consultants / Monthly Maint. Fee Caf Plan		2,200			Port Funds
Comp. Rate: $200.00 per month +					
itewart Sneed Hewes / Annual Agency Fee		40,000			Port Funds
Comp. Rate: Annual Fee					
Frustmark National Bank / Money Market Maint. Fee		32,537			Port Funds
Comp. Rate: .00045 annual int. rate					
\djuster's International / FEMA Grant Mgmnt Service		521,924			Port Funds
Comp. Rate: $255.00 per hr + expenses					
/acuum Service Group / clean out 30 drains on port		4,607			Port Funds
Comp. Rate: one time fee					
)on Allee / Cuba Visa		70			Port Funds
Comp. Rate: One time fee					
4ary Bourdin / .20 per page		50			Port Funds
Comp. Rate: efax broadcast service					
2 Global Communications / .20 per page		300			Port Funda
Comp. Rate: efax broadcast service					
R Clarke & Associates / Elevation Certificates		1,200			Port Funds
Comp. Rate: One time fee					
ohn Fayard Moving & Storage / moving service		10,652			Port Funds
Comp. Rate: One time fee					
.ogista / service agreement		238			Port Funds
Comp. Rate: annul fee					
4S Secretary of State / filing fee/lobbyist's registration		25			Port Funds
Comp. Rate: One time fee					
4icro Methods, Inc / transformer testing		628			Port Funds
Comp. Rate: One time fee					
)ffice of Land & Water Resources / renewal of groundwater permit		10			Port Funds
Comp. Rate: Application fee					
'ortable Services Inc / pump out life stations		1,195			Port Funds
Comp. Rate: $85.00 flat rate					
ecurity Blanket / program phones		202			Port Funds
Comp. Rate: one fime fee					
[AL 61690 Other Fees & Services		735,444	195,084	260,000	
i0 Court Reporters					
Iorma Jean Soroe / Transcribing		1,583	2,528	3,200	Port Funds
Comp. Rate: $242.00 per meeting					
:oast-Wide Reporters / Transcribing		489			Port Funds
Comp. Rate: $242.00 per meeting					
[AL 61660 Court Reporters		2,072	2,528	3,200	
i0 Recording & Notary					
1S Secretary of State / notary fee		50			Port Fund
Comp. Rate: one time fee					
[AL 61660 Recording & Notary		50			

FEES, PROFESSIONAL AND OTHER SERVICES

Mississippi State Port Authority at Gulfport
Name of Agency

TYPE OF FEE AND NAME OF VENDOR	Retired w/ PERS	(1) Actual Expenses FY Ending June 30, 2007	(2) Estimated Expenses FY Ending June 30, 2008	(3) Requested for FY Ending June 30, 2009	Fund Source
61662 Appraisers					
Global Valuation Service Inc. / Appraisal Report		3,350		3,500	Port Funds
Comp. Rate: one time fee					
TOTAL 61662 Appraisers		**3,350**		**3,500**	
61694 Gate Services					
Swetman Security Services / Security Guard Services		176,734	115,964	260,000	Port Funds
Comp. Rate: $12.40 per hour (approx)					
TOTAL 61694 Gate Services		**176,734**	**115,964**	**260,000**	
61695 Security					
Swetman Security Svcs / Security Guard Services		200,301	181,304	200,000	Port Funds
Comp. Rate: $12.40 per hour (approx)					
Gulfport Police Department / Security		2,050			Port Funds
Comp. Rate: $25.00 per hour (approx)					
TOTAL 61695 Security		**202,351**	**181,304**	**200,000**	
61696 Surveillance					
Swetman Security Services / Security Guard Services			4,158		Port Funds
Comp. Rate: Hourly					
TOTAL 61696 Surveillance			**4,158**		
61680 Temporary Employment					
Temporary Employment / Employee Services				2,500	Port Funds
Comp. Rate: Per Hour					
TOTAL 61680 Temporary Employment				**2,500**	
GRAND TOTAL (61600-61699)		**1,769,617**	**860,800**	**1,400,000**	

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Summary

The State of Mississippi's Plan to Divert Federal Hurricane Recovery Housing Funds For the Expansion of the State Port at Gulfport

ISSUE

The State of Mississippi, through the Mississippi Development Authority, intends to divert $600 million of federal hurricane recovery housing funds to finance a massive expansion of the State Port at Gulfport. The planned expansion, which was conceived two years before Hurricane Katrina, would be the single largest expenditure of taxpayer funds on any state enterprise in the history of Mississippi. The amount is more than ten times that necessary to pay for hurricane related damages – which are already largely covered by insurance and other sources. The funds would expand not only commercial port facilities but provide the infrastructure for a luxury condominium and casino development to be known as the "Village at Gulfport." This extraordinary and unprecedented expenditure would divert critical funds from dire housing recovery needs on the Gulf Coast.

BACKGROUND

Damage to the Port from Hurricane Katrina. The State of Mississippi has fifteen commercial ports: three on the Gulf Coast, six on the Mississippi River, and six on the Tennessee-Tombigbee Waterway. The three Gulf Coast ports – the Port of Pascagoula, the Port of Gulfport and the Port of Bienville – suffered approximately $100

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million in assessed value as a result of Hurricane Katrina.[1] According to a June 20, 2006 report from the State's Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER report), the Port of Gulfport had an asset value of $127,573,778 prior to the hurricane. The Port of Gulfport had a total damage assessment of $50,556,175 from the hurricane, which loss was covered by a combination of Port funds, FEMA grants and insurance.[2]

Although the Port was severely damaged by the hurricane, it has recovered significant amounts of its pre-hurricane maritime activity. In 2004, the total tonnage shipped through the Port was 2.4 million. In 2007, the total tonnage was 1.7 million, and the estimated tonnage for 2008 is 1.8 million.[3] (Total tonnage is made up of bulk cargo and containers.) Container operations, however, "have returned to Pre-Katrina throughput levels despite the damage to the port."[4] Prior to Hurricane Katrina, the Port of Gulfport received significant non-maritime revenue in its role as landlord to two casinos: the Copa Casino and the Grand Casino. About one-half of the Port's annual operating revenue came from the casinos.[5] After Katrina, the Port received revenues from one casino: Island View Casino, which bought out the Grand Casino.

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[1] Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER), June 20, 2006 (hereinafter, the "PEER Report"), Introduction at 1.
[2] PEER Report at x, Ex. B, See FEMA July 2007 Summary of PA Funding, July, 2007, p. 7. http://www.fema.gov/pdf/media/2007/ms_global_report.pdf
[3] Mississippi State Port Authority at Gulfport, Budget Request for Fiscal Year Ending June 30, 2009 ("2009 Budget Request") at 1.
[4] Gulfport Master Plan Update 2007, Mississippi State Port Authority, June 2007 ("2007 Master Plan Update") at 6, 63.
[5] PEER Report at 53.

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Background on the Port of Gulfport. Founded in 1902, the Port of Gulfport was transferred from ownership of the City of Gulfport to the State of Mississippi in 1960.[6] The other two Mississippi Gulf ports – Pascagoula and Bienville – are owned and governed by local authorities.

The Port of Gulfport is governed jointly by the Mississippi Development Authority ("MDA") and the Mississippi State Port Authority ("MSPA"), a five-member Board of Port Commissioners made up of local and gubernatorial appointees who serve staggered five-year terms.[7] Three members are appointed by the Governor, one member by the Harrison County Board of Supervisors, and one by the City of Gulfport.

As a State Enterprise Agency, the Port of Gulfport is intended to be self-sufficient. "The port's mission is to be a profitable, self-sufficient port providing world-class maritime terminal services to present and future customers and to facilitate the economic growth of Mississippi through the promotion of international trade and creation of employment." [8]

The Port of Gulfport comprises two maritime terminals. The East Terminal (or east pier) has three berths that are used for bulk and breakbulk operations, including Dole Fresh Fruit. The West Terminal (or west pier) has seven berths and is used primarily for containerized cargo, including Crowley Liner Services.[9]

As an Enterprise Agency, the Port of Gulfport receives no annual general fund allocation from the Mississippi Legislature. The Port of Gulfport operates from revenues generated by license and user fees and tenant rents, including rents from its two casino

[6] PEER Report at viii; 94.
[7] PEER Report at 3.
[8] PEER Report at 94.
[9] PEER Report at 93.

lessees. In addition, the Port receives from Harrison County a portion of *ad valorem* tax collections and earns interest on excess revenues. At the beginning of the 2007 fiscal year, the Port had $81,756,822 in unencumbered cash.[10]

For fiscal 2007, the Port's total expenditures – including operations, contractual services, capital outlays and bond principal and interest payments – equaled $28,165.728. These expenditures were paid for through port operations (both maritime and non-maritime), *ad valorem* tax payments from Harrison County, interest on excess revenues, and insurance and grants. Because these funds exceed expenditures, the Port began fiscal 2008 with an unencumbered cash balance of $82,353,592.

Capital expansion at the Port of Gulfport has been generally financed through bonds and loans and internal funds. The most recent debt issued was $40 million in fiscal 1999 for the expansion and addition of terminal facilities.[11] At the end of fiscal 2004, the State Port Authority at Gulfport had $31,850,000 in general obligation bond balances.[12] By the end of fiscal 2007, the bonded indebtedness had been reduced to $28,545,000.[13] For fiscal 2007, the Port's total debt service was $3,134,589.

The State of Mississippi, through MDA and the Mississippi Department of Transportation (MDOT) has also provided loans and grants to the Port of Gulfport as well as the other commercial ports. From fiscal year 2000 through 2006, the state awarded at total of $26,095,120 in grants and loans to all of Mississippi's commercial ports.[14]

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[10] Mississippi State Port Authority at Gulfport, Budget Request for Fiscal Year Ending June 30, 2009 ("2009 Budget Request") at 1.
[11] 2009 Budget Request at 17.
[12] PEER Report at 6.
[13]
[14] PEER Report at 36.

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The U.S. Army Corps of Engineers provides equipment, assistance and funding for Congressionally approved channel dredging projects at public ports. Dredging at dock and mooring areas is generally paid for by the ports.[15]

In 1998, MDOT commissioned the consulting firm of Parsons, Brinckerhoff, Quade and Douglas to conduct a study of the capabilities of Mississippi's 15 public ports and develop a strategy for expansion and development. The study recommended the expenditure of $65 million for critical capital and infrastructure development for all public ports from calendar year 2000 through 2005. As noted above, during this period the State actually expended $26 million, less than half the recommended amount.[16]

The 2003 Master Plan. In 2002, the Mississippi State Port Authority (MSPA) commissioned several private consulting firms led by the JWD Group, a division of DMJM Harris, to create a "Master Plan" for the Port of Gulfport (the "2003 Master Plan").[17] The 2003 Master Plan included a "Twenty-Year Vision Plan" that contemplated a dramatic development of the port facilities. The "Twenty-Year Vision Plan" included a new truck road from I-10 to the east and west piers, the relocation of Highway US 90, a "total of four gaming facilities including support areas with hotels, parking, etc., a total of two cruise terminals and berths" and expanded east and west piers. The east pier would be expanded with approximately 60 acres of landfill; the west pier with approximately 24 acres of landfill.[18]

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[15] PEER Report at 6.
[16] PEER Report at 34, 46.
[17] Mississippi State Port Authority at Gulfport Master Plan Update, March 2003 ("2003 Master Plan") at 2.
[18] 2003 Master Plan at 6, 13-14.

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The 2003 Master Plan, which ran to 123 pages including appendices, assessed certain environmental and economic impacts of the projected expansion. It estimated increased future demand for exports and imports, cruise ships and casino gambling. The Plan, however, did not address how the MSPA would raise the funds necessary to finance the expansion. But the 2003 Master Plan did contemplate that the development would proceed in stages over a 20-year period, presumably so that the economic benefits could be measured and adjustments made as the project proceeded. The clear implication is that the Port at Gulfport would realize increase revenues from the expansion that could, in turn, be used to finance the development. Indeed, in its fiscal 2009 budget request, the MSPA expected to expend $57,650,000 in capital outlays, other than for equipment. The budget request describes these expenditures as a "continuation of Hurricane Katrina recovery and projects planned in accordance with the Strategic Master Plan. Capital Outlay projects for Fiscal Year 2009 utilize reserve funds and excess FY 08 revenues. The projects do not include anticipated FEMA, or other grant funds."[19] In short, nothing in the 2003 Master Plan contemplated that the expansion would be financed through federal funds, and Master Plan projects have, in fact, been financed through other sources.

The 2007 Master Plan Update. In September 2005, the MSPA commissioned the JWD group – which prepared the 2003 Master Plan – to create an update of the 2003 Master Plan following Hurricane Katrina. The result, entitled "Gulfport Master Plan Update 2007, Mississippi State Port Authority," (the "2007 Master Plan Update") was adopted by the MSPA in June 2007. The 2007 Master Plan Update saw the results of the

[19] 2009 Budget Request at 13.

storm as an opportunity to advance the goals of the 2003 Master Plan. According to the 2007 Master Plan Update, "Although the storm damaged much of the existing port facilities, it also accelerated redevelopment of port areas and opened new opportunities for growth of the maritime and gaming markets."[20]

The 2007 Master Plan Update largely adopts and confirms the goals of the 2003 Master Plan, but accelerates some into a five year "work plan." The Update estimates the costs of the 10-year Vision Plan, discussed below, at $541,772,566.

The 10-year Vision Plan includes the creation of water access, landforms and wharf construction. The dredging includes deepening and widening the ship channel from 36 feet to 42 feet. The total estimated costs for the dredging and wharf construction is $231,203,514. The 10-year Vision Plan also contemplates spending $119,157,000 on the creation of an "inland port" to serve as a rail yard and distribution center. Another $104,000,000 would be spend on improvements to the east and west piers.[21] The total of $541,772,566 did not include the costs of rerouting Highway 90 or the creation of a new connector road to I-10, which are under the jurisdiction of MDOT.

The relocation of Port facilities is intended to permit the development of a condominium and casino complex in the North Harbor area. This "village" concept, referred to in the Update as the "North Harbor Village," is envisioned to include 2 casinos with hotels, three "boutique" hotels, 60 retail establishments and 400 upscale condominiums.[22]

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[20] 2007 Master Plan Update at 2.
[21] 2007 Master Plan Update at 125-26.
[22] 2007 Master Plan Update at 94-97.

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Federal Funds for Hurricane Recovery in Mississippi. Congress appropriated approximately $5.4 billion in federal funds for disaster relief and recovery in Mississippi. These funds are administered as Community Development Block Grants (CDBG) through the U.S. Department of Housing and Urban Development (HUD). The statute authorizing the appropriation specifies that at least 50% of the funds should be used to benefit low and moderate income people. The Secretary of HUD, however, can waive the requirement upon a "finding of compelling need."

On September 7, 2007, MDA announced its proposed Port of Gulfport Restoration Program that would divert $600 million from the $2.15 billion previously allocated by the State of Mississippi for homeowner assistance. On January 25, 2008, HUD Secretary Jackson approved the port expansion proposal, despite his concern that there may still be significant unmet needs for affordable housing.

In its request to Secretary Jackson – formally entitled "Mississippi Development Authority Amendment 5 Port of Gulfport Restoration Program, September 7, 2007" – MDA described the proposed "redirection" of funds to "facilitate the restoration of public infrastructure and publicly owned facilities that were destroyed by Hurricane Katrina and to provide for the long term recovery of the operating capacity of the Port."[23] The request does not mention the availability of other funds for reconstruction projects. Without attributing the projects to the "Vision Plan," the request states that "projects may include, but are not limited to," the channel dredging, the expansion of the piers, new roadways, new terminal gates and the development of the inland port facility as described

[23] Mississippi Development Authority Amendment 5 Port of Gulfport Restoration Program – September 7, 2007 ("Port Proposal") at 2.

in the Master Plan.[24]

ANALYSIS

The Port Expansion Proposal Is Not Disaster Recovery; It Is An Unprecedented Investment In A Self-Sufficient State Enterprise. As noted above, he Port is a self-sufficient state enterprise. It receives no State General Fund reveneues. Like virtually all commercial ports in the United States, the Port of Gulfport has funded its development through borrowing and internal funds. This proposed massive investment of federal tax funds, which would be the single largest investment in any state enterprise in the history of Mississippi, is without precedent.

The proposed expansion is not a response to any hurricane recovery need. Rather, it is an attempt to realize the "20-year Vision Plan" first outlined in the 2003 Master Plan – two years before Hurricane Katrina.

The Expansion Plan Is Not Tied To Storm Damage Or To Critical Capital Needs. Before Katrina, the Port at Gulfport had a total asset value of approximately $127 million. While it suffered approximately $50 million in damages, those costs were covered by insurance, FEMA and Port funds. Thus, the $600 million is not directed at storm damage.

Nor is the $600 million tied to critical capital needs. According to the PEER report, the total capital needs of all 15 Mississippi ports was approximately $65 million, from 2000 until 2005. The funds for the proposed expansion is ten times this capital needs amount. To date, the Port has at least $82 million in unencumbered cash which it

[24] Port Proposal at 3-4.

intends to use for capital development projects, including projects outlined in the Master Plan.

The Proposed Expansion Ignores Other Traditional Sources Of Port Development Funds, Such As Revenue Bonds. Commercial ports typically fund expansion projects by issuing bonds. Publicly owned ports are able to issue tax-free bonds that generally offer attractive returns to investors. The process of funding expansions through private capital markets imposes a critical discipline on expansion projects: underwriters will only support a bond issuance for projects that can repay the bonds.

A typical port development program is illustrated by the experience of Florida, which has several ports that compete with the Port of Gulfport. The State of Florida achieved $458 million in improvements at fourteen ports during a four year period by selling a $220 million state bond issue and then requiring each port to invest its own monies into the port improvements projects funded with state bond proceeds at a match rate of 25% to 50%.[25]

There are many examples of United States ports using bond funds, or a combination of bond proceeds and internal revenues, to fund major expansions. The Port of Houston, which claims to be the "the largest foreign waterborne tonnage port in the United States and second in overall tonnage," recently passed a $250 million revenue bond to fund a major expansion.[26] The Port of Tacoma recently announced a $300 million container facility expansion funded by industrial revenue bonds, which are retired

[25] PEER Report at 46.
[26] Houston Chronicle, October 18, 2007.

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through leasing proceeds.[27] The Port of Freeport, Texas, which competes with the Port of Gulfport, is funding an expansion program with $45 million in industrial development revenue bonds.[28]

The State of Mississippi's expansion program for the Port of Gulfport completely ignores the availability of other funding sources but instead relies entirely on CDBG funds intended for housing and other hurricane recovery needs. This marks a dramatic, uprecedented shift in funding plans for the Port's development.

As noted above, the Port of Gulfport has relied on internal funds and bond proceeds for capital projects. A December 19, 2005 article in the Journal of Commerce explained that the 2003 Master Plan contemplated funding through these traditional sources. "Three years ago, the port adopted a 20-year, $250 million master plan that included expanding the port's 200 acres of property by filing in 60 acres of Mississippi Sound and reconfiguring several facilities to include an intermodal terminal and more space for banana cargos. *The work was to be financed on a pay-as-you-go basis from the port's casino-aided revenue."*[29] (emphasis added.) When asked about funding expansion after Katrina, the Port's Executive Director and CEO, Donald Allee, pointed to the bond market: *"I think we will be looking at revenue bonds in 2006."* [30]

The State of Mississippi does not explain why revenue bond financing is not available today to cover all or a substantial part of a reasonable Port expansion. The Port's last bond issue was nine years ago, a $40 million bond for terminal expansion. Currently, the Port's debt service is approximately $3.1 million, and the Port has $82

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[27] The News Tribune, July 27, 2007.
[28] Houston Chronicle
[29] The Journal of Commerce, 12/19/05, 2005 WLNR 209473727 at 1.
[30] Id. at 3.

million in unencumbered cash. In light of the Port's current financial status, unencumbered cash, low debt service and expected revenues from the expansion, the State should explore alternative funding before committing a wholesale appropriation of scarce housing recovery funds.

The Proposed Expansion Is Predicated On Faulty Assumptions And Relies On Attracting Business From Other Areas That Face Hurricane Recovery Challenges.

Much of the forecasted economic benefit from the port expansion project relies on the development of the "village," complete with two new casinos and high-end condominiums. Neither the MSPA nor the MDA have even identified a potential private developer, much less entered into a letter of intent for this risky development. Indeed, the 2007 Master Plan Update notes that "gaming revenues had been steady since the turn of the 21st century, and had not experienced any significant growth since the year following the opening of the Beau Rivage [in Biloxi] in March 1999." [31] The Update suggest that the proposed additional casinos in Gulfport may have some advantage over those in Biloxi because of their closer vicinity to traffic from western areas, such as New Orleans. The Update concludes, however, that "to the extent that the region's gross gaming revenues are anticipated to once again reach maturity with the redeveloped or new casinos [in the Biloxi area], potential new investors may be reluctant to make substantial capital investments into traditional projects in the Gulfport area." [32] The 2007 Master Plan Update does not explain how Gulfport's competition for gaming customers with

[31] 2007 Master Plan Update at 4.
[32] 2007 Master Plan Update at 4.

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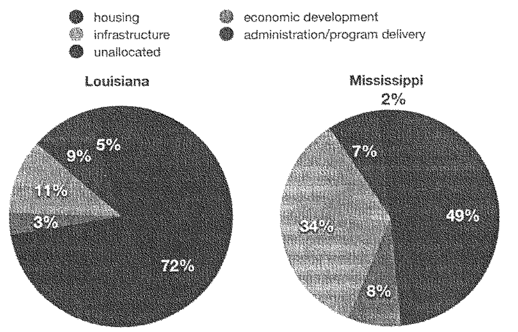
Biloxi – which was ravaged by the hurricane – will assist the overall economic recovery of the region.

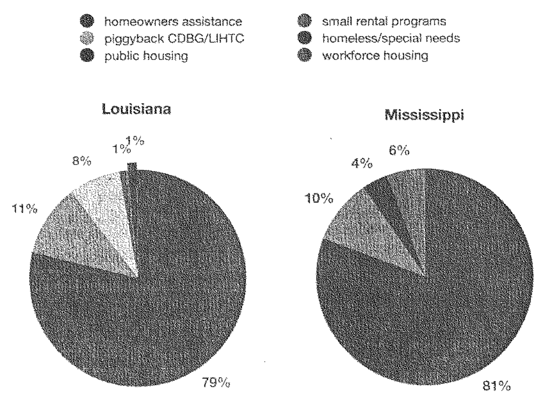
Much of the projected analysis of increased shipping revenues comes at the expense of other ports in the region, including New Orleans and Pascagoula, which were both hard hit by the hurricane. Again, the State of Mississippi's proposal to expand the Port of Gulfport does not explain how diverting business from these areas will assist in the economic revitalization of the entire area.

Figure 14: CDBG Expenditure Priorities



Source: HUD Disaster Recovery Grant Reports for Louisiana (June 20, 2007) and Mississippi (September, 2007), graphs by author.

Figure 15: CDBG Housing Priorities



Source: HUD Disaster Recovery Grant Reports for Louisiana (June 20, 2007) and Mississippi (September, 2007), graphs by author.

Exhibit "R"

NAHRO
building communities together

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Statement of
Saul N. Ramirez, Jr.
Executive Director
National Association of Housing and Redevelopment Officials

Before the Committee on Financial Services Subcommittee on Housing and Community Opportunity
and the Committee on Homeland Security Subcommittee on Emergency Communications, Preparedness, and Response

June 4, 2008

"Examining the Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters"

E-mail: nahro@nahro.org Web Site: www.nahro.org

Chairwoman Waters and Chairman Cuellar, I would like to thank you for the opportunity to testify on behalf of the National Association of Housing and Redevelopment Officials (NAHRO) during today's important joint hearing on the roles and responsibilities of HUD and FEMA relative to affordable housing needs following emergencies and natural disasters. Thank you also to Chairman Frank and Chairman Thompson of the full committees for your leadership on these issues. My name is Saul Ramirez, and I am the Executive Director of NAHRO.

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 members administer HUD programs such as Public Housing, Section 8, CDBG, and the HOME Program. For nearly 75 years, our extensive and diverse membership has allowed 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.

Our statement will draw upon the experiences of some of our member public housing agencies (PHAs) to make a larger point about the need to reform the relationship between HUD and FEMA as it pertains to repairing and rebuilding public housing following disasters. By way of example and review, HUD approved $100 million in Community Development Block Grant (CDBG) funding on August 31, 2006 to address lingering affordable housing needs in Mississippi resulting from the 2005 hurricane season. When HUD announced approval of the state's partial Action Plan, then-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 for the dollars to be used to "restore these public housing units on at least a one-to-one basis." This goal, along with so much of the Gulf Coast's recovery, was not realized in a timely fashion.

When NAHRO members traveled to Mississippi in February 2007 to help rebuild damaged public housing units, our Mississippi member agencies along the Gulf Coast had not yet received any of the $100 million in emergency CDBG funding approved in August 2006. As the Subcommittee on Housing and Community Opportunity heard during its May 8 hearing, grant funds for the impacted Mississippi agencies are still "pending final application and completion of environmental assessments." Delays of this nature have clearly slowed the restoration of affordable housing opportunities in the region. However, the reality is that even if the funding approved by HUD in August 2006 had flowed instantly to Mississippi PHAs, over one year would have passed between Hurricane Katrina's landfall and the receipt at the local agency level of federal aid for restoring damaged and destroyed public housing units.

NAHRO was vocal in its support for emergency CDBG funding to address Gulf Coast recovery needs, but it is our belief that public housing developments should not have had to wait so long to access federal funding, nor should public housing residents have had to wait so long to return home. We have always believed there was an easier way, but the relevant decision-makers have yet to seize the opportunity.

Recall that President Bush signed $10 billion in Stafford Act funding into law on September 1, 2005. As I explain below, while all other forms of publicly-assisted housing are eligible to be repaired and rebuilt using these dollars, an obscure and outdated agreement between HUD and FEMA has prevented PHAs from accessing Stafford Act funding for the permanent repair and reconstruction of public housing units.

An Outdated Memorandum of Understanding Contributed to Delays in Bringing Gulf Coast Public Housing Units Back Online

For nearly three years, NAHRO has worked to bring attention to a specific policy that we believe has impeded the repair and reconstruction of the region's public housing inventory. 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. NAHRO has consistently argued that many of these difficulties can be traced directly to a Memorandum of Understanding (MOU) entered into by HUD and FEMA in 2001.

This MOU has led FEMA and HUD to conclude that FEMA assistance, authorized under Section 406 of the Stafford Act, for the repair, restoration, reconstruction, or replacement of a public facility damaged or destroyed by a major disaster is not an option for projects that are eligible for HUD disaster assistance under section 9(k) of the U.S. Housing Act of 1937, as amended. Although the MOU was most likely well-intentioned in that it sought to prevent duplication of resources, it has nonetheless put public housing developments in the unenviable position of being unable to access existing FEMA funds by virtue of being eligible for HUD funding that has proven insufficient, as I will explain.

NAHRO believes that the authors of the MOU should have known the process it outlined would prove to be unworkable. Beginning with the Fiscal Year (FY) 2000 VA/HUD Appropriations Act, Congress has consistently prohibited HUD from moving appropriated funds into the 9(k) emergency reserve. In order to provide an alternative to the 9(k) reserve, Congress has since FY 2000 provided line-item funding for grants to PHAs for emergency capital needs resulting from emergencies and natural disasters. This emergency capital needs set-aside was funded at $75 million for FY 2000.

The MOU between HUD and FEMA concerning coordination of disaster assistance to PHAs was entered into on January 8, 2001 and issued on March 19, 2001. For PHAs' disaster recovery costs not covered by insurance and essential assistance from FEMA, the MOU identifies the source of funding as "the capital public housing reserve authorized by section 9(k) of the United States Housing Act of 1937, authority, as amended (42 U.S.C. 1437g(k)), or similar statutory authority, subject to the availability of appropriations. The MOU, therefore, referred directly to a nonexistent source of funding (the 9(k) reserve) while failing to make a direct reference to the emergency capital needs set-aside. The MOU also failed to describe what recourse, if any, is available to PHAs if funds available through the 9(k) reserve "or similar statutory authority" have been exhausted or are insufficient.

The prohibition against using appropriated funds for the purposes specified in 9(k) has been a feature of every HUD appropriations measure since FY 2000, including FY 2005 during which Katrina and Rita made landfall. Congress has continued to separately appropriate funds for the emergency capital needs set-aside, but this funding is distinct from the 9(k) emergency reserve and in some years will likely be insufficient to address the extensive costs associated with repairing or rebuilding public housing units in the aftermath of a major disaster, as was the case in 2005. Note also that emergency capital needs funding cannot carry forward and may only be used to address disasters that occur in the fiscal year for which the dollars are appropriated. Looking forward, Congress appropriated just $18.5 million for the emergency capital needs set-aside for FY 2008, or just 25 percent of the original FY 2000 appropriation of $75 million.

In addition to being outdated from the outset, the MOU seems to discriminate against public housing units. In a memorandum dated April 14, 2003, FEMA assigned a policy number (9523.7) to the March 2001 MOU. The memorandum provided additional clarification on the disaster assistance available to various types of publicly-assisted housing facilities. Specifically, the memorandum makes clear that while public housing units developed or modernized under section 9(k) are eligible for HUD disaster assistance, "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." Because the MOU seems to have cut off public housing developments from Section 406 assistance, this type of housing has been placed at a distinct disadvantage compared to all other forms of publicly-assisted housing.

HUD and FEMA Need to Clarify the Eligibility of Public Housing Units
NAHRO contends that the MOU leaves important questions unanswered. Even though public housing units are eligible for HUD disaster assistance, are they *unequivocally barred by statute* from receiving FEMA public assistance funding to support repair and reconstruction work, including permanent repairs classified under Section 406? And if not, why isn't this eligibility reflected in the MOU? NAHRO believes public housing units are indeed eligible for Section 406 assistance. In our opinion, the MOU should be revised to make this eligibility explicit.

In a letter to NAHRO dated October 31, 20005, HUD Assistant Secretary for Congressional and Intergovernmental Relations Steven B. Nesmith wrote:

> "The MOU directs PHAs to look to the Capital Fund set-aside for emergencies and natural disasters for reconstruction funding. ***The MOU does not specifically rule out seeking FEMA assistance under Section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act***, as amended (Section 406). Historically, FEMA has not funded public housing reconstructions under Section 406 because of the availability of substantial funding under the Capital Fund set-aside for emergencies and natural disasters." (emphasis added)

This suggests that HUD perceives no legal barrier preventing PHAs from accessing FEMA assistance for reconstruction. Furthermore, FEMA's April 2003 memorandum states:

> "Although HUD has specific authority under Section 9(k) of the U.S. Housing Act of 1937, as amended, to provide funds for the repair of disaster damaged PHA facilities, ***FEMA has generally funded these costs in the past.***" (emphasis added)

This raises the question of how frequently FEMA funded costs associated with repairing and rebuilding public housing units prior to entering into the MOU. In a November 21, 2007 letter to House Financial Services Chairman Barney Frank, FEMA Disaster Assistance Directorate Assistant Administrator Carlos J. Castillo wrote the following in response to the Chairman's request that FEMA work with HUD to revise the MOU to clarify that public housing developments are eligible to receive Section 406 assistance if HUD funds are unavailable:

> "While your request poses a number of challenges, FEMA has committed to and communicated to HUD that ***we will study the feasibility of this issue, for the purpose of authoritatively determining whether such a change is both appropriate and legal.*** That study is actively underway." (emphasis added)

If FEMA has previously funded the permanent repair and reconstruction of public housing units, then it would seem that the question of whether "such a change is...legal" has already been answered. If FEMA has never funded the repair or reconstruction of this particular type of publicly-assisted unit, then we remain puzzled as to why the 2001 MOU and the 2003 memorandum did not explicitly state that such units are ineligible for Section 406 assistance. We hope this hearing will provide an opportunity for FEMA to set the record straight on this issue.

Not Enough Dollars Are Available, and Too Much Time Has Passed

As I mentioned earlier, while the Congress continues to provide funding for the emergency capital needs set-aside, these funds have proven to be insufficient during fiscal years in which major disasters occur. Such was the case following the 2005 hurricane season. Mr. Nesmith's October 2005 letter to NAHRO communicated HUD's recognition that "the needs for public housing reconstruction funding will exceed the funding currently appropriated." The letter also stated that HUD was "coordinating its efforts with those of FEMA to address the wide spectrum of needs not only for public housing reconstruction, but for other community needs as well." Clearly HUD knew its own resources were insufficient to meet the needs for public housing reconstruction and had ample opportunity to communicate this information to FEMA.

Approximately $29 million was available under the emergency capital needs set-aside for FY 2005, the fiscal year during which Katrina and Rita made landfall. Only two agencies were successful in securing funding through that program for costs associated with the 2005 hurricane season. Those agencies were the HUD-led Housing Authority of New Orleans, which received $21.8 million, and the Biloxi Housing Authority, which received $7 million. As I mentioned earlier, Congress appropriated just $18.5 million for the set-aside for FY 2008.

As an aside, although HUD realized it did not have enough resources to fund all incoming applications from PHAs, it is our opinion that the Department did not do enough in the aftermath of the 2005 hurricane season to ascertain quickly and accurately the true nature of the repair and reconstruction needs of Gulf Coast PHAs. NAHRO attempted to be helpful in this regard. I sent multiple letters to then-Secretary Jackson and others at HUD sharing our thoughts on how the Department could move quickly to generate the detailed cost data necessary to undertake the restoration of damaged public housing units. The first of these letters, delivered on September 9, 2005, also suggested that the Department employ an "inspection process for assuring that alternative housing provided for relocated victims of Katrina is suitable," and that this process be conducted in a way that would "generate information needed by the Department for assessing the damage to other HUD-assisted housing." We never received a response to our suggestions.

Moving forward, as evidence of the urgent need to revise the MOU, it must be noted that HUD has not even requested funding for emergency capital needs for FY 2009. Under the heading for the Public Housing Capital Fund, the FY 2009 HUD budget appendix states,

> "Funds for disaster relief are not requested. FEMA disaster assistance is available ***for any needs*** that are not covered by the required property insurance." (emphasis added)

This was the second HUD budget in a row to request no funding for disaster assistance. Clearly HUD is aware that, in the case of public housing developments, FEMA disaster assistance has *not* been available "for any needs that are not covered by the required property insurance."

With HUD no longer requesting disaster funding, it is worth noting that FEMA built an automatic review date into its 2003 memorandum updating the MOU. As I mentioned above, the memorandum numbering the MOU and providing additional clarification was published on April 14, 2003. That memorandum specified a review date "three years from date of publication." Although it is reasonable to conclude that the events of the 2005 hurricane season were themselves sufficient to inspire a review of the MOU, it appears that FEMA and HUD were supposed to revisit the policy on April 14, 2006 regardless of recent or current events.

Absent an automatic review, other parties have urged HUD and FEMA to revise the MOU. In a June 12, 2007 letter addressed to FEMA Administrator Paulison and copied to then-HUD Secretary Jackson, Chairman Frank called on FEMA to "work with HUD in resolving 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." We very much appreciate Chairman Frank's efforts. We note also that his letter was not the first attempt by an interested party to resolve the confusion that has arisen from the MOU. On October 5, 2005, I transmitted a letter to then-HUD Secretary Jackson stating the following:

> "We believe that the clear intent of the MOU is to make available the federal resources necessary to repair and restore publicly-subsidized facilities, such as pubic housing, provided that recipients do not receive redundant funding.
>
> "NAHRO suggests that, inasmuch as no resources are available under section 9(k), the Department immediately seek FEMA funding for the repair, restoration and replacement of damaged or destroyed public housing in hurricane-impacted areas. To the extent any language contained in the MOU is deemed to present an impediment to the availability of FEMA assistance it should be renegotiated to allow the use of FEMA assistance in an instance in which HUD has not supplied full funding for the repair, restoration or replacement of damaged public housing under section 9(k)."

After Mr. Nesmith provided a response from HUD in the form of his October 31, 2005 letter, I wrote to Deputy Secretary Roy Bernardi restating NAHRO's belief that, "if resources are available at FEMA for the repair and reconstruction of public housing, all necessary steps should be taken immediately by the Department to allow and facilitate PHAs' access to that funding."

Although the MOU has still not been revised, it is our understanding that HUD and FEMA have engaged in negotiations and a draft version of a new MOU is under consideration. We have now entered our third new post-Katrina hurricane season, and this issue remains unresolved. NAHRO hopes you will urge HUD and FEMA to move quickly to enter into a revised agreement outlining a process through which PHAs can apply for FEMA assistance under Section 406 to repair or rebuild public housing units if adequate funding is not available through the 9(k) reserve or the emergency capital needs set-aside for the applicable fiscal year. Any revised agreement should make it clear that Section 406 assistance may be used to cover the costs of repairing or replacing public housing units that are not otherwise funded by HUD or insurance proceeds. It is our hope that this revised policy would be made retroactive to 2005 in order to provide any impacted Gulf Coast agencies experiencing funding shortfalls with the chance to finally access needed resources.

We also believe a revised MOU along the lines we have described is appropriate regardless of future Congressional actions relative to the 9(k) reserve and the emergency capital needs set-aside. Even if HUD is eventually permitted to move appropriated dollars into the 9(k) reserve, it is entirely possible that we will experience future disasters that result in public housing repair and reconstruction needs that outstrip available HUD resources.

Mississippi Housing Agencies Denied Promised Reimbursement

I also wanted to use this written statement to relate an unfortunate episode that was, in NAHRO's opinion, both a byproduct of the outdated MOU and further evidence of the need for better coordination between HUD and FEMA and a fundamental rethinking of FEMA's housing-related responsibilities following disasters.

In late 2005 five Mississippi PHAs informed NAHRO of two separate but related challenges as they sought reimbursement under FEMA's Public Assistance (PA) program for demolition and debris removal activities (including mold abatement) undertaken as a result of Hurricane Katrina. The first challenge stemmed from what appeared to be a decision made by FEMA that made it practically impossible for PHAs to secure previously promised reimbursement, while the second challenge was related to FEMA's bureaucratic structure.

These PHAs 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 PHAs that demolition and debris removal activities related to Hurricane Katrina would be classified as Category B (emergency protective measures) under the PA program and would therefore be eligible for 100 percent reimbursement from FEMA. During this meeting, FEMA and MEMA officials encouraged PHAs to fill out project worksheets and work toward the completion of demolition and debris removal by the deadline for PA funding, which at that point in time was October 27, 2005. PHAs' representatives left that meeting with the distinct 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 signed off on and began to process PHAs' project worksheets under either 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, thus making the activities ineligible for reimbursement. In many of these instances, FEMA reclassified time-sensitive mold abatement activities under Category E, thus tacitly invoking the terms of the MOU. Because Category E activities involve permanent reconstruction expenses, FEMA argued that HUD bore the responsibility for "provid[ing] funding to repair disaster damages" for the public housing units in question.

Email communications between FEMA and Mississippi PHAs indicated that FEMA had 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 PHA 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." 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-Jackson had apparently adopted a policy of reclassifying project worksheets seeking reimbursement under Categories A and B as Category E.

Other activities undertaken by PHAs 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 PHA told NAHRO that FEMA provided assurances that sheetrock removal would be reimbursed. This PHA 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 decision to reclassify mold abatement work and other emergency repair activities as Category E was unfair for a number of reasons. First, FEMA punished PHAs 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. FEMA should not have changed the rules after making promises that were relied upon in good faith by the PHAs.

Finally, even through the use of emergency procurement procedures, it would have been impossible for PHAs to address storm damage in the first few hours following the storm. PHAs 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 PHAs facing these conditions to procure contractors and complete repairs "after several hours." The suggestion that Katrina-related remediation should have proceeded apace just hours after a disaster of this magnitude is frankly risible.

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 Katrina did not qualify as "extenuating circumstances," we are hard pressed to imagine what would. In any case, the PHAs seeking the promised reimbursement completed debris removal activities and emergency protective measures well within the six month timeframe.

In many cases, the PHAs that contacted us found themselves navigating a maze of bureaucracy in their attempts to secure the appropriate level of reimbursement. For example, two PHAs that contacted us had been represented by an individual who was assured by FEMA in October 2005 that reimbursement would arrive no later than three weeks after emergency repair work was completed. Eight months after the disaster, these PHAs 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 PHAs to resolve the issue of the work order, FEMA required PHAs to revisit and document their procurement processes, despite the fact that the PHAs had been encouraged to employ emergency procurement.

On April 25, 2006, I transmitted a letter to then-acting FEMA Director David Paulison communicating NAHRO's concern over what appeared to be an effort on the part of FEMA to withhold reimbursement for previously-authorized work plans. FEMA took over six months to respond. 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, Walke's letter implicitly invokes the MOU by stating 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 such a sentiment is little more than cold comfort to those agencies that were struggling to rebuild.

Conclusion

In our opinion, there is a connection between the problematic and ambiguous MOU and the difficulties faced by our members in Mississippi. As I have discussed, the MOU allows FEMA to claim it provides essential assistance to PHAs but is unable to fund the permanent repair and reconstruction of public housing units, including in those years in which HUD funding is clearly insufficient. However, when PHAs seek essential assistance from FEMA, funding for which PHAs' eligibility is not in dispute, FEMA has managed to avoid paying for emergency protective measures by simply reclassifying projects as permanent repair or reconstruction, thus shifting responsibility to HUD. This vicious circle ultimately places rebuilding efforts in limbo and leaves public housing residents wondering whether they will ever have the option to return home. While we can only speak to the cases brought to our attention by our members, we do feel that this episode clearly demonstrates that revisiting the MOU should be part of any strategy intended to both address lingering affordable housing needs in the Gulf Coast and ensure that future federal disaster responses do not needlessly impede local efforts to bring public housing units back online in a timely fashion.

As we enter the 2008 hurricane season, both the woefully outdated MOU and the experiences of the Mississippi PHAs demonstrate the urgent need for HUD and FEMA to reassess their roles and responsibilities regarding the provision of assistance to PHAs following emergencies and natural disasters. It is NAHRO's hope that today's hearing will spur HUD and FEMA to return to the negotiating table to review and revise the MOU in a way that makes funding accessible and, of equal importance, holds these federal agencies accountable for the various commitments they make to PHAs. We hope HUD and FEMA will take it upon themselves to make the needed changes. However, should it be necessary, Congress should encourage HUD and FEMA in the strongest terms to produce a transparent and unambiguous roadmap for PHAs to follow as these local agencies seek the resources needed to preserve and protect the federal government's long-term investment in our nation's public housing inventory, an inventory that represents a $100 billion public asset.

Thank you for your consideration. NAHRO commends your leadership as it relates to housing and community development policy as well as your ongoing commitment to meeting the needs of those impacted by the 2005 hurricane season.

WRITTEN STATEMENT OF JEFFREY RIDDEL

Director, Office of Capital Improvements, Public and Indian Housing
U.S. Department of Housing and Urban Development

Joint Hearing before the Subcommittee on Housing and Community Opportunity, Committee on Financial Services, and the Subcommittee on Emergency Communications, Preparedness, and Response, Committee on Homeland Security

United States House of Representatives

"Examining the Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters"

June 4, 2008

Good morning Chairwoman Waters and Chairman Cuellar. My name is Jeffrey Riddel. I am the Director of HUD's Office of Capital Improvements, the office that awards Capital Funds to public housing authorities to maintain and repair their public housing stock. Thank you for the opportunity to testify today.

The Office of Capital Improvements also administers the public housing emergency and natural disaster grant program in accordance with appropriations made by Congress annually as part of the Capital Fund. In Fiscal Year 2008, for public housing nationwide, Congress appropriated $18.5 million for emergency and natural disasters. Natural disaster grants are made available to housing authorities by application to pay for the repair of public housing damaged or destroyed by natural phenomena, such as hurricanes, flooding or earthquakes. Natural disaster grant funds can be made available to pay for costs that are not otherwise covered by insurance.

I am here today to discuss how best to enable HUD Public Housing Authorities (PHAs) to make necessary repairs following the event of a natural disaster. My testimony will summarize the issues, and then propose a policy option.

The Quality Housing and Work Responsibility Act (QHWRA), enacted in 1998, included a provision, section 9(k), which permitted HUD to award natural disaster grants to housing authorities. It also authorized HUD to make emergency grants to address emergency situations, at public housing projects, that endanger the health and safety of public housing residents.

Section 9(k) directs HUD to set aside not more than two percent of the Capital and Operating funds for "emergencies and other disasters" and "housing needs resulting from any settlement of litigation." However, in every annual appropriations bill since HUD's Fiscal Year 2000 Appropriation Act, Congress has prohibited HUD from using appropriated amounts under section 9(k) and separately appropriated a set-aside amount within the Capital Fund for emergencies and natural disasters. The historical funding levels for the set-aside are shown below:

Year	Emergency/Disaster Funding
2000	$75,000,000
2001	$75,000,000
2002	$75,000,000
2003	$49,675,000
2004	$39,764,000
2005	$29,760,000
2006	$16,830,000
2007	$16,825,000
2008	$18,500,000

The funding has declined significantly from highs of $75 million from Fiscal Year 2000 through Fiscal Year 2002 to a low of $16.8 million last year. In 2004, four hurricanes struck the state of Florida and completely depleted the $39.8 million in funding available that year. In 2005, Hurricanes Katrina and Rita struck the Gulf Coast, and the disaster funding available that year was completely inadequate to restore public housing damaged or destroyed. Hurricane Wilma struck Florida during the first month of Fiscal Year 2006 and substantially depleted the $16.8 million available at that time. The current funding level of $18.5 million, while an increase from Fiscal Year 2006 and 2007 levels, would not be sufficient to meet the needs of disasters such as those that have occurred in recent years.

The PHAs losses from hurricanes and other disasters are mitigated to a large extent by HUD's regulatory requirement that ". . . PHAs maintain specified insurance coverage for property and casualty losses that would jeopardize the financial stability of the PHAs." The size and scale of these hurricanes tested that requirement. HUD found the insurance proceeds insufficient in some cases, such as with the most of the portfolio of the Housing Authority of New Orleans. In other cases, the insurance proceeds did or will cover most of the rebuilding.

PHAs that faced funding shortfalls due to insufficient insurance proceeds and HUD disaster grant funding have sought public assistance funding from FEMA pursuant to section 406 of the Stafford Act. In the late 1990s, HUD and FEMA officials signed a "joint coordination letter" that addressed the procedures for public housing authorities obtaining "essential assistance" (e.g. debris removal, demolition of unsafe structures which endanger the public, etc.) pursuant to section 403 of the Stafford Act and providing FEMA with public assistance under Section 9(k) of the Housing Act, but the joint coordination letter did not address the issue of FEMA public assistance (e.g. reconstruction and long-term repair assistance) under section 406 of the Stafford Act. In 2007, HUD developed a proposed Memorandum of Agreement (MOA) between itself and FEMA that would have made it possible for public housing authorities to apply for FEMA assistance pursuant to section 406 of the Stafford Act as a last resort when funding from insurance proceeds and disaster grants from HUD were inadequate. However, because Section 9(k) exists, Section 406 funding is not available to public housing authorities because it violates appropriation law by augmenting Congress's appropriation for natural disasters in the Capital Fund. Also, in recent appropriations Congress has provided set-aside funding for disaster grants. In a sense, Congress has made a deliberate decision to provide for disaster assistance separately and that to award Stafford Act assistance in such situations would be to interfere with Congressional intent.

HUD and FEMA are working together to identify alternatives to address HUD's need for repair assistance for public housing facilities under HUD's authority in section 9(k) of the U.S. Housing Act of 1937. In recent years, the President's budget has proposed eliminating both the portion of section 9(k) that provides for disaster grant funding and the set-aside for disaster grants in an attempt to alleviate confusion about disaster assistance and make it possible for housing authorities to have access to Section 406 Stafford Act funding. HUD believes that if Congress were to follow this course, there would be no separate disaster funding provided for public housing and, consequently, FEMA would no longer be "augmenting" another appropriation by providing Stafford Act assistance. Therefore, one potential solution to disaster funding shortfalls for public housing authorities would be the permanent repeal or amendment of Section 9(k), with the additional stipulation that no funding be appropriated for natural disasters. However, this would mean that the responsibility and policy of funding recoveries of uninsured damages to public housing authorities following Presidentially-declared natural disasters would be placed on FEMA.

Thank you for the opportunity to appear today. I would be happy to respond to any questions that you might have.

Testimony of Laura Tuggle
Managing Attoney-Housing Unit
Southeast La. Legal Services/New Orleans Legal Assistance
On Behalf Of
The National Low Income Housing Coalition
Presented To Joint Hearing Of
Committee on Financial Services Subcommittee on Housing and Community Opportunity
And
Committee on Homeland Security Subcommittee on Emergency Communications, Preparedness, and Response
United States House of Representatives

JUNE 4, 2008

INTRODUCTION

Good Morning. Chairwoman Waters, Chairman Cuellar, Chairman Thompson, Chairman Frank, and members of both Subcommittees, thank you for the opportunity to testify today about the ongoing affordable housing needs due to the immense damage caused by Hurricanes Katrina and and Rita. I also want to take this chance to personally thank each member of the committee for their past and ongoing support for the people of the Gulf Coast and their affordable housing needs. I especially want to thank Chairwoman Waters and Congressmen Frank for their leadership and vigilance in continuing to shine a light on the needs of our state even though it has almost been 3 years since the storms of 2005. Knowing there is still interest and concern about the overwhelming needs of Katrina and Rita victims helps keep those of us in the trenches positively focused on our long-term recovery prospects even when in the short term, prospects for affordable housing often seem bleak.

My name is Laura Tuggle, and I have worked for about the past 15 years as an attorney with New Orleans Legal Assistance which is an office of Southeast Louisiana Legal Services. We provide free legal assistance in civil cases to low income families on a variety of legal issues including housing. I had only worked in the Housing Law Unit as a staff attorney until 2005. After Katrina hit, I got a "field promotion" to managing attorney since I was the only housing lawyer left. After Katrina, I was displaced from New Orleans for about 6 months but was able to work on behalf of my clients and Katrina victims out of our sister office in Shreveport, Louisiana within 3 working days of Katrina's impact. Even now at least 75% of the work I do is still disaster related. I expect that to continue for at least another 5-10 years. We now have 5 full time housing attorneys doing housing policy work and individual client representation on FEMA cases, DHAP, landlord-tenant disputes, subsidized housing issues, evictions, Road Home issues, tax sales, blighted property issues, foreclosures, fair housing, and various other housing cases. I am honored to be here with you to today to share my concerns about continuing housing needs in the Gulf.

I know that many Americans have begun to lose interest in the plight still facing my community. One can't help but notice when reading news articles about Katrina and its victims and the blogs below them, that lots of people can't understand why New Orleans is not further along in its recovery. Why can't those Katrina people pay their own rent? Why can't they get it together? I'm tired of hearing about this! Believe me, my folks are just as tired of living it every day as some people are of hearing about them live it every day. Unless you understand the lingering impact of Katrina and know about the deep poverty and lack of affordable housing existing in our area long before the Hurricane, it is hard to get your mind around it. To that end, my testimony today provides a brief review of affordable housing needs predisaster, a review of where we are now, and some of the challenges facing our affordable housing recovery.

SNAPSHOT OF PREKATRINA AFFORDABLE HOUSING NEED AND STOCK

I. AFFORDABLE HOUSING NEED

Prior to the 2005 Hurricanes that damaged 82,000 units of rental stock, there was a huge gap between existing affordable housing and the need for such housing. In Orleans Parish alone, 28% of the population was living below the federal poverty line. Data from the 2000 HUD CHAS (Comprehensive Affordable Housing Strategy) pegged the need for affordable housing at 124,777 households of which 91,097 had incomes at or below 50% of area median income and 33,680 having incomes between 50 to 80% of area median income. There were 6,572 families on the waiting list for public housing units operated by the Housing Authority of New Orleans (HANO). HANO's public housing waiting list had been closed since 2002 except for special admission to elderly only units at the Guste High Rise complex. Of the 6,572 families on the public housing waiting list, almost 90% of the families (5,859) were extremely low incomes falling at or below 30% of area median income and . There was an greater demand for vouchers as shown by the huge number of families seeking admission to the voucher program. HANO's voucher waiting list stood at 10,873 families of which 76% were extremely low-income families with incomes at or below 30% of area median income. That waiting list had been closed since July 7, 2001 and had shrunk from a high of almost 20,000 families on the waiting list when it originally opened for a 2-week period. Because of the thousands of families already on waiting lists, it had been impossible for several years prior to the 2005 Hurricanes, for a needy family to even apply for any type of subsidized housing through HANO. Except for limited openings at some elderly complexes in the HUD assisted housing stock, most waiting lists were closed in the HUD Multifamily inventory pre-Katrina as well. The homeless population for the greater New Orleans area was estimated at approximately 6,000 persons by Unity for the Homeless.

II. AFFORDABLE HOUSING STOCK

Public Housing

HANO had about 7,200 units of public housing in 10 sites of which 5,146 were occupied at the time of Katrina. Almost 2,000 public housing units were vacant due to preKatrina of which 1,001 were slated for demolition predisaster and the rest were not available presumably because of being "offline" and unfit for occupancy. This dwindling supply of deeply affordable housing for years prior to Katrina was a result of already planned redevelopment largely under HOPE VI initiatives and demolition by neglect. This led to a tremendous gap between affordable housing supply and the demand for that stock. HANO had been under a HUD Administrative Receivership since 2002 with a 1 person HUD appointed Board. A huge reason for the placement of HANO into HUD Receivership was due to the agency's poor performance in maintaining and administering its public housing stock. Interestingly, federal law under the HUD Receivership statue *requires* that if a public housing authority cannot be returned to local control and remains "troubled" after being under an administrative receivership for 2 years after such designation, that HUD **shall** file a petition in federal court for a judicial receivership. Such action has never been taken either preKatrina or post- Katrina by HUD even though HANO is still classified as a troubled agency more than 2 years after being placed under administrative receivership.

Housing Choice Voucher Programs

HANO was authorized for about 9,400 vouchers preKatrina and had 8,981 vouchers under active leases at the time of Katrina. The Jefferson Parish Housing Voucher Program had about 2,700 vouchers in use preKatrina. The average voucher PHA subsidy cost in Orleans Parish in Fiscal Year 2005 was about $565 while in Jefferson Parish the average voucher PHA subsidy cost was about $416. In its voucher program, HANO was actually a high performer with a 95% utilization rate up from a low of 61% a few years before Katrina.

HUD Assisted Housing Stock

Prior to the disaster, HUD had 407 properties in its Multifamily/Assisted stock had a total of 35,943 units in the Katrina impact areas. In the Rita impact area in Louisiana, HUD's Multifamily/Assisted stock had 16 properties with 1,800 units. Within the HUD assisted stock, there were 302 properties in the Katrina impact areas with project based Section 8 contracts for a total of 19,656 deeply affordable units with Section 8 subsidy. In the Rita impact area in Louisiana, there were 11 properties with project based Section 8 subsidy and a total of 915 deeply affordable units.

KATRINA/RITA DAMAGE AND IMPACT ON RENTAL MARKET

Approximately 122,000 homeowners suffered major to severe damage from Katrina/Rita of which about 38,000 were owned by low to moderate incomes homeowners. About 82,000 rental properties suffered major to severe damage of which about 52,000 were rental units affordable to low income households. 89% of the major to severe damage from the Hurricanes of 2005 occurred in the greater New Orleans metro area. The deeply affordable housing stock was particularly hard hit. HANO had only about 500 occupied units as of December 2005 as compared to 5,146 occupied units preKatrina with only 3 of its 10 sites open. HANO had less than 500 units of voucher housing that was occupied near December of 2005 as compared to almost 9,000 preKatrina with many families unable to afford to return to units that may have been livable and a decimation of the voucher stock. The HUD Multifamily/Assisted stock likewise suffered heavy losses with 9,312 units classified as having severe damage at 74 properties from Hurricane Katrina and 1,276 having severe damage at 9 properties as a result of Hurricane Rita. Of the HUD Multifamily/Assisted stock, there were 58 properties with 5,538 units of project based Section 8 assistance having modest to severe damage from Katrina and another 11 properties with 915 units of project-based Section 8 assistance having modest to severe damage as a result of Hurricane Rita.

Rents soared after the Hurricanes of 2005 in the disaster area with undamaged units making the greater New Orleans metro area a "high rent" jurisdiction immediately after the disasters. Rents increased by as much as 45% shortly after the Hurricane and have now leveled off near a 30% increase. Significant rent decreases are not expected in the near future due to thousands of affordable housing units being in the pipeline and increases in operating costs for rental units because of higher insurance, utilities, taxes, and labor costs. Rents will remain out of reach for families without subsidies and for families who are on temporary disaster rental assistance program set to expire soon. Working families and elderly/disabled families on fixed incomes will be unable to bridge the affordability gap. For example, preKatrina, the HUD 2 bedroom fair market rent in the metro area was $696. Now HUD's Fiscal Year 2008 2 bedroom Fair Market rents is $990 for the metro area. HANO has found it necessary to set its payment standard for the voucher program at 110% of current Fair Market rents so the 2 bedroom payment standard is $1,089. The average voucher cost for a voucher under the Disaster Voucher Program(DVP) administered by HANO is currently about $1128 while the average voucher cost for a DVP administered by the Jefferson Parish Housing Program is currently less at about $735. Homelessness soared from about 6,000 persons preKatrina to an estimated 12,000 now according to Unity for the Homeless.

CURRENT STATUS AND PLANNED AFFORDABLE HOUSING PROGRAMS

Public Housing

HANO estimated in January of 2008 that it had about 1,800 units occupied with approximately another 940 in varying stages of repair and 162 units "key ready" for occupancy. It plans to have 3,000 units ready for occupancy by December of 2008. By the end of the recovery period, HANO plans to have a total of 3,300 public housing units in New Orleans for a loss of thousands of deeply affordable units at the "Big 4" sites including St. Bernard, Lafitte, C.J. Peete, and B.W. Cooper that were previously rented primarily to families with extremely low incomes. HANO also plans to redevelop about 1,800 units of affordable rentals mostly with Gulf Opportunity Zone (GO Zone low income housing tax credits) and some project based vouchers. In a reply to a data request dated April 11, 2008 to Senator Mary Landrieu's office, HANO indicated that other than elderly units at Guste and Fischer which are age restricted, HANO only had about 30 units in its entire inventory that were accessible to families or non elderly disabled households. A survey of public housing residents with findings released in February of 2008 show that less than 1/3 of the residents surveyed wanted to return to public housing. Yet what is most troubling is that of the 5,146 residents that were supposed to be surveyed, the research team reported that approximately 75% of the resident data files contained either incorrect contact or useless contact information. Only about 50% of residents were actually surveyed once additional data was obtained for a survey sample of only 2,553 families out of the 5,146. The relatively small number of former residents who expressed an interest in returning does not equate to not needing as many public housing units replaced as possible given the unknown wishes of about 50% of the preKatraina public housing population, having over 6,000 families on a closed public housing waiting list, and thousands of new families now in dire need of affordable housing post-Katrina.

Voucher Programs

HUD initially introduced the Katrina Disaster Housing Program (KDHAP) on September 23, 2005 which was later replaced by the Disaster Voucher Program(DVP) to respond to the needs of formerly HUD subsidized families and predisaster homeless families displaced by Katrina or Rita. Eligible families included predisaster public housing families, predisaster voucher families, predisaster HUD multifamily/assisted stock residents, and preKatrina homeless including families in HUD homeless programs. At one time, the DVP program had about 30,000 families but it currently has 2,945 participants nationwide who are largely concentrated in Louisiana and Texas. The national average DVP subsidy cost is about $802 per month. DVP was set to expire June 30, 2008 but was recently extended until at least September 30, 2008. HUD and PHA's are in the process of notifying families of the extension. Of the 2,945 DVP families the breakdown is as follows:

PRIOR ASSISTANCE TYPE	ACTIVE LEASES (NATIONALLY)	ACTIVE LEASES (NEW ORLEANS)
HOMELESS	270	196
MULTIFAMILY	1,147	472
MOD REHAB/OTHER	26	15 (est)
PUBLIC HOUSING	1,502	312
TOTAL DVP	2,945	995

HANO currently has about 6,600 vouchers under lease with about 995 being on the Disaster Voucher Program and 5,520 being Housing Choice or Tenant Protection vouchers and about 85 outgoing portability. The average Disaster Voucher Program subsidy cost for HANO is about $1,128 per month. Interestingly, the average DVP subsidy cost for the Jefferson Parish Housing Program is only $735 per month in our neighboring parish. There are only about 30 families on the DVP program in Jefferson Parish while HANO still has about 995 families on DVP. Possible reasons for this disparity could be that Jefferson Parish had only about 12% of the damage to its housing stock from Katrina as opposed to New Orleans having about 69% of its housing stock damaged. Jefferson Parish has been able to "get back to business" sooner. Other reasons could also include participants paying a higher tenant share of rent, aggressive usage of rent reasonableness, a higher share of completion of tenant recertifications to compute tenant rent shares, HANO having more families with larger bedroom sizes and thus higher rents, and administrative issues including 3 moves of its voucher office since Hurricane Katrina.

HUD MULTIFAMILY/ASSISTED STOCK

The current status of the HUD multifamily/assisted stock is very uncertain to put it mildly. Insufficient progress in reopening this inventory appears to have been made since HUD's May 23, 2006 damage assessment report. Hundreds of units in the New Orleans remain shuttered with no signs of redevelopment even at complexes that have been awarded GO Zone tax credits. Many complexes cite "financing problems" as the reason there is no sign of any redevelopment activity at the complex almost 3 years after the Hurricanes. The HUD Office of Multifamily Housing advised New Orleans Legal Assistance in a letter dated July 16, 2007 that there were still 5,861 units not operational in the HUD assisted inventory at that time. This number exceeds the amount of total preKatrina amount of occupied public housing units preKatrina and outstrips by far the amount of public housing units in the area that are still not open.

Yet there has been very little attention on this desperately needed stock which could remain affordable to families with extremely low incomes. A list of "open" HUD Multifamily/Assisted stock for Louisiana obtained in May of 2008 shows there are about 30 properties still not open with a total of about 3,700 units offline. It is unclear from the list what amount of units are still not operational at some open sites just in Louisiana. The number of total offline units still seems to be in the 4,000 to 5,000 range. Project based Section 8 contracts at many of the HUD assisted sites for thousands of units remain suspended and inactive. Every week, NOLAC gets several calls from elderly and/or disabled former HUD assisted stock residents whose former complexes are still closed who have been forced out of FEMA trailers who are now homeless. We also get calls from elderly and disabled families who missed the 9-1-07 DVP lease up deadline and who are either homeless or in danger of homelessness while struggling to pay private market rents on fixed incomes post-Katrina. No housing assistance is available to these families at this time despite the fact that they were former HUD assisted tenants. Just over the past few weeks, NOLAC has been contacted by a 50 year old, blind and disabled now homeless HUD assisted tenant who had been living off and on with relatives, a 78 year old former HUD assisted tenant who had a DVP voucher but could not find a unit to lease by the deadline, and a mobility impaired resident who had been waiting for FEMA to bring him an accessible trailer that never arrived who is now homeless. None of their former sites are currently open with uncertain redevelopment plans.

While investigating the status of a preKatrina HUD assisted property called Forest Park in June of 2007, NOLAC discovered that a HUD mortgage had been prepaid thereby triggering the right of former residents to tenant protection vouchers. After bringing the Forest Park situation to the attention of HUD's Office of Multifamily Housing, HUD did further investigation of mortgage prepayments and determined that 6 properties with about 1,000 units total triggered the approval of tenant protection vouchers for preKatrina residents of those sites. In a letter to NOLAC dated September 13, 2007, HUD advised NOLAC that tenant protection vouchers had been approved for all 6 sites and it committed to working with NOLAC, the property owners, and former residents to notify former residents of their rights to tenant protection vouchers. To date, **none of the former residents have been notified of their right to tenant protection vouchers.** In follow up meetings, HUD anticipated notifying residents about the vouchers by January of 2008. HUD was strongly urged to notify families as soon as possible since the more time that passes will only increase the difficulty in locating families who may be on temporary disaster programs that are ending soon. Some preKatrina residents are not on any housing assistance programs at the present time and it is now too late to enroll for DVP since the cutoff date for enrollment was 9-1-2007. Also any families who may want to return to the New Orleans area will very likely need financial assistance to fund a move back to the area and the FEMA Relocation assistance was originally set to end Feb. 29, 2008 but has now been extended to August 31, 2008. One of the properties called Forest Park which had been closed since October of 2005 recently reopened. PreKatrina families are in jeopardy of losing their right to return as units are rented. In a letter dated March 31, 2008, HUD advised NOLAC it now anticipated notifying families by the end of May 2008 about their right to a tenant protection voucher but to date, the notification letters have still have not been sent. Of the 17 clients that NOLAC has who formerly lived at Forest Park preKatrina, 5 were living in FEMA trailers/on FEMA rental assistance, 7 had DVP assistance, and 5 had no housing assistance at all but desperately needed it. Out of this small sample of 17 families, 12 had temporary housing assistance (70%) and 5 had no rental assistance.

This leaves us with the question of where are the preKatrina/Rita residents who used to live in the HUD Multifamily/Assisted stock? With as many as between 4,000 to 5,000 units still not open in Orleans and St. Bernard Parish, you would expect to see much higher levels of these families enrolled in DVP. Yet as of May 13, 2008, there were only 1,147 of these households on DVP. More are likely in FEMA temporary disaster rental programs. Some could have found other affordable housing opportunities. Yet what we fear and expect is that thousands have been "lost". If the statistics for HUD assisted stock are similar to our Forest Park example, then only about 70% of preKatrina HUD assisted families from closed sites may be on other rental programs. Depending upon whether there are 4,000 to 5,000 units still offline, there could be as many as 1,200 to 1,500 or 30% of preKatrina/Rita HUD assisted families without any housing assistance at all. Senate Bill no. 2975 introduced about a month ago by Sen. Landrieu, Cochran, and Wicker seeks to address many of the concerns raised in this section.

FEMA HOUSING ASSISTANCE TRANSITION AND DISASTER HOUSING ASSISTANCE PROGRAM (DHAP)

Thousands of displaced Katrina/Rita victims have relied upon either rental assistance from FEMA or FEMA trailers for to help meet their housing needs since the Hurricanes of 2005. At its height, 723,786 households received disaster assistance under FEMA's 408 rental assistance program. Several lawsuits including McWaters, Ridgley, and the Brou case have been filed against FEMA alleging failures to comply with their duties to provide temporary housing assistance and accessible trailers. The McWaters lawsuit alleged that thousands of families were improperly denied continued FEMA rental assistance. When FEMA reassessed about 5,000 cases by court order, it found that 25% were erroroneously denied continued rental assistance. In a recent survey of homeless persons living under the bridge in New Orleans, 30% say they had FEMA rental assistance at one time but were cutoff. [23] The recertification process for continued assistance was burdensome, had to redone every 3 months, there was inconsistency in reviewing requests for additional assistance, and inadequate direction provided to applicants. In fairness to FEMA, never before had there been a natural disaster as catastrophic as Katrina then followed by Rita requiring housing assistance be provided to so many families for such a long period of time. FEMA was ill equipped to de al with providing long term housing assistance. FEMA also provided direct housing assistance in the form of trailers to over 140,000 families at the program's height. As of May 31, 2008, FEMA claims to have closed all 6 of the remaining group trailer sites except for about 40 families left at Renaissance Village near Baton Rouge, La which once housed about 800 families. It is unclear as to how many preKatrina renters are still living in trailers on private sites and how many homeowners are still living in FEMA trailers or what FEMA's plans for providing continued housing assistance to those families. Given the toxic levels of formaldehyde present in FEMA trailers and the approach of Hurricane season again in the Gulf, it is imperative to determine permanent housing plans for these groups of trailer occupants.

The FEMA rental assistance program and those families leaving FEMA group trailer sites are now being transitioned to a new program administered under an Interagency agreement with FEMA and HUD called the Disaster Housing Assistance Program(DHAP). Families have been "exported" by FEMA to HUD in phases. Phase I families were sent to HUD in the fall of 2007 with the initial group containing 30,220 families. Phase I families are required to pay $50 per month beginning March 1, 2008 towards their rent with incremental increases of an additional $50 per month until the program ends. DHAP is currently set to end by March 1, 2009 with PHASE I families paying at least $600 by that time. In some cases, the participant will pay more than the incremental rent increase if there is a difference between the rent for the unit leased by the family and the administering local agency's payment standard. Hardship waivers can be requested by families unable to pay the incremental rent increases. Families must agree to participate in case management to try to help them become self sufficient by the time the program ends next year. 10,626 Phase II families were exported to HUD by FEMA near March 28, 2008, and approximately 32,000 additional families under Phase III are expected to be exported to HUD by at least May 31, 2008 for a total of about

72,000 families. Inexplicably, Phase II and III families are generally not required to pay any share of rent under the program. The Harris County Housing Authority from Houston, Texas is currently administering DHAP for Orleans and St. Bernard Parish families for HANO. DHAP New Orleans received about 5,022 Phase I families, about 4,000 Phase II families, and anticipates receiving up to 4,000 new families in Phase III for a total of up to 13,022. The transition to this new program from FEMA rental assistance and trailers has not been as seamless as planned particularly in the New Orleans area with many landlords and tenants frustrated by new program rules, inspection requirements to ensure minimal housing quality standards, misplaced paperwork, and late rent payments. To be fair, transitioning over 10,000 near the same time is a huge undertaking bound to encounter significant challenges. To help deal with some of the inevitable transition issues, HUD, HANO, and Harris County have been extremely receptive to input from local housing advocates for program improvement. NOLAC is grateful for having the continued opportunity to provide free legal assistance to DHAP participants on site at the New Orleans DHAP office 4 days per week. NOLAC would like to thank Milan Ozidnec and David Vargas of HUD's Office of Public and Indian Housing, Karen Cato-Turner and Dwanye Muhammad of HANO, and Guy Rankin with the Harris County Harris Authority for allowing and seeking NOLAC's input and participation regarding DHAP and other housing issues.

What will become of DHAP participants in the New Orleans area once the program ends? The President's 2009 Budget request contained $39 million for funding permanent housing assistance for elderly and/or disabled DHAP households. It is critical to these families who cannot begin to afford post-Katrina rents on fixed income to have ongoing rental assistance to maintain housing affordability. But what of the thousands of hard working families currently on DHAP who cannot become self-sufficient when DHAP ends due to high rents? The road to self-sufficiency is literally under construction in many GO Zone or Road Home Rental Programs that might offer a permanent affordable housing option for families. With a place in service date for GO Zone deals of December 31, 2010 there is a major disconnect with the March 1, 2009 expiration of DHAP. Additionally, many DHAP families are homeowners still waiting on their Road Home homeowner grants to even begin or complete work on their homes. Close to 50,000 families are still waiting for closings with the Road Home as of the May 29, 2008 Legislative Report. There is a huge looming homeless crisis for working families in the metro area confronting us if DHAP ends March 1, 2009 as shown below:

Phase 1 DHAP Family	**3 Bedroom Rent**	**Incremental Rent at DHAP End**	**Difference**	**30% of Income**	**Affordability in 3 Bedroom Unit**
(PAM B.)	$1398	$600	$798	$700	$698

GULF OPPORTUNITY (GO) ZONE LOW INCOME HOUSING TAX CREDITS AND PER CAPITA TAX CREDITS

The 2006 through 2008 GO Zone and Per Capita low income housing tax credits hope to create about 10,645 units in the New Orleans metro area and another 1,340 units in the Lake Charles area impacted by Hurricane Rita. Out of the 17,348 units expected to be created, only 2,557 or about 15% have either been built or are undergoing construction. The difficulty in construction is largely due to the current credit crisis in the financial market and higher development costs due to insurance costs. According to LHFA's Metro Housing Needs Assessment dated February 15, 2008, 9,910 units had still not closed on their development financing. At the April 2008 Board meeting of the Louisiana Housing Finance Agency (LHFA), the Board approved a resolution that allowed GO Zone credit developers to submit a reprocessing application for an extension to close on financing by June 30, 2008 and/or to request additional resources. If approved for either an extension or additional resources, developers must close by August 30, 2008 or face recapture of GO Zone credits. If developers of GO Zone credit projects did not reply by April 30, 2008, their credits would be recaptured. With a current place in service date of December 31, 2010, it will likely be very challenging for any new projects seeking funding with recaptured GO Zone credits to comply with the 2010 place in service date. NOLAC recently requested a copy from LHFA of all developers and projects that requested an extension and/or additional resources and a list of any projects with recaptured tax credits. To date that request has not yet been complied with but we expect it to be provided shortly. Rents under the tax credit program are unfortunately not affordable to families with incomes below 50% of AMI and are totally out of reach for families with incomes at or below 30% of AMI. For example, the current 2008 tax rent in Orleans Parish for a 3 bedroom unit exclusive of any utility allowance is $933 according to the rent and income calculator on the NOVOGRADAC website.

LOUISIANA ROAD HOME RENTAL PROGRAMS

Piggyback Program

The State of Louisiana through the Road Home Rental Program allocated $667 million for the Piggyback Program to support deeper levels of affordability for income levels ranging from as low as 20% to 40% of area median income (AMI). The Piggyback Program will be paired with GO Zone low income housing tax credits. As of 2-27-2008, 5,852 units were expected to be developed with Piggyback funds but as of 12-31-2007, only 2,232 of those units had closed and secured financing with about $420 million awarded. The remaining balance of those funds and the possibility of creating additional more deeply affordable units is in jeopardy due to the credit crisis leaving many GO Zone deals with the inability to close and higher insurance and operational costs threatening the viability of previously awarded tax credits. At a recent Louisiana Housing Finance Agency (LHFA) Board meeting, developers and advocates were advised that unallocated piggyback funds may need to be targeted to already planned but struggling GO Zone tax credit deals which could significantly reduce the capacity of the Piggyback Program to fund any new additional deeply affordable units.

Small Rental Repair Program

The Road Home Rental Program allocated $869 million hoping to develop between 12,000 to 18,000 units under the Small Rental Repair Program. As of February 1, 2008, awards under Round 1 and 2 are projected to help restore almost 11,000 units at affordability levels for families with incomes at either 50%, 65%, or 80% of area median income. Approximately $594 million have been conditionally awarded with the balance of the funds potentially at risk of being paired with struggling GO Zone tax credit deals with financing problems. There are numerous reasons that some of the projected almost 11,000 affordable units may not receive binding commitments including inability of the owner to get financing, self-elected withdrawal from the program, and inability of the property owner to complete rehabilitation of units. To date, and to my knowledge, none or very few units have actually become available for occupancy under the Small Rental Repair Program. Typical rents under the Small Rental Repair Program will be unaffordable to thousands of families needing permanent low income housing including thousands of families currently on temporary disaster rental assistance programs set to end either on September 30, 2008 under DVP or March 1, 2009 under DHAP. For example, the rent expected to be charged under the Small Rental Repair Program for a 3 bedroom unit exclusive of utility allowances is $1,090 at the 80% of AMI tier, $880 at the 65% of AMI tier, and $680 at the 50% of AMI tier.

Permanent Supportive Housing Initiative

The State of Louisiana made a commitment to create 3,000 units of permanent supportive housing (PSH) for extremely low income families at or below 30% of area median income who have disabilities and are in need of supportive services to maintain their housing. The target population for PSH is both the homeless with special needs and those households at risk of institutionalization or those already improperly living in institutions. Capital financing is being provided in part by CDBG funds for Hurricane Recovery and GO Zone Low Income Housing Tax Credits with $72.7 million being provided by the Road Home Rental Program to fund supportive services for this vulnerable population. It is technically part of the Piggyback funding. To date, only about 800 PSH units are planned with uncertain futures for some of the units due to financing problems, NIMBYism, and lack of PSH vouchers to provide deeply affordable subsidy for extremely low income families. For example, the 1 bedroom PSH rent in Orleans Parish is expected to be about $320 exclusive of any utility allowance. But the typical benefit level for a disabled household needing PSH is only $637 in SSI disability benefits. In order to be able to have an affordable rent based upon 30% of household income, the rent would need to about $191 which is 30% of $637. There is currently $76 million in a supplemental appropriations bill passed by the Senate last week which would provide vouchers to ensure affordability for up to 3,000 disabled families in the Gulf needing PSH. As reported by the New York Times on May 28, 2008, homelessness persists in New Orleans and temporary housing programs such as "Rapid Rehousing" are set to end by December of 2008. PSH has been proven as a cost efficient way for ensuring that the most vulnerable people receive housing and care while also relieving burdens on overtaxed police, emergency, and medical systems by providing housing stability and reduced reliance on institutions. Katrina left many of our most at risk citizens stranded all over the New Orleans, at the Convention Center, and the Superdome. Who can forget the images of some of our most disenfranchised elderly and disabled citizens pleading for help on national television? Those families still desperately need help given the lack of deeply affordable housing and support services. The PSH initiative, including vouchers, is critically needed to help our most at risk special populations afford to live in a dignified manner in their hometown.

PROJECTED UNMET NEEDS AND INADEQUACY OF RESOURCES TO MEET AFFORDABLE HOUSING DEMAND

Even with all the federal resources brought to bear for Hurricane Recovery in Louisiana, only about 23,000 of the 52,000 affordable rental units damaged by Hurricane Katrina are currently funded to be developed under the GO Zone and Road Home Rental Programs. That is only 25% of the 82,000 Hurricane damaged rental units in the state of Louisiana. Given the credit crunch and the uncertainly surrounding GO Zone tax credit deals being able to secure financing, it is doubtful that all 23,000 units will actually be built. Even if all 23,000 are built, many of those units will simply be unaffordable and out of reach for extremely (30% AMI) and very low income (50%) families as shown below:

MADELINE S. WORKING POOR FAMILY -- Monthly Income of $1,750 per month working at local hotel and facing a family of 5. 30% of Income is $525. Madeline S. needs a 3 bedroom unit for her family size. She cannot afford a 3 bedroom fair market rent of $1,271 with an affordability gap of $746 per month. She cannot afford a 3 bedroom GO Zone tax credit rent of $933 with an affordability gap of $408 per month. She cannot afford a 3 bedroom rent under the Small Rental Repair Program at the lowest 50% of AMI Tier of $680 for an affordability gap of $155 per month. Madeline is currently on DHAP with the rent for her 3 bedroom unit being $1700. She knows she can't afford to keep the unit once DHAP ends but also fears that she cannot afford to live in New Orleans at all once the program ends.

ELOISE M.- 69 YEAR OLD ELDERLY FAMILY-- Monthly Income of $1,054 per month and is on a fixed income from Social Security and she lives alone in a 1 bedroom unit. 30% of her income is $316 per month. She can't afford a 1 bedroom fair market rent of $846 and would have an affordability gap of $530 per month. She can't afford a 1 bedroom GO Zone tax credit rent of $672 per month and would have an affordability gap of $356 per month. She can't afford a 1 bedroom rent under the Small Rental Repair Program 50% AMI Tier of $490 per month with an affordability gap of $174 per month. She might be able to afford a 1 bedroom PSH unit at $320 per month if she qualified as disabled and in need of supportive services to maintain her housing.

RUSSELL J.-DISABLED VETERAN- Monthly Income of $637 per month and is on a fixed SSI income. He is currently homeless and cannot any housing. 30% of his income is $191 per month. He can't afford a 1 bedroom fair market rent of $846 per month and would have an affordability gap of $655 per month. He can't afford a 1

bedroom GO Zone tax credit rent for a 1 bedroom of $672 per month and would have an affordability gap of $484 per month. He can't afford a 1 bedroom Small Rental Repair Program at the lowest 50% of AMI Tier of $490 per month with an affordability gap of $299 per month. He can't afford the current PSH 1 bedroom rent of $320 per month with an affordability gap of $129 per month.

So how much additional rental housing is needed in the greater New Orleans metro area? LHFA's Metro Housing Need Assessment of 2-15-2008 estimates that between 29,000 to 50,000 additional units of rental housing are needed to address housing demand. Taking into account that it is estimated that about 70% of the metro area population has returned, Policy Link and NOLAC have estimated that between 10,000 to 19,000 additional units of deeply affordable stock is needed to meet the needs of extremely low income persons at or below 30% AMI and to help replace thousands of units of demolished public housing stock and HUD assisted stock that has not reopened and which may never reopen.

OTHER BARRIERS TO HOUSING RECOVERY

Besides increased rents and lack of affordable housing stock, other impediments threaten affordable housing recovery for Katrina/Rita victims who want to return to New Orleans. These "right to return barriers" include the following:

1) Relocation and Moving Expense Costs- FEMA's Relocation Assistance Program has only been extended until August 31, 2008 despite the fact that almost 50,000 predisaster homeowners have still not closed on their Road Home homeowner assistance grants and that much of the affordable housing stock will not be open until near the place in service date of December 31, 2010.

2) New Admission Criteria at Redeveloped Properties Screening out Former Residents

3) Voucher Portability Problems with out of area Housing Authorities denying transfers back to New Orleans since it is a "high rent" area now

4) Increased Utility Costs and PreKatrina Unpaid Utility Balances Preventing Reoccupancy

5) Lack of Information on Status of PreKatrina Property Being Sent to Predisaster Families

6) Inability of Families Living Out of State or Out of Area to Be Released from Leases when Affordable or Public Housing units become available for occupancy in the predisaster area

7) Failure of predisaster subsidized landlords or PHA's to Maintain Updated Addresses and Contact Information for Families with Return Rights Over Lengthy Redevelopment Period

8) Any requirement that a family currently living out of the predisaster area physically come in person to obtain a tenant protection voucher

9) Lack of accessible housing and incentives to entice landlords in the private market to create accessible housing for the disabled such as funds for unit modifications

10) NIMBYISM and Zoning Restrictions Aimed at Preventing affordable housing development

RECOMMENDATIONS: TOP 10

1) CONSIDER EXTENSION OF DHAP PAST MARCH 1, 2009 FOR FAMILIES IN DISASTER AREA WITH HIGH RENT BURDENS UNTIL ADDITIONAL RENTAL RESOURCES ARE AVAILABLE AND FOR DHAP HOMEOWNERS STILL WAITING ON ROAD HOME ASSISTANCE OR WORKING ON THEIR HOMES TO AVERT WORSENING OF HOMELESS CRISIS

2) REQUIRE A REPORT FROM HUD'S OFFICE OF MULTIFAMILY HOUSING REGARDING THE STATUS OF HUD ASSISTED STOCK AND HAVE AN OVERALL DISASTER RECOVERY PLAN BY OCTOBER 1, 2008. REPORT SHOULD ADVISE ON WHAT SITES ARE OPEN, EFFORTS TO TRANSFER SUSPENDED SECTION 8 CONTRACTS TO OTHER PROPERTIES NEEDING DEEPLY AFFORDABLE SUBSIDY IF SOME PROPERITES WILL NOT REOPEN, AND A REPORT ON THE WHEREABOUTS TO THE MAXIMUM EXTENT POSSIBLE OF ALL PREKATRINA AND RITA RESIDENTS AND EFFORTS TO NOTIFY RESIDENTS OF RIGHT TO RETURN AND STATUS OF THEIR FORMER RESIDENT. APPROVING TENANT PROTECTION VOUCHERS FOR LOCATED HUD MULTIFAMILY RESIDENTS PREVIOUSLY AT SITES THAT WILL NOT REOPEN. GREATER COORDINATION WITH OFFICE OF PUBLIC HOUSING AND VOUCHER PROGRAMS ON DISASTER RECOVERY ISSUES.

3) PERMANENT SUPPORTIVE HOUSING (PSH) VOUCHERS NEEDED TO PROVIDE DEEPLY AFFORDABLE HOUSING TO SPECIAL POPULATIONS

4) REQUIRE HANO AND OWNERS OF PREKATRINA/RITA HUD ASSISTED STOCK TO MAINTAIN CURRENT CONTACT INFORMATION FOR PREDISASTER RESIDENTS DURING THE REDEVELOPMENT PERIOD OF THE PROPERTY SO THAT WHEN UNITS ARE READY FOR OCCUPANCY, FAMILIES CAN BE LOCATED AND ARE READY FOR REOCCUANCY. AT LEAST QUARTERLY CONTACT IS SUGGESTED.

6) EXTEND FEMA RELOCATION ASSISTANCE UNTIL DECEMBER 31, 2010 TO BE CONSISTENT WITH THE GO ZONE TAX CREDIT PLACE IN SERVICE DATE

7) DEVELOP POLICIES AND PROCEDURES TO ENSURE THAT PREDISASTER VOUCHERS HOLDERS AND PREKATRINA RECIPIENTS OF ANY TYPE OF HUD ASSISTANCE ARE ABLE TO RETURN TO NEW ORLEANS METRO AREA IF THEY SO DESIRE. FAMILIES THAT WANT TO COME HOME SHOULD NOT BE DENIED PORTABILITY OR BLOCKED FROM RETURNING DUE TO ADMINISTRATIVE ISSUES

8)SET UP A STAFFED CLEARINGHOUSE, NOT JUST POSTING TO A WEBSITE, THAT MAINTAINS UP TO DATE INFORMATION ABOUT AFFORDABLE HOUSING AVAILABILITY UNDER GO ZONE TAX CREDITS, ROAD HOME RENTAL PROGRAMS, PUBLIC HOUSING, VOUHER PROGRAMS, HUD MULTIFAMILY/ASSISTED STOCK, AND AFFORDABLE HOMEOWNERSHIP PROGRAMS SO THAT HOUSEHOLDS CAN BE LINKED TO HOUSING OPPORTUNITIES

9) DEVELOP SPECIAL INITIATIVES FOR NONPROFITS TO GET FUNDING FOR BRICKS AND MORTAR TO DEVELOP LOW INCOME HOUSING SUCH AS A SPECIAL NONPROFIT POOL IN THE LHFA QUALIFIED ALLOCATION PLAN. CREDIT CRISIS HAS RESULTED IN MANY FOR PROFIT DEVELOPERS NOT WANTING TO INVEST IN NEW ORLEANS AREA WHILE MANY NONPROFITS WOULD STILL BE WILING TO COMMIT RESOURCES

10) NO RAIDS OF UNALLOCATED ROAD HOME RENTAL FUNDS FOR NONRENTAL PURPOSES

Thank you for the opportunity to come before you today and for your attention and consideration of my remarks. I look forward to answering your questions.

Laura A. Tuggle

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EDUCATON

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Louisiana State University, B.S. in Political Science, 1984, Summa Cum Laude

EXPERIENCE

Managing Attorney, New Orleans Legal Assistance, Housing Law Unit, 2006-present
Staff Attorney, New Orleans Legal Assistance, 1994-2006
Staff Attorney, Pro Bono Project, Homeless Advocacy, 1993-1994

HOUSING RELAED NON-PROFIT BOARD WORK

Shared Housing, 1997- Present
Great Expectations Board, 2007-Present
Louisiana for Low-Income Housing Today, *President*, 1997-1998
Fair Housing Action Center, Advocacy Committee, 1997-1998
Volunteers of America, Supportive Housing Program, 1996-1998

AWARDS AND HONORS

- **Reginald Heber Smith Award**, National Legal Aid and Defender Association, 2005
- **Unity for the Homeless Outstanding Advocacy Award**, 2004
- **Career Public Interest Attorney Award**, Louisiana State Bar Association, 1995

HOUSING RELATED COALITION WORK

Permanent Supportive Housing Stateholder's Taskforce, 2007-Present
Louisiana Housing Agency, Anti-NIMBY Committee, 2007-Present
Louisiana Supportive Housing Coalition, 2006-present
Louisiana Housing Alliance Member, 2006-Present
Unity for Homeless, Affordable Housing Task Force, *Chair*, 2002-Present
Housing Authority of New Orleans, Family Self-Sufficiency Committee, *Treasurer*, 2000-present
Housing Justice Network, 1998-present
Unity for the Homeless, Legal Service Committee, 1995-present
Louisiana Legal Services Housing, *Member and past chair*, 1995-Present

Question#:	1
Topic:	complaints
Hearing:	The Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters
Primary:	The Honorable Barney Frank
Committee:	FINANCIAL SERVICES (HOUSE)

Question: How does FEMA handle housing discrimination complaints?

How does FEMA inform people of their fair housing rights during an emergency?

How does FEMA take fair housing complaints by those living in housing paid for through FEMA's programs either directly or indirectly?

How does FEMA investigate and resolve these complaints?

How does FEMA monitor progress in complaint resolution?

What training does FEMA provide its staff and contractors in fair housing and other civil rights laws and what does it do to monitor performance?

Answer: Fair housing complaints are referred to HUD for processing, monitoring, and resolution. HUD has the congressionally mandated authority and responsibility for housing discrimination complaints and enforcing fair housing laws. This authority and responsibility is carried out by HUD headquarters as well as HUD regional offices, which, with respect to their geographic areas, mirror FEMA regional offices. Persons that believe they have been victims of housing discrimination may file a complaint directly with HUD headquarters, the HUD regional office for their state, or a HUD-certified state or local fair housing enforcement agency.

FEMA's Office of Equal Rights provides mandatory civil rights training to the Equal Rights Specialist cadre on an annual basis. Additionally, all FEMA employees, Permanent Full-Time (PFT), Cadre of On-call Response Employees (CORE) and Disaster Assistance Employees (DAE) are required to complete equal rights training annually. This is accomplished through classroom as well as on-line training formats.

FEMA deploys trained experts in civil rights to staff each presidentially-declared disaster. These Equal Rights Specialists (ERS) report to the Federal Coordinating Officer (FCO) assigned to the disaster. Among other duties and responsibilities, these Specialists are responsible for training disaster personnel, monitoring the application and compliance with civil rights laws, being proactive to address potential civil rights issues and

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coordinate with other civil rights compliance agencies to insure compliance with Title VI of the Civil Rights Act of 1964, as amended.

FEMA works closely with HUD to ensure people are informed of their fair housing rights. Immediately following the hurricanes, HUD provided fair housing posters, brochures, and other printed material to all Disaster Recovery Centers (DRCs) and Long Term Recovery Centers (LTRCs). HUD staff visited over 60 DRCs and LTRCs to inform evacuees about their fair housing rights and to assist them in filing complaints. HUD also taught Center personnel to identify housing discrimination issues. HUD provided fair housing material to every Center throughout Louisiana and Mississippi for distribution and display.

In addition, on January 19, 2006, HUD launched print, radio, and television public-service announcements with the Advertising Council to educate evacuees and the general public about the laws against housing discrimination. The Ad Council produced the PSAs in English and Spanish under a $300,000 contract with the Department. By February 24, 2006, the ads had been distributed to 3,000 television stations and 8,000 radio stations.

Further, individuals who believe they are victims of housing discrimination may also contact or be referred by FEMA to their local fair housing organization.

Question#:	3
Topic:	discrimination
Hearing:	The Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters
Primary:	The Honorable Barney Frank
Committee:	FINANCIAL SERVICES (HOUSE)

Question: As detailed in testimony in February 2006, the Greater New Orleans Fair Housing Action Center found numerous fair housing violations on websites created to connect with evacuees with housing opportunities. One of the sites with discriminatory ads was created by FEMA. What systems do FEMA and HUD have in place to monitor for such violations and to prevent discrimination?

Answer: Although the website in question was not created by FEMA, the Agency was linked to the site. Scanning was done to determine the existence of discriminatory content. Filters were put in place to prevent display of the discriminatory content.

Before launch, distribution or posting, FEMA information is subjected to review by FEMA's Office of Legislative Affairs, Office of Intergovernmental Affairs, Office of Public Affairs and the Office of Chief Counsel. FEMA's Office of Equal Rights is the anti-discrimination component of the Agency.

When inappropriate information is identified or brought to awareness, the agency quickly removes the inappropriate data from the website.

HUD takes all allegations of housing discriminatory advertising seriously, particularly when the language inflicts harm on people who have already gone through so much. HUD has advised FEMA as to the Fair Housing Act's coverage of discriminatory websites, so that it does not inadvertently allow the posting of discriminatory advertisements.

HUD and its fair housing partners continue to monitor housing advertisements posted on websites to ensure they comply with fair housing advertising requirements. When such advertisements are found, HUD and its fair housing partners will investigate and charge the case if a violation is found. Current legal authority in several federal Circuits, however, holds that the CDA protects websites from a variety of legal claims involving content supplied by others. HUD's investigation of many complaints determined that the websites had not created the advertisements at issue, requiring that HUD dismiss the complaints. HUD, however, does have authority to bring a charge against the person who has posted the discriminatory ad, and has charged the advertisers.

Question#:	4
Topic:	monitor
Hearing:	The Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters
Primary:	The Honorable Barney Frank
Committee:	FINANCIAL SERVICES (HOUSE)

Question: Local jurisdictions across the Gulf Coast used their local powers including zoning to outlaw FEMA trailer parks, Low Income Housing Tax Credit developments, and other housing developed for hurricane evacuees and others. What did FEMA and HUD do to monitor and intervene to prevent discrimination?
How many Secretary-initiated complaints and how many Secretary-initiated investigations has HUD undertaken since Katrina, Rita, and Wilma to combat these discriminatory practices?

Answer: FEMA mission-assigned the Department of Justice Community Relations Service (CRS) to help alleviate community based problems of the local jurisdictions, and to prevent other discriminatory activities. According to their Mission Statement, "CRS is the only Federal agency dedicated to assist State and local units of government, private and public organizations, and community groups with preventing and resolving racial and ethnic tensions, incidents, and civil disorders, and in restoring racial stability and harmony. CRS facilitates the development of viable, mutual understandings and agreements as alternatives to coercion, violence, or litigation."

In addition, FEMA deployed its Cadre of Equal Rights experts to staff the Joint Field Offices (JFOs) and Disaster Recovery Centers (DRCs) in all the referenced disasters (Katrina, Rita, Wilma). These trained Equal Rights experts were responsible for Title VI and Title VII compliance. They reported to the Federal Coordinating Officer (FCO), and were proactive in addressing discrimination complaints and potentially discriminatory matters. Moreover, through federal agency coordination, all discovered discriminatory and potentially discriminatory practices were referred to HUD, since HUD has the congressionally mandated authority and responsibility for housing discrimination complaints and enforcing fair housing laws.

The FEMA Equal Rights Specialists and the Department of Justice's Community Relations Service worked jointly to address local jurisdiction based issues of discrimination. Identified discrimination issues were referred appropriately for resolution at the earliest stage.

HUD's Office of Fair Housing and Equal Opportunity staff was on the ground working with FEMA within the first weeks after Katrina's landfall. It made certain that individuals knew their rights, actively enforced the law when it learned about violations, and worked with housing providers to prevent such discrimination in the first place.

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Hearing:	The Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters
Primary:	The Honorable Barney Frank
Committee:	FINANCIAL SERVICES (HOUSE)

Immediately following Hurricane Katrina, HUD initiated a comprehensive review of FEMA emergency trailers and trailer sites to evaluate accessibility for evacuees with mobility impairments. In partnership with the Department of Justice (DOJ), HUD conducted accessibility assessments of various trailer models and sizes. HUD's assessment also covered the common areas of FEMA trailer park sites, including play areas, laundry facilities, meal centers, social service stations and pedestrian routes.

Based on these assessments, HUD and DOJ made technical recommendations to FEMA to improve accessibility for evacuees with disabilities. These recommendations resulted in the increased production of accessible temporary housing units and the development of accessible trailer parks for thousands of evacuees with disabilities.

HUD also worked to eliminate discriminatory policies in the Gulf Coast. In the weeks following Hurricane Katrina, HUD's Office of Fair Housing and Equal Opportunity received reports of potential familial status discrimination in several Louisiana private trailer parks. FEMA, which contracts with private trailer parks for the temporary placement of trailers, had encountered parks with restrictive "no children" policies that were resisting FEMA's attempts to place evacuated families with children. The Office of Fair Housing and Equal Opportunity at HUD worked closely with FEMA's Office of Counsel and Transitional Housing Unit to swiftly negotiate the elimination of these policies and the placement of displaced families with children in temporary housing.

In addition, HUD's Assistant Secretary for Fair Housing and Equal Opportunity (FHEO) sent an open letter to the housing industry advising them that it is against the law to discriminate in housing-related transactions on any basis prohibited under the Fair Housing Act.

Lastly, HUD conducted two Secretary-initiated investigations to address race discrimination in the Gulf Region. One investigation involved Iberville Parish and the other involving St. Bernard Parish.

<u>Iberville Parish</u>

In December 2005, the Iberville Parish Council adopted a resolution that prohibited the Federal Emergency Management Agency (FEMA) from placing trailer parks in 17 specific site locations within the Parish. The resolution was generated in response to 4,972 evacuee households residing who had requested transitional housing in Iberville Parish.

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Hearing:	The Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters
Primary:	The Honorable Barney Frank
Committee:	FINANCIAL SERVICES (HOUSE)

In response to this resolution, HUD immediately initiated an investigation to determine whether the Parish adopted this resolution because most of the evacuees were African-American. The Department immediately began interviewing witnesses, and within one month, the Department was onsite speaking with evacuees and members of the Parish Council. In March 2006, the Department began conciliation discussions with the Council, and in December 2006, HUD and the Iberville Parish Council signed a conciliation agreement. As part of the agreement, Iberville agreed that owners of mobile home parks and commercial sites could place FEMA trailers on their properties.

St. Bernard Parish

After Hurricanes Katrina and Rita devastated the Gulf Coast area, St. Bernard Parish passed several housing ordinances that severely limited housing opportunities. On September 20, 2006, the St. Bernard Parish Council voted 5-2 to approve an Ordinance, which provided, "Except with a special permit, owners who weren't previously renting out a single-family residence in R-1 zones will now be prohibited from doing so unless the renter is a blood relative."

In St. Bernard Parish, 79% of white residents live in owner-occupied housing compared to only 21% of white residents who live in rental units. By contrast, 55% of black residents live in owner-occupied housing compared to 45% of black residents who live in rental units.

The Department suspected that this ordinance would have a disproportionate impact on African-American residents. For this reason, the Department initiated an investigation into St. Bernard Parish on October 3, 2006. FHEO investigators were on the ground interviewing residents and Parish Authorities the very next day.

The Department interviewed many residents, but did not receive any viable complaints from the community. The one complaint filed with the Department resulted in a determination of no-cause to find discrimination, because the Parish approved the complainant's application to rent his property. In all, the Parish has approved 42 of the 45 applications for rental properties.

As a result of HUD's efforts, in part, on December 19, 2006, the St. Bernard Parish Council voted 5-1 to remove the clause in the law that allowed an owner to rent single-family dwellings which were not existing rental properties before the subject ordinance to "blood relatives" without approval from the Parish Council.

Question#:	5
Topic:	education
Hearing:	The Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters
Primary:	The Honorable Barney Frank
Committee:	FINANCIAL SERVICES (HOUSE)

Question: To the extent that FEMA is providing temporary housing through the private sector (i.e. private mobile home parks, hotels, etc.), how does FEMA ensure that those providers are aware of their fair housing obligations? Does FEMA provide any notice or education?

What arrangements are in place for HUD and FEMA to cooperate to ensure that fair housing rights are enforced?

How do HUD and FEMA work with local fair housing organizations following an emergency to ensure compliance with fair housing laws across the board?

Answer: FEMA Equal Rights Specialists assigned to disasters monitor disaster activity for compliance with all civil rights laws. Where housing discrimination is discovered or alleged, the complaints are referred to HUD for compliance, since HUD is congressionally mandated to address these complaints and enforce fair housing laws. Additionally, HUD brochures and information on fair housing and housing discrimination are made available to disaster survivors.

Federal law ensures that all agencies provide Federal financial assistance and impose non-discrimination and accessibility requirements on all of the operations of Federal agencies, including any direct services provided to the public or any federally operated programs. This includes any direct services provided by FEMA and/or HUD and the operations of FEMA itself. (Section 504 of the Rehabilitation Act). We routinely advise applicants of these rights via applicant handbooks, forms, and correspondence.

Provisions of contracts with FEMA and the FEMA-State Agreement refer to the non-discrimination requirement that follows federal monies. In addition, both the FEMA and HUD Office of Equal Rights have the authority to conduct compliance reviews to determine whether Title VI of the Civil Rights Act of 1964, as amended, was effectively met in their respective programs. HUD has the authority for housing while FEMA has the authority for its disaster assistance programs.

Additionally, in 2007, FEMA appointed a National Disability Coordinator who is in the process of drafting a handbook for use by field staff who are charged with accommodating people with disabilities and special needs – this includes mass care,

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sheltering, housing, and emergency assistance. The handbook will also be integrated into FEMA training courses as appropriate and is based on Section 504 of the Rehabilitation Act.

FEMA does not work directly with local fair housing organizations following an emergency to ensure compliance with fair housing laws across the board; however, FEMA mails an Applicant Guide (FEMA publication 545, "Help After a Disaster"), which provides applicants with information about forms of discrimination prohibited by civil rights laws.

In most instances, FEMA provides financial assistance to applicants, who on their own, locate and acquire temporary housing in the private sector.

However, when FEMA provides direct assistance in acquiring private sector housing (i.e. private mobile home parks, hotels, etc.), FEMA is generally the lessee of that housing, and the obligation of ensuring compliance with federal fair housing laws is borne by FEMA. As in all federal acquisitions, when FEMA contracts with an entity, FEMA ensures that the entity agrees to conduct itself in a non-discriminatory manner. If FEMA discovers that an entity under contract to provide services is discriminating, FEMA will take immediate action, which may include canceling the contract.

In October 2006, FEMA established an interim policy entitled: Temporary Housing Units for Eligible Disaster Victims with a Disability. This policy is applicable to all disasters declared on or after the policy publication date, and establishes guidelines for:
- √ Identifying eligible disaster victims with a disability;
- √ Determining the type of temporary housing unit appropriate for their disability and household size, and;
- √ The delivery, installation, and inventory of accessible units.

Disaster victims who are eligible for temporary housing assistance must undergo a pre-placement interview (PPI) process before receiving a temporary housing unit. The PPI questions are designed to determine the need, size, accessibility features, and possible location of the temporary housing unit. There are specific questions related to the type and description of the disability, and accessibility needs.

The same policy also includes the following temporary housing unit inventory and group site accessibility requirements:
- √ FEMA will maintain a minimum number of accessible temporary housing units in inventory, and;

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√ At least 15% of individual temporary unit lots within a group site either constructed or managed by or on behalf of FEMA must be designated to accommodate accessible units.

In addition to reaching out to FEMA, HUD worked with local fair housing organizations to ensure compliance following Hurricanes Katrina and Rita. Within weeks of Hurricanes Katrina and Rita hitting the Gulf Coast, HUD awarded special partnership funds to agencies in the Fair Housing Assistance Program (FHAP) to partner with nonprofit fair housing organizations in conducting enforcement and education activities related to discrimination against hurricane evacuees. In total HUD awarded $634,500 for these efforts to FHAP agencies in the Gulf Region. The funds were awarded as follows:

- Texas Workforce Commission- $300,000;
- State of Louisiana Department of Justice- $200,000;
- Arkansas Fair Housing Commission- $30,000;
- Oklahoma Human Rights Commission- $30,000;
- City of Dallas Fair Housing Office- $35,000;
- Fort Worth Human Relations Commission- $20,000;
- Garland Office of Housing And Neighborhood Services- $15,000 and
- City of Austin Fair Housing Office- $4,500.

These agencies used this funding to staff toll free discrimination telephone lines to assist persons in filing complaints and to conduct public information seminars to inform persons affected by the hurricane of their fair housing rights. They disseminated fair housing materials in disaster recovery centers and other locations, and had these materials translated into Spanish to assist victims who are not English proficient. In addition, these agencies worked with public and private housing providers, including apartment associations, Boards of Realtors, and local housing authorities to identify permanent housing resources for evacuees. These agencies also met support organizations civil right organizations to address discriminatory issues and assist with special housing needs.

These agencies did not do this work alone. They undertook many of these projects in partnership with local fair housing organizations. These organizations included:

- Arkansas Community Housing Corp.;
- Austin Tenants Council;
- Greater New Orleans Fair Housing Action Center;
- ACORN Community Land Association of Louisiana and Advocacy Center;
- Metropolitan Fair Housing Council;

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- Fair Housing Council of Greater San Antonio;
- Greater Houston Fair Housing Action Center;
- Border Fair Housing Project/Economic Justice Center;
- Urban League of Houston;
- Austin Tenants' Council; and
- Greater Houston Fair Housing Action Center.

HUD's Office of Fair Housing and Equal Opportunity staff also worked directly with the fair housing and disability-rights advocacy organizations in the Gulf Coast Region. HUD funds many of these groups through its Fair Housing Initiatives Program (FHIP). From FY 2005 through FY 2007, HUD awarded nearly $10 million and made 53 awards to local fair housing organizations in Alabama, Florida, Louisiana, Mississippi, and Texas. Some of the funds were used to conduct testing, provide education and outreach activities, provide fair housing counseling to persons displaced by the hurricanes, and investigate housing discrimination complaints.

HUD will continue to work with all parties who have a role in ensuring housing opportunities in the Gulf Coast are available, free of discrimination—FEMA, architects and builders, fair housing advocacy organizations, and the general public. HUD and its fair housing partners have been and will remain committed to working closely with FEMA to ensure fair housing laws are similarly enforced in all post-disaster housing-related efforts.

Question#:	6
Topic:	accesibility
Hearing:	The Roles and Responsibilities of HUD and FEMA in Responding to the Affordable Housing Needs of Gulf Coast States following Emergencies and Natural Disasters
Primary:	The Honorable Barney Frank
Committee:	FINANCIAL SERVICES (HOUSE)

Question: What is FEMA's system in place to address emergency repair issues for people with disabilities, whether they are still at home or in emergency temporary housing, including trailers and other forms of housing?

How does FEMA verify that hotel rooms being offered to people with disabilities are truly accessible? What system is in place?

Answer: The process for requesting emergency repairs for occupied FEMA temporary housing units is the same for all occupants. Occupants can call a designated maintenance provider to request needed repairs.

In October 2006, FEMA established an interim policy entitled: Temporary Housing Units for Eligible Disaster Victims with a Disability. This policy is applicable to all disasters declared on or after the policy publication date, and establishes guidelines for identifying eligible disaster victims with a disability. In addition to this policy, during Registration applicants are asked about special needs and disabilities.

Disaster victims who may be eligible for temporary housing assistance must undergo a pre-placement interview (PPI) process before receiving a temporary housing unit. The PPI questions are designed to determine the need, size, accessibility features, and possible location of the temporary housing unit. There are specific questions related to the type and description of the disability, and accessibility needs. Information gathered during this processes is then shared with FEMA's National Disability Coordinator, who is charged with ensuring that FEMA disaster assistance programs and services provide appropriate accommodations to people with disabilities and special needs – this includes mass care, sheltering, housing, and emergency assistance. One mechanism used by the disability coordinator is a referral process to local entities to assist with making emergency repairs

FEMA currently has a contract with Corporate Lodging Consultants to administer FEMA's Emergency Lodging Assistance (ELA) program. This program provides hotels with direct lodging reimbursement for eligible disaster victims. In order to participate in the program, hotels must complete an application, answering questions on hotel facilities and services. Additionally, the application asks if a hotel 'complies with the American with Disabilities Act of 1990.'

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In the event it is discovered that a hotel has misrepresented its facilities and compliance with the American with Disabilities Act of 1990, Corporate Lodging Consultants may prevent the hotel from continued participation in the ELA program.

If an eligible disaster victim has requested an accessible hotel room and the hotel is unable to provide one, the applicant would then contact their FEMA caseworker to redirect them to another participating hotel with an appropriate room. FEMA is unaware of any circumstances under the ELA program where an eligible applicant had requested an accessible room and was either unable to receive one or was provided a room that did not satisfy their accessibility requirements.

FAIR HOUSING/HOUSING DISCRIMINATION QUESTIONS

What arrangements are in place for HUD and FEMA to cooperate to ensure that fair housing rights are enforced?

HUD's Office of Fair Housing and Equal Opportunity has been committed to improving emergency response and long term disaster recovery, with a particular emphasis on accessible emergency housing.

Accessible Housing

Immediately following Hurricane Katrina, HUD initiated a comprehensive review of FEMA emergency trailers and trailer sites to evaluate accessibility for evacuees with mobility impairments. In partnership with the Department of Justice (DOJ), HUD conducted accessibility assessments of various trailer models and sizes. HUD's assessment also covered the common areas of FEMA trailer park sites, including play areas, laundry facilities, meal centers, social service stations, and pedestrian routes.

Based on these assessments, HUD and DOJ made technical recommendations to FEMA to improve accessibility for evacuees with disabilities. These recommendations resulted in the increased production of accessible temporary housing units and the development of accessible trailer parks for thousands of evacuees with disabilities.

HUD continues this commitment to promote accessible emergency housing as a federal partner on the Emergency Transportable Housing Advisory Committee of the U.S. Access Board. This Committee represents a collaboration of public agencies and private organizations with specialized expertise in accessible emergency housing services for people with disabilities. The Committee is charged with the development of accessibility standards specifically for temporary emergency trailers widely used by FEMA following Hurricane Katrina.

HUD also actively participates in the Interagency Coordinating Council (ICC) for Emergency Preparedness, coordinated by the Department of Homeland Security. On June 11, 2008, HUD participated in the Incident Community Coordination Team tabletop exercise, a multi-Departmental collaboration to prepare for serving individuals with disabilities during catastrophic natural disasters. The exercise highlighted critical disability-related emergency management issues, including accessible evacuation planning, emergency notification, and temporary housing.

HUD continues to encourage redevelopment of the Gulf Coast's Housing stock to be built in an accessible manner. To this end, HUD funds the Fair Housing Accessibility FIRST program to train and provide technical assistance to the housing industry on the accessibility requirements in new construction under the Fair Housing Act. Since its inception, HUD has allocated approximately $8.8 million to Accessibility FIRST and trained over 9,000 housing development stakeholders. Since Hurricane Katrina, the FIRST program has focused its training schedule in the Gulf Coast, conducting numerous workshops in New Orleans and Lafayette, Louisiana; Birmingham, Alabama; Biloxi and Jackson, Mississippi; Corpus Christi, San Antonio, and Houston, Texas.

HUD continues to take other affirmative steps to further fair housing and promote housing accessibility in the federally-funded redevelopment in the Gulf Coast. HUD conducts regular monitoring reviews of state-designated redevelopment authorities charged with the distribution of Community Development Block Grant disaster supplemental grants. HUD also conducts civil rights compliance reviews of Gulf Coast public housing authorities to ensure the accessible redevelopment of housing units. HUD has conducted architectural assessments of new construction sites throughout the Gulf Coast area to evaluate the technical assistance needs of state and local agencies engaged in redevelopment. HUD recognizes the unique challenges facing these agencies and is committed to long term cooperative partnerships to ensure reconstruction and rehabilitation of accessible housing in accordance with civil rights requirements.

Fair Housing Enforcement

Independent of FEMA's role to provide disaster assistance, the Department has the chief federal responsibility to investigate complaints of housing discrimination and inform the public of its fair housing rights. As soon as Hurricane Katina landed and displaced Gulf Coast residents, HUD mobilized staff to head into the Gulf area to inform people of their fair housing rights and to investigate the first complaints of housing discrimination.

FHEO staff visited over 60 Disaster Relief Centers and Long Term Recovery Centers to inform evacuees about their fair housing rights and to assist them in filing complaints. FHEO also taught Center personnel to identify housing discrimination issues. FHEO provided fair housing materials to every Center throughout Louisiana and Mississippi for distribution and display. In addition, FHEO staff visited hotels, shelters and FEMA trailer parks to meet with displaced families about their fair housing rights. As a result of these efforts, HUD and state and local agencies in the Department's Fair Housing Assistance Program (FHAP) took 172 complaints from individuals displaced by Hurricane Katrina (and their representatives).

In addition, the Department used its authority to initiate investigations when individuals have not come forward to file complaints. This authority is particularly significant in times of a natural disaster or other emergency when due to the multiple problems they are facing, victims of discrimination may not be able to come forward. The Department did not hesitate to use this authority to ensure that the rights of victims of Hurricanes Katrina and Rita were protected. The Department filed Secretary-initiated investigations against St. Bernard Parish and Iberville Parish when it suspected possible race discrimination against victims of Hurricanes Katrina and Rita.

In addition to reaching out to FEMA, HUD worked with local fair housing organizations to ensure compliance with fair housing laws. Within weeks of Hurricanes Katrina and Rita hitting the Gulf Coast, The Department awarded special partnership funds to agencies in the Department's Fair Housing Assistance Program (FHAP) to partner with nonprofit fair housing organizations in conducting enforcement and education activities related to discrimination against hurricane evacuees. In total the Department awarded $634,500 for these efforts to FHAP agencies in the Gulf Region.

These agencies used this funding to staff a toll-free discrimination telephone line to assist persons in filing complaints and to conduct public information seminars to inform persons affected by the hurricane of their fair housing rights. They disseminated fair housing materials in disaster recovery centers and other locations, and had these materials translated into Spanish to assist victims who are not English proficient. In addition, these agencies worked with public and private housing providers, including apartment associations, Board of Realtors and local housing authorities, to identify permanent housing resources for Katrina evacuees. These agencies also met support organizations civil right organizations to address discriminatory issues and assist with special housing needs.

Seeing as how the average time for HUD to investigate a fair housing complaint is more than one year, what systems does HUD have in place to respond to fair housing complaints immediately during an emergency/disaster situation?

First, this assertion about the average time to investigate fair housing complaints is patently false. HUD, and the state and local agencies that investigate fair housing cases through HUD's Fair Housing Assistance Program (FHAP), investigate cases in an average of 167 days and complete 92% of all fair housing cases in less than one year.

Moreover, HUD takes immediate action when it learns of discrimination and no one has yet come forward to file a complaint. One only needs to look the Department's swift and decisive response when it learned of alleged discrimination against hurricane evacuees. Upon learning of the possible discriminatory ordinance by St. Bernard Parish, the Department initiated an investigation and had investigators on the ground less than two weeks after St Bernard passed an ordinance limiting new rentals of single family homes to blood relative of the owner. When Iberville Parish limited the placement of FEMA trailers within its Parish, the Department initiated an investigation the following month and had investigators on the ground just a few days later.

In addition, in order to ensure that complaints filed by victims of disasters receive priority processing and timely relief, the Department has developed a coding system to track and monitor these complaints.

To ensure that the Department and its fair housing partners are ready to respond to fair housing issues in the aftermath of a natural disaster or emergency, the Office of Fair Housing and Equal Opportunity (FHEO) has produced a Disaster Toolkit. This tool kit has been distributed it to FHEO staff and the Department's partners in the Fair Housing Assistance Program (FHAP) and Fair Housing Initiatives Program (FHIP). The purpose of this toolkit is to raise awareness, to assist in emergency preparation, and, ultimately, to combat housing discrimination, and to further the requirements of the Fair Housing Act in the aftermath of a disaster. This tool kit is designed to assist fair housing advocates and public servants, including those who work for FEMA, to begin a dialogue on emergency preparedness within their agencies and to ensure that fair housing becomes an essential component of state and local disaster plans across the nation.

Also, the Department's response to Hurricane Katrina also underscored the Department's ability to come to the aid of state and local housing agencies with fewer resources. The Department, with the consent of those agencies, re-activated cases from the agencies and investigated them under federal law. In general, the experience demonstrated the Department's capacity to shift work burdens to and from the FHAP agencies, providing a template for the future should the need arise.

HUD also actively participates in the Interagency Coordinating Council (ICC) for Emergency Preparedness, coordinated by the Department of Homeland Security. On June 11, 2008, HUD participated in the Incident Community Coordination Team tabletop exercise, a multi-Departmental collaboration to prepare for serving individuals with disabilities during catastrophic natural disasters. The exercise highlighted critical disability-related emergency management issues, including accessible evacuation planning, emergency notification, and temporary housing.

Finally, the Department, with other agencies, participated this past year in Project Eagle, an all-day emergency-preparedness exercise which called on FHEO to follow procedures it would take in a real emergency to maintain operational continuity. This included the transfer of operations to areas unaffected by the simulated event, allocate funds to its fair housing partners, implement communication protocols with other agencies, and engage emergency response communications systems. The Department also engages in other smaller emergency-preparedness exercises on a routine basis.

How do HUD and FEMA work with local fair housing organizations following an emergency to ensure compliance with fair housing laws across the board?

In addition to reaching out to FEMA, HUD worked with local fair housing organizations to ensure compliance following Hurricanes Katrina and Rita. Within weeks of Hurricanes Katrina and Rita hitting the Gulf Coast, the Department awarded special partnership funds to agencies in the Fair Housing Assistance Program (FHAP) to partner with nonprofit fair housing organizations in conducting enforcement and education activities related to discrimination against hurricane evacuees. In total the Department awarded $634,500 for these efforts to FHAP agencies in the Gulf Region. The funds were awarded as follows:

- Texas Workforce Commission- $300,000;
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- City of Dallas Fair Housing Office- $35,000;
- Fort Worth Human Relations Commission- $20,000;
- Garland Office of Housing And Neighborhood Services- $15,000 and
- City of Austin Fair Housing Office- $4,500.

These agencies used this funding to staff toll free discrimination telephone lines to assist persons in filing complaints and to conduct public information seminars to inform persons affected by the hurricane of their fair housing rights. They disseminated fair housing materials in disaster recovery centers and other locations, and had these materials translated into Spanish to assist victims who are not English proficient. In addition, these agencies worked with public and private housing providers, including apartment associations, Boards of Realtors, and local housing authorities to identify permanent housing resources for evacuees. These agencies also met support organizations civil right organizations to address discriminatory issues and assist with special housing needs.

These agencies did not do this work alone. They undertook many of these projects in partnership with local fair housing organizations. These organizations included:

- Arkansas Community Housing Corp.;
- Austin Tenants Council;
- Greater New Orleans Fair Housing Action Center;
- ACORN Community Land Association of Louisiana and Advocacy Center;
- Metropolitan Fair Housing Council;
- Fair Housing Council of Greater San Antonio;
- Greater Houston Fair Housing Action Center;
- Border Fair Housing Project/Economic Justice Center;
- Urban League of Houston;
- Austin Tenants' Council; and
- Greater Houston Fair Housing Action Center.

FHEO staff also worked directly with the fair housing and disability-rights advocacy organizations in the Gulf Coast Region. HUD funds many of these groups through its Fair Housing Initiatives Program (FHIP). From FY 2005 through FY 2007, HUD awarded nearly $10 million and made 53 awards to local fair housing organizations in Alabama, Florida, Louisiana, Mississippi, and Texas. Some of the funds were used to conduct testing, provide education and outreach activities, provide fair housing counseling to persons displaced by the hurricanes, and investigate housing discrimination complaints.

The National Fair Housing Alliance uncovered a 66 percent rate of discrimination against African American and Latino evacuees when they tried to get housing outside of New Orleans post-Katrina. What systems does HUD have in place to monitor and aggressively enforce fair housing rights in areas to which disasters victims are evacuated?

HUD anticipated that many would face discrimination in the immediate aftermath of Hurricane Katrina, as large populations of African-America and other minority residents relocated to surrounding communities, and therefore, immediately dispatched staff to Baton Rouge to work with FEMA in the Disaster Recovery Center. FHEO had staff in Baton Rouge within two days of hurricane landfall.

Immediately following Hurricane Katrina, HUD's Office of Fair Housing and Equal Opportunity deployed a cadre of equal opportunity specialists to Louisiana, Mississippi, and Texas to conduct fair housing education and outreach throughout the Gulf Coast region and to directly assist evacuees who reported housing discrimination.

FHEO staff visited over 60 Disaster Relief Centers and Long Term Recovery Centers to inform evacuees about their fair housing rights and to assist them in filing complaints. FHEO also taught Center personnel to identify housing discrimination issues. FHEO provided fair housing materials to every Center throughout Louisiana and Mississippi for distribution and display. In addition, FHEO staff visited hotels, shelters and FEMA trailer parks to meet with displaced families about their fair housing rights.

As a result of these efforts, HUD and State and local agencies in the Department's Fair Housing Assistance Program (FHAP) together received 172 complaints of discrimination from evacuees. In order to ensure that complaints filed by victims of hurricanes receive priority processing, the Department developed a coding system to track and monitor these complaints.

Daily communication and reports from people on the ground following the Hurricanes, allowed these individuals to flag actions of concern and immediate make the Assistant Secretary for Fair Housing and Equal Opportunity aware of discriminatory activity. When the Department learned of discrimination, the Department used its authority to conduct Secretary-initiated investigations. This authority is particularly significant in times of a natural disaster or other emergency when due to the multiple problems they are facing, victims of discrimination may not be able to come forward to file a complaint. The Department has not hesitated to use this authority in the aftermath of Hurricanes Katrina and Rita and filed Secretary-initiated investigations against St. Bernard Parish and Iberville Parish when it suspected possible race discrimination against victims of Hurricanes Katrina and Rita.

HUD also worked to eliminate discriminatory policies in the Gulf Coast. In the weeks following Hurricane Katrina, FHEO received reports of potential familial status discrimination in several Louisiana private trailer parks. FEMA, which contracts with private trailer parks for the temporary placement of trailers, had encountered parks with restrictive "no children" policies that were resisting FEMA's attempts to place evacuated families with children. FHEO worked closely with FEMA's Office of Counsel and Transitional Housing Unit to swiftly negotiate the elimination of these policies and the placement of displaced families with children in temporary housing.

Furthermore, HUD recognized that many individuals seeking homes, and many landlords providing it, might not know their rights and responsibilities under the Fair Housing Act. Therefore, immediately after the hurricanes, HUD conducted an education and outreach program in the Gulf Coast Region – the Department took out advertisements in local papers in the region advising people of the Fair Housing Act's prohibitions on discrimination and how to report such incidents to HUD. The first Ad ran October 5, 2005 in the Baton Rouge "Advocate."

In addition, on January 19, 2006, HUD launched print, radio, and television public-service announcements with the Advertising Council to educate evacuees and the general public about the laws against housing discrimination. The Ad Council produced the PSAs in English and Spanish under a $300,000 contract with the Department. By February 24, 2006, the ads had been distributed to 3,000 television stations and 8,000 radio stations.

FHEO staff also worked closely with fair housing and disability-rights advocacy organizations in the Gulf Coast Region. HUD funds many of these groups through its Fair Housing Initiatives Program (FHIP). From FY 2005 through FY 2007, HUD awarded nearly $10.0 million and made 53 awards to local fair housing organizations in Alabama, Florida, Louisiana, Mississippi, and Texas. Some of the funds were used to conduct testing, provide education and outreach activities, provide fair housing counseling to persons displaced by the hurricanes, and investigate housing discrimination complaints.

As detailed in testimony in February 2006, the Greater New Orleans Fair Housing Action Center found numerous fair housing violations on websites created to connect with evacuees with housing opportunities. One of the sites with discriminatory ads was created by FEMA. What system do FEMA and HUD have in place to monitor for such violations and to prevent discrimination?

HUD takes all allegations of housing discriminatory advertising seriously, particularly when the language inflicts harm on people who have already gone through so much. HUD has advised FEMA as to the Fair Housing Act's coverage of discriminatory websites, so that it does not inadvertently allow the posting of discriminatory advertisements.

HUD and its fair housing partners continue to monitor housing advertisements posted on websites to ensure they comply with fair housing advertising requirements. When such advertisements are found, HUD and its fair housing partners will investigate and charge the case if a violation is found. Current legal authority in several federal Circuits, however, holds that the CDA protects websites from a variety of legal claims involving content supplied by others. The Department's investigation of many complaints determined that the websites had not created the advertisements at issue requiring that the Department dismiss the complaints. The Department, however, does have authority to bring a charge against the person who has posted the discriminatory ad, and has charged the advertisers. One charge can be found on the HUD website at http://www.hud.gov/offices/fheo/enforcement/lopez.pdf. Another such case appears on the website at http://www.hud.gov/offices/fheo/enforcement/yatczyshyn.pdf.

Local jurisdictions across the Gulf Coast used their local powers including zoning to outlaw FEMA trailer parks, Low Income Housing Tax Credit developments, and other housing developed for hurricane evacuees and others. What did FEMA and HUD do to monitor and intervene to prevent discrimination? How many Secretary-initiated complaints and how many Secretary-initiated investigations has HUD undertaken since Hurricane Katrina, Rita, and Wilma to combat these discriminatory practices?

HUD's Office of Fair Housing and Equal Opportunity staff was on the ground working with FEMA within the first weeks after Katrina's landfall. We made sure people knew their rights, actively enforced the law when we learned about violations, and worked with housing providers to prevent such discrimination in the first place.

Immediately following Hurricane Katrina, HUD initiated a comprehensive review of FEMA emergency trailers and trailer sites to evaluate accessibility for evacuees with mobility impairments. In partnership with the Department of Justice (DOJ), HUD conducted accessibility assessments of various trailer models and sizes. HUD's assessment also covered the common areas of FEMA trailer park sites, including play areas, laundry facilities, meal centers, social service stations and pedestrian routes.

Based on these assessments, HUD and DOJ made technical recommendations to FEMA to improve accessibility for evacuees with disabilities. These recommendations resulted in the increased production of accessible temporary housing units and the development of accessible trailer parks for thousands of evacuees with disabilities.

HUD also worked to eliminate discriminatory policies in the Gulf Coast. In the weeks following Hurricane Katrina, FHEO received reports of potential familial status discrimination in several Louisiana private trailer parks. FEMA, which contracts with private trailer parks for the temporary placement of trailers, had encountered parks with restrictive "no children" policies that were resisting FEMA's attempts to place evacuated families with children. FHEO worked closely with FEMA's Office of Counsel and Transitional Housing Unit to swiftly negotiate the elimination of these policies and the placement of displaced families with children in temporary housing.

In addition, the Assistant Secretary for Fair Housing and Equal Opportunity (FHEO) sent an open letter to the housing industry advising them that it is against the law to discriminate in housing-related transactions on any basis prohibited under the Fair Housing Act.

Lastly, HUD conducted two Secretary-initiated investigations to address race discrimination in the Gulf Region. One investigation involved Iberville Parish and the other involving St. Bernard Parish.

Iberville Parish

In December 2005, the Iberville Parish Council adopted a resolution that prohibited the Federal Emergency Management Agency (FEMA) from placing trailer parks in 17 specific site locations within the Parish. The resolution was generated in response to 4,972 evacuee households residing who had requested transitional housing in Iberville Parish.

In response to this resolution HUD immediately initiated an investigation to determine whether the Parish adopted this resolution because most of the evacuees were African-American. The Department immediately began interviewing witnesses, and within one month, the Department was onsite speaking with evacuees and members of the Parish Council. In March 2006, the Department began conciliation discussions with the Council, and in December 2006, HUD and the Iberville Parish Council signed a conciliation agreement. As part of the agreement, Iberville agreed that owners of mobile home parks and commercial sites could place FEMA trailers on their properties.

St. Bernard Parish

After Hurricanes Katrina and Rita devastated the Gulf Coast area, St. Bernard Parish passed several housing ordinances severely limited housing opportunities. On September 20, 2006, the St. Bernard Parish Council voted 5-2 to approve an Ordinance, which provided, "Except with a special permit, owners who weren't previously renting out a single-family residence in R-1 zones will now be prohibited from doing so unless the renter is a blood relative."

In St. Bernard Parish, 79% of white residents live in owner-occupied housing compared to only 21% of white residents who live in rental units. By contrast, 55% of black residents live in owner-occupied housing compared to 45% of black residents who live in rental units.

The Department suspected that this ordinance would have a disproportionate impact on African-American residents. For this reason the Department initiated an investigation into St. Bernard Parish on October 3, 2006. FHEO investigators were on the ground interviewing residents and Parish Authorities the very next day.

The Department interviewed many residents, but did not receive any viable complaints from the community. The one complaint filed with the Department resulted in a determination of no-cause to find discrimination, because the Parish approved the complainant's application to rent his property. In all, the Parish has approved 42 of the 45 applications for rental properties.

As a result of HUD's efforts, in part, on December 19, 2006, the St. Bernard Parish Council voted 5-1 to remove the clause in the law that allowed an owner to rent single-family dwellings, which were not existing rental properties before the subject ordinance, to "blood relatives" without approval from the Parish Council.

Questions for the Record – Jeffrey Riddel

CHAIRMAN FRANK

What is the status of each HUD Multifamily/HUD assisted property damaged by Hurricane Katrina and Rita?

State	Total Property Inventory	Total Units	Properties Not Operational	Units Not Occupied or Offline
Alabama	225	15,437	0	0
Louisiana	407	35,943	45	6,406
Mississippi	422	31,024	2	329
Texas - Rita	69	8,889	0	0
Louisiana - Rita	16	1,800	0	0
TOTALS	**1,139**	**93,093**	**47**	**6,735**

State	Properties with Minor or No Damage	Units with Minor or No Damage
Alabama	186	12,261
Louisiana	318	24,882
Mississippi	355	23,425
Texas - Rita	31	3,117
Louisiana-Rita	7	524
TOTALS	**897**	**64,209**

State	Properties with Modest Damage	Units with Modest Damage
Alabama	20	1,386
Louisiana	15	1,749
Mississippi	41	4,352
Texas-Rita	15	2,206
Louisiana - Rita	0	0
TOTALS	**91**	**9,693**

State	Properties with Severe Damage	Units with Severe Damage
Alabama	19	1,790
Louisiana	74	9,312
Mississippi	26	3,247
Texas - Rita	23	3,566
Louisiana-Rita	9	1,276
TOTALS	**151**	**19,191**

As a result of Hurricane Katrina five PHAs sustained had property damage in Louisiana. The following data is indicative of the PHAs current property status.

HA Code	PHA	Units Damaged	Offline	Online
LA011	Westwego	23	0	23
LA012	City of Kenner	81	13	62
LA103	City of Slidell	74	74	0
LA013*	Jefferson	0	0	0
LA001**	New Orleans	5146	2859	2287

** Sustained roof damage only; all units were repaired and habitable*
*** The data is for the units that were occupied when Katrina struck*

As indicated above Slidell Housing Authority is the only HA with all units currently offline. All units have been gutted and are awaiting renovation. Construction bid documents were prepared and bids were received; however they were rejected due to non-conformance with specifications. Documents are being revised and the housing authority anticipates advertising for bids within the next 30 days or less.

The projected contract start date is September 2008 and completion February 2009. The anticipated opening of development is February 2009. Construction will be performed in phases; therefore, some units will be online prior to the February date.

There were a total of 6, 202 units damaged or destroyed by Katrina throughout Mississippi. All the units have been repaired or replaced with the exception of units that were in the lower three coastal counties of Hancock, Harrison, and Jackson, MS. Five housing authorities located in these three counties received the most devastation and damage to units. All housing authorities are actively seeking funding to rebuild demolished public housing or replace public housing with affordable housing units. Some housing authorities are seeking tax credit developments in lieu of public housing developments.

Long Beach Housing Authority has 75 units of public housing. There are still 35 units awaiting repairs from Katrina damage that are not occupied. No additional vouchers have been provided. The housing authority plans to repair the units but is waiting on funding to be able to make the needed repairs.

Biloxi Housing Authority has 554 units that are repaired. There are 172 units that were demolished and have not been rebuilt. The Biloxi Housing Authority received 134 replacement housing choice vouchers. Damages to the Biloxi Housing Authority's HOPE VI developments have been repaired and units are re occupied. Biloxi continues to work on developments including public housing replacement. They have applied for a tax credit project and are planning on acquiring additional units of public housing.

Bay St. Louis Housing Authority had all 101 units destroyed or demolished by Katrina. No new units have been built back to date. There are two tax credit proposals in progress that include the replacement of public housing for approximately half of the public housing units that existed pre-

Katrina. The Bay St. Louis Housing Authority received 101 replacement vouchers for their families that will be administered by the newly formed Bay Waveland Housing Authority.

Waveland Housing Authority had all 75 units destroyed by Katrina. No new units have been built back to date. There are two tax credit proposals in progress that include the replacement of public housing for approximately half of the original number of public housing units that existed pre-Katrina. The Waveland Housing Authority received 75 replacement vouchers for their families that will be administered by the newly formed Bay Waveland Housing Authority.

MS Regional Housing Authority VIII serves a 14-county area in southern MS. They had 1,664 units damaged or destroyed by Katrina. There are 797 units of public housing that have been repaired or rehabilitated and are occupied. The housing authority has been issued 1,047 replacement Housing Choice Vouchers for units that were either disposed of or destroyed. The housing authority has plans to develop 2,109 units of affordable housing through tax credit developments.

Is the property open and if so, how many units or occupied or is the property still closed and if so, how many units are offline?

Once a project becomes operational, the Department does not track individual project occupancy rates. Please refer to the chart above for the properties that are still not operational.

What are the redevelopment plans for each closed property and in the event there is no feasible redevelopment plan, will HUD "voucher out the former tenants of those properties" and/or allow any suspended project-based Section 8 contracts to be reassigned to other low-income properties without deep subsidy in the same jurisdiction?

Name	City	Parish	Total Units	Subsidized Units	Redevelopment Plan	Status	Projected Re-Opening
GULFWAY TERRACE APTS	NEW ORLEANS	ORLEANS	206	200	Rebuild with continuation of Project-Based Section 8	Phased reoccupancy.	August-08
NEW ORLEANS TOWERS	NEW ORLEANS	ORLEANS	307	307	Rebuild with continuation of Project-Based Section 8	Rehabilitation underway.	October-08
ANNUNCIATION INN	NEW ORLEANS	ORLEANS	106	106	Rebuild with continuation of Project-Based Section 8	Rehabilitation underway.	December-08
NAZARETH II	NEW ORLEANS	ORLEANS	120	120	Rebuild with continuation of Project-Based Section 8	Rehabilitation underway.	December-08

NAZARETH INN	NEW ORLEANS	ORLEANS	150	149	Rebuild with continuation of Project-Based Section 8	Rehabilitation underway.	December-08
REDEMPTORIST	NEW ORLEANS	ORLEANS	126	0	Rebuild - Market Rate Housing	HUD mortgage prepaid. No further HUD involvement.	January-09
DELILLE INN	NEW ORLEANS	ORLEANS	51	51	Rebuild with continuation of Project-Based Section 8	Rehabilitation underway.	March-09
FILMORE PARC APTS PHASE I and II	NEW ORLEANS	ORLEANS	164	0	Rebuild - Market Rate Housing	HUD mortgage prepaid. No further HUD involvement.	2009
NAPFE TOWERS	NEW ORLEANS	ORLEANS	98	98	Rebuild with continuation of Project-Based Section 8	Financing package under review.	2009
PAULME' CHALET APTS	LAKE CHARLES	CALCASIEU	112	0	Rebuild - Market Rate Housing	HUD mortgage prepaid. No further HUD involvement.	2009
PEACE LAKE TOWERS	NEW ORLEANS	ORLEANS	131	130	Rebuild with continuation of Project-Based Section 8	Foreclosed/new owner. Financing and management plan under review.	2009
ST JOHN BERCHMAN'S MANOR	NEW ORLEANS	ORLEANS	150	149	Rebuild with continuation of Project-Based Section 8	Financing package under review.	2009
VILLA D'AMES APTS	MARRERO	JEFFERSON	116	0	Rebuild and abatement of Project-Based Section 8	Residents provided Tenant Protection Vouchers.	2009
WALNUT SQUARE	NEW ORLEANS	ORLEANS	284	0	Rebuild with Use Agreement	HUD mortgage prepaid. Residents provided Tenant Protection Vouchers.	2009
BETHANY HOME (NURSING HOME)	NEW ORLEANS	ORLEANS	113	0	Negotiated Note Sale to state LAFHA.	Affordable housing proposed for site.	2010
CHATEAU AMES	MARRERO	JEFFERSON	98	98	Rebuild with continuation of Project-Based Section 8	Financing package under review.	2010
FOREST TOWERS EAST	NEW ORLEANS	ORLEANS	199	199	Rebuild with continuation of Project-Based Section 8	New construction in progress/Section 8 contract transferred to new location.	2010

Jefferson Place	Marrero	Jefferson	112	77	Rebuild with continuation of Project-Based Section 8	Phased reoccupancy.	2010
MALTA SQUARE @ SACRED HEART (NURSING HOME)	NEW ORLEANS	ORLEANS	110	0	Negotiated Note Sale to state LAFHA.	Affordable housing proposed for site.	2010
REDWOOD PARK I	KENNER	JEFFERSON	200	0	Rebuild with Use Agreement	HUD mortgage prepaid. Residents provided Tenant Protection Vouchers.	2010
REDWOOD PARK II	KENNER	JEFFERSON	201	0	Rebuild with Use Agreement	HUD mortgage prepaid. Residents provided Tenant Protection Vouchers.	2010
ST. BERNARD MANOR	MERAUX	SAINT BERNARD	82	82	Rebuild with continuation of Project-Based Section 8	Finalizing FEMA financing.	2010
ST. MARTIN HOUSE	NEW ORLEANS	ORLEANS	13	12	Rebuild with continuation of Project-Based Section 8	Financing package under review.	2010
ST. MARTIN MANOR	NEW ORLEANS	ORLEANS	140	140	Rebuild with continuation of Project-Based Section 8	Financing package under review.	2010
VERSAILLES ARMS	NEW ORLEANS	ORLEANS	201	200	Rebuild with continuation of Project-Based Section 8	New owner and financing package under review.	2010
VERSAILLES ARMS II	NEW ORLEANS	ORLEANS	200	200	Rebuild with continuation of Project-Based Section 8	New owner and financing package under review.	2010
VILLA ADDITIONS	NEW ORLEANS	ORLEANS	75	75	Rebuild with continuation of Project-Based Section 8	Finalizing FEMA financing. Transfer of Project Based Section 8 to new location under review.	2010
VILLA ST MAURICE	NEW ORLEANS	ORLEANS	110	110	Rebuild with continuation of Project-Based Section 8	Finalizing FEMA financing.	2010
YWCA SENIOR HOUSING PROGRAM	NEW ORLEANS	ORLEANS	60	60	Rebuild with continuation of Project-Based Section 8	Finalizing FEMA financing.	2010

ST. BERNARD II	MERAUX	SAINT BERNARD	82	82	Rebuild with continuation of Project-Based Section 8	Finalizing FEMA financing.	2011
ST. BERNARD III	MERAUX	SAINT BERNARD	66	66	Rebuild with continuation of Project Rental Assistance Contract	Finalizing FEMA financing.	2012
BERN MAS APARTMENTS	NEW ORLEANS	ORLEANS	350	0	No Plans to rebuild at this time - Market Rate Housing	HUD mortgage prepaid. No further HUD involvement.	Unknown
CURRAN PLACE APTS	NEW ORLEANS	ORLEANS	190	190	Project-Based Section 8 to be abated	Residents will be provided Tenant Protection Vouchers.	Unknown
DAUPHINE APARTMENTS	NEW ORLEANS	ORLEANS	26	26	Owner opt-out of Project Based Section 8	Residents will be provided Tenant Protection Vouchers.	Unknown
FORTNER MANOR	NEW ORLEANS	ORLEANS	24	24	Foreclosure in Process	Foreclosure in process. Project Rental Assistance Contract will be utilized to relocate the residents.	Unknown
FRENCHMAN'S WHARF I	NEW ORLEANS	ORLEANS	320	31	Project-Based Section 8 to be abated	Residents will be provided Tenant Protection Vouchers.	Unknown
FRENCHMANS WHARF PH II	NEW ORLEANS	ORLEANS	324	31	Project-Based Section 8 to be abated	Residents will be provided Tenant Protection Vouchers.	Unknown
GORDON PLAZA	NEW ORLEANS	ORLEANS	128	128	Rebuild with continuation of Project-Based Section 8	Foreclosure in process. Potential environmental issues may prohibit rebuilding. If this is the case, contract will be abated and residents provided tenant protection vouchers	Unknown
GREATER ST STEPHEN	NEW ORLEANS	ORLEANS	41	41	Rebuild with continuation of Project-Based Section 8	Foreclosure in process.	Unknown
HAYDEL HEIGHTS APTS	NEW ORLEANS	ORLEANS	65	65	Owner opt-out of Project Based Section 8	Residents will be provided Tenant Protection Vouchers.	Unknown

JOSEPHINE APTS	NEW ORLEANS	ORLEANS	52	52	Owner opt-out of Project Based Section 8	Residents will be provided Tenant Protection Vouchers.	Unknown
RAPHAEL MANOR	NEW ORLEANS	ORLEANS	35	35	Rebuild with continuation of Project-Based Section 8	Foreclosure in process.	Unknown
TANGLEWOOD I	WESTWEGO	JEFFERSON	192	0	Rebuild with Use Agreement	HUD mortgage prepaid. Residents provided Tenant Protection Vouchers.	Open
TANGLEWOOD II	WESTWEGO	JEFFERSON	192	0	Rebuild with Use Agreement	HUD mortgage prepaid. Residents provided Tenant Protection Vouchers.	Open
FOREST PARK	NEW ORLEANS	ORLEANS	284	0	Rebuild with Use Agreement	HUD mortgage prepaid. Residents provided Tenant Protection Vouchers.	July-08
EDGEWOOD MANOR	GULFPORT		120	120	Rebuild with continuation of Project-Based Section 8	Rehabilitation underway.	2010
SANTA MARIA DEL MAR	BILOXI		209	205	Rebuild with continuation of Project-Based Section 8	Request to transfer Project-Based Section 8 to new location under review.	Unknown
TOTALS			***6,735***	***3,659***			

At this time, each closed property has a redevelopment plan (rehabilitation or new construction) or the Department is taking the necessary enforcement action against the owner. Depending on the enforcement action, the subsidy may stay with the project and be transferred to a new owner to repair/rehabilitate the project and have the residents return to the project or the subsidy maybe abated and vouchers would be given to eligible residents. We have reassigned one Section 8 contract to date and are awaiting reassignment proposals from two other projects.

What efforts has HUD undertaken to locate and provide affordable rental assistance to pre-Katrina/pre-Rita HUD assisted tenants from the HUD Multifamily/HUD assisted stock and what additional efforts are being engaged in by the Department to locate these families and provide them with rental assistance and to notify them of their right to return?

The HUD-assisted housing stock is privately owned. During the initial stages of recovery, HUD staff did assist many HUD-assisted families to relocate to other HUD assisted projects throughout the country.

In accordance with HUD Notice H2007-1, owners are responsible to locate and communicate with their residents as well as residents are also required to keep in touch with the owner as to their location. Upon completion of the rehabilitation or construction, an owner is responsible to send written notification to the resident on their right to return.

How many pre-Katrina/pre-Rita HUD Assisted tenants are currently participating in the Disaster Voucher Program (DVP), the Disaster Housing Assistance Program (DHAP), or any other HUD subsidized program?

As of July 23, 2008, there is a grand total of 2,693 pre-Katrina/pre-Rita HUD assisted families currently participating in the Disaster Voucher Program (DVP). Below is a breakdown by pre-disaster program type of the number of families being assisted.

Pre-Disaster Program Type	Number of Families
Multifamily	1026
Voucher	42
Public Housing	1336
Mod Rehab	18
Homeless	256
Other Federally-Assisted Programs	15
Total	2693

Currently, HUD is working toward transitioning these families either back to their original program types or other programs for which they may be eligible, and moving them back to their multifamily and public housing units.

The IAA has authorized HUD to assist approximately 45,000 families affected by Hurricanes Katrina and Rita. As of July 23, 2008, there are over 27,500 families in the Disaster Housing Assistance Program (DHAP).

HUD determined in Sept. of 2007 that 6 properties in the New Orleans area had prepaid HUD mortgages and that the former tenants were entitled to tenant protection vouchers. Yet the Department has still not even notified those families of their right to a tenant protection voucher. Given the rapidly approaching end of temporary disaster rental programs and the approaching end of FEMA Relocation Assistance in a few months, when is the Department going to notify families of their right to these vouchers?

Over the last month, the Department has sent letters to all of the former residents of the 6 properties regarding their eligibility to apply for a tenant protection voucher. The Department is also placing advertisements in selected newspapers and the owners have also posted notices at the properties notifying these residents as well.

Will the Department agree to meet at lease quarterly with housing advocates and HUD assisted owners in the Gulf working on Multifamily HUD Assisted stock and to provide a

quarterly report to this Subcommittee on the status of the HUD assisted stock and the families that previously lived in that stock?

The Department will agree to meet on a quarterly basis with advocates and HUD-assisted owners in the Gulf and provide a quarterly report to the Subcommittee on the status of the housing stock.

REPRESENTATIVE CUELLAR

1) **On March 1, 2008, the DHAP program began to incrementally drop the level of rental assistance provided to disaster victims.**

- **Is there any possibility for families with no means to pay their rent, particularly if they have been relocated far from any local employment prospects, to apply for a hardship waiver on this $50 per month reduction?**

Yes. In accordance with PIH Notice 2007-26, families may request that the Public Housing Agency (PHA) grant an exception to the incremental rent transition (IRT) on the basis of economic hardship. In order for a family to be eligible for the IRT hardship exception, the family must have complied with all case management services requirements and must demonstrate that the applicable IRT amount will exceed 30 percent of the family's gross monthly income. As of July 23, 2008, out of 26, 550 families subject to the IRT, 2, 436 families have requested and received the hardship exception.

- **What is HUD doing to distribute information about the hardship waiver?**

At the inception of DHAP, HUD made both the Incremental Rent Transition and accompanying economic hardship exception part of the program design (See Section 12 of the HUD-FEMA Interagency Agreement (IAA) (IAA Number HSFEHQ-07-X-0249)). HUD has published two PIH notices, 2007-26 and 2008-21 that outline policies and procedures related to the IRT. HUD has also discussed the IRT extensively on many of the DHAP webcasts. PHAs were given guidance both on the broadcast and thru PIH Notices about the IRT, including how to calculate a family's gross monthly income, inclusions and exclusions, and notifying families about the IRT and hardship exception. To date, 2,868 families have been granted the IRT exception.

To ensure families that were subject to the IRT were cognizant of this program requirement, HUD sent out letters to both the PHAs and families describing the IRT and the hardship exception. HUD also directed case managers and PHAs to inform families about the hardship exception. Case managers must inform families of the IRT and hardship exception during each family's initial assessment. PHAs must make families aware of the IRT and hardship exception during the family briefings. Additionally, HUD required PHAs to provide reminder notices in January 2008 to DHAP participants and landlords about the IRT implementation beginning March 2008. The reminder notice included language that instructed the DHAP families to contact the PHA or their case manager if they believed they would be unable to pay the $50 rental payment for March.

- **Should the current DHAP program be adapted to meet the needs of families who will not be able to keep up with the proposed subsidy reduction schedule?**

The DHAP, through the economic hardship exception, enables families who cannot keep up with the subsidy reduction to pay a reduced rent (in some cases, the family rent will be zero) and remain on the DHAP program. Both the incremental rent transition and the economic hardship exception are described in the initial DHAP Operating Requirements published August 16, 2007.

DHAP case managers identify and review the needs of each participating family to assess the family's ability to pay the IRT amount each month. During these meetings, the case managers link participants to appropriate services and, if needed, help them identify non-disaster supported affordable housing options. While the IRT only applies to the initial phase of DHAPDHAP families, case managers and PHAs are working with all DHAP families to identify and begin assisting those who will need to increase their income and access other affordable housing assistance.

2) The subsidy reduction schedule is a disincentive for landlords to participate in DHAP.

- **Other than the reduction of subsidies, are there other reasons landlords are choosing not to participate in the program?**

The Incremental Rent Transition (IRT) is not designed to be a disincentive for landlords. In fact, there are approximately 18,000 landlords participating in the DHAP program. The primary purpose of the IRT is to transition families from temporary rental assistance to self-sufficiency by the end of DHAP. As the PHA incrementally reduces the subsidy it pays by $50 each month, the family becomes responsible for paying the difference each month. The IRT promotes self-sufficiency by preparing families for the end of DHAP.

As with any tenant-based subsidy program, some landlords choose not to participate because of the additional requirements of the program that exist above and beyond the normal owner-tenant lease relationship. Also, as DHAP nears its end date of March 1, 2009, HUD anticipates that owners will be less likely to participate as there will be no subsidy beyond March 1, 2009.

- **Do you have some ideas for how DHAP could do a better job of working with landlords?**

HUD has made a concerted effort to do targeted landlord outreach. In New Orleans, Baton Rouge and Houston, HUD and local PHAs have conducted landlord forums for DHAP that are designed to give basic program information and answer any questions the landlords may have regarding the DHAP program. PHAs are encouraged to utilize their existing network of landlords from the tenant and project-based voucher programs. It should be noted that DHAP was specifically modeled after the Housing Choice Voucher Program to make it easier for both landlord and PHAs to understand the program operations and requirements.

In addition, HUD's Referral Call Center is equipped to answer questions from landlords and tenants. At each FEMA Transitional Recovery Office and some Area Field Offices in targeted parts of Louisiana and Mississippi, a HUD representative is on-site to answer questions and solve program problems that arise from landlords, FEMA representatives and tenants.

Some suggestions we have received from landlords to improve DHAP include the following: moving to a web-based payment system that would be able to track the actual number of families leased under a particular landlord; allowing electronic signatures of some of the necessary DHAP forms such as the DRSC and lease addendum; allowing landlords rather than PHAs to schedule Housing Quality Standards (HQS) inspections; and, verifying IRT payment information and schedule. A centralized web-based system would improve and expedite program closeout activities such as reconciliations and transitioning families to other HUD programs. HUD is currently looking into the feasibility of each of these proposals.

- **Does HUD have any substantive plans to assist families who are evicted from apartments, often with very short notice, because of a landlord's decision not to participate in the program?**

In the early phases of DHAP, FEMA authorized bridge payments to temporarily cover any gap in assistance between a CLC rent payment and a DHAP assistance payment. The last such payment was made in May, 2008 and FEMA has not formally authorized any more bridge payments for the remainder of DHAP. Once the bridge payments ceased, there was a significant increase in the number of families who came into the DHAP intake center for processing as well as an increase in the number of landlords who are signing up for the DHAP program.

In the event that a landlord has decided not to participate in the DHAP program, the DHAP case manager and PHA work together with the DHAP family to find another DHAP-eligible unit. As the receipt of program assistance is not income-based, a transition to the lease rent is not necessarily an economic hardship for the families. In the rare instances that DHAP caseworkers, HUD staff or contractors have been made aware of a pending eviction claim, they have been able to negotiate successfully with the current landlord or refer the family to the local legal services provider to prevent the eviction. During that time, the DHAP staff assists the family in locating a DHAP-eligible unit.

Based on data from the top ten DHAP-administering PHAs in Texas and Louisiana, HUD has received approximately 45,000 bridge payment requests, CLC and FEMA have provided 32,385 starting from December 2007 to the present

3) Is HUD contributing to FEMA's effort to find more permanent housing solutions for families who have been relocated to hotels and motels?

Once FEMA refers DHAP-eligible families to HUD, these families begin working with DHAP case managers to establish an individual development plan (IDP) that will identify future housing needs. If a family is living in a motel or motel, the first priority for the case manager is to assist the family in locating a DHAP- eligible unit. If families are in need of continued affordable housing at the conclusion of DHAP, they will look for such housing opportunities with their case manager, in accordance with their IDP.

As of July 23, 2008, according to DHAP case management database, Tracking-At-A-Glance (TAAG), out of 8,527 closed cases, approximately 1,031 families have secured permanent housing, which is the ultimate goal of the IDP: 388 families have purchased a home; 406 families have moved to rent subsidized housing; 14949 families have moved to private rental housing; and 88 families have moved in with other family members.

In order to protect elderly and disabled families from losing their housing after DHAP ends, HUD has requested $39 million in the FY 2009 budget to provide Housing Choice Voucher assistance to those families.

RANKING MEMBER DENT

1) Section 9(k) of the Quality Housing and Work Responsibility Act permitted HUD to award funds for the repair of disaster damaged Public Housing Authority (PHA) facilities. Every year, HUD sets aside no more than two percent of PHAs' Capital and Operating funds for: "(A) emergencies and other disasters; and (C) housing need resulting from any settlement of litigation." In March 2001, HUD and FEMA entered into a Memorandum of Understanding (MOU) regarding the policy for coordinating disaster assistance to PHAs for properties damaged by major disasters declared by the President.

- **Is there currently a revised draft of the MOU being discussed by FEMA and HUD?**
- **After the catastrophic hurricanes of 2005, no funds were available under section 9(k) to aid in the reconstruction of PHAs, and funds under the emergency capital needs account were exhausted. In addition to the modifications made in 2003, should the MOU be further modified to make PHAs eligible for assistance under section 406 of the Stafford Act, which permits the use of FEMA funds for repair, restoration, reconstruction, or replacement of public and private nonprofit facilities?**
- **Would such a modification require Congress to amend the Stafford Act?**

HUD has prepared a revised draft of the Memorandum of Agreement (MOA) between FEMA and HUD. There were discussions on the MOA with FEMA, including through the former Assistant Secretary of Public and Indian Housing, and one meeting on the topic of 9(k) held at the FEMA offices this past May, 2008. However, FEMA believes that this MOA is not possible, due to the augmentation of appropriations issue.

FEMA has indicated to HUD that Section 406 funding is not available to public housing authorities because it violates appropriation law by augmenting Congress's appropriation for emergencies and natural disasters in the Capital Fund. Because section 9(k) exists, public housing authorities that are eligible for funding under that section cannot receive funding from the FEMA Public Assistance program. Whether or not section 9(k) receives an appropriation, as long as that provision has not been repealed, it could be viewed as an augmentation of appropriations for a housing authority to receive funding from the FEMA Public Assistance program. In addition, there should be a zero set-aside for emergencies and natural disasters.

A potential solution would be to amend the current Memorandum of Agreement between HUD and FEMA to allow for sequential funding, as needed, to repair and/or replace public housing as a result of a natural disaster, using, for example, (1) FEMA essential assistance to address immediate threats to life, property, and public health and safety through Section 403 of the Stafford Act; (2) insurance proceeds, (3) Congressional appropriations either through Section

9(k) or through a set-aside in the annual Capital Fund appropriation, and then (4) FEMA assistance to a state or local government to repair a public facility damaged or destroyed by a major disaster, as specified in Section 406 of the Stafford Act.

Such a modification might require Congress to amend the Stafford Act, to amend/repeal Section 9(k) and to appropriate no funds under a separate set-aside.

2) Despite the existence of Section 9(k), Congress never made funds available under this account. Instead, Congress included language in the Fiscal Year (FY) 2000 VA-HUD Appropriations Act prohibiting HUD from making any funds available from either the Public Housing Operating Fund or Capital Fund for the purposes set forth under Section 9(k).

- **Has this legislation hindered HUD's ability to administer disaster housing relief?**
- **Do you believe that changes to this legislative language would increase HUD's ability to provide disaster housing assistance?**

Even though Section 9(k) has been repealed annually, Congress has appropriated funds under the set-aside. Funding limitations do prevent HUD from addressing funding needs in years in which there are either a series of disasters, such as the several hurricanes in 2004, or where there are catastrophic events such as the damage caused by Hurricane Katrina.

HUD's ability to provide disaster housing assistance is a function of the funding levels available. Any change, whether legislative or through another mechanism, that would enable HUD to provide more disaster assistance when needed, would be helpful. Additionally, the appropriations language in the set-aside addresses capital needs resulting from emergencies and natural disasters occurring only in the applicable fiscal year of the appropriation. The restriction that the emergency/natural disaster funding be tied to the funding in the year in which it happened results in incongruous situations where there is excess funding in one fiscal year that cannot be applied to shortfalls in funding in other years. The lifting of this "same year" restriction would be helpful.

Any potential changes ideally would not just be applied prospectively, but also retroactively at least to 2005. The damage inflicted on public housing by the hurricanes in 2005 was particularly acute and some Gulf Coast housing authorities affected by the disaster are still unable to recover without further funding.

3) What mechanisms are in place to facilitate regular and active information sharing between HUD and FEMA?

- **How often do the senior leadership at HUD and FEMA meet to discuss coordination on housing related issues?**
- **Has the information flow between HUD and FEMA been regular and useful?**
- **Is HUD considering establishing additional means to ensure that there is close coordination between HUD and FEMA?**

A number of mechanisms are in place to facilitate information sharing between HUD and FEMA. HUD regularly participates in a monthly, and post-event, interagency meetings with

FEMA for Emergency Support Functions, Mass Care, Emergency Assistance, Housing, and Human Services, and Long-term Community Recovery, as well as quarterly Emergency Support Function Leaders Group meetings. HUD officials participate in FEMA-hosted Senior Management Video-Teleconferences called for significant disaster events, such as the Midwest flooding and hurricanes. The Department also participates on a National Disaster Housing Solutions Task Force. At other levels, HUD regularly participates in FEMA-led Regional Interagency Steering Committees and coordinates with FEMA at Joint Field Offices when requested.

The information flow between HUD and FEMA has been both regular and useful. For example, HUD's Associate Deputy Assistant Secretary for Disaster Policy and Management, the principal liaison with FEMA, frequently coordinates and discusses with FEMA issues that may arise between the two agencies. In implementation of the Disaster Housing Assistance Program, senior program officials have had regular discussions and meetings. Top Department leadership enters discussions as warranted.

To further close coordination between HUD and FEMA, HUD is encouraging its field organizations to build closer relationships with FEMA and other agencies and players prior to disaster events.

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