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STATUS OF THE "BIG FOUR" FOUR YEARS AFTER HURRICANE KATRINA

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

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STATUS OF THE "BIG FOUR" FOUR YEARS AFTER HURRICANE KATRINA

Friday, August 21, 2009

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND
COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:25 a.m., in the Lawless Memorial Chapel, Dillard University, 2601 Gentilly, New Orleans, Louisiana, Hon. Maxine Waters [chairwoman of the subcommittee] presiding.

Present: Representatives Waters, Cleaver, and Cao.

Chairwoman WATERS. Good morning, ladies and gentlemen. Today is our second day at Dillard University's beautiful Lawless Chapel. Again, I would like to extend my thanks and appreciation to President Hughes for allowing us to use this space for a second day.

And with that, I would like to ask President Hughes if she would come forward and share with us her thoughts about our visit here and the University, or anything else she would like to talk about.

Ms. HUGHES. Good morning.

Chairwoman WATERS. Good morning.

Ms. HUGHES. I am so pleased for this second day and I base that on the fact that yesterday was so substantive. I listened to so many people who were pleased with the information and who learned as much as I did, because I did not understand all of the complexities involved in the topic. So we have the privilege of having a second day so that we can listen to another topic.

Let me just say thank you, the Honorable Chairwoman Waters, for coming to Dillard University now for 4 days, and presenting issues that are so critical and so important to the entire community. I also want to thank the Honorable Emanuel Cleaver, who remained here and who yesterday was very insightful as well. Now I know why your son, the alumni from Dillard, was so successful. You did a good job.

Mr. CLEAVER. Thank you.

Ms. HUGHES. To the Honorable Joseph Cao, you have become an ally to Dillard University and that is very, very important to us as well.

I want to thank the entire community for coming to Dillard University, because Dillard enjoys opening its doors for the community

as well. We are now in a position to do that because we are almost finished with the total restoration of this university. Every single building has almost been restored and certainly you can tell that this one is now up to par. And so I invite the community to use this space as they need to for these kinds of activities and other appropriate activities.

I want to welcome other politicians who are here as well and I would like to have them stand so they can be recognized. Would all of our elected officials stand to be recognized, please?

[members of the audience rise]

Chairwoman WATERS. I do not know if everyone heard the President welcoming all of the elected officials. She asked that you all stand, please stand.

Thank you very much.

Ms. HUGHES. Thank you. Have a good session.

Chairwoman WATERS. Thank you very much, President Hughes. We are so appreciative for your generosity and we are delighted to be back at Dillard and let me just say you have done a wonderful job. This building is beautiful and we feel very, very fortunate to be able to be here. And even though we do not solicit applause in these hearings, I would like to ask the audience to please applaud President Hughes for the wonderful job that she is doing here at Dillard.

Thank you so very much.

[applause]

Chairwoman WATERS. Ladies and gentlemen, today is our second hearing in Dillard University's beautiful Lawless Chapel. We are here today to talk about the status of the "Big Four" 4 years after Hurricane Katrina.

Now, I would like to give a special thanks to my colleague Representative Emanuel Cleaver for joining me again today. And I must share with you that we are on break from the House of Representatives for the month of August. Many of our members are traveling all over the world. They are in Afghanistan, they are in Africa, they are just all over the world. But some of our members decided that even if they took a few days to do international work, that they were going to spend time on the domestic agenda. So in addition to the work that Congressman Cleaver is doing in his own home district, he thought it was important enough to take time out to be here in New Orleans to follow up on the work that we have been doing on the subcommittee that I chair, the Subcommittee on Housing and Community Opportunity, on which he serves. And so I would like to thank him again for his commitment, and thank him for closing out yesterday's hearing, and of course for the attention that he has paid to this issue, Hurricane Katrina and New Orleans and the rest of the Gulf Coast. I know when we return to Washington, he is going to want to tell Congressman Green and all of the other members of the subcommittee about what took place here.

Now remember, Congressman Green was with us yesterday, but he had to get back to Houston, Texas. He could not be here today, but he is very much involved in this oversight and follow-through that we are doing.

I am also pleased that we are joined by Representative Cao, who represents this district. And without objection, Mr. Cao will be considered a member of the subcommittee for the duration of this hearing. I would like to thank him for his quick response to our request to be a part of this hearing and I would like to thank him for saying to us that not only would he be present, but he too is interested in the subject of the two day hearing; first of all, that which we talked about yesterday, the Road Home Program, and of course, that which we will be talking about today, the "Big Four." So thank you, Representative Cao.

Further, I believe that there are several members of the Louisiana State Legislature, some who stood a moment ago when President Hughes asked elected officials to stand. And I thank you for being in attendance today.

Again, today's hearing will focus on the status of the "Big Four" 4 years after Hurricane Katrina. Yesterday, we focused on the Road Home Program and I believe that yesterday's hearing generated the possibility of some real solutions that Mr. Cleaver, Mr. Green, and I can work on when we return to Washington. And I am hoping for a similar result for today's hearing.

Commonly referred to as the "Big Four"—B.W. Cooper, C.J. Peete, Lafitte and St. Bernard—were the largest public housing developments in New Orleans with over 4,500 units. While some of these units sustained severe damage as a result of Hurricane Katrina, most emerged from the storm with minimal damage, that we think could have been repaired. Unfortunately, the decision was made to demolish all of these units. Let me be clear, I have always opposed the demolition of public housing and the "Big Four" was no exception. Nationally, we have lost over 200,000 units to demolition. This is why Chairman Barney Frank and I are asking for a one-year moratorium on all demolition of public housing nationwide.

I believe that the demolitions here in New Orleans were especially problematic for several reasons.

First, many former residents of those developments were dispersed around the country and were flat out excluded from the decision-making process. HUD did not know where most of these people were and claimed they did not want to return. I knew that this was not true, because I traveled to cities such as Houston and met with displaced public housing residents. They all told me the same thing: They wanted to come back to their homes.

Second, following Katrina, the number of homeless people in the City doubled from 6,000 to 12,000. At the same time, rents rose sharply. In fact, today, rents are over 50 percent higher than they were before the storm. In light of this crisis in affordable housing, tearing down a major source of housing for low-income families just did not make good sense to me.

Third, the redevelopment plan that had been submitted by HANO and HUD are troubling. Essentially, HUD was going to demolish 4,500 units of public housing and build back 600, about an 85 percent reduction in the number of units. Yes, these units would be part of mixed-income developments, but tax credit units and market rate units are unaffordable to extremely-low-income families who predominantly live in public housing. It seemed that the

strategy was to only allow a limited number of families to return and then to send the others to the suburbs with vouchers in a city which had lost a significant amount of its rental housing.

That is why I opposed the demolitions. Now as we all know, the demolitions have taken place. Construction is currently underway and I am concerned about what is being built back. These developments simply do not have enough public housing units. I am also concerned about some of the occupancy policies that the private developers of these properties are implementing. These policies, such as work requirements for all adult household members, serve to further limit the ability of residents to move to the new developments.

Lastly, I am concerned that some developments might not get built at all. Problems in the tax credit market are affecting the redevelopment of affordable housing nationwide. It seems that B.W. Cooper and Lafitte in particular are challenged as a result of tax credit issues. I am very much interested to hear the impact of these challenges on the development of these properties.

I look forward to hearing the witnesses' views on this very important program. And now I would like to recognize Mr. Cleaver for his opening statement.

Mr. CLEAVER. Thank you, Madam Chairwoman.

Let me again thank you for the vision that you have to try to make right one of the tragedies of our lifetime. This of course was devastating to the people of New Orleans, but in addition to that, this may represent one of our most embarrassing moments for the Federal Government in its modern history, the fact that we have been unable to rebuild one of our own communities.

I took great pride in being a part of the vote to send $14 billion to this community. I was troubled to learn that one company walked away with almost $1 billion of the $14 billion, and that should trouble every taxpayer in this country.

The truth of the matter is we have the opportunity to still get this thing right and hopefully we will secure from the panelists today additional information that can be used when we go to Washington to try to restructure the way in which the Federal Government is doing business here in New Orleans.

Yesterday, and I do not know if she is still here, a woman spoke with me for about 5 minutes and it haunted me all night last night. She told me, while we were standing out in the hallway, that her mother had to leave during Katrina and when she heard about the Road Home, the mother became excited, wanting to finally make it home. But because the road home was filled with obstacles, she made it home, but she was in a casket. She began to weep out in the hallway yesterday over the fact that the only thing her 80-something-year-old mother wanted while she remained on this planet was to come home, to come to New Orleans. That is all she wanted, nothing extravagant. She just wanted to come home and she came home in a casket.

There are probably people all around the country who tried to come home. Many of them have been hijacked on the road home and I think that it is the responsibility of all of us to do whatever we can do to change things. We are hoping to make some adjustments, Mr. Mayor, in the legislation so that HUD will have an

easier time doing what they need to do. And hopefully we can say we are moving into a new day and that one day Chairwoman Waters will bring us back to say that the road home indeed worked, that people did come home.

But let me just finally say this, and this is a little problematic for me to even say, but some of the testimony we have heard and some of the things that were told us in our listening session yesterday morning, there have been some bad people doing some bad stuff. And I think we have a responsibility to try to correct it, because right now, the road home is a road not taken.

Thank you very much, Madam Chairwoman. I yield back the balance of my time.

Chairwoman WATERS. Thank you. I now recognize Representative Cao for his opening statement.

Mr. CAO. Thank you, Madam Chairwoman. I would like to thank my distinguished colleagues—

Chairwoman WATERS. Would you speak up so they can hear you way in the back?

Mr. CAO. Thank you very much.

First of all, I would like to thank you, Madam Chairwoman, for taking a leadership role in the Congress in regards to the housing issue here in New Orleans. I would like to thank Congressman Cleaver for spending his recess here in our great City. And I would like to thank Dr. Hughes for her generosity and for the friendship that we have been able to establish in the last several months in working together in order to bring this City back and to push the whole recovery process forward.

For the last 8 months, we have worked very hard with the State leadership as well as City leadership to address the housing issues of our people here in the great City of New Orleans. I understand some of the positions that they took, obviously in facing an issue that was unprecedented. Many of the leadership of the City wanted to rebuild in a way that can provide the people with the best possible environment in order for the people of this great City to live and to raise their children. Obviously, there are issues in any recovery process and in any decisions that members of leadership have to make.

And I applaud your leadership in trying to look at some of these problems and trying to look at some of these issues and I hope that we, as members of Congress, can work together in order to address the housing needs of this City and hopefully through our concerted effort, we can push forward this whole recovery process in this region.

Thank you very much.

Chairwoman WATERS. Thank you very much, Congressman.

I am now going to call on our first panel: The Honorable C. Ray Nagin, Mayor of the City of Los Angeles; the Honorable Sandra Brooks Henriquez—

Mayor NAGIN. You just gave me a new job.

Chairwoman WATERS. What did I say?

[laughter]

Mayor NAGIN. Please do not do that.

Chairwoman WATERS. It means that I am thinking about home.

The Honorable C. Ray Nagin, Mayor, City of New Orleans; the Honorable Sandra Brooks Henriquez, Assistant Secretary for Public and Indian Housing, U.S. Department of Housing and Urban Development; and Mr. Wayne Woods, General Counsel, Housing Authority of the City of New Orleans.

With that, let us start with the Honorable C. Ray Nagin, the Mayor, who has been through every step, every inch, every problem, every success, all that has to do with Katrina and everything that has happened since. Thank you for being here today, Mayor Nagin. We welcome your testimony.

STATEMENT OF THE HONORABLE C. RAY NAGIN, MAYOR, CITY OF NEW ORLEANS

Mayor NAGIN. Well, thank you to the Honorable Chairwoman Maxine Waters, to the members of the subcommittee, to Congressman Cleaver, and Congressman Cao. I want to thank you for this opportunity to address you today, and for your persistence in making sure that the struggles and the challenges that New Orleans faces stay on the national stage, if you will, and it does not go away.

Congresswoman Waters, you have been here from the beginning, you have seen all of our challenges and struggles and you have been working tirelessly, and we in New Orleans, all of our citizens thank you so much for everything that you have done.

I want to go really quick and touch on a couple of key areas, as you asked me to. First, let me tell you a little bit about where New Orleans is in its progress in the recovery and then I will talk to you a little bit about the "Big Four."

Madam Chairwoman and members of the subcommittee, the City of New Orleans has gone through a lot. We are facing our—coming up on the fourth year anniversary of Hurricane Katrina this August 29th. Our recovery strategy is working, but I must be very blunt with you and let you know that the dollars that you approved many years ago are just starting to flow to the City of New Orleans.

When you talk about the $14 billion that was allocated, a lot of that went to the Road Home Program, most of it went to hurricane protection, but out of that $14 billion, only about $411 million was allocated to the City of New Orleans for disaster recovery—that is it. And we had a $14 billion need.

But in spite of all that, we have been able to move, press ahead, and make progress. Our population sits at about 80 percent of our pre-Katrina numbers and our citizens continue to come home. As a matter of fact, it was recently announced that New Orleans was the fastest growing city in America for cities above 100,000 people. So we continue to be amazed at the resiliency and the dedication and the determination of our citizens.

We are directly managing about $1.2 billion in recovery projects and most of that is FEMA related repairs that the City is managing directly. About $640 million of that is street repairs.

My staff informed me that there was some talk yesterday about us sitting on $200 million. Let me see if I can clear that up. I do not know which $200 million they are talking about, but I will let you know what we are dealing with. The State, in its wisdom, our

State legislators, we knew we had shortfalls, significant shortfalls in FEMA funding, so they set up for us a $200 million revolving fund that was designed to be gap financing until FEMA caught up with what it really cost for us to do repairs. We have that fund, we have been using it, and right now it is at about 70 to 75 percent of those dollars are appropriated, and as a matter of fact, if FEMA continues to stay where they are today, we will run out of that pot of money by November.

I do not know if they were talking about the $411 million that we got from the disaster CDBG money. But 93 percent of the projects that we have sent up to the State have been approved or are either in the final approval stages and most of those projects are moving forward.

So I am not sure. If there is some money sitting around, it is not sitting around at the City level.

We have made progress with bringing back our performing arts, the Mahalia Jackson Theatre for Performing Arts has been brought back on line. We recently announced a big deal with Nickelodeon. They are coming to New Orleans with a company called Southern Star to revitalize the Six Flags site that has been shuttered since Hurricane Katrina. We have had successful Sugar Bowls, Super Bowls, Essence, Mardi Gras—you name it, our economy continues to improve.

Our unemployment rate is among the lowest in the country, if you can believe that. New Orleans has been also named as the fifth best city in America to get a job. Business Week has voted us as one of the best cities to ride out the national recession.

But we still have our challenges, so I am not going to totally say that everything is peachy keen. We have many, many challenges in our City as it relates to crime fighting, as it relates to post-Katrina stress that is still in our community that is manifesting itself in suicides, attempted suicides in a number of cases that our police officers deal with.

Let me turn my attention to the "Big Four." You know, we had many tough decisions to make after Hurricane Katrina. Most of those public housing developments were in a state of disrepair before Katrina and then we had some flooding that occurred, and we had some delays in repairs. So the decision was made to move forward to try and create a better model. But we put some conditions before we would allow HUD to move forward with the demolitions and the major redevelopment of those units.

First, we said we would like to see a mixed-income model that basically would not concentrate any demographic or any income level in any one particular area of the City, but we wanted to make sure that all public housing residents were properly taken care of.

Before we would allow them to move forward, we wanted verification of full funding of the tenant protection program, which we got.

We wanted evidence that the 4,500 units would either be rebuilt or there would be Section 8 vouchers or vouchers associated with those tenants so that every tenant would be taken care of.

We wanted documentation of their redevelopment financing plan, which we were able to get.

And we wanted executed development contracts to make sure that they were ready to move forward and we got those.

And then finally, we also made it a requirement that we wanted to see a memorandum of understanding with the resident councils to make sure that the residents had some input in these developments and we were able to obtain that.

Now what is our long-term vision for the "Big Four" and for all public housing? We want to make sure that every resident who was here before Katrina has affordable housing that is better than what they had pre-Katrina. We want to make sure that HANO would have, as it moves forward, low vacancy rates, that they would maintain up-to-date waiting lists, that they would have timely response for maintenance. We want to make sure that all of the renovations and reconstruction were completed on a timely basis and we wanted a reasonable budget sufficient in the future for appropriate maintenance. And finally, we wanted to make sure that this development or this housing authority was returned to local control so that the citizens could have more input on what goes on in the future.

Let me close by talking to you a little bit about the affordable housing situation in New Orleans as it exists today. Hurricane Katrina damaged or destroyed more than 57,000 rental units in the City of New Orleans, 75 percent of those were affordable to citizens earning 80 percent of the area median income. Shortly after the storm, the Federal Government increased the amount it would pay for vouchers. This had the effect of pushing rents up in the community when supply was down. We saw a 46 percent increase in rents from the year 2005 to the year 2008. In addition to that, we also see in the City of New Orleans a percentage of renters who spend more than 30 percent of their income on housing costs, increased more than 30 percent, from 48 percent to 54 percent.

We have focused on making sure that more affordable units come into the marketplace, we have invested over $26 million to leverage 1,700 affordable units that are either on line or coming on line. And if everything continues with the current trend, by 2011, 2012, we should have 36,000 affordable units back in the City of New Orleans. That will take us, you know, pretty close to what we had pre-Katrina, which is a little ahead of the population trends that we are seeing today.

Another big need that we see in the community—and you talked about this yesterday—is there are many citizens in our community who did not receive enough from the Road Home Program or the insurance companies, so there are gaps that they need filled. We put together a program where we have put out in the community forgivable gap loans of $35,000 to help primarily senior citizens and disabled people, to see if they could fill those gaps.

Our goal in this renewal of New Orleans is to hopefully get to an environment where New Orleans can have a homeownership rate that is closer to the national average. So we are putting as many resources as we can, Madam Chairwoman, into helping those homeowners to complete their repairs. Also to have a very aggressive soft second program that allows young people to become homeowners or anyone in the community to become homeowners. It is

a $65,000 program where you can have a soft second to help you become a homeowner.

Madam Chairwoman, I want to thank you for coming to New Orleans once again. The "Big Four" are a big part of our history and the fabric of our community and from what we gather from HUD and HANO is that those projects are moving forward. We have one development that has some financing issues, but the others seem to be moving forward and we want to keep this momentum going and hopefully we will have better housing for all of our citizens.

Thank you.

[The prepared statement of Mayor Nagin can be found on page 94 of the appendix.]

Chairwoman WATERS. Thank you very much, Mr. Mayor.

Now, we will hear from the Honorable Sandra Brooks Henriquez, Assistant Secretary for Public and Indian Housing, U.S. Department of Housing and Urban Development.

STATEMENT OF THE HONORABLE SANDRA BROOKS HENRIQUEZ, ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Ms. HENRIQUEZ. Thank you and good morning.

Chairwoman WATERS. Could you speak directly into the microphone so that they can hear you in the back?

Ms. HENRIQUEZ. I hope this is better.

Chairwoman WATERS. That is better.

Ms. HENRIQUEZ. Thank you. Thank you and good morning, Chairwoman Waters, Mr. Cleaver, Mr. Cao.

Chairwoman WATERS. Straight into it.

Ms. HENRIQUEZ. I am honored to be with you today and to be here on behalf of the Department of Housing and Urban Development.

I want to discuss the progress we have made over the last 6 months and share HUD's vision for creating sustainable, inclusive, and prosperous communities to provide affordable housing choices for New Orleans' low-income residents and offer greater economic and educational opportunities and to help New Orleans move from recovery to revitalization.

Prior to Katrina, the Housing Authority of New Orleans, which has been under HUD receivership administrative control since 2002, was already transforming conventional public housing to mixed-income developments. At the time Katrina struck, there were 7,379 public housing units, of which 5,146 were occupied.

Since the hurricane, HUD and HANO have committed to provide housing for all public housing residents and Housing Choice Voucher holders wanting to return to New Orleans, and we have prepared a redevelopment plan for the "Big Four" to facilitate that return.

The redeveloped "Big Four" will encompass over 4,000 mixed-income units and the initial phases will result in 2,170 new units, including public housing, affordable rental, affordable homeownership, and market rate rental units.

These initial phases use tax credit equity, CDBG funds, bonds, HOPE VI, HANO capital, and other funds. And HUD also obtained

additional funding from FEMA and HANO contributed more money through the Section 901 extension and worked diligently to leverage resources through the Louisiana Housing Tax Credit Program and the Louisiana Recovery Plan's Piggyback Program, to maximize the number of affordable housing units developed.

Phase I construction is now underway at both St. Bernard and C.J. Peete and by December 2010, Phase I construction will be complete, along with the homeownership units, for a total of 948 new units. 1,326 units at St. Bernard will be complete in 2012 and 510 units at C.J. Peete will be complete by the end of 2011.

Both Lafitte and B.W. Cooper have experienced delays, primarily because of the equity market downturn last fall. Construction on the first sub-phase of Lafitte, or 134 units, will begin immediately following next week's closing. Phase I infrastructure work began at B.W. Cooper in January 2009 and is projected to close later this year, producing 410 units. At all "Big Four" sites, former public housing residents of both complexes will receive first preference for the public housing units there.

Due to the delays that have affected Lafitte and Cooper, the placed in service date of December 31, 2010, poses a significant challenge. The Administration supports a legislative change to extend the placed in service deadline to December 31, 2012, and find an appropriate budget offset. We will work with Congress to ensure that these projects can be completed as planned.

Beyond the "Big Four," HANO, in partnership with HUD and the State of Louisiana, will produce more than 7,600 hard housing units with 6,320 of those units serving 1,174 more low-income families at the end of the redevelopment process than were served prior to Katrina.

Chairman Waters, I want to make clear HUD's commitment to creating affordable housing opportunities for low-income families. HUD is equally committed to ensuring that these initiatives, and all Federal housing programs, are administered in a way that affirmatively furthers fair housing and equal housing opportunity in New Orleans and across this Nation.

Within days of the President's inauguration, the Administration, along with HUD, acted quickly to ensure that families receiving assistance under the Disaster Housing Assistance Program, or DHAP, would be given additional time to transition to permanent housing solutions before DHAP came to an end.

So with our Administration partners, we announced the Transitional Closeout Plan for DHAP families. This program provided rental assistance and additional time to transition families off temporary housing and into permanent housing. Altogether, nearly 350 public housing agencies across the country assisted in serving more than 31,000 displaced families.

As part of this effort, public housing agencies have issued more than 11,000 vouchers under an $80 million special appropriation from Congress, of which 4,200 have been issued by HANO to DHAP families here in New Orleans. HUD and FEMA have also agreed to provide 2 months of additional transitional rental assistance to families in the HCV pipeline. This assistance ends October 31, 2009.

By the end of December 2009, we expect that this number of vouchers should go from just under 9,000 pre-Katrina to about 15,000, including 4,400 vouchers to replace units demolished as part of the "Big Four" redevelopment. In summary, there are now significantly more assisted housing opportunities for low-income families in New Orleans than existed pre-Katrina.

I want to be clear, public housing transformation is still a top priority for HUD. But housing surrounded by disinvestment and failing schools has virtually no chance of success.

Choice Neighborhoods, which more than doubled this year's funding under HOPE VI to $250 million, will expand upon the legacy HOPE VI built by leaders like you, Congresswoman Waters, by broadening the range of activities eligible for funding and fostering better coordination between housing, schools, and other supportive services.

In addition, we are investing $150 million in our Sustainable Communities Initiative that will bring together transportation and housing planning at the local level to reduce costs and increase opportunities for working families who spend nearly 60 percent of their budget on housing and transportation.

We are incredibly excited to start this work and New Orleans would certainly benefit from such a program.

I hope it is clear to every single person in this room today that HUD is committed to working with you to make this community whole again—to changing the game on the ground by cutting through bureaucratic red tape and by making a strong, inclusive community the foundation of our revitalization efforts.

Thank you for this opportunity to speak with you today. I look forward to your questions.

[The prepared statement of Assistant Secretary Henriquez can be found on page 78 of the appendix.]

Chairwoman WATERS. Thank you very much.

Mr. Wayne Woods, General Counsel, Housing Authority of the City of New Orleans.

STATEMENT OF WAYNE WOODS, GENERAL COUNSEL, HOUSING AUTHORITY OF THE CITY OF NEW ORLEANS

Mr. WOODS. Good morning.

Chairwoman WATERS. Good morning.

Mr. WOODS. Honorable Chairwoman Maxine Waters, Congressman Cleaver, and Congressman Cao, again, my name is Wayne Woods and I am general counsel and chief operating officer for communication and intergovernmental affairs for the Housing Authority of New Orleans. Thank you for allowing HANO to appear before you today.

As you no doubt know, HANO's work is critical to the recovery of the City of New Orleans. Because we help the less fortunate residents of our City with affordable housing, we probably have more direct contact with people on a daily basis than any other public agency in the City of New Orleans. What we have learned is simple. We have made progress since Katrina, but we recognize much work remains to be done.

Before Katrina, HANO had 5,146 occupied public housing units. We currently have 2,254 affordable housing units occupied. A large

part of our strategy, however, in serving the residents of our City is by the redevelopment of B.W. Cooper, C.J. Peete, Lafitte, and St. Bernard, the "Big Four." Allow me to give you a brief synopsis of those developments to date.

At B.W. Cooper, there were 1,550 units, of which 963 were occupied before the storm. KBK Enterprises and its development partner, the B.W. Cooper Resident Management Corporation, are redeveloping the site. Phase I demolition work has been completed, public infrastructure work is about 40 percent finished, and construction will begin as soon as the financial closing takes place. Cooper will cost about $225 million with Phase I at $138 million. Phase I will include 410 units. The first units are expected to be available in spring 2010 with Phase I completed by April 2011. Once the entire Cooper site is completed, there will be 740 units.

At C.J. Peete, we originally had 1,403 units. When Katrina struck, only 144 units were occupied at the time. Central City Partners LLC, comprised of McCormack Baron Salazar, KAI Design and Build and the New Orleans Neighborhood Development Collaborative, is developing this site. Peete, which is now called Harmony Oaks, will cost about $183 million to develop. Peete will have 460 units when completed in December 2010 and the first units are slated for occupancy before the end of this year.

At Lafitte, we had 896 units, with 865 occupied just before Katrina. The developer, Providence Enterprises Orleans LLC, will offer affordable and market rate housing at a cost of $400 million. The community is being developed in phases. The first sub-phase will see 134 on-site affordable rental units by December 2010 and 47 on-site affordable homeownership units by March of 2011. Work has already been completed on 10 off-site homeownership units. The cost of the entire Phase I of the development, which will include 812 units, is $246 million.

At St. Bernard, we had 1,464 units before the storm with 963 occupied. Columbia Residential is developing that site. It is expected to cost $190 million for on-site development. Phase I alone will cost $138 million and will see 466 units. Of these units, 83 are expected to be completed by the end of this year with the rest of Phase I by December 2010.

HANO's role in the redevelopment of the "Big Four" is very important. The success of each of the developments hinges upon our effectively exercising our role. HANO has the responsibility for planning, coordinating, and implementing the redevelopment of the site. In fact, HANO is a developer partner on each of the development scenes. HANO has worked with HUD and the State to identify capital funding that could be leveraged to provide total funds necessary for each project and HANO itself has committed more than $100 million of its own funding to the development.

Because of the unprecedented amount of dollars that are being expended by HANO, we have an excellent opportunity to financially impact the lives of our citizens and our residents who were part of our communities before the storm. As such, HANO is committed to providing employment opportunities for its residents and resident-owned businesses. Each developer is required to provide a Section 3 plan for each project and submit monthly reports detailing the status of Section 3 employment and outreach efforts. HANO

has also assigned project managers to each site to monitor compliance.

In order to re-occupy the units, HANO has adhered to HUD's PIH Notice 2007–3. Among other things, the requirements give families living at the site at the time of Katrina the first preference to return. Additional site-specific re-occupancy criteria were developed with residents, HANO, investors, and the lenders. Selection and occupancy criterias were discussed with residents in open meetings and with investors and lenders during the financing negotiations.

Now on the selection of the "Big Four" developments, our developments can only be a success if we have strong development partners. To select the developers for Cooper, Peete, and St. Bernard, HANO issued a request for qualifications in October of 2006. Proposals were received in January of 2007 and then HANO conducted a ranking. The HANO Board voted in March of 2007 to begin negotiations with the highest ranked respondents.

HANO received an unsolicited proposal from Providence Enterprises to redevelop Lafitte in conjunction with Providence's other planned projects in the surrounding neighborhood. HANO requested HUD approval of a non-competitive procurement and on August 2006, HUD granted such approval.

In closing, Congresswoman and the other Members on the dais, these are challenging times for our City and for our residents. HANO's leaders realize and understand that. As affordable housing advocates, we understand the intricacies in providing effective housing options to our low-income residents. Particularly for the last 4 years, we have been on the front line in providing service for the most vulnerable of our citizens. We are proud of our work and are passionate about what we do. But we recognize again that more still needs to be done. We are committed to the members of our community and look forward to continuing our advocacy with them in the future.

On behalf of the leadership of HANO, I thank you for your time.

Chairwoman WATERS. Thank you very much. I will recognize myself for 5 minutes to begin the questioning of this panel. Let me thank the panel for coming.

Mr. Mayor, I was particularly drawn to the program that you identified, the $35,000 gap program for forgivable loans.

Mayor NAGIN. Yes.

Chairwoman WATERS. Could you tell us a little bit more about that? How does it work?

Mayor NAGIN. Congresswoman, what we did is we started to get some feedback from citizens and from people in the community that the Road Home Program was just insufficient. We were hearing there were gaps of anywhere from $30,000 to $50,000 per household. We were getting this from people who were working in the community with a lot of volunteer help trying to get a lot more of our citizens in their houses.

To make a long story short, we took $10 million of CDBG money and we set up this program. We put together a lottery process, we advertised it to our citizens and we were, to be quite frank, blown away by the response. With the $10 million, we could only help about 300 families. The response—on the day of the lottery, there

were 6,000 people who had signed up and this was just for senior citizens and people who had disabilities. That told us that we needed to expand this program. So we now have another $10 million that we are getting ready to put out on the street for that same group and we have another allotment of disaster CDBG dollars that we will open it up to working families, not necessarily senior citizens or people with disabilities, the same program. And we should go out pretty soon with that.

Chairwoman WATERS. That is very good to know because that was the center of the discussion yesterday about the gap, that the assessments that had been done for repairs, the amount of repairs exceeded sometimes the value of the house, the way the houses were valued, etc.

Mayor NAGIN. Yes.

Chairwoman WATERS. So there needs to be some discussion about what you are doing and what we are advocating perhaps could be done further to assist these homeowners who find themselves in a situation where they got much less than they expected from the Road Home Program and many of them are left with incomplete repairs and still needing to find ways by which to complete their homes. So we will talk about that a little bit later.

Mayor NAGIN. Yes.

Chairwoman WATERS. About the "Big Four," I recognize, as was said yesterday by our representative here from HUD that public housing residents deserve good secure living situations and housing. We all agree with that. And of course, some of the reasons for demolition had to do with updating housing, making sure that the living conditions were quality living conditions with expanded kitchen and bathroom opportunities—we recognize all of that, and I think we all agree to that.

But what we are still concerned about is the fact that public housing residents were evacuated from this City and placed in or led to other cities, whether it was Houston or Austin, Texas; Atlanta; other places. And many of them who wanted to return, of course, could not return by virtue of the fact that they had lived in public housing and the public housing decisions were not made very early on. They did not know what was going to happen to them and they were not told that they were going to be demolished.

Lafitte, for example, I think everybody agreed only had damage up to the first floor or first two floors at the most.

Mayor NAGIN. Right.

Chairwoman WATERS. And many of the residents felt that it certainly could have been rehabbed and since Lafitte was talking about phased redevelopment, they could have brought the people back and then in phased redevelopment, the people would have been in their homes, the new development could have started, then they could have taken over or been moved into new developments and we had hoped to have one-for-one replacement, and that did not take place.

Mayor NAGIN. Right.

Chairwoman WATERS. So many of them are still wanting to come back. Some have gotten settled and they just do not think there are going to be any real possibilities because the number of units that will be replaced on the footprint will be decidedly smaller than

what they were prior to their leaving. And there is all this talk about scattered housing and other opportunities.

Mr. Mayor, what do you think is going to happen for those people who still want to come back and who may have lived in one of these developments and have not been contacted, have not been told what is going to happen to them? What can they expect and what do you think should happen?

Mayor NAGIN. Well, you know, Madam Chairwoman, you know, I think about this whole odyssey, I do not know what to describe it as, you know, now. Right after Katrina, if you had been President of the United States, we probably could have gotten a better result and we probably would not have demolished Lafitte. But unfortunately, you were not President, and I had a President at the time who was pretty determined to do demolition. And we were faced with the difficult task of allowing those developments to just sit or to try and come up with a compromise position that at least moved things forward and made sure that every tenant had a tenant protection voucher that protected them until the units were redeveloped in New Orleans. And that is pretty much what happened.

Now what will happen to those residents? Our residents are very smart. You know, most people when we were dispersed over 44 different States, our folks started moving closer and closer back to New Orleans and they are now concentrated in Texas and Baton Rouge and throughout the State. And they are coming back to this City. And one of the things that kind of gives me some comfort is the number of affordable housing units that are being built in the City as we speak. If we continue the current trend, there will be a place for those residents to come back and monitor up close and personal the development of these public housing developments that we refer to as the "Big Four."

It is not a perfect solution, but at the time when you had the biggest bank in the world, being the U.S. government, headed up by the former President, that was the best deal that we could get.

Chairwoman WATERS. Thank you very much.

Ms. Henriquez, I know that this is a new Administration and we have great hopes for philosophical changes and actual implementation of different kind of policies that would certainly better benefit those people who are in need of some assistance from their government. And I know that HUD and Secretary Donovan stepped into this with all that had happened and you have to make some decisions about what you do and how you do it. So we recognize all of that.

But what I am wondering is this, in your role of providing public housing to residents who need it, have you taken a look at whether or not there is a real database that is being maintained of all of those residents who lived in this public housing and we know where they are right now?

Ms. HENRIQUEZ. Someone in the audience just answered the question.

Chairwoman WATERS. But I want you to answer it.

Ms. HENRIQUEZ. I know. As I—I am new to this process and I am learning more and more and I met with a group of resident leaders last evening as well as with members of the HANO staff

yesterday afternoon and I do believe that we do know where a number of people are. But I think that there may be indeed folks that we do not know and we are waiting to hear from. There have been a number of letters sent out, sometimes as many as seven letters to household members who we think are eligible, for example, for a tenant protection voucher, who we have not heard from. We have done phone calls, we have done a number of things. And I had asked which staff is doing it along with consultants, to identify what we have done to outreach to every single household that we have not yet heard from. And that information is being compiled family by family. I think we are getting there, but there is an opportunity as these hearings go on, as other articles become more and more prevalent in the newspapers and in the media that if there are families anywhere in the Nation who were displaced because of Katrina and who want to come back to New Orleans, that they should reach out and contact the HANO staff. And we will try and figure out if we have lost people or not and how to get them reintegrated into the system that is available here.

Chairwoman WATERS. Ms. Henriquez, I have always been concerned about the database of residents who were evacuated. I have always been concerned that we have systems and operations that could keep up with those people and who would communicate with them and at some point in time offer them the ability to return either on the footprint or in some subsidized housing. And we will have to keep talking about that. I believe that Secretary Donovan is committed to that.

But I need to know whether or not you have personnel who are dedicated to doing that kind of work and whether or not in future hearings that we probably will have in Washington, you will be able to describe to us exactly how it is working.

Ms. HENRIQUEZ. I will reiterate the Secretary's commitment, the commitment of all of us at HUD, that we should not lose families, we should know where they all are, and indeed extend the invitation that if they want to come back home, they should be able to do that.

Mr. WOODS. Madam Chairwoman, if I may, I may be able to answer and illuminate some of the efforts that have been made to contact folks and I also have some—

Chairwoman WATERS. Excuse me one second. I am going to get to you because I know that is part of what you have been doing. But HUD now has some oversight responsibility and management responsibility.

Ms. HENRIQUEZ. That is right.

Chairwoman WATERS. And I just want to make sure that stepping into this and trying to get a handle on all of this, that this is something that is being dealt with. And then I will talk a little bit with you about how you are doing this. But they need to supervise it, they need to manage it, oversee it in some way. Because still, as I understand it, this housing authority is under the jurisdiction and supervision of HUD; is that right?

Ms. HENRIQUEZ. Yes.

Chairwoman WATERS. Okay, so that is why I am dealing with this first.

Ms. HENRIQUEZ. Madam Chairwoman, you are absolutely correct, HUD is the administrative receiver and so it is incumbent upon HUD for us to provide the leadership and the oversight that you have just spoken about.

I have been handed a note and I need to go and actually sort of touch and see it, but as I understand it, 73 percent of the pre-Katrina families, who had a relationship with the Housing Authority of New Orleans, have been located and accounted for. And of those, about 2,800 are here in New Orleans. But I will commit to you that we will find out where people are and figure out a good successful monitoring system. And again, try to identify as many families as possible whom we have not yet been able to either identify or we have not yet heard from, and be able to tell you in which category they fall.

Chairwoman WATERS. In addition to that responsibility, HUD has the responsibility for overseeing the redevelopment of these "Big Four" housing units. By now, I am sure you have looked at whatever the contractual arrangements are with the developers, you understand the financing problems that are being experienced at least by one or some, you know that there were timeframes developed and I want you, if you will, to give me an assessment of whether or not these developments are moving in a way that they will meet the deadline or the timeframes that have been developed for them, whether or not the financing is real, are there more problems than we know about and whether or not we are going to realize the fulfillment of the development of the "Big Four," even though it is not as extensive as I would have wanted it in terms of my one-for-one replacement and what you do on the footprint as well as off the footprint.

Where are we with all of this? Is this real? Is it happening? And is it going to get done? What have you discovered in the short time that you have been there?

Ms. HENRIQUEZ. From what I have seen thus far, I am confident that what is going on at the two developments that are under construction will meet the timeframes and the deliverables as designed and as planned.

As I said in my testimony, there is a concern about the placed in service dates. We are working through those issues with all of the relevant parties and will need to work with Congress about some extensions on the placed in service dates, because right now, even if you were to close today, the construction window on that placed in service by December 2010 is too narrow to do a competent, quality construction job and deliver the product as designed and as promised. So we will need to move that and work through those issues on the tax credit side.

As I have looked at the plans, as I understand them at this point, they make sense to me, having done similar development work in my professional life at the Boston Housing Authority. I think the plans are solid, I think the financing is solid. I hope that the market rebounds so the equity amounts will be higher, so that we can make sure that we can get to a final product at least by the time we are saying, if not faster, more quickly. And that would be my goal, to make sure that we keep this moving and I will be looking to see with staff here and with the City and with the devel-

opers, looking at reports, following up, coming to see more often actually what is going on on the ground, and to touch it and to look at it myself.

Chairwoman WATERS. Finally, I believe that all of the contractual arrangements include a commitment to what I suppose would be guidelines or law in HUD that talk about the employment of residents in the developments. Now let us just start with demolition. How many residents were employed to do demolition?

Ms. HENRIQUEZ. I do not know that and I am being handed a piece of paper, because I do not know that.

Chairwoman WATERS. I am sorry, I cannot—you would have that information?

Ms. HENRIQUEZ. Yes.

Chairwoman WATERS. Okay, for your oversight, you are not focused on that yet, you do not have it.

Ms. HENRIQUEZ. I do not have that information. However, you do know that there is Section 3 which requires resident employment?

Chairwoman WATERS. Yes.

Ms. HENRIQUEZ. And a number of the Assistant Secretaries, starting with and including John Trasvina, the Assistant Secretary for Fair Housing and Equal Opportunity, he and I and the Assistant Secretary for Community Planning & Development, Mercedes Marquez, have formed an internal task force to make sure that the focus on Section 3 across all of HUD's programs is not just on the books, but that it is real and that there are deliverables and that there are goals. And we will make sure from top to bottom that we reinforce that with housing authorities, with cities, whoever spends and receives Federal funds.

But in the moment here, at HANO, I do not have that specific information.

Chairwoman WATERS. I appreciate that, and I know, again, that Secretary Donovan is supportive of the residents having these opportunities as kind of required by law. And we have one member of my committee, Ms. Velazquez from New York, who is working on additional legislation to make sure that happens.

But for now, what I am going to ask Mr. Woods to do is to help fill in the gaps about the implementation of the contracts. While HUD is committed to making sure for the future that this is done, these commitments were part of the contracts, as I understand it, and so some work has already started, been done. Demolition has taken place. How many residents received jobs in the work that has already been completed?

Mr. WOODS. Thank you very much. And let me apologize first if I breached protocol, but I—

Chairwoman WATERS. Oh, no, no, no, no problem.

Mr. WOODS. I just wanted to make sure that we had the correct information that was part of the record.

Chairwoman WATERS. Sure.

Mr. WOODS. Again, HANO is very committed to making sure that all of our residents have as many job opportunities as they can at the site. As a native of the City, I would prefer that there would be 100 percent of those jobs at the site to be—

Chairwoman WATERS. I just want to know how many got jobs.

Mr. WOODS. Absolutely.

With regard to the C.J. Peete development, we had a—there is a construction training program at the development. There has been a total of 20 graduates of the program who have been hired by the developer—a total of 43 residents.

Chairwoman WATERS. Okay, let us hear Mr. Wood, let us hear what he has to say. He is going to give us some real numbers. How many people got jobs at C.J. Peete?

Mr. WOODS. We had 20 who were part of the—who were hired by the developer, they were graduates of the—

Chairwoman WATERS. They are still in the training program?

Mr. WOODS. No, they are graduates of the training program.

Chairwoman WATERS. They graduated and they all got jobs?

Mr. WOODS. That is correct.

Chairwoman WATERS. Twenty three.

Mr. WOODS. Twenty.

Chairwoman WATERS. Twenty, okay.

Mr. WOODS. There has been a total of 43 residents who have been hired in connection with redevelopment at that site, at C.J. Peete.

Chairwoman WATERS. At C.J. Peete, you had 20 who went through the training program, or 23, and 20 got hired and you have some more who received jobs also?

Mr. WOODS. That is correct.

Chairwoman WATERS. How many more, 20 more?

Mr. WOODS. It was 20 who graduated from the program and were hired by the developer and there are a total of 43 residents who have been hired, so that would be an additional 23.

Chairwoman WATERS. And could you give me some examples of what kind of jobs they got?

Mr. WOODS. Well, they would have gotten, through the construction training program—

[audience disruption]

Chairwoman WATERS. Excuse me, let us hear what Mr. Woods has to say just for a minute. Let us hear what he has to say.

Mr. WOODS. Through the construction training program, again, that was developed by the developers, they were trained in journeyman type activities. So what would happen is they would get, you know, basic jobs, not necessarily licensed electricians or plumbing jobs, but they would get basic jobs and the hope would be that on the job site, they would get additional training and additional experience so that they can move on and do additional—

Chairwoman WATERS. So the 23—the first 20 who were in training programs, they were assistants to electricians and plumbers and those kinds of jobs?

Mr. WOODS. Right, those folks had no experience in construction at all.

Chairwoman WATERS. Okay. And the other 20?

Mr. WOODS. The other 23 would have been folks who would have already had some construction training, would have put in job applications and would have been hired at the site.

Chairwoman WATERS. And at C.J. Peete, are these 43 still working now?

Mr. WOODS. I believe so. I do not know for sure, but I do believe so.

Chairwoman WATERS. All right, and let us go on to the other developments.

Mr. WOODS. And if I can, the jobs were in the areas of masonry, painting, and sheetrocking work.

Chairwoman WATERS. Thank you.

Mr. WOODS. With regard to B.W. Cooper, there have been 15 residents who have been hired by the demolition and infrastructure contracts and additional Section 3 residents will be hired when construction begins.

Chairwoman WATERS. This is at Cooper?

Mr. WOODS. This is at Cooper; yes, ma'am.

Chairwoman WATERS. How many employees are on the job totally with the construction company?

Mr. WOODS. I am sorry?

Chairwoman WATERS. The construction company has employed totally, non-residents and residents, how many, so I can find out what percentage that 15 represents—

Mr. WOODS. I do not—

Chairwoman WATERS. —of all the jobs.

Mr. WOODS. I do not have that information, that probably can be garnered from the developer at the site, I know that they are prepared and have presentations to do so.

With regard to St. Bernard, I understand that there are 600 residents who had been identified as potential job hires.

Chairwoman WATERS. What does that mean, identified?

Mr. WOODS. They have been identified, they have gone through either the application process or—been part of the application process to begin working for the site. Again, the developer—

Chairwoman WATERS. Has all of the demolition been done at St. Bernard?

Mr. WOODS. Demolition has been completed at St. Bernard and we are actually in construction now.

Chairwoman WATERS. So how many residents worked during the demolition period?

Mr. WOODS. I do not have that for St. Bernard or for—again, that would be information that the developers would have and I do not have the current Section 3 employment.

Chairwoman WATERS. Okay, I understand. Go right ahead. Of course, Lafitte has not been demolished, is that right?

Mr. WOODS. Well, Lafitte has been partially demolished. As you recall, there are 94 units that are still standing at the site.

Chairwoman WATERS. That is right. And how many residents worked on that portion of the work, the demolition, for example, of Lafitte?

Mr. WOODS. Again, for Lafitte, I do not have that. Again, that can come from the developer himself.

Chairwoman WATERS. Okay. All right, now you wanted very much to add to the information from Ms. Henriquez about the database and how you maintain that database and how you are able to keep up with the residents.

Mr. WOODS. Right. The database is actually maintained by HUD and the PIC system and so—

Chairwoman WATERS. Oh, that is maintained by HUD?

Mr. WOODS. It is maintained by HUD. I have the data of the actual percentages of folks that we have been able to contact.

In addition to that, what we have done is every time that we have had any type of major initiative, we have advertised, not only here in New Orleans and in papers across the State, but we also advertised obviously in Houston, Atlanta, Dallas, Memphis, Jackson, and other places where we know that our residents are living. So for instance, we are now about to open up the Section 8 waiting list. We will have advertisements that I think began appearing today in the paper, or begin appearing, excuse me, August 23rd. So that folks who are interested in being part of the Section 8 waiting list, there is a period from September 6th to the 12th when they will be able to apply to our waiting list. And so we hope that will open up very soon.

And we did the same process for our public housing waiting list, which we just completed that process.

So our goal has been to try to contact as many of the residents as we possibly can, wherever they are. We can only go by the addresses that we have, and as Secretary Henriquez said, there are several times that we have sent out several letters and continue to mail out letters to those folks.

I think that the important part, particularly for those who have not maybe come back yet or for those who have not transitioned from DHAP to the traditional Section 8 voucher program, we are now starting to deal with our hardest to house, folks who may miss appointments or folks who may not respond to mail, so what we have to do and be focused on, I believe at this point, is to do even more intrusive case management for those folks that we are dealing with now because we have to take an extra step. For instance, one of the things that we are doing in the Section 8 program is we have an actual mobile outreach unit. So if we are not getting responses from folks, if we are mailing out and they are missing appointments or not coming in or not submitting information, we are dispatching folks to their residences. And we have to do this, particularly I think, for our elderly and our disabled population.

So I think that we are trying to figure out a way to make sure that we are actually touching everyone as much as we possibly can.

Chairwoman WATERS. Thank you very much.

And I would like to thank my colleagues for indulging me with this length of time that I have taken on this questioning. And Mr. Cleaver, I am going to turn it over to you.

Mr. CLEAVER. Thank you, Madam Chairwoman.

Mr. Mayor, thank you again for being here.

Yesterday, we learned that the Secretary is at least trying to figure out how to make some adjustments in the Neighborhood Stabilization Program so that the City residents can benefit, because many of the residents here did not suffer from foreclosure, which is what the program is aimed at correcting.

Mayor NAGIN. Right.

Mr. CLEAVER. Or ministering to, but because of the flood. So I think that is going to happen, that was testimony we received yesterday from HUD. And so that would grant you I think some additional ability to make an impact in the neighborhood.

Is there anything that we can do legislatively that would help you as you continue to try to rebuild the City?

Mayor NAGIN. Congressman, the biggest thing—you know, now the State of Louisiana has asked me to join them in lobbying Congress and the Administration to have more flexibility with the unspent dollars that they still have at the State level.

All of the recovery dollars flowed from the Federal Government to the State and then to the City, and as I stated earlier, we got $411 million out of $14 billion. It is my understanding that there may be as much as $3 billion that is still unspent and they are going to come to the Congress and ask for some flexibility and waivers. And on top of that, there is another $1.2 billion in hazard mitigation dollars that I have not seen a report on how that has been spent.

Before you grant those waivers, I would ask you to make sure that the dollars that Congress originally intended to come to New Orleans come to New Orleans expeditiously. And the formula that everybody agreed to way back when, when we were lobbying for this money, is that New Orleans received 57 percent of the State's damage, damaged buildings and damaged residences during Hurricanes Katrina and Rita, and therefore, that should be the percentage that should come to this City. I just have not seen that, Congressman.

So before you issue any waivers, make sure that there is a hard core rule that those dollars have to be spent in the most devastated areas.

Mr. CLEAVER. Would you give us an estimate of what percentage you may have gotten?

Mayor NAGIN. You know, it is hard to really say because a lot of the money that came down was spent in State-controlled assets that reside in New Orleans and I do not have those numbers. So maybe you can get them because I have been asking for them for a long time.

Mr. CLEAVER. I will get those numbers.

As a former mayor, I said then and I will continue to say now, one of the biggest mistakes that was made was sending the money to the governor. That was a mistake.

Mayor NAGIN. Amen.

Mr. CLEAVER. And I think we need to reverse that.

Mayor NAGIN. I think what most people do not understand is that when you send money from the Federal to the State, a city can only go as fast as the State's approval process. And last year, midyear, was the first time we got approval on any of that disaster CDBG money. And then after you get approval, you have to go through the environmental studies, which take anywhere from 4 to 6 months. So we can only move as fast as the State will allow us to move. And that has just been a real challenge with this recovery.

Mr. CLEAVER. Yes, I am troubled by it. I learned yesterday that a sizeable portion of the money went to some chicken factory here in the State. I am not asking you to respond to that, I will try to find out more about it when we get back to Washington.

Mr. Woods, thank you for being here. We approved just under a billion dollars in a stimulus package and a large portion of those

stimulus dollars, a sizeable portion, was allocated for PHAs. What is—do you know what amount your PHA has received?

Mr. WOODS. Just a little over $34 million.

Mr. CLEAVER. Now will the $34 million be used to augment the work that has gone on, or will the $34 million be used to do—we have a little different world here in New Orleans than in Kansas City, Missouri, where we are using the PHA allocation to do weatherization, we are hiring people from the PHAs, they get trained, they are trained in auditing and then weatherization. But with money having already been spent and being spent to rehab the PHAs as a result of Katrina, does the $34 million you received have flexibility so that you can perform some additional rehab work on properties, or do you have to use it for weatherization?

Mr. WOODS. No, we are actually doing a whole bunch of things at different sites. What we did was we had a meeting in consultation with our resident advisory board to determine where that total $34 million was going to be spent. So we are spending a significant portion at the Guste development, we are spending a significant portion at our scattered sites, and we are spending a significant portion also at the Iberville development. So all of the $34 million is being allocated to developments that are not part of the "Big Four," but are being allocated at the other sites that we either manage or own or are managed by someone else.

Now what we have done, for instance, at Iberville, we spent about $3.4 million, allocated $3.4 million at Iberville to do some upgrades and cosmetic work to the exterior and interior of the units. What we have done at Iberville, in collaboration with the Urban League, is we have been able to hire 35 residents at Iberville to actually perform the work.

And we are hoping from that program that we have instituted there, that those residents would be able to again obtain some job skills and take those jobs skills hopefully on the market. So that work is continuing right now, going on right now as we speak.

Mr. CLEAVER. So, Ms. Henriquez, was a waiver required? Because the legislation, as I remember it, does not—has not been allocated to do some of the things that Mr. Woods just discussed. I am not mad about it, I am just—I just want to know was a waiver required?

Ms. HENRIQUEZ. No, the round of the $34 million that he is talking about comes out of the first traunch of the $3 billion or the $4 billion that was set aside for public housing authorities. It was delivered by formula, so housing authorities could use it as capital money and, therefore, they could use it for gap financing or they could use it as well, as described by Mr. Woods, to do repairs consistent with an ongoing program that was laid out by a particular housing authority, as he has described it here.

Mr. CLEAVER. Did you develop a training component? One of the things that we are trying to do, as you know, is—I think we are going to have an industrial revolution that many of us missed out on or our parents and grandparents missed out on at the turn of the 20th Century. This revolution will not be an industrial revolution as such, but will be a green revolution. And if we do not have green collar job training, I think we are going to miss out again. So I am wondering if there is in place green collar job training, be-

cause if we are going to make green the new—the rehabbed units, the "Big Four," or the others for that matter, we are going to have to have people who do it.

In many of the cities, we are having green collar job training and those who complete it are certified as green collar job specialists—I am sorry, as weatherization specialists. And then some of them are even opening up their own companies to do this kind of work.

So I am not concerned yet, but I may be concerned after you answer.

Mr. WOODS. Well, I will answer in two fashions. First of all, with regard to the stimulus dollars, we cannot use those—that funding is only available for capital outlays. So what HANO has done is the actual training that we are providing to those residents is coming out of HANO's funds and that training, albeit it is not a green training, it is a basic training for those residents who did not have or were not employed at the time that we started this program. And again, that is why we brought on the Urban League to assist us with that training.

Now overall, there is a weatherization issue all across the State and the Louisiana Housing Finance Agency is actually the entity that is administering the weatherization dollars for the State that the State has received. I could speak about that as the chairman of the board of the LHFA, but that is a whole separate entity.

But what we have tried to do, and even in our development plan, is to be green in everything that we are doing right now, particularly what we are doing at Guste and other developments, is to make sure that we are doing green building, because we do have to figure out a way to bring electricity bills down, we do have to figure out a way particularly even for our scattered sites to bring down the cost of electricity bills and utility bills. So that is part of what we have done in our needs assessment, part of what we are focused on.

Mr. CLEAVER. Let me just say—and I am glad that you are doing that—let me suggest that you work with HUD to develop an application to the Labor Department and we have a Secretary there who I think is very sensitive to this issue. In fact, she received the Kennedy Award for the work she did in energy conservation in California. And the reason I am saying this is we need to have certified auditors, energy auditors, and certified weatherization specialists because if we do not, we are not going to be able to produce the kind of workforce and deliver the jobs that the President stipulated when he put forth the stimulus package.

And I am not talking about HUD dollars, I am now talking about energy, which was $60 billion in the stimulus package, $60 billion. And many of the cities have opened up through metropolitan community college systems job training and creating the opportunity for the jobs because of all of the green work that is taken place with the stimulus package.

Ms. HENRIQUEZ. Mr. Cleaver, you are absolutely correct. And that was also an agreement between the two Secretaries of HUD and the Department of Energy, to begin to get housing authorities access to weatherization dollars, to figure out other kinds of partnerships to really work across and out of our silos across the Federal Government. And this is a prime example of that.

Mr. CLEAVER. So you do not need any help from us, you are already moving in that direction?

Ms. HENRIQUEZ. We are already talking and moving in that direction.

Mr. CLEAVER. So when we come back, you are going to have green collar job training coming.

I will yield back the balance of my time, Madam Chairwoman.

Chairwoman WATERS. Thank you very much.

Mr. Cao.

Mr. CAO. Thank you, Madam Chairwoman.

Mr. Mayor, I have one question concerning the loan gap that was implemented by the City. This is the first time that I heard of it and I just wonder whether or not you adequately conveyed this program to the public so that every elderly, every person who is disabled in the City has access to this program.

Mayor NAGIN. Well, it was a new program, Congressman, and we did some advertising and the response was so overwhelming that we had to go back and find some more dollars to put into the program. Simultaneously, we are talking to the State about some of their excess funds, to really do it in a much bigger way. But this is a very new program that we are just rolling out.

Mr. CAO. Okay. And my next question is, first of all to you, Mr. Mayor, and then secondly, to Secretary Henriquez. One of the decisions, at least based on my understanding of the decision that was made by the City, in connection with mixed-income housing was to improve the quality of life for the residents. Has there been a study that has been done, maybe even a survey, to keep track of whether or not residents feel better or feel happier with respect to the mixed-income units, whether or not the number of crime incidents—has that been kept in these mixed-income housing units versus what it was before?

Mayor NAGIN. I do not have that study. I know there have been many studies, attitudinal studies, on our residents but I am not sure there has been one focused primarily on public housing residents.

Mr. CAO. Madam Secretary, is there, at the national level, a study that has been done to compare the traditional housing project versus the mixed-income projects that is being done in the City of New Orleans?

Ms. HENRIQUEZ. There have been some studies that have generally focused in large part on the effect on the economy, and then secondly on growing the economic development and self-sufficiency of residents. I do not have them specifically but I certainly will look at the body of work and I can get that information to you.

Mr. CAO. Thank you.

And my question to Mr. Woods, you stated that at the Lafitte housing project there are 94 units that have not been demolished, is that correct?

Mr. WOODS. That is correct.

Mr. CAO. And are they ready—can people live in those units or what has to be done?

Mr. WOODS. Well, actually at this point, they are slated for demolition. We have a notice to proceed that has been issued to the demolition contractor. But we have done previously, a couple of

years ago, studies to determine the feasibleness of reopening those units.

Now as you may know, those units were built back in the 1940's, they are brick masonry buildings. The plumbing in the buildings currently have a diverter system. To explain a diverter system, if you were married and your wife was taking a bath, you could not brush your teeth at the same time because the water could not move from the tub to the sink.

Likewise the energy systems at those buildings were built to accommodate 1940's energy needs. So to include an air conditioner and a cell phone plug-in and a computer and other electronic items that we currently have today would overload the system.

Now we estimate at this point that if we were able to maybe gut and rehab the units, it would cost somewhere in the neighborhood of about $400,000 to do so, per unit. However, it is much cheaper to demolish the units and rebuild the units. I think that they are absolutely beautiful buildings, I have a lot of memories at that site during Mardi Gras. However, based on the cost analysis that we have been able to get to date, and again, that study was maybe about 2 or 3 years ago, it would cost again, $400,000 per unit to just rehab to bring them up to standards.

And then the other piece is that those buildings, if you look at them, the stairwells are small, the bedroom sizes are small, they do not accommodate the type of furnishings that are currently being sold and that our residents are buying. And so in order to be able to have what I consider to be a liveable space, it would require us to rehab those units to an extent that we would have to expand the size of the units.

You know, so those are the challenges that are facing us and at this point it is just not economically feasible to rehab those units to make them liveable.

Mr. CAO. And in addition to your position at HANO, you also sit on the board of the Louisiana Housing Finance Authority, is that correct?

Mr. WOODS. That is correct.

Mr. CAO. What are some of the finance-related obstacles in these projects being completed?

Mr. WOODS. Well, as has been previously stated, again the placed in service date is a big obstacle. If the placed in service date is not extended, we are going to have potential issues with some investors. Right now, the placed in service date is December 31, 2010. What we are concerned about is whether or not we will be able to complete construction by that time.

The other thing that we are concerned about is also on the exchange program under TCAP. Congress or the Treasury has opined that GO Zone credits are not eligible for the exchange program. Right now, credits are trading somewhere in the neighborhood of 59 cents to 63 cents on the dollar. Under the exchange program, those credits could be exchanged for about 80 cents on the dollar and it would allow additional funding in order to complete development.

So I think those are the two largest obstacles that are facing us right now for the completion. And that is not just necessarily for

the "Big Four," but that is for a lot of the affordable housing units across the State.

Mr. CAO. Mr. Mayor, you also stated that there—or at least every time when I talk to the State, the State blames it on the City; every time I talk to the City, the City blames it on the State.

Is there a system of dialogue where you all can communicate to see who is doing what and when so that there is no finger pointing?

Mayor NAGIN. We talk all the time and we make progress at times and at times we do not make as much progress. This is an enormous undertaking. The City by itself is managing over 300 individual recovery projects. That is before we start talking about the community disaster money that is coming down. We talk to them, but the rules at it relates to community disaster dollars, there is just so many things you have to go through. And everybody wants to move the money out fast, but the reality is that it does not move fast in its current form. So there is lots of frustration on both sides.

Mr. CAO. And I recently—if you would allow me just one more question, Madam Chairwoman—I recently spoke with the State in connection with its Small Rental Program. I know there were issues with respect to that particular program, to allow small and local contractors to be more involved. And we proposed and we basically asked them to revise that particular program to allow more small contractors, more local contractors in this program. Based on your understanding of the program, has the request been implemented?

Mayor NAGIN. I could not speak on that particular program. All I know is they allocated about $700 million to the program and I think $690 million is unspent. So I do not know where that program is going or what is the direction.

My frustration, Congressman, is that the City of New Orleans can only move as fast as the State moves because of the way the Federal laws are set up. And I am really concerned about the $3 billion that is sitting up there. I do not know how they are going to spend that any time soon and at some point in time, you as a Congressperson, and the Administration facing a huge deficit, is probably going to ask for that money back. And that would be an absolute tragedy—absolute tragedy.

So if I could ask anything of this panel is to try and figure out a way to help us to reduce some of the rules associated with spending this money so that it can get to the street and do some good for more people.

Mr. CAO. Thank you, Madam Chairwoman. I yield back the balance of my time.

Chairwoman WATERS. Thank you very much. I would like to thank this panel for your participation. Let me just wrap up by saying that you have probably seen—or you have already testified to in some shape, form or fashion about the numbers and the way the units will be replaced and who they will be available for. This is an outline, a demonstration of that, that was published in the Times Picayune, who clearly—and this clearly identifies that, for example, at B.W. Cooper that had 1,546 units, even though 441 of them were unoccupied, basically what happened over the years, it appears that when units became vacant or they were not repaired

or what-have-you, you just took them off the market. And so 441 at B.W. Cooper were unoccupied.

But look at this, in the planned units, only 143 are set aside for public housing residents. At C.J. Peete, it is very interesting in that of the 867 units over the years somebody allowed 723 of those to go unoccupied, for whatever reason, at C.J. Peete. And it looks as if only 193 units will be available for public housing, people who meet that criteria, for public housing, for a total replacement out of the 867 units, 460 units altogether, but again, only 193 for public housing.

At Lafitte, they appear to do better with only 31 unoccupied, a total of 896, and they plan on putting back in 812 but only 176 of those will be for people who meet the qualifications for public housing. But look at this number, 392 of those will be for the tax credit units, which means that most people who lived in public housing will not be eligible for those. You understand? They have to be subsidized further I suppose with the Choice vouchers or Section 8. And then you have 244 of those that are going to be sold under the homeownership portion of that.

And at St. Bernard, of 1,436 units, 473 were going unoccupied. You are only going to restore 466 in total with 157 of those only being for those who are eligible under the criteria for public housing with 160 of those for the tax credit units that will require a subsidy for those who do not make the required amount of income. And of course another 149 of those at market rate.

So I understand thoroughly, and Mr. Cleaver, who was a mayor of a city understands, that you have the responsibility for land use planning, the City does, I understand that.

Chairwoman WATERS. I understand that, but you know, as Members of Congress trying to carry out the intent of the public policy that has been developed about how we are going to deal with those people who cannot afford, who do not have the salary, who do not have the money to pay for market rate rental, we have the responsibility to make sure that the public policy is implemented to provide these units. I am worried about where these scattered units are and we will talk with you more about that and we will talk with the developers and all that. But this looks like what the City has been accused of.

And let me just say this, because I do not know, but the City has been accused—and perhaps because the former Secretary Mr. Jackson said it, he said—you know what he said, he said something like this: That they were not interested in maintaining the public housing units for poor people as we knew them, in essence that the City was going to be less poor and less black. Is that what he said?

So even though the goals of perhaps thinning out the public housing units so that they are more liveable perhaps, all of those goals may be commendable. But you cannot help but wonder whether or not these policies are going to do precisely what Mr. Jackson intended them to do.

Yes, ma'am?

Ms. HENRIQUEZ. If I might.

Chairwoman WATERS. Yes.

Ms. HENRIQUEZ. I am not going to offer an opinion on a former Administration. I can only tell you about this Administration, of which I am a part.

Chairwoman WATERS. I am sorry, you are not going to offer an opinion about what?

Ms. HENRIQUEZ. On the former Administration.

Chairwoman WATERS. No, please do not, you do not have to do that.

[laughter]

Ms. HENRIQUEZ. I can offer an opinion and tell you about this Administration, of which I am a part.

Chairwoman WATERS. Sure.

Ms. HENRIQUEZ. This Secretary and this Administration are committed to increasing and improving the numbers on affordable rental housing. Homeownership is important, but not everyone wants to be or can be or should be a homeowner. And so it is our—we see it as our responsibility to create as many affordable housing rental opportunities as possible in the marketplace—not just here in New Orleans, but across this Nation.

To that end, I have not seen the numbers from which you were quoting; however, I will say that there are a variety of affordable housing types based on how they are funded in a redevelopment opportunity, such as with the "Big Four." And there are ACC or public housing units that come back with public housing subsidies where the rent for the occupant family is based on a percentage of their income. There are also tax credit units which are affordable which may or may not meet the income levels of affordability for some public housing residents—

Chairwoman WATERS. They will not, based on the formula that I have seen.

Ms. HENRIQUEZ. —however, Section 8 vouchers can be—which the family will have, could then create affordable living spaces in those redeveloped units in the tax credit. So that when we look at the totality of where public housing level rent at 30 percent of your income, with or without a Section 8 voucher attached to you or to the unit, about a third of all those units of the more than 7,600 we talked about, when all is said and done, will come back as deeply affordable units at the "Big Four" and across this City. That is just what is going on with what is being developed through HUD's formula, not what else might be developed by other developers who have access to affordable tax credits and so on.

Chairwoman WATERS. I appreciate that very much. And as I said, I am going to certainly dismiss this panel, but let me tell you what it means when you have less units in public housing, which may or may not be good, and when folks who are part of a community are given vouchers to go distances from where they have community connections and support. They oftentimes find themselves in communities where they are not wanted, they oftentimes find themselves in a community where they have no transportation even if they are trying to get trained and look for jobs. They oftentimes find themselves alienated, isolated, and what you intend to do in maybe putting them in maybe nicer four walls is creating all kinds of other pressures and stresses.

So, you know, we have to keep that in mind and we are going to have to follow this very closely. Again, this is already done and we are not blaming this Administration certainly, but we are concerned. And we have to follow this to make sure.

And lastly, Mr. Mayor, the homeless problem, as it is in Los Angeles, is a problem here. And the Section 8 vouchers that are going to become available, are they available to the homeless also?

Mr. WOODS. They would be available, anyone can apply and so they would be available—

Chairwoman WATERS. But they would not necessarily get the newspaper that you are talking about advertising in.

Mr. WOODS. Right.

Chairwoman WATERS. Does a mobile van go to under the bridges where the homeless are?

Mr. WOODS. We have not started that outreach.

Chairwoman WATERS. But it could happen, they could do that.

Thank you all so very much. You have been so patient and I appreciate your cooperation, and again we will continue to work with you.

Let us take the next panel so we can—what we really need to do is we need to learn as much as we can about what they are doing or what they have not done so that we can correct it. So bear with me, bear with me for awhile.

Thank you all very much.

Ladies and gentlemen, we are going to move right into the second panel, so I am going to invite those panelists to come to the seats that are provided. For panel number two, we have: Ms. Anita Sinha, senior attorney, The Advancement Project; Mr. James Perry, executive director, Greater New Orleans Fair Housing Action Center; Ms. Laura Tuggle, Southeast Louisiana Legal Services; Ms. Cynthia Wiggins, HANO Resident Advisory Board; and Ms. Angela Patterson, director, UNITY Welcome Home.

For those who are exiting the room, please do it quietly. Others, please take your seats, the panel is in place. And let me apologize, I spent a little bit more time than was allocated because it was important for us to query those who have responsibility for this redevelopment, to try and understand exactly what has been done and what they are doing and what kind of oversight they have.

So I am going to ask each of you, most of whom I have met, I have worked with and it is so good to see you all again. Ms. Wiggins, I came looking for you yesterday over at the park. I do not know what happened, I may have missed a meeting but I thank you all for being here and we are going to get started right away. We are going to hold you each to your 5 minutes.

So let us begin with Ms. Anita Sinha, the senior attorney for The Advancement Project.

STATEMENT OF ANITA SINHA, SENIOR ATTORNEY, THE ADVANCEMENT PROJECT

Ms. SINHA. Good afternoon.

Chairwoman WATERS. Good afternoon.

Ms. SINHA. My name is Anita Sinha, and I am a senior attorney at The Advancement Project. I direct a—

Chairwoman WATERS. Speak right up as much as you can so they can hear you in the back.

Ms. SINHA. I direct our post-Katrina project which since August 29, 2005, has helped residents fight for just reconstruction in New Orleans.

I am also counsel on Anderson *v.* Jackson, a class action lawsuit that continues to pursue justice for displaced public housing residents of the "Big Four."

The 4-year anniversary of Hurricane Katrina is imminent. The economic crisis plaguing our country has reared its head in New Orleans where the rates of foreclosures, empty and blighted properties, and homelessness are staggering.

I am both honored and dismayed to be testifying today. Honored because this hearing is a very strong statement that you, Ms. Waters, and the subcommittee know that the people who continue to suffer greatly since Katrina are not forgotten. I am dismayed though because over 4,500 public housing units have been destroyed and big questions about redevelopment and re-occupancy loom large.

There are presently less than 2,500 public housing units in New Orleans, and even these units are at risk. We are deeply concerned about reported plans to demolish the Iberville development. Essential repairs and maintenance in Iberville have gone unattended and we fear that this is yet another example of disinvestment as a way to justify demolition. There is no justification for demolishing Iberville, especially before public housing units have been built on the "Big Four."

We are also concerned about the 94 units at Lafitte that HUD and HANO have spent million of dollars, about $29,000 per unit to repair. I think the previous panel testified on these 94 units and Mr. Woods was talking about the cost to rehab or something. But these units have been rehabbed, they have spent millions of dollars on them and they sit vacant, and as Mr. Woods testified, are slated for demolition. These units should not be demolished. In fact, there should be a moratorium on any further demolition of public housing in New Orleans.

As for the "Big Four," we are concerned that families most in need of housing will be left out or left for last. The initial disposition plan for the "Big Four" was to rebuild only a fraction, as you mentioned, Ms. Waters, about 15 percent, of the original public housing units. That was bad enough, but now we are concerned that the current state of the market will mean even less housing will be rebuilt. Particularly of concern is what construction is financed past phase I of the building on each site. For example, we really would like to know whether Lafitte developers still can do one-for-one replacement.

The other issue concerning reconstruction is whether building a partial number of public housing units to market based units is part of the initial phase of constructing the "Big Four" sites. We know that phase I is being completed or has been completed, but we still do not know how many are apportioned to public housing as opposed to how many public housing is being left for later phases of redevelopment. We do not think the public housing fami-

lies should be the last to get home and we would like to see their homes be built sooner than they already are.

We are also concerned about re-occupancy rules. We believe that residents of at least one of the sites, the site of St. Bernard, are being subjected to illegal work requirements. HUD regulations do allow for work preferences, which is giving admission preferences to households where one family member is working. But the law does not permit work requirements. It is our understanding that the residents of St. Bernard have been told by Columbia Residential that all adult household members must have full time employment. And that is not what the law says. Columbia also claims to its residents that HUD has granted waivers to the developers so they can set such rules. We have not been able to verify whether this is true.

The other issue is credit and extensive background checks. These checks have been reported as ways to keep families out of public housing. Now is the time to move obstacles out of the way, not impose new hurdles in the path of displaced residents.

The last issue I would like to raise here is whether employment opportunities from the redevelopment of the "Big Four" are going to public housing residents as you know is required by Section 3 of the 1968 HUD Act.

Each of the "Big Four" sites are subject to Section 3. Part of HANO, HUD, and the developers' duties under Section 3 is to track the jobs given to residents. As Mr. Woods and Ms. Henriquez testimony just showed, this tracking is not happening. But the law says they must be tracking Section 3 jobs. Anecdotally, we know that jobs are not going to residents. So we respectfully urge the subcommittee to closely monitor Section 3 compliance, including receiving regular updates from the new internal task force that Ms. Henriquez just testified about.

I respectfully direct the subcommittee to my written statement for further details on what was read in my testimony.

Thank you.

[The prepared statement of Ms. Sinha can be found on page 105 of the appendix.]

Chairwoman WATERS. Thank you very much.

Mr. Perry, it is good to see you again.

STATEMENT OF JAMES PERRY, EXECUTIVE DIRECTOR, GREATER NEW ORLEANS FAIR HOUSING ACTION CENTER

Mr. PERRY. Same here, thank you.

Thank you, Congresswoman; thank you, Congressman Cleaver, for the opportunity to testify. Of course, I run the Fair Housing Action Center here in New Orleans, and before I get into my substantive testimony, I wanted to offer two things.

One is a thank you for the hearing yesterday about Road Home issues. My organization is the plaintiff in the lawsuit against the Road Home organization in taking on this basic issue of making payouts based on the value of homes rather than the cost to repair homes. So it was very important to us that you addressed that issue yesterday.

Second is that in the last panel, one of the questions that you raised was about the data tracking residents who formerly resided

in public housing. In one of our lawsuits against the housing authority in 2007, they were required to turn over information about where residents were. And when we got the list that they provided to us, many times they sent surveys and information to addresses that were pre-Katrina addresses. In fact, some of the addresses on the list were the addresses of the public housing developments that were, of course, vacant. So I can tell you that accounted for about 30 percent of the mailouts, the survey that they provided to us in the course of that litigation.

I am hopeful that the new Administration is working hard to make sure that those lists are clean and accurate, but at least during our experience in 2007 under the prior Administration, those lists were far from accurate and far from reliable.

The thing that I want to focus on in my testimony is what happens in the aftermath of demolition of public housing. You know there is so much work and so much discussion around mixed-income housing about whether or not it works, but with a typical mixed-income development, what happens of course is that the majority of the units and so the majority of residents cannot return. In New Orleans, an example of that was the former St. Thomas development where there had been 1,500 families. Only 246 units are reserved for low-income residents at the new development, so there is a question about what happens to the remaining more than 1,200 families, where did they go? For the most part, they get Section 8 vouchers, Housing Choice vouchers.

And so the fundamental issue, I think, during the time when we are rebuilding housing and making sure there are enough units—and there is a question about whether or not that is being done effectively—is are people able to use the units—I am sorry, the vouchers.

Well, just yesterday, my organization released a study where we sent testers to apartment complexes and to small landlords all across the City and inquired whether or not they would allow a renter to use a voucher. What we found was 82 percent of the time, landlords refused to accept Section 8 and Housing Choice vouchers. So the thing that is supposed to bridge the gap right now for people who do not have public housing to rely on is the Housing Choice voucher. But what happens if landlords will not take the voucher?

Now this is a huge and very difficult issue. And it also becomes racialized because 99 percent of people in the City of New Orleans who rely on Section 8 and Housing Choice vouchers are African American. So when landlords refuse to take vouchers 82 percent of the time, it has a disparate discriminatory effect on African-American voucher holders.

In addition, we interviewed landlords and asked them well, why did you not take the voucher, what was your reasoning for denying folks based on the voucher? Sometimes we got very clear racial comments. For instance, people said, we do not want these people with dreadlocks living in our complex. I will read you one quote that is extremely disturbing, from a landlord. He said, "I won't take vouchers until black ministers start teaching morals and ethics to their own so that they stop having litters of pups like animals and they are not milking the system." And he refused to take the voucher based on that.

Now of course, generally people who live in public housing and have vouchers have to have jobs. For the most part, people work, right? Unless you are elderly or disabled, people work. So these are generally unfair stereotypes and untrue stereotypes about folks.

The second thing that landlords said consistently was that they were frustrated with their own dealings with the Housing Authority of New Orleans. Consistently they would make agreements to take voucher holders in the past and what would happen is that they would go 2, 3, sometimes 4 or 5 months and never receive a payment. We talked to one landlord who said that right now he is owed more than $5,000 by the Housing Authority of New Orleans because they have not paid on valid contracts. There is another large scale landlord who is owed $25,000 by the Housing Authority of New Orleans. They also talked about basic issues of folks just not answering the phone and being discourteous.

And all of these things work to make it such that people do not want to work with the Housing Authority and do not want to rely on the voucher program.

So we are unclear about what is going to happen with hard unit public housing. But in the meantime, we are relying on vouchers and if vouchers cannot be used 82 percent of the time, then New Orleans renters in New Orleans are going to be in a very difficult position.

So I encourage and implore you and the subcommittee to look at this issue and to consider it very heavily as you promulgate legislation on these issues.

Thank you.

Chairwoman WATERS. Thank you very much.

Ms. Tuggle.

STATEMENT OF LAURA TUGGLE, SOUTHEAST LOUISIANA LEGAL SERVICES

Ms. TUGGLE. Good afternoon. Thank you, Chairwoman Waters and Mr. Cleaver, for allowing me to come here today to testify about remaining affordable housing needs almost 4 years after Katrina. I especially also want to thank you for your leadership in bringing recovery funds to our area.

I work at the Legal Aid office, which is called Southeast Louisiana Legal Services. Most of our service area was severely devastated by Katrina and the elderly, disabled, and low-income families that we serve on a daily basis are still struggling to try to obtain decent housing that they can afford. I know this committee's interest and continued support will make a difference in that daily struggle.

While tremendous resources have come our way, we still have such a long way to go. We all understand that the tax credit deals are in crisis, but even the tax credit deals that were planned were only going to repair a fraction of what we lost, only about 40 percent of our pre-Katrina affordable housing stock.

There is also the looming end of the Disaster Housing Assistance Program, or DHAP, at the end of this month for most families. And the lack of affordable rental units, including public housing that is actually ready now is extremely troubling. Post-Katrina, we all know homelessness has doubled. We are also faced with other non-

"Big Four" sites, such as Iberville and the Florida site that may be on the chopping block.

Frankly, for many folks, the road home is still under construction, full of potholes, and the bridge is out. For many, it has been a road to nowhere.

We are bracing ourselves here for the end of DHAP. Thankfully, we have been allocated voucher funding to provide permanent housing assistance to about half of the families locally. But the conversion process has gone extremely slow and additional extensions have been necessary, at least two so far. Of about the 9,000 DHAP families in New Orleans, only about half have been eligible for a voucher. That leaves us about 3,900 families who may have remaining unmet housing needs. Of course, 850 of them are elderly and disabled families who have been either denied vouchers or whose file is still in limbo. While HANO and HUD have worked very hard to reach these families, additional efforts are needed. We cannot afford folks falling through the cracks and we can certainly not afford any increase in homelessness.

Despite voucher funding for DHAP and extensions, significant housing needs still exist, particularly for low-income families with incomes between 50 to 80 percent of area median income. Unlike other HUD programs, the income limit for vouchers is only 50 percent of AMI. Because of the high rents that pervade our City, many of our workforce families on DHAP will still face significant affordability gaps when the program ends in just a few days.

The situation is even bleaker for homeowners who are on DHAP with incomes at these levels. Take Clarence, who is an outreach worker at UNITY, getting people off the street every day. He is worried that in a few days, he is going to have to join them. He cannot get a voucher due to his income, his rent is $995 a month, the mortgage on his Katrina-damaged home is $935, and his income is only $1,800 a month.

There is a possible safety net for families like Clarence. The LRA has allocated $5 million in CDBG funds for up to 12 months of temporary rent assistance. Unfortunately, the service delivery system to administer this program is simply not ready. If DHAP were extended for 2 more months for everyone, there would be time for this program to kick in. Additionally, our City is poised to get $7.5 million in homeless prevention funds under the stimulus, which should be hitting the street sometime in October. Our recommendations regarding DHAP are:

To extend it for everyone to allow a smoother landing as new resources become available;

To review all prior denials and withdrawn status of elderly and disabled families on DHAP for possible voucher eligibility; and

To prioritize vouchers to families who moved out of FEMA trailers when they were being pressured earlier this year.

Another huge problem is the current status of the HUD multifamily stock, which we never hear talked about. This stock of privately owned properties had a direct HUD subsidy and provided thousands of deeply affordable units. Also, these units had families in them with similar incomes as those in public housing.

As of September of last year, HUD reported 3,314 units of this multi-family stock was closed. Of that amount, 96 percent had Sec-

tion 8 project based contracts. Those contracts had been suspended since Katrina. Many of the deals on the multi-family side that were hoping to reopen are plagued with the same financing gaps as public housing. Our community could wind up permanently losing not only thousands of public housing units but thousands of HUD assisted multi-family units. In addition to the 3,300 units above, there are another 1,500 units that have been lost from prepayments.

We would like to recommend in regard to multi-family stock that:

Any suspended project based Section 8 contracts be transferred to other deeply affordable properties if that site cannot reopen; and

Tenant protection vouchers for all prepaid multi-family sites be issued.

We need to get a report made to this committee from HUD on the status of all multi-family housing and a report on the issuance of tenant protection vouchers to 1,500 families.

Thank you.

[The prepared statement of Ms. Tuggle can be found on page 122 of the appendix.]

Chairwoman WATERS. Thank you very much.

Ms. Wiggins, thank you. Again, I was at the park yesterday looking for you, but I want to thank you for all your work, all that leadership that you have provided to public housing residents, and I look forward to talking with you.

STATEMENT OF CYNTHIA WIGGINS, HANO RESIDENT ADVISORY BOARD

Ms. WIGGINS. Good morning, Congressman Cleaver and Congresswoman Waters. On behalf of the Citywide Tenant Association, we want to thank you for this opportunity to present before you today. We also especially want to thank Congresswoman Waters for her commitment and her dedication to ensuring that the rights of low-income families and public housing families were not being violated after Hurricane Katrina.

In my written testimony, we presented information on all of the public housing sites and not just the "Big Four." Since Secretary Donovan's swearing-in, we have been afforded the opportunity to sit at the table and have conversations with the housing authority with respect to the redevelopment that is taking place at each of the public housing sites. So the information that we provided in the written testimony is information that we actually know is going on.

However, we do have some concerns with respect to the Lafitte redevelopment and the lack of funding that has been awarded to the B.W. Cooper housing development. It is our opinion that HUD needs to allocate additional money for the redevelopment at B.W. Cooper and I am certain Donna Johnigan will speak to that following me.

In my written testimony, we talked about the Section 8 program, and while the Section 8 program has truly assisted families here in New Orleans, we do believe that the discrimination that Mr. Perry is talking about is real and it is prevalent. Residents who are moving from subsidized housing such as public housing are feeling threatened with homelessness because of the utility costs, because of the enormous amount of security deposit that is being asked for.

They are feeling threatened because landlords, those who choose to manipulate the program, have placed them in leases that they cannot get out of, some of them to the extent that they have threatened the residents to get out because they were complaining about the conditions that they were living in. We have some concerns about the water bills that residents have been forced to carry and take on water bills that were not their water bills. We have residents who have been asked to pay utilities that were not their utilities, where construction work was taking place at their unit prior to moving in, and that utility cost was passed on to them when they went to have the lights turned on.

While the Section 8 program is certainly a good program, we are of the opinion that it is not for low-income families. It is really for the working poor. And our elderly residents are suffering, some of them are living in houses without utilities, being very quiet about it because their living arrangement is in jeopardy. When the lights are turned off, the housing authority or the landlord is required to report it and then cancel the Section 8 voucher. That is a great concern for us and we have seen an enormous increase in our elderly residents having no utilities and struggling with paying high light bills and water bills.

Also, we want to make a recommendation to this committee with respect to these lease agreements that our residents are being forced to enter into. It is our opinion that the housing authority should develop a lease, a lease that protects the resident as well as the landlord, where there is a standard lease that they can enter into and we do not have all of these different lease arrangements.

We are also asking that HUD would mandate that there is a limit on security deposits and base that security deposit on the unit size. We have a lot of our residents who cannot come up with $1,800. We have residents who have been evicted or have been asked to leave by a landlord and the landlord would literally fight them to the bitter end to keep from giving them their security deposits even though they are turning the unit back over.

We believe that there has to be some kind of control in place where residents can go and file grievances not just with Mr. Perry's office but for the housing authority about the violations that are occurring with these landlords. Some of these houses are substandard, some of the conditions are awful, and we have residents in here today who will testify that some of these houses are in deplorable condition and it is worse than the units that we were living in when we were in public housing.

We also want to say that the traditional public housing, there are some old and outdated standards there that must be changed. They must be changed because they do not conform to today's standards. This housing authority does not conduct market studies with utilities. The utility allowance is not enough and it is not enough because the utility cost is going up every year and there is never a market study done to make the necessary adjustments. So persons who have to pay utilities, their rent can be offset through those utility adjustments.

We also have some concerns about some of the issues within the housing authority admission and continued occupancy policy, but

the only way that we can address those issues is if the regulations are changed.

Under the tax credit program, we believe that Congress should mandate that HUD and the PHAs and the developers all enter into an agreement that the tax credit ACC units and the project based units incorporate the same standards for occupancy. We have a difference in the occupancy standards and we believe that you guys need to ensure that you do not have a separation of what each developer is actually doing.

Again, we want to thank you.

Chairwoman WATERS. Thank you very much. Thank you for being here.

Ms. WIGGINS. May I say one last thing?

Chairwoman WATERS. Yes.

Ms. WIGGINS. At the request of Elisha, we also believe that HUD should be removed from the agency and that we bring in an executive monitor to oversee the housing authority.

[The prepared statement of Ms. Wiggins can be found on page 154 of the appendix.]

Chairwoman WATERS. Thank you very much.

Ms. Patterson, I know of your work. Please tell us what you came today to testify about.

STATEMENT OF ANGELA PATTERSON, DIRECTOR, UNITY WELCOME HOME

Ms. PATTERSON. Chairwoman Waters, Congressman Cleaver, and the other members of the subcommittee, we thank you for inviting me to testify today on behalf of UNITY of Greater New Orleans. And by the way, if I might digress for a moment, I do not know, Madam Chairwoman, if you recall a moment when Martha Kegel and myself were in Washington, D.C., advocating for the recovery vouchers for the persons who were most vulnerable in our community. And it was a very, very dark moment for us because it did not look as though the vouchers were going to be passed. And we met you in the hallways of Congress and you said, "That's not going to happen." And it passed. And we so much thank you for your leadership and your support.

Chairwoman WATERS. You are welcome.

Ms. PATTERSON. UNITY is a nonprofit organization and HUD-designated lead agency for an award-winning collaborative of 60 nonprofit and governmental agencies providing housing and services for the homeless. Our mission is to coordinate community partnerships to prevent, reduce, and end homelessness in New Orleans and the neighboring Jefferson Parish. In addition to raising and distributing funds to support our member organizations' work, UNITY conducts homeless outreach on the streets and, very importantly, in abandoned buildings and rehabs supportive housing apartment buildings in partnership with the New York based organization Common Ground Institute, which helps the public locate affordable housing and advocates for public policy to prevent and reduce homelessness.

While thousands of homes in the New Orleans area have been repaired since the levees broke, often with the help of caring volunteers from across the Nation, the extent of the devastation here re-

mains simply overwhelming. There is still so much more to be done to rebuild our community.

Four years later, the effects of the levee failures are most keenly felt by New Orleanians who are its most vulnerable residents. For many New Orleanians with limited means, especially the elderly, those with physical or mental disabilities or those who are struggling to raise a family on the minimum wage, the struggle for a decent place to live continues.

Although New Orleans currently stands at only 74 percent of its pre-Katrina population, homelessness has nearly doubled since Katrina, from 6,300 homeless persons on any given day before the hurricane, to a current estimate of 11,500 people meeting the HUD definition of homelessness. That is, people who are living and trying to live a human life in abandoned buildings, people living in cars and on the street, those living in homeless facilities who are stuck there and cannot get out, and those who are being evicted or discharged from institutions who have nowhere else to go. Six thousand people are currently estimated to be living in New Orlean's more than 65,000 abandoned buildings, while about 5,500 others are living in other deplorable homeless situations. During the course of 2008, the UNITY network of organizations provided services and/or housing to 18,875 unduplicated homeless people, including 4,667 homeless children.

Last year, UNITY and its member organizations and government partners successfully rehoused in the course of one year 457 people into permanent housing. Those people had formerly been living in large, squalid homeless camps in the middle of downtown New Orleans. We are looking at people in abandoned buildings. These people are the sickest of the sick and the work that is being done by the nine measly workers of the outreach team, these very, very committed and fearless people, is both dangerous and difficult going into these 65,888 abandoned properties. This work that is being done in these abandoned buildings is unprecedented anywhere in America. Abandoned buildings dwellers are living in the midst of crumbling ceilings and walls, mold all over the place, living with a bucket beside them where they have to use the bathroom. There is no electricity, no sewage, no running water in these places, and this is how people are being forced to live in the richest country in the world.

We are so grateful to Congress for granting last year the request of UNITY, the Louisiana Supportive Housing Coalition and the Louisiana Recovery Authority for the 3,000 Hurricane Recovery permanent supportive housing vouchers which were meant for people with disabilities in hurricane devastated areas of Louisiana. And we are especially grateful to you, Congresswoman Waters, for the important role that you played in that effort, as well as to Senator Mary Landrieu, the House leadership, the Louisiana delegation, and the Mayor and City Council of New Orleans.

Of the 3,000 PSH vouchers, 752 are being targeted to the New Orleans homeless. What we need is:

$5 million to implement a robust City-wide campaign to search for and rescue the thousands of vulnerable people living in the City's 65,000 abandoned buildings;

$35 million for 700 additional shelter plus care vouchers designated for the New Orleans disabled and elderly homeless, especially those living in those abandoned buildings; and

$100 million to create housing stock for the poorest and most vulnerable which is needed to fill the anticipated gaps in financing, which is the goal of the New Orleans/Jefferson—

Chairwoman WATERS. Ms. Patterson, I am going to have to bring you to a close and for one very, very good reason. Mr. Cleaver has to catch a plane and so we are going to yield to him the time to ask some questions before he leaves.

Thank you very much.

Ms. PATTERSON. Thank you.

[The prepared statement of Ms. Patterson can be found on page 99 of the appendix.]

Mr. CLEAVER. Thank you, Madam Chairwoman. I apologize that I need to be in Kansas City by 7:00 tonight. I have just two questions.

Ms. Wiggins, I am not sure, but were you suggesting that a receivership is where you would suggest the PHA be placed?

Ms. WIGGINS. We are asking that HUD is removed and an executive monitor is put in place. And the reason for that is because if we have an issue, it is HUD where we get our redress. There is no place for us to get it because HUD is actually managing the housing authority at this point. So we are asking that they are removed and an executive monitor is put in place, so when there are issues that the residents are having, that we can go to HUD to get it. That is what we are asking for.

Mr. CLEAVER. I mean, Federal legislation of course places housing authorities under HUD, that is Federal legislation.

Ms. WIGGINS. They can appoint an executive monitor instead of a HUD employee.

Mr. CLEAVER. No, sometimes courts will appoint a receiver, which I do not think you want.

Ms. WIGGINS. No.

Mr. CLEAVER. But I do not think you can remove HUD.

Ms. SINHA. The legislation says that if HUD has been a receiver of a public housing authority for more than 3 years, they shall then be removed. Meaning that if they have done it for more than 3 years and something is going on that has not been improved for more than 2 years. So there is a provision of law that says that there is a time limit when HUD is supposed to be receivership and when they are supposed to move it on. So the law actually says that HUD should move on after a certain point. And my understanding is that HUD has been a receiver of HANO since 2002.

Mr. CLEAVER. So you are saying that you want the public housing authority, which means the board, a board, to now assume the leadership as opposed to the Federal Department of Housing and Urban Development.

Ms. SINHA. Yes.

Mr. PERRY. One of the things that has frustrated so many people in this City is that administrators from outside of New Orleans have been making decisions about housing for New Orleanians. And we just think that is simply unfair.

One of the things that happened in the course of the demolition process was that there was a memorandum which the Mayor submitted which said that in order to demolish you have to agree to allow there to be at least a three-person board and that three-person board would have a HUD representative, it would have a public housing representative and a representative of the Mayor. And the Administration has not been willing to do that so far.

Mr. CLEAVER. Excuse me. I hate to interrupt you, but most housing authorities are appointed by the mayor and there is a makeup of course with—there is supposed to be a residential member and then probably the others are appointed maybe through some formula, it depends on the City. So I am trying to get a picture, you are saying the 2 years are over, Ms. Tuggle, and so you believe that now is the time for the housing authority—meaning the legal unit that supervises the housing authority—be appointed and assume that role or are you saying that we need to have a court-appointed receiver?

Ms. WIGGINS. No, a citizen board.

Ms. TUGGLE. The residents that I speak with would prefer to have local control, as their number one choice.

Mr. CLEAVER. We use the term public housing authority, PHA, but that is not accurate, the authority is the board. And so you are saying that is what you want?

Ms. WIGGINS. We want a citizen board put back in place. That is what we are asking for.

Mr. CLEAVER. Is there unanimity, Ms. Sinha?

Ms. SINHA. Anita.

Mr. CLEAVER. Everybody is in favor of that?

Ms. SINHA. Yes.

Mr. CLEAVER. I am not mad about it, I mean I appointed the board when I was mayor and the residents generally prefer that because they could touch me and they can touch the housing authority as opposed to Federal—thank you and I appreciate that and again, I apologize for having to leave.

Chairwoman WATERS. Thank you so very much for spending time with us, Mr. Cleaver, please get your plane, get back to the district, I know that your constituents are waiting on you.

Let me just say to this panel that I am familiar with all of you because of your advocacy. You have been on the front lines in all of the ways that you have continued to describe here today. I have worked so closely with The Advancement Project. We have done everything from, you know, tour and visit the "Big Four" units where women were busy scrubbing up mold, to march in Washington, D.C. And the testimony that has been provided by The Advancement Project has helped to educate me about what was taking place.

Mr. Perry, I thank you for your work and this business of Section 8 discrimination is going to have to be dealt with in some shape or form. We have fair housing laws but those laws do not reach into the Section 8 problem that you are describing. Not only are you vividly describing for us discrimination based on the fact that people just do not want to take Section 8 and they have all these myths about who Section 8 people are. You just told us that there was some outright racial discrimination that was described very

vividly to you, and we really have to see what we can do to make the civil rights laws extend into this Section 8 problem.

Ms. Tuggle, Ms. Wiggins, Ms. Patterson, all of the talk about Section 8 that you have shared with us today helps me to understand that it is time for a revitalization of the policies that oversee and implement Section 8. This business about the deposits that are required of people who certainly cannot afford it is such a deterrent and such an obstacle to being able to just get into a place. And I have also been made aware before I came here today of another city where it appears that some landlords have been very, very good at keeping people's deposits. As I understand it, not only do they come up with pictures to show damage, but sometimes there is longstanding damage that there has been an attempt to get the landlords to correct that have not been corrected, and then we do not have anybody advocating that the tenants get their deposit back, based on the fact that damage has been there and not been taken care of by the landlord. So I am focused on this and I am certainly going to deal with this.

The lease problem had been brought to our attention when I went over to Dallas, I believe it was, and you are absolutely correct and I like the recommendation about what to do about this. Our tenants from public housing were confronted with having to sign leases that they could not get out of, and should not be put in that position of being in a lease that you cannot get out of, for a lot of reasons. And it seems to me that the housing authority or HUD or somebody needs to talk about what is a reasonable lease for public housing tenants or other tenants so they are not left with a big legal problem confronting them that they have to negotiate all by themselves on these leases.

So I am going to take a look at the revitalization of all of Section 8 dealing with these problems, including the problems of the cost of rising utility bills that people are confronted with.

So what you have done today is to help me and the staff focus on what we need to do further in dealing with Section 8 and public housing and all of the issues that you bring before us.

The homeless problem in America indeed, Ms. Patterson, is shameful, all over America, including Los Angeles. What has happened here in New Orleans is unconscionable and you are absolutely right, the consistent figures that we get about the doubling of the homelessness, and it has been described about people living under bridges and in cars, but you painted a picture today about these abandoned buildings and the conditions under which people are living, which must be dealt with.

The question that I asked of the last panel about whether or not the availability of this new Section 8 would be made available also to the homeless was not clearly answered for me, but we will pursue that, because as I said, and I do not know if he understood or not, he talked about publicizing it and putting it in the local newspapers. When you are homeless and you have no money, you are not going to spend your money on a newspaper to see whether or not the housing authority has some new policies or practices. So I am going to pursue whether or not the mobile unit that was somewhat described will be moving around into those areas, and all of the other problems associated with Section 8.

Thank you so much for being here today. Do not leave. We have with us, as you know, the Representative for this area, Mr. Cao, who would like to raise some questions with you I am sure. In doing his job of representing, he is confronted with these problems every day. While we are in Washington, you are coming home to them and you must have a lot of thoughts about them. So I yield time to Mr. Cao.

Mr. CAO. Thank you, Madam Chairwoman.

This is a question to the whole panel. As you know, there is not just one type of person or situation that creates homelessness. If you could advise the City and some of the developers and officials here about the best way to address the needs of this population, what are some of the suggestions you would offer. And I would like to begin with Ms. Sinha.

Ms. SINHA. Let me repeat the question so I understand it. What—

Mr. CAO. What would you advise the City leaders, the developers and officials with respect to how can we cope with the situation of homelessness when we know that there is not just one type of person or situation that would create this situation?

Ms. SINHA. I think the theme that comes to mind—and this is very hard when you have rules and regulations governing this world—but is flexibility. We are in a place, both in terms of our current economic crisis but also the fact that we are dealing with the problem of people who have been displaced moving from home to home, city to city, for the past 4 years. And to then have them have this mound of requirements in order to get their foot into the door and a roof over their head is completely—it is inhumane.

If you have credit checks, for example, you are required to have a credit card.

Mr. CAO. If you would keep your answer please—

Ms. SINHA. Yes, okay. So I would say barriers such as credit checks, barriers such as criminal background checks, the homeless population are exposed to a lot of criminalization, are two huge problems. The employment requirement is also a huge problem. So flexibility in those kinds of requirements are needed in this situation.

Mr. CAO. Mr. Perry?

Mr. PERRY. Thank you. I would offer a few things. The first is that oftentimes right now, people criminalize renters. It is this idea that it is so much better to be a homeowner. And of course it is great to have homeowners and we need them, but not all people will be homeowners. So you have to be open to the idea of folks being renters.

The second is that a lot of times when people do create programs for renters, they do not focus on people who are extremely low income. And so you have to target funding for folks who are extremely low income.

The third is the issue that has been raised today and that is that you have to realize that a lot of times people who are homeless are not going to be able to go through the typical application process. So you have to seek people out who are homeless and make sure that they can navigate, and you have to streamline frankly the application process.

And then the last thing, the support for nongovernment entities that actually get out in the community and do a lot of the work. So a group like UNITY, for instance, if fully funded, can put a huge dent in the homeless problem here in the City of New Orleans, but oftentimes nongovernmental organizations are struggling just to stay alive and so it is very difficult to then at the same time work in the homeless problem in the City.

Mr. CAO. Ms. Tuggle?

Ms. TUGGLE. Thank you. I would make a couple of recommendations. One would be even with the permanent supportive housing vouchers that have come down, some of those are already—were already in the works and some of that housing came on line without the vouchers and now there is a swap-out going on. And we have already encountered so many homeless clients and other disabled clients who have been denied admission to the PSH units that are subsidized with the vouchers. And it is to the point now where we are getting ready to write a fellowship proposal to find an attorney to just focus on some of the admission issues with that population and some other advocacy issues.

We have had developers tell us that they will not consider any reasonable accommodation if someone happens to have a record of an arrest, even if it is somewhat of a minor arrest. We have had some developers tell us one bad unit will ruin the entire property.

So one thing that would be important is for the developers, landlords, to get more training about fair housing so there could be more vigorous enforcement of a lot of the issues that arise.

Additionally, we would suggest that developers be flexible when working with residents on security deposits. You know, even developers that only charge $500—I say only because we are used to now, unfortunately, seeing $1,300 and $1,400 deposits—that you let folks pay that out over time. It is a huge barrier.

And one last thing that I would mention that often keeps folks out of housing, there is this idea—and I am not sure exactly where it comes from—that the utility bill can only be in the head of household's name. And while that is desirable, many folks after Katrina had sky high—I am sure you have heard about the sky high energy bills that ran forever and they were never shut off. And that has been a huge problem with being able to have people get back into housing.

Mr. CAO. Ms. Wiggins, Ms. Patterson, if you could keep your answers brief, I would appreciate it.

Ms. WIGGINS. Mine is going to be really brief.

I think that there should be—I would recommend a waiver to some of the requirements that people have to meet when they come into public housing or subsidized housing.

I would also recommend that there is a waiver for utilities for a reasonable period of time, because a lot of times they are coming from the street and they are homeless and they do not have income. Those who do have incomes, their family members are holding it, so there should be some provisions put in place to allow for a waiver for a period of time so they can adjust to having that responsibility.

And also, I think there needs to be a support resource center put in place where these families can go to to get clothing, furniture, and the necessary things they need to survive in those units.

Mr. CAO. Ms. Patterson?

Ms. PATTERSON. Thank you for proposing this question. Actually, it is contained in the recommendations of UNITY and I will be very brief with the three major recommendations.

First of all, $5 million is needed to implement a robust outreach program. We have nine workers, there is no way in the world that of the two workers of those nine, who are presently going into abandoned buildings and finding the sickest of the sick, that this work can continue to be effectively done. So we need more money to beef-up the outreach team.

We need $35 million to provide for 700 additional shelter plus care vouchers which is for the sick, the disabled, and the elderly homeless.

And then to create housing stock for the poorest and most vulnerable persons, another $100 million is needed.

Mr. CAO. Thank you, Madam Chairwoman. I yield back the balance of my time.

Chairwoman WATERS. Well, let me thank all of you for your patience, for the time that you have spent here today, for the testimony you have afforded us and the concerns that you have caused us to focus on.

And let me just wrap this up by saying we have some of the developers who are going to come next. Ms. Sinha, you have been focused on the policies that are developed by some of the developers, or the developers. I have been talking with my staff about why does government allow developers to make public policy to begin with. But in addition to that, as I understand it, this is not a move-to-work situation, which means that they do not get to develop those kind of policies anywhere that relates to the criteria. So I will be taking a very, very, very close look at that.

Thank you all very much.

I would now like to invite our third panel to come forward: Mr. Jim Grauley, president and chief operating officer, Columbia Residential; Ms. Stephanie Mingo, former resident, St. Bernard Public Housing Development; Ms. Michelle Whetten, vice president and Gulf Coast director, Enterprise Community Partners; Ms. Valerie Johnson, former resident, Lafitte Public Housing Development; Mr. Keith B. Key, chief executive officer and president, KBK Enterprises; Ms. Donna Johnigan, vice president, B.W. Cooper Resident Council; Mr. Yusef Freeman, project manager, McCormack Baron Salazar; and Ms. Jocquelyn Marshall, president, C.J. Peete Resident Council.

Thank you all for your patience. Thank you for coming here today to share your testimony with us. And we are going to start with Mr. Jim Grauley, president and chief operating officer, Columbia Residential.

Am I pronouncing your name correctly?

Mr. GRAULEY. It is "Grauley."

Chairwoman WATERS. Thank you. Will you begin the testimony for us?

We have a pretty large panel, so we are going to hold you to your time limits so that we will have an opportunity to raise some questions that need to be dealt with. Thank you.

STATEMENT OF JIM GRAULEY, PRESIDENT AND CHIEF OPERATING OFFICER, COLUMBIA RESIDENTIAL

Mr. GRAULEY. Good afternoon, Madam Chairwoman, Congressman Cao. My name is Jim Grauley, and I am the president and chief operating officer of Columbia Residential. I would like to thank you and the members of the Subcommittee on Housing and Community Opportunity for affording me the opportunity to address the subcommittee regarding the status of the "Big Four." It is my honor to speak to you today representing our development team.

Hurricane Katrina and the broken levees that followed devastated the City and the region. Included in the destruction was the St. Bernard housing project, which was deluged under several feet of water. These homes and the entire surrounding neighborhood were destroyed and the citizens were scattered across the Nation. This was an immense human tragedy as well as an unprecedented destruction within an American City. Madam Chairwoman, in this context, we began the daunting task of rebuilding the St. Bernard community and it is well underway for the affected families and the broader community.

My company, Columbia Residential, was invited to New Orleans as a development partner for the redevelopment of St. Bernard. Building on the vision of HANO, the City and our partner, the Bayou District Foundation, we have launched the redevelopment of the surrounding area. Columbia Residential is a leader in the revitalization of housing—of distressed housing neighborhoods in several cities across the country. It is our experience and success in these other communities that made Columbia Residential the right partner to work for the Bayou District Foundation and the Housing Authority of New Orleans.

Columbia builds and manages healthy mixed-income communities comprising over 4,500 units of housing, which are known for setting the standard of design quality and responsive management in their communities. Fully half of the families in these communities are public housing and former public housing families, either in the redeveloped sites or within off-site replacement housing. Over 1,000 of these units are apartments for low-income seniors in public housing assisted units. We serve also hundreds of families with special needs, disabilities, or who are transitioning from homelessness working with partners providing social services.

I am pleased today to report that thanks to the incredible efforts of our partners at HANO, HUD, the State of Louisiana, the City, financial partners, and the resident partners, we were able to close phase I of the development late last year. As of today, construction is 30 percent complete on phase I of Columbia Park at the Bayou District, which includes the first 466 new homes.

Ten new city blocks with new infrastructure are now in place and are filling with new homes. A community center and first apartment and townhome units will be available later this year.

Phase I will be completed by late 2010 with resident move-ins ongoing and continuing into 2011.

I would like to pause, given the discussion about Section 3. We take very seriously our Section 3 compliance and reporting and outreach efforts. We report that regularly to HANO. But it was not characterized correctly in the prior testimony.

During demolition at the St. Bernard site, we had 17 Section 3 workers, 8 of whom were residents. As of today, on the new construction, we have 50 Section 3 workers who have been hired by our contractors and suppliers and by the general contractor, and 12 of those are former residents. We take this seriously and we are at an early point and we will continue those efforts. Those numbers represent more than 70 percent of all the new jobs created at the site.

Columbia Parc is a mixed-income community with multiple phases of development, 157 units in phase I and at least one-third of the units in subsequent phases, are set aside as public housing units specifically for returning families. We are pleased at the early response at this stage.

Let me skip ahead just for time. We are principally a real estate developer and our communities serve people and families. We have made a sincere effort to firmly understand the unique circumstances in New Orleans and be sensitive to the pain and incredible challenges faced by families affected by the upheaval over the past couple of years.

With the assistance of former St. Bernard residents, HANO, and a variety of outreach mechanisms, we have identified more than 900 affected St. Bernard families who have traveled to other communities around New Orleans and across the country. After extensive outreach and a widely advertised application period, thus far, more than 400 families have expressed an interest in returning to the site. As of today, 276 former St. Bernard households have made application and been qualified by HANO for the initial site-based waiting list for the development. The opportunity to return will continue to be open to all former residents and this outreach on our part will continue.

Kingsley House, a leading provider of social services to families in southeast Louisiana, is our partner who provides an array of services to returning former residents. They are working with families on an individual basis to prepare and succeed in returning to the community.

Madam Chairwoman, I believe it is important that we say to you that throughout the life of this project and our involvement, priority for occupancy will be given to former residents of the St. Bernard community, particularly those who are elderly or disabled.

Madam Chairwoman, we are well on our way through the first phase of building a healthy community that will transform an important area of New Orleans. We continue to learn daily as we, HANO, and Kingsley House work with resident families. We learn more ways that we can assist and provide services that will help make a return possible for as many families as possible.

Chairwoman WATERS. Thank you very much.

Ms. Mingo.

STATEMENT OF STEPHANIE MINGO, FORMER RESIDENT, ST. BERNARD PUBLIC HOUSING DEVELOPMENT

Ms. MINGO. My name is Stephanie Mingo. I want to thank you for allowing me to speak today. My heart kind of hurts me right now.

I just want to talk about other residents. Every resident of public housing, just like every New Orleanian, has a right to return. Planning at the "Big Four" should be reflected on this. Currently, they do not. Public housing residents are being denied the right by HANO and the development.

Columbia plans to bring 150 homes for public housing residents at the former St. Bernard, excluding at least 90 percent of the former residents. We should be rebuilding 1,500 units of public housing at St. Bernard, not 150. If they do one-third of public housing, one-half of Section 8, and one-third of tax credit, then it would take care of the low income. But why is two-thirds of St. Bernard being developed on purpose for the people who did not live there before Katrina?

Finally, the rules and regulations or eligibility requirements at the redevelopment of the "Big Four" are being designed to exclude low-income New Orleanians, especially public housing residents.

I have been working on Section 3 a whole lot, I have something written down, but I want to clarify something. I have to write letters to the development. HANO and the developments are not complying with Section 3 requirements. They claim to be, but we have yet to see hard data provided for what they said.

Section 3 was created so that impacted communities will benefit from redevelopment. In other words, as a resident of St. Bernard, I do not see my constituency benefitting from the jobs and the contracts produced so far. I have attempted to contact HANO's Chairwoman Diane Johnson and HUD staff members, including Stacy Hanson, the Director of HUD's Economic Opportunity Division, and Marvelle Robinson, the field office director for HUD in New Orleans about my concern. I have yet to hear from any of them. I have copies of my June 14th letter sent to them, and if this committee would like it, I will provide it for you.

I feel this committee should force HANO to release all data of hiring and contracts to be published so that we can get to the bottom of this quickly.

Iberville, stimulus money is being used to fix up some part of Iberville. As much as we appreciate it, we need much more than a fresh coat of paint or new lightbulbs. We need to have all the unoccupied units fixed up and rented out so what happened to St. Bernard, Lafitte, C.J. Peete, and B.W. Cooper will not happen in Iberville. This is also a security issue. If you occupy those developments, you would not have to worry about crime—neighbors can watch out for each other, is what I am trying to say, if they were occupied.

Having them board-up apartments increases crime and reduces the community's ability to keep on one another's space. We need our utilities permanently upgraded. The needs of Iberville should never be used as an excuse to demolish or redevelop it along the lines of the "Big Four." We need a reinvestment in Iberville as it once was.

As for Lafitte, I believe the remaining 100 apartments should be reopened and reoccupied by residents immediately. Across the City and across the Nation, we should implement a moratorium on the demolition of public housing.

To conclude, we need a one-for-one replacement of public housing that was demolished after Katrina. This means building more than 5,000 units of public housing in New Orleans. Vouchers have failed us. They do not secure quality housing and they do not provide tenants with a home. Vouchers might be a part of a housing strategy but only true public housing can reduce the rent price in our City.

And one more thing I would like to say, I probably have more names of public housing residents than Mr. Grauley. Me and a lot of other residents have worked on the ground every single day. I have a job, I have been working 13 years where I am at. I mean, do not get me wrong, I want something new and I like something new, because I deserve something new, but the way that St. Bernard is coming up, it is no better than what it was before. We cannot talk to the developer. We are shut out. If we say something that they do not like—and this is the God's honest truth—we are shut out. We have at least 10 people—he was right, because I give him the benefit of the doubt, he might be right, eight people working on the ground. We had our own—I forgot the word I am looking for—but we had our own job fair, we had 150 people come out. We went out on the street to deliver the applications, then we did a re-check on the applications. They said we had to go to HANO, I just saw HANO at a meeting. HANO said we have to go back to Columbia. We did our own diagram and wanted our own builder, they denied that. My heart is still hurting. Thank you for listening.

[The prepared statement of Ms. Mingo and other material referred to can be found on page 91 of the appendix.]

Chairwoman WATERS. Thank you, and without objection, your letter and your list will be submitted for the record and I will take that and we will review that.

Ms. Whetten.

STATEMENT OF MICHELLE WHETTEN, VICE PRESIDENT AND GULF COAST DIRECTOR, ENTERPRISE COMMUNITY PARTNERS

Ms. WHETTEN. Thank you, Chairwoman Waters and Congressman Cao, for holding this important hearing. My name is Michelle Whetten and I am vice president and Gulf Coast director for Enterprise Community Partners.

To date, Enterprise has invested over $100 million in grants, loans, and equity with 1,450 homes completed and 3,000 in some stage of construction or development in Louisiana and Mississippi.

Our most ambitious project in this effort has been the redevelopment and revitalization of the historic Treme/Lafitte neighborhood on and around the site of the Lafitte public housing development.

Before creating a plan for Lafitte, Providence and Enterprise engaged a local community organizing group to help us locate nearly 600 of the nearly 865 Lafitte households who had evacuated to cities across the country. With a team of architects and planners, we held a series of charrettes both in New Orleans and in Houston, where residents were involved in the design process and articu-

lated a vision for what the new community would look like. And our site plan today reflects very closely that vision of the residents.

The 27-acre parcel of the Lafitte site and the scattered site properties involved in the redevelopment do allow us to accomplish two important goals: to honor our commitment for a one-for-one replacement standard; and to deconcentrate an area of poverty. And I would like to correct—the information that was presented from the Times Picayune was inaccurate. In our first major redevelopment phase, which includes 568 rental units, only 40 of those are low income tax credit only units. A full 387 units are project based Section 8 and the balance are ACC, which means that 528 of our first units will be affordable to the typical public housing occupant.

With the Housing Authority of New Orleans and our local partner Providence, we will break ground on the first phase of the new development next week. This development will meet Enterprise's nationally recognized green community standards. And while we look forward to getting construction underway, we would be the first to acknowledge that it has taken far too long to get to this point.

Although we were awarded CDBG funds and tax credits in 2006 for this development, demolition was not completed until October 2008. And that timing coincided with the dramatic decline in the credit market that I am sure you are all too familiar with.

While the stimulus act provided several important and helpful programs to address the problems with the low income housing tax credit market, Gulf Opportunity Zone loans and housing tax credits have been determined by Treasury to not be included in the important tax credit exchange program and the current deadline of December 2010 for placement of these credits in service is causing a major point of risk and disincentive for investors to purchase credits in the GO Zone. And I think it is important to note that a majority of the affordable rental housing that was to be redeveloped following Katrina in Louisiana and Mississippi in particular depended on these GO Zone tax credits to be constructed. So we believe that extending that placed in service date and allowing the exchange program to apply to these credits would allow the majority of those units to be finished, which currently there is approximately 6,800 units in Louisiana and Mississippi at risk of not being developed.

We maintain a database of former residents that is regularly updated and verified through letters, surveys, and monthly meetings and we provide residents updates on the progress of the development and solicit their input on important issues such as selection of a property management company and other activities. As construction gets underway, we will provide clear instructions to residents on the process for applying to live in the community, the new community.

With $2.5 million in in-kind services provided by Catholic Charities USA to former Lafitte residents in New Orleans, Houston, and Baton Rouge, and other philanthropic support, over 450 former Lafitte resident families have been assisted with finding stable housing and addressing basic needs after being displaced by Hurricane Katrina.

And Catholic Charities in January of this year reopened the Sojourner Truth Community Center adjacent to the Lafitte site, where families and residents can access a variety of programs.

We are grateful for the leadership of Chairwoman Waters and others in Congress for keeping a spotlight on the ongoing recovery needs of the Gulf Coast. Four years following the most devastating disaster in our country's history, the long-term recovery of the region, particularly for the region's lowest income and most vulnerable residents, is far from complete.

So we would ask again that Congress take action to extend the placed in service deadline 2 years and consider the tax credit exchange program so that these units can get built.

Thank you.

[The prepared statement of Ms. Whetten can be found on page 147 of the appendix.]

Chairwoman WATERS. Thank you.

Ms. Johnson.

STATEMENT OF VALERIE S. JOHNSON, FORMER RESIDENT, LAFITTE PUBLIC HOUSING DEVELOPMENT

Ms. JOHNSON. Thank you. My name is Valerie Johnson, and I am a former Lafitte resident. Thank you for taking time out of your busy schedule to hear from the "Big Four" and what relates to their future.

I had to do a little change on my agenda, where I said the current status of public housing in New Orleans appears to be on the fast track. I changed it. Right now I am looking forward to the building. In the process, I have been afforded the opportunity to be a part of the planning process from the beginning as it relates to:

The type of housing we will live in;

Saving of the oak trees;

Monthly meetings since its inception; and

Working in concert with Providence and other social service entities at Sojourner Truth Community Center addressing the needs of residents and identifying resources to support these needs.

We are looking forward to the groundbreaking in the upcoming week at the Lafitte public housing development.

The Section 8 program offers little or no support as it relates to assisting residents making conscious decisions in the application of the Section 8 program. Many residents and elderly and persons on fixed incomes are struggling to survive, making decisions on buying their medications, food, and other staples to sustain them or paying their utilities.

There is little or no affordable housing for former residents and attaining a job with livable wages is virtually obsolete. The challenges may seem unreachable, but with the right support services in place, it could ease the stress of making dire consequences to survive.

Many residents of public housing are currently spread throughout this country in strange lands with strange people. They want to come home, but where is their home that was promised 4 years ago?

It is time to stop procrastinating and blame shifting and work in concert with social service agencies to reach goals that seem out of

reach, and receive the residents of public housing back home in a land that is familiar to them and they call home.

Chairwoman WATERS. Thank you very much, Ms. Johnson.

Mr. Key.

STATEMENT OF KEITH B. KEY, CHIEF EXECUTIVE OFFICER AND PRESIDENT, KBK ENTERPRISES

Mr. KEY. Good afternoon and thank you for allowing me to come and speak about the B.W. Cooper project. My name is Keith Key, and I am the president and CEO of KBK Enterprises.

Let me start by saying that it has been an honor for me to be involved in this project and an honor to work with our partners at the B.W. Cooper Resident Management Corporation. We were fortunate that they chose us to be the developer prior to even the submission of the RFP, which we all agreed to respond to together as a team. So we were proud to be selected by the residents before we were selected by HANO. So that is an honor for me just to be involved and trusted by the residents.

Let me begin at least summarizing my response. The project is currently in the status where we have completed demolition, the infrastructure is approximately 40 percent complete, the drawings are complete, submitted, and approved by the City. We currently have a $22 million gap. That gap is the distance between us beginning construction and going vertical and completing the project moving forward. So we are working very diligently on filling that gap.

Our current strategy for the gap is we have an application with the stimulus package with HUD for $10 million; we have a structure to reduce a portion of our reserve by $4 million; and we are seeking City, State, and Federal resources for another $8.2 million. That would close the gap on the project and allow us to move forward with our vertical construction.

We have looked at a variety of proposals and options to pursue various support systems to encourage our investor to stay involved and continue to look at the rate and structure of our financing. One of the important issues that we would like for Congress to help with is the extension of the GO Zone credits. They currently have a closed and placed in service date by end of 2010. We would like to look at an extension to that.

We would also like for Congress to help with the TCAP exchange program, in making that available to GO Zone credits as well. That would greatly enhance the capitalization of our project, which is currently at about 59 cents in credits versus the 80 cent plus that you would be able to have from the exchange program.

We are also looking to work with the Louisiana Office of Community Development. We have supplied an application to provide project based vouchers at our site in contrast with the LIHTC program, the low income housing tax credits, so that would allow us to actually reduce our reserve and allow us to provide residents with access to Section 8 program vouchers, support their rent for lower income.

The other key piece of our proposal I think that should be mentioned, in terms of occupancy, the first phase of the project is 410 units. We are expecting 173 of those units to be units that will be

occupied by public housing residents, another 106 of those units would be in the phase two, totaling 279 public housing units in phases one and two of the total 660 units planned.

We have also looked at the numbers of that 173 and 106, 20 percent of those units would come from LIHTC units. We did a survey with the residents and the resident management corporation of looking at the residents and their income base and their income base stipulated that there are many of them who would be eligible for LIHTC rents. And so we estimated about 20 percent of those residents using LIHTC available units for their occupancy.

One of the questions was asked about the information of how we would find residents and work with HUD and HANO to bring those residents back to the community. It is important to note that the resident management corporation has been by far not only a great relationship for us but they have maintained great relationships with the current residents. We have nearly 300 residents on site today and they have done an incredible job of seeking and communicating with those residents who have left New Orleans and left B.W. Cooper. And they have developed a database that we are currently working to purge and refine so that we can make sure that those residents who are on their lists are identified and responded to.

Lastly, the question regarding the occupancy and the rental terms that the residents would have to endure when leasing the property, those structures are actually going to be created in selection process with the resident management corporation and the residents. So our plan is to sit down with the residents and build a selection policy that would be amenable to both the residents, HANO, HUD, and our investors.

Thank you.

Chairwoman WATERS. Thank you very much.

Ms. Johnigan.

STATEMENT OF DONNA JOHNIGAN, VICE PRESIDENT, B.W. COOPER RESIDENT COUNCIL

Ms. JOHNIGAN. To the Honorable Chairperson and Congresswoman Maxine Waters and other distinguished members of the subcommittee, and most importantly, to the thousands of public housing families of New Orleans who were impacted by Hurricanes Katrina and Rita.

My name is Donna Johnigan, and I want to start my testimony by thanking you all for allowing me the opportunity to appear before this distinguished panel to express my personal observations and experiences since the devastation of 4 years ago.

I am a life-long resident of New Orleans and have spent 4 decades of my life living in New Orleans public housing and working to better the living conditions of public housing residents in New Orleans and nationally.

I have served in numerous public housing resident advocacy positions over that period and served as one of the founders of an organization of mothers who have lost children to the senseless violence that plagues our youth in public housing communities across this Nation.

Currently, I am the vice president of the board of directors of the B.W. Cooper Resident Management Corporation.

B.W. Cooper RMC is a residential property management entity that contracts with the Housing Authority of New Orleans to manage the development I live in.

We are one of only two such corporations in the City of New Orleans and the State of Louisiana, and have existed for over 20 years, successfully demonstrating our capability to manage our lives and our communities.

Unfortunately, my community and other public housing communities are not what they were once, in part because of Hurricanes Katrina and Rita, but also because of a housing authority that seems to be insensitive and out of touch with the realities of the uniqueness of our plight in New Orleans.

As you know, thousands of public housing units were destroyed 5 years ago, and thousands of families were displaced as result.

Since that time, there has been a major effort on the part of the Federal Government and the Housing Authority of New Orleans to rebuild our communities, and we welcome that effort. However, a great majority of families who were displaced will not benefit from this massive effort.

Our communities are being rebuilt as mixed-income housing, with only a small number of units targeted to return as public housing units. And though it is claimed that a majority of units will be affordable, the term "affordable," while appropriate in other cities, will not be affordable to or serve the majority of needy families in this City.

"Affordable" includes families whose incomes are up to 60 percent of median income for this City, when in reality, the majority of families who need affordable housing fall well below that and the national poverty level.

We welcome the opportunity to live in a community that has diverse income levels, but that should not come at the expense of harshly impacting the families who need help and once made up our communities. At least 50 percent of units constructed in these communities should have been actual public housing.

Also, there is a local and national effort for the Section 8 voucher program to replace conventional public housing as the primary source for the provision of assisted housing. But in reality, Section 8 vouchers are not good for very-low-income families, because of the uncertainty of utility costs as an added burden, and the requirement that families receiving these instruments must find and convince a landlord to lease to them in a competitive market.

Those requirements and others are burdensome to families who have never had to perform those tasks. And the housing authority staff is not informing families of all the consequences of selecting Housing Choice vouchers, which is inexcusable.

Finally, the opportunities for resident management corporations to continue to manage in the future has been seriously eroded because of the move away from traditional public housing that they and we have experience in managing.

At a time when government is asking us to take more responsibility for our communities, one of the instruments that allows us

to do that is being systematically phased out. We are being left to compete with private market management companies.

I have fought all my life to remove the image of the stereotypical public housing resident that the public holds in general. And I now find myself having to gear up again to fight for the rights of public housing residents to reclaim their communities.

I am up for that fight.

With the help of people like you, Congresswoman Waters, I am confident that we will again overcome the barriers that have arisen to prevent us from controlling our communities. And I am equally confident that we will eventually prevail in providing really affordable housing to the families who are relying on the government to help them return to their communities.

Again, Congresswoman Waters, I want to thank you and your committee for coming to New Orleans to see and hear our stories firsthand.

Chairwoman WATERS. Thank you very much, Ms. Johnigan.

Mr. Freeman.

STATEMENT OF YUSEF FREEMAN, PROJECT MANAGER, MCCORMACK BARON SALAZAR

Mr. FREEMAN. Madam Chairwoman, Congressman Cao, thank you for this opportunity to speak before you today. My name is Yusef Freeman and I am an employee of McCormack Baron Salazar and the project manager of the redevelopment of Harmony Oaks, formerly known as the C.J. Peete and Magnolia public housing development. In partnership with the New Orleans Neighborhood Development Collaborative, a local nonprofit organization, and KAI Design and Build, an MBE architecture firm, we were selected by the Housing Authority of New Orleans through a response for qualifications procurement as Central City Partners with Urban Strategies, to redevelop the former public housing site, provide community supportive services to the former residents of the site, improve educational opportunities in the neighborhood, develop sports and recreation facilities, and develop quality commercial services for the community.

The mission of McCormack Baron Salazar is to rebuild neighborhoods in central cities across the United States that have deteriorated through decades of neglect and disinvestment. In partnership with communities, we bring vision, experience, and commitment to the challenge of community revitalization.

When Hurricane Katrina struck, 144 families were still living at the C.J. Peete site. These families were displaced, many out-of-State. The buildings remained vacant until they were demolished in the spring of 2008.

The new Harmony Oaks mixed-income community will include 460 mixed-income rental units. Of those, 193 will be public housing units, 144 will be low income housing tax credit units, and 123 of those units will be market rate rental units. Public housing residents with vouchers will be eligible to use those vouchers in both the low income housing tax credit units and the market rate rental units.

Three on-site historic buildings are being rehabilitated, including one residential building, the administration building, and the com-

munity center. In addition to the community center, which houses the computer lab, the site will include a swimming pool, fitness room, community space, an on-site management building and each cluster of buildings will have tot lots and secured parking. The community center is currently run by the head of the C.J. Peete tenant's organization, Ms. Marshall, who will speak after me.

Harmony Oaks was designed in partnership with the C.J. Peete Resident Council, HANO, and community stakeholders. A project steering committee that includes representatives from the resident council, HANO, State and local government, the school district, neighborhood faith community, and other community stakeholders continues to meet on a quarterly basis to contribute to the development of the site.

The for-lease apartments are all designed with market rate features. There are no amenity distinctions between public housing, market rate and tax credit units. Each unit will feature high quality flooring, window treatments, central heating and cooling, wood kitchen cabinets, refrigerators, ceiling fans, microwaves, dishwashers, clothes washers and dryers, and security systems.

Construction of the 460 rental unit phase began in February of this year and is approximately 22 percent complete, 57 slabs have been poured, 27 buildings are framed, 95 percent of the drainage and sewerage are constructed, and 50 percent of the water lines are complete.

The cornerstone of the new community will be a Campus of Learners comprised of a new state-of-the-art elementary school, recreation center, and health clinic. McCormack Baron Salazar has committed $20 million of our allocation of new markets tax credits to the recovery school district for the redevelopment of the Woodson School that is located across the street from the Harmony Oaks site.

Fifty homeownership units are being developed by the New Orleans Neighborhood Development Collaborative in the communities surrounding the Harmony Oaks site. Eight of these homes are currently under construction. NONDC is working with HANO and Urban Strategies to qualify low-income homebuyers to participate in the homeownership program. Public housing residents have the first right to these homeownership units.

The development team procured Urban Strategies to coordinate community and supportive services for households who lived at the former C.J. Peete development. Urban Strategies is a not-for-profit corporation that is coordinating all the support programs that assist former C.J. Peete residents achieve self-sufficiency, including intensive case management, job training and placement, quality child care and schools, access to physical and mental health services, senior programs, and enrichment activities for children and youth. Urban Strategies case managers are working closely with the residents to access needed services, regardless of where they are currently residing in the country.

CSS activities currently operating out of the C.J. Peete Community Center include case management, technology programs, social activities, tutoring, construction job training, health programs, and community-based programs built on local partnerships. Urban

Strategies case workers are currently providing community supportive services to 485 former C.J. Peete residents.

When complete, 193 of the 460 mixed-income units at Harmony Oaks will be public housing units. Public housing residents will also be eligible to use vouchers to rent market rate and tax credit units. All former residents interested in returning to the site will complete an application to the management company, McCormack Baron Ragan. To be admitted to a public housing unit, the applicant must meet all eligibility requirements for admission to public housing as established by HUD and HANO. Before an applicant is denied admission for any reason, they will be able to refute that denial.

HANO adopted the re-occupancy policy under which residents of the former C.J. Peete public housing development and of other HANO-owned public housing developments, will have priority rights to admission to the public housing units in Harmony Oaks, subject to the previously mentioned eligibility requirements.

In closing, in partnership with the C.J. Peete Resident Council, HANO, HUD, the Louisiana Housing Finance Agency, the Louisiana Office of Community Development, the City of New Orleans, Council member Stacy Head's office, the Ford Foundation, the Casey Foundation, LISC, Living Cities, the Greater New Orleans Foundation, and others, the development and community supportive services team have been successful in commencing construction and connecting residents to needed services.

The last thing is to continue this success, further investment is needed to provide additional community supportive services. While Katrina was 4 years ago, the traumatic impact on residents is still at the forefront. More funds are needed to provide mental health services to families impacted by the storm. In addition, more resources are needed to sustain case management services—

[The prepared statement of Mr. Freeman can be found on page 74 of the appendix.]

Chairwoman WATERS. Thank you, Mr. Freeman.

Ms. Marshall.

STATEMENT OF JOCQUELYN MARSHALL, PRESIDENT, C.J. PEETE RESIDENT COUNCIL

Ms. MARSHALL. Good afternoon, Madam Chairwoman, invited guests. It is indeed an honor to testify before you all today on the status of the "Big Four" as well as the state of housing throughout the City of New Orleans.

The status of public housing, including the "Big Four," is bleak. The supply does not meet the demand.

The families who were typically middle class before Katrina have fallen into a lower tax bracket because of their inability to find livable wage jobs and meet the high cost of rent in the current housing market. With the state of the economy and the housing market, it leaves all New Orleans residents with little hope that things will improve.

As it relates to the redevelopment of C.J. Peete, initially there was apprehension. That apprehension was based upon what the demolition of public housing would mean to the state of affordable housing throughout the City of New Orleans. However, as it spe-

cifically related to C.J. Peete, we knew that demolition was inevitable but we did not agree with how HUD proceeded with their plan.

To my surprise, redevelopment at C.J. Peete is proceeding very well. We have a very unique working relationship with the redevelopment team which consists of Central City Partners, C.J. Peete Resident Council, McCormack Baron Salazar, KAI Design and Build, NONDC and Urban Strategies, Inc., our community and social services contract administrator.

What is unique about this project is that Urban Strategies works side-by-side with the resident council to provide technical assistance and support for the residents and resident leaders. Also, we have case managers onsite to address the needs of the many families that we serve.

As it relates to the Section 8 program, it has been my experience that the Section 8 program basically creates disparity between low- to moderate-income families and market rate tenants. You are either too rich for public housing or too poor for market rate units. There has to be a balance across-the-board.

What housing challenges are facing former C.J. Peete residents and how should those challenges be addressed?

I would like to break those challenges down into three categories, if I may. There will be current challenges that they will face. There will be challenges that they face trying to get back home. And there will also be challenges when they come back and reside at the new redeveloped sites.

Their current challenges are the social needs—employment, literacy, transportation, affordable, quality early childhood education, locating services in the cities where they currently reside, lack of community schools, and limited healthcare.

My recommendations are:

Each redeveloped site in conjunction with a community center, needs a community social service component to address the needs of residents. Consequently, if we do not address the social element of everyone in the household and provide services at every site, we will be back where we were 10 years ago. Redevelopment should not be focused on bricks and mortar; the social elements must be addressed as well.

Since the lack of employment opportunities is a real challenge for residents, the enforcement and oversight of the Section 3 hiring process is critical in assisting qualified low- to moderate-income individuals in gaining employment. We recognize the challenges each site faces in addressing the pressing needs of many families we serve. We have formed a collaboration with the other sites, beginning with a construction training program coordinated by the C.J. Peete team and community partners to proactively address the Section 3 hiring process at each site. I recommend that all sites address redevelopment from the holistic approach by doing our part in addressing all of the issues to the greatest extent possible.

The challenges that they will face coming home: Getting out of their current leases with landlords, relocation expenses, paying deposits.

Currently, HANO will approve a family or individual to get out of a lease to return to public housing, but that does not typically—

they do not typically approve it if you are a voucher recipient. I recommend that HUD, HANO or the developer pay an early termination fee to the landlord.

Relocation expenses are only offered to residents returning to public housing sites. Therefore, I recommend that the fees be offered to anyone deemed having a right to return to the site, especially if in fact they are returning to that site. The rationale is each resident was involuntarily moved out, so each should be assisted in moving back in.

The challenges that they will face when residing back in the sites: There will be no group to advocate on residents' behalf. There are outdated HUD regulations. Lack of male involvement in the family.

I would recommend that each site needs a resident council or an advisory group made up of a diversified group of residents who reside in the community, to advocate on their behalf. There should be a set criteria that is developed with the current leadership, Legal Aid, HANO and the developer approved by HUD. There should be consistency across-the-board.

Thank you.

[The prepared statement of Ms. Marshall can be found on page 86 of the appendix.]

Chairwoman WATERS. Thank you very, very much.

Let me thank again all of our panelists who have come today to share such important information with us. I am particularly proud of the public housing advocates, residents and former residents who have worked so hard, informed themselves so well and who are advocates on behalf of people who do not have fancy lobbyists working for them at the City, County, or Federal level.

I am extremely impressed with your recommendations and will take them seriously and do everything that I can to try and right some wrongs and to prevent some wrongs from happening in the future as we look at how we rehabilitate and how we restructure Section 8.

Let me start with Mr. Grauley, however. I want to ask each of the developers just quickly, you do not have to go into detail. As you penciled out your proposals and as they were accepted for development, do you now have all of the financing that you need, except for the tax credit part that I understand is not available because of the lack of investment because of the meltdown in our economy? But other than that, do you have all of your financing lined up?

Mr. GRAULEY. We have all the financing for phase I, 466 units. We have a commitment from the housing authority that is in place for the infrastructure for the remainder of the site. After that, there is not funding in place that we are aware of from HANO, but they have committed to see the whole thing through. We have made an application to the State of Louisiana and to HANO for phase two, it is a very strong application and our intention and what we believe will occur is we will roll immediately into phase two late in 2010 with our current application, that will allow us to continue build out.

There is a lot of talk about how there are only so many units, but the focus and the numbers in the Times Picayune are focused

on phase I. Our phase I is an extraordinary size, 466 units, as the other developers—

Chairwoman WATERS. I am just interested in the financing right now. As you developed your proposal, had you anticipated the needed funding from HANO or from any other sources other than your traditional financing sources—well, that may be even traditional, but were you expecting any more money from HANO or HUD?

Mr. GRAULEY. HANO was clear that they were committed to seeing the development through all phases.

Chairwoman WATERS. I am sorry, start that over again, I was a little startled by God's work.

Mr. GRAULEY. HANO was clear that they were committed to seeing the development through all phases and they have stood by us on that. There was a significant traunch of funding for all the "Big Four" from the State of Louisiana and the CDBG program. Those funds have largely been used with the first phases of the "Big Four" and so having additional funds to fill that gap are important. Further, I do not think any of us anticipated, as my colleagues have referenced, seeing the tax credit market occurring as we have. We certainly—I would echo the request around the GO Zone credits. That enhanced our equity raise very substantially, we were able to close it in time. And having that come back in place would be very important to allow future phases to get the kind of pricing that would bring a lot more private funds in.

Chairwoman WATERS. So what you are basically telling me is, of course, you anticipated the cost and you organized your redevelopment based on real numbers that you submitted. But there are still some questions about some portions of that funding coming from other sources, such as the State, HANO, etc.

Mr. GRAULEY. Yes. In our case, we do not have questions about phase two, our phase two does not use the State CDBG resources, but in subsequent phases after that, to get to the full build out of the site, which is very important, so we can replace all the units, there is a question about that.

Chairwoman WATERS. Okay. All right, what about Lafitte and Enterprise, except for the investment tax credits.

Ms. WHETTEN. Right.

Chairwoman WATERS. Do you have all of your financing lined up?

Ms. WHETTEN. For the first 568 rental units and 244 for sale units, we have the CDBG funds from the State of Louisiana through the piggyback program, and tax credits committed and we have HANO subsidy committed to complete those units. If there is one sort of gap in where we believe we need additional funds, it is for additional homeownership subsidy to make the for sale homes that we build more affordable to the residents wishing to buy a home.

Now we have a committed investor for the first 137 rental units and we have, as I mentioned, the funds committed for the for-sale units, which is 47 in the first phase. We believe we have—we do have strong investor interest and believe we can sell the credits to complete the 568 units but for the placed in service extension.

Chairwoman WATERS. So you in no way, either Mr. Grauley or you, are looking to HUD for any more money?

Ms. WHETTEN. As I said, we believe additional funds are necessary to make for sale homes affordable to the residents in Treme—

Chairwoman WATERS. Okay, and what about you, Mr. Grauley?

Mr. GRAULEY. Not on phase I and phase two, Madam Chairwoman, but in additional phases, certainly we will be and HANO has committed to that.

Chairwoman WATERS. All right. Mr. Key?

Mr. KEY. Congresswoman, I am looking to HUD for help.

Chairwoman WATERS. You need some money.

Mr. KEY. Yes, we need $22 million.

Chairwoman WATERS. Okay. Mr. Freeman?

Mr. FREEMAN. We have all of our funds for the original phase with the soft second program for homeownership. We are looking for additional funds for our homeownership phase and for additional funds for a commercial phase.

Chairwoman WATERS. Okay, what I have heard here today, developers, from residents and from our advocates is there should be more low-income units or units that people could qualify for, who only have—meet the criteria for public housing.

So you have already designed your projects, you have penciled them out, you know what the costs are, but if you need more money to complete it and if you were asked in exchange for that money to modify your plans so that you could increase the number of low-income units, what would you do?

Mr. GRAULEY. I believe we would like to look at that and consider that. We do believe in the mixed-income model and that was—

Chairwoman WATERS. No, I know all of that. I see your mixed-income model, I see what you have for public housing in essence, I see what you have for the tax credit units, I see what you have for homeownership. That is not my question. My question is that would you, could you modify your plans to accommodate more low-income housing opportunities, if you had to.

Mr. GRAULEY. We could—yes, we certainly would consider it.

Chairwoman WATERS. What about Enterprise, could you do that?

Ms. WHETTEN. In our first major development phase, the 568 rental units, all but 40 are permanently affordable to households that could previously afford public housing rents.

Chairwoman WATERS. For Lafitte, I am looking at your planned units are 176 from the Times Picayune very graphic description of the total number of units that they had at Lafitte, the number that was unoccupied, the number that is planned in the blue section for the low income or the public housing criteria eligible, etc. What I want to know is if you are looking at the same thing I am looking at or if you understand the same thing I understand, would you increase that 176?

Ms. WHETTEN. I am not familiar with the numbers you are looking at and they do not match with anything in my understanding of what—

Chairwoman WATERS. Well, let me just ask it this way, if you need money from HUD and you were told by HUD the legislators will not let us do it unless you increase the numbers, what would you do?

Ms. WHETTEN. Our commitment is to build 900 affordable, subsidized permanently affordable rental units in the full development.

Chairwoman WATERS. We know that, we know that, you told us that already, and we know that you have some units on the footprint and you have some that are in scattered housing.

Ms. WHETTEN. Right, our first phase—

Chairwoman WATERS. We are talking about in the footprint, that is what I am talking about now. I am asking a question. I do not have any plans yet, I do not know anything. I am just wondering, since the residents tell me that they believe, as I do, that there should be one-for-one replacement, they do not necessarily believe that it should be a reduced number on the footprint and the rest of it in scattered housing, that maybe we should have more on the footprint. If you were asked to do that, based on the ability to help continue the funding, what would you do?

Ms. WHETTEN. Our site plan was carefully designed based on the wishes of residents to de-densify the site and provide more single and double occupancy homes and apartments. Our commitment is one-for-one replacement and deconcentration of poverty, and we are doing that through scattered sites and on-site development. Our on-site rental units are—our first phase is 568 and as I said, all but 40 are permanently affordable. So additional affordability if we had—

Chairwoman WATERS. Okay, you are not prepared to answer my question at this time.

Let me move on to Mr. Key. What would you do, Mr. Key?

Mr. KEY. If we could make it economically affordable, we would definitely look at it.

Chairwoman WATERS. You would consider what I am proposing? And like I said, I am not proposing it now, I am wondering.

Mr. KEY. Sure.

Chairwoman WATERS. And I am trying to—because all of you respect the residents so much and you work with them so closely and you want their input. And their input to a person is there should be more onsite low-income units. And so what you are saying is you would consider that.

Mr. KEY. Yes, I would consider it.

Chairwoman WATERS. What about you, Mr. Freeman?

Mr. FREEMAN. All 50 of our homeownership units that we need additional funds for are public housing replacement units.

Chairwoman WATERS. I beg your pardon?

Mr. FREEMAN. All 50 of our homeownership units that we need additional funds for are public housing replacement units.

Chairwoman WATERS. Okay. I am certainly not talking about homeownership, and you know that.

Mr. FREEMAN. Well, the answer to your original question of do we need additional funds for—

Chairwoman WATERS. No, no, no, no. That is not what I asked you. What I said was if you need additional funds to finish whatever you have to finish and if the requirement was, in exchange for the funding, that you have to maybe instead of having 50 homeownership units, maybe you have 25, and the other 25 are converted now to low-income units. Could you do that?

Mr. FREEMAN. On our current plan, we could not do that.

Chairwoman WATERS. That would be impossible for you to do?

Mr. FREEMAN. Yes.

Chairwoman WATERS. Okay, so you would have to turn down the money if that was a requirement.

Mr. FREEMAN. Right.

Chairwoman WATERS. Okay. That is all I wanted to know.

Secondly, let me ask about the jobs. And I do not want to prolong this discussion on this and I want to be as clear as I can possibly be.

You gave me a number, Mr. Grauley, that you had—of jobs, that had been realized in what, the demolition stage?

Mr. GRAULEY. The demolition stage and the new construction stage.

Chairwoman WATERS. Okay, give me that again. On the demolition stage, how many residents did you hire and are they still hired, what happened to them? Did they transition to the new construction? What happened to those—what was it, 17?

Mr. GRAULEY. That is right. We had—Section 3 requires that we report Section 3 hires against all new hires at the site. And in the demolition phase, we had 17 Section 3 hires. That was all of the new hires at the site, by our contractor.

In the new construction phase, we have—our latest report to HANO is based on July and that was a total of 39 Section 3 hires on the site by the site contractors and subcontractors. That number, as of today, has increased to 50, because as each new contractor comes on site, new trades, painting, drywall is just coming on site—

Chairwoman WATERS. Let me try and understand. The first 17 that you hired, are they still working?

Mr. GRAULEY. The demolition work is complete, so they are not working now.

Chairwoman WATERS. That is complete, so that 17 is not there now.

Mr. GRAULEY. Not at this time, they were hired for demolition.

Chairwoman WATERS. Okay, so the 39 that you are referring to that you described as Section 3, they are now working on new construction, is that right?

Mr. GRAULEY. Yes, they are. There are a couple who had been working and who are no longer working, one—

Chairwoman WATERS. I beg your pardon?

Mr. GRAULEY. There are a couple of those who have been working and who are no longer working, but we reported them as part of the total.

Chairwoman WATERS. How many of the 39 are actually working today, have jobs?

Mr. GRAULEY. Based on the numbers that I have, that would be 37.

Chairwoman WATERS. About 37?

Mr. GRAULEY. It would be 37.

Chairwoman WATERS. And what about—what is this number 50 that you referred to, what does that include?

Mr. GRAULEY. We report this every month and it builds every month as we have more contractors on site, we have more trades

on site, more opportunities. So 50 is as of August, the 39 is as of July. We reported to the community as part of your package in June that had a lower number than that. It is building as we go through.

Chairwoman WATERS. Is this report a report that is cumulative of all the people that you have hired or are these new hires?

Mr. GRAULEY. It is both, Madam Chairwoman, it is—

Chairwoman WATERS. So the 17 who are no longer working there may be showing up in this 50 number, is that right?

Mr. GRAULEY. There may be—

Chairwoman WATERS. It probably is. Okay, Mr. Key.

Mr. KEY. We just completed demolition, so we have not gone vertical yet, so our construction work has only been mainly demolition and beginning of infrastructure.

Chairwoman WATERS. How many people did you hire during demolition, residents?

Mr. KEY. We had 21 Section 3 employees.

Chairwoman WATERS. Twenty one residents.

Mr. KEY. Out of the 21, I do not know exactly how many were residents, it was about maybe 10 or 12 residents.

Chairwoman WATERS. About 10 or 12 residents. And those 10 or 12 are still working or no longer working? Demolition is over.

Mr. KEY. Is done.

Chairwoman WATERS. So they are not working?

Mr. KEY. No.

Chairwoman WATERS. Are you in new construction?

Mr. KEY. We are not in construction yet.

Chairwoman WATERS. That is it.

Mr. KEY. Yes.

Chairwoman WATERS. All right. Mr. Freeman?

Mr. FREEMAN. During demolition, we had 23 Section 3, that was 87 percent of all demolition staff on site. During construction, we are at 55 percent of new hires, which is 12 Section 3. Overall, which includes community supportive services, we are at 79 percent, which is 58 Section 3 hires.

Chairwoman WATERS. What was that bottom line, 58?

Mr. FREEMAN. Fifty eight, yes.

Chairwoman WATERS. Total, including the—

Mr. FREEMAN. Community and support services.

Chairwoman WATERS. —the 23, the ones on demolition?

Mr. FREEMAN. It does include demolition.

Chairwoman WATERS. I beg your pardon?

Mr. FREEMAN. It does include—

Chairwoman WATERS. And demolition is complete?

Mr. FREEMAN. Demolition is complete.

Chairwoman WATERS. So 23 of the 58 are not working any more.

Mr. FREEMAN. That may or may not be true. Some may be with some of the contractors.

Chairwoman WATERS. Well, tell me what is true.

Mr. FREEMAN. I cannot tell you how many of the demolition were hired by—

Chairwoman WATERS. Okay. Well, we are going to have to get some oversight on these resident jobs and we are going to have to understand it a lot better.

And our numbers have to be—yes, Ms. Marshall, what do you know? Maybe Ms. Marshall can help us out.

Ms. MARSHALL. I do want to state as it relates to the demolition, we really did have to fight to get residents hired with the demolition process, because at first when that contractor came in there, there were no residents hired. We brought it to the attention of McCormack Baron Salazar and they addressed the situation and for many reasons that contractor was cut. So that issue was addressed, and as a result of that, we coordinated that construction training program.

But there needs to be more enforcement with the contractors to have some kind of set rules in place that if they do not adhere to hiring Section 3 qualified individuals, you hold their money or something or the contract is cut.

But as it relates to the C.J. Peete construction training program, we have had two training sessions thus far. Our next session is on September 28th. We have trained 33 individuals. Out of the 33, 22 new hires. We have exceeded the Section 3 first hire mandate by 55 percent. Ten of the residents were C.J. Peete residents. We had three residents from B.W. Cooper. And when I stated that we are trying to coordinate with other sites, we recognize, we were awarded a whole big $20 million funding grant, so wherever we can help other residents at other sites, the goal is to train them and those developers hire them at that site. So those individuals—and we work very closely with B.W. Cooper and we are reaching out to other sites to send as many residents over so they can get those jobs on those sites as opposed to others.

Chairwoman WATERS. Thank you very much. This is a real bone of contention with me. I do not think that people who are unemployed should stand around and watch other people who come from every place else, working on their site where they used to live or where they are going to live, and not be hired. So that is a real problem that needs to be monitored and oversight needs to be done. And we will be talking about how we get that done.

Now let me just move to this criteria that is being developed. How many of the developers have developed criteria that would require credit checks for people moving into these units?

[Mr. Freeman raises his hand.]

Chairwoman WATERS. Why?

Mr. FREEMAN. It is for all residents, not just public housing residents and it is—

Chairwoman WATERS. I do not care about all residents. All I want to know about is public housing residents right now.

Mr. FREEMAN. It is just a check to make sure that folks are who they say they are and it is just another check to make sure that they are on the list properly with the housing authority.

Chairwoman WATERS. Well, if you are vetting to see if people are who they say they are, there are a lot of ways to do that. But one of the things I have a real problem with is people being denied because they have credit problems. If you are poor, you have credit problems. And I do not want people denied because they have credit problems. So what do you use this information for?

Mr. FREEMAN. We do not deny residents because they have credit problems. If there are things on their credit that makes it hard for

them to get utilities, they work with the case management in the community center, which works with them through those credit agencies and we work with them well before lease up to make sure that they are ready for occupancy and can get utilities in their name and they are ready to move into the units.

Chairwoman WATERS. It is great if you are helping people with utilities, but again, I am adamantly opposed to the refusal of rental units to people who have poor or weak credit.

Let me also ask about this work requirement. You have work requirements, Mr. Grauley?

Mr. GRAULEY. The documents that we have with HANO have a work requirement for head of household and co-head of household for all the residents of—

Chairwoman WATERS. This is not a move-to-work housing authority.

Mr. GRAULEY. I am not aware that it is. But this was part of our application from the outset, it was part of what we reviewed with HANO and with HUD and part of what was adopted as part of the management plan, the regulatory and operating agreement, etc.

Chairwoman WATERS. That is being challenged in one of our advocacy groups that was here today. The Advancement Project is looking at this issue. And we will follow up on it.

What about Enterprise, do you have credit requirements and/or work requirements?

Ms. WHETTEN. As I understand it, as mandated by HUD or HANO policy, credit checks are conducted only on applicants who have a prior history of rent payment issues with the Housing Authority of New Orleans. Beyond that, we do not conduct credit checks.

And we do not have a work requirement.

Chairwoman WATERS. And the credit check is on residents who had previous problems with paying their rent?

Ms. WHETTEN. That is my understanding, yes.

Chairwoman WATERS. Do you understand that even if there were residents who had previous problems paying their rent, unless they were evicted, they should be eligible?

[no response]

Chairwoman WATERS. You do not know that either. Do not worry.

Mr. Key?

Mr. KEY. As I mentioned earlier, we have yet to create our—

Chairwoman WATERS. I cannot hear you.

Mr. KEY. We have yet to create our structure for rental policy. We will be working with the residents, the investor, and HANO to do so.

Chairwoman WATERS. You are smart, Mr. Key. Work with the residents.

Mr. Freeman?

Mr. FREEMAN. We do not have a work requirement.

Chairwoman WATERS. Good.

I reviewed some of the identified requirements and it appeared to be almost hearsay. Information that has been presented by somebody sometime somewhere about somebody's character. Do you have such loose requirements, Mr. Freeman?

Mr. FREEMAN. Character? No.

Chairwoman WATERS. Run down your requirements for me.

Mr. FREEMAN. We do not have those loose requirements.

Chairwoman WATERS. What requirements do you have?

Mr. FREEMAN. We do have the same screening process that HANO requires.

Chairwoman WATERS. I do not know what it is. I want you to tell me.

Mr. FREEMAN. To verify that they are eligible for public housing. We do criminal background checks.

Chairwoman WATERS. Okay. What else?

Mr. FREEMAN. And the credit checks.

Chairwoman WATERS. Okay. Do you send people out to visit folks to view their living conditions before they can move in?

Mr. FREEMAN. Yes, all residents do receive a home visit.

Chairwoman WATERS. Is this what the residents told you they wanted you to do?

Mr. FREEMAN. This was in consultation with the residents and they did not object to it.

Chairwoman WATERS. I did not ask if they objected. I asked if they told you this is what they wanted.

Mr. FREEMAN. That is my understanding, but I will let Ms. Marshall speak for herself.

Chairwoman WATERS. Ms. Marshall, is that part of the requirements that residents helped to develop, that there be home visits to determine whether or not people should get units?

Ms. MARSHALL. Yes. That is something that we actually proposed to the resident council and we thought the residents were really going to have a fit with that. But it was presented to residents at our community meeting and to my surprise, you know, a few residents asked questions in regard to it, but we consult with legal every day basically and legal is at the table and one of the things I asked legal was if someone may be living somewhere and their living conditions are not up to par, legally can they deny that resident to return. And the answer is no, so I do not know—

Chairwoman WATERS. What do you know about this, Ms. Johnigan?

Ms. JOHNIGAN. About what—

Chairwoman WATERS. About what you guys—you said they developed their criteria in conjunction with the residents. Did you all require or are you going to require or have you required that there be a home visit before people can get a unit?

Ms. JOHNIGAN. Because we still have families on site, we go out to visit the home. That has been a part of our process, to look at it to make sure that the resident—that the work that we have done, that the residents are still living in safe and sanitary conditions.

Chairwoman WATERS. Did I not visit you at your home?

Ms. JOHNIGAN. Yes, you did.

Chairwoman WATERS. I was at your house. I understand how the residents—you are strong over there.

Ms. JOHNIGAN. Yes.

Chairwoman WATERS. I remember that.

Ms. JOHNIGAN. But I have a smaller apartment now.

Chairwoman WATERS. I thought they were expanding your apartment when I was there?

Ms. JOHNIGAN. I moved to a smaller apartment.

Chairwoman WATERS. Oh, I see, okay, all right. I remember, yes.

Ms. JOHNIGAN. But anyway, what we have to do is—that is a part of what we do, to make sure that the work we have done when we redid it, that our residents are keeping their apartments up to par. So that when something happens, it is nothing that we have done. Okay? So when we get ready to start, this is something that Mr. Key, and we were in a retreat yesterday talking about how we are going to go about putting the new lease together and what are the requirements going to be.

Chairwoman WATERS. Would you come up with a requirement that if someone's home has not been kept up in a way that you would want it to be kept up and thus they would be denied a unit?

Ms. JOHNIGAN. No, let me go back and tell you why it makes it so unique for the relationship that we have. We have told Mr. Key, they have been out there and looked, some of the apartments have people living in them we already know have one bedroom. So if you go in and you see different things here and there, that is because that one bedroom is still not comfortable enough for a person to live in. So when you go in, do not think that person cannot pick up, it is the fact that there is no closet space, no kitchen space, no bedroom space. So there are boxes in corners and things like that. Cleanliness means if you go in and there is a greasy stove that you can use without even lighting a match are things that are inappropriate. But no, when we talk about coming in, you have to look at the situation they are in now. Even under Section 8 housing, if they go look, you have to look at the way that house is too.

Chairwoman WATERS. All right. I think I saw several instances where you talked about resident councils or advocates who are going to be a part of the development, who will truly have the opportunity to speak for the residents and be involved in decision-making. The formulation of the resident councils or resident involvement now should be just that. If it is not, is there something else we need to do in order to ensure that there are well organized resident councils and involvement? I think Ms. Mingo, you said nobody pays any attention to what you say anyway.

Ms. MINGO. No.

Chairwoman WATERS. And that you do not feel as if you have the ability to influence these decisions. What do we need to do to strengthen the resident council?

Ms. MINGO. First of all, the developer needs—they need to start building a relationship and stop ignoring and neglecting. I was one of the very first persons on the ground when they tore down the first brick in St. Bernard. They went straight non-stop because we were so strong trying to stop them. To my knowledge, and I was there, we never had any job training, we have no more than five residents working on that ground.

If you ask Mr. Grauley or one of his colleagues a question when we are—I have so much anger in me with them, but when I go to their meetings to ask them to break it down—because some of the stuff they are talking about, really I do not understand it. So I try to break it down to the same level with me and a resident. But if

you ask them and you make them angry—we have residents right now that was here with me at that meeting. They will walk out on you. And the whole meeting will be shut down. I went to the last meeting so I asked Mr. Grauley or one of his colleagues who is sitting four rows back to explain what straight public housing is and what tax credit public housing is. So first I asked a resident and she said well, she told me, he told me. I said no, they did not explain it the way for you to understand. So the next time we went to a meeting, they didn't explain it because I walked out, I was so mad. So it was a big old thing, but after I explained it some kind of way, they explained it the right way.

And she got very angry because when they explained it, they said oh, no, there are 157 public housing residents, straight public housing residents can return. Columbia, they talked to probably one person who used to be on HANO's board, but people who are on the ground who are fighting that are not getting picked, they totally ignore. The only way we will get attention, we have to bring 50 and 60 people to get attention. And if you bring that, you are cut out, period.

We do not have job training. When they demolished the buildings, everybody came running to me because they know we are out here, we were requesting jobs for them. We even went up to HANO building, all the people who sent them and when they went, they said oh, no, we have to put you on another site. I do not care what site you put them on. Like Ms. Jocquelyn was saying, as long as you are a public housing resident and you get on a site to help rebuild this. I never asked for a job with this because I do not want a job, I have a job. I do not want anybody to dictate to me, I will fight and say what comes from my heart.

Chairwoman WATERS. So from your point of view, Mr. Grauley is not all that he says he is, is that right?

Ms. MINGO. No. I never—this my first time meeting Mr. Grauley—this is my first time seeing him.

Chairwoman WATERS. Okay.

Ms. MINGO. This is my first time ever seeing him. You cannot hold a conversation with staff, because if you don't understand while they read through their list, they act like you are not even there.

Chairwoman WATERS. Do you have some people you want to report to him who have treated you in the fashion that you are describing? Do you have some names you want to give him so he can see if he can correct this?

Ms. MINGO. Well, he can talk to Monica in the back. When you are sitting up in a meeting and you ask her a question, she [motions].

Chairwoman WATERS. Which one is she?

Ms. MINGO. She rolls her eyes.

Chairwoman WATERS. Is she here?

Ms. MINGO. Right there, yes.

Chairwoman WATERS. Really?

Ms. MINGO. She will not talk to you. And there is another guy, I forgot his name. I tell you, I have so much anger. When you had a mother who died in Katrina because she wanted to come to St. Bernard—these people do not do any training. They say they have

50, you go count them. People across the street from public housing by the grocery store watch as others take jobs that rightfully belong to surrounding communities. Now I do not have a problem with the people who are working, but I do have a problem when St. Bernard residents come and ask you and beg for the crumbs, can we pick up a brick? When St. Bernard was down, public housing did not pick up any bricks. The only reason why I have two St. Joseph bricks is I went in and I got some St. Joseph bricks. And I can tell you a lot of other St. Bernard residents went up to save St. Joseph brick for remembering. St. Bernard is not like that and that is why what Jocquelyn was saying, that is good and I recommend her and I love her, but only if they can start by building a relationship and stop ignoring us, maybe me and the others, we would not be so angry. Because I know when I said my testimony, I know you can hear the anger in me. They do not tell you anything, they do not want to talk to you. We just had our own job fair, one of these guys, I do not know his name, but somebody in the audience knows his name.

Chairwoman WATERS. Okay, I get it. Now obviously you need to develop a relationship. No matter what you say, the only thing that is true is the fact that they do not feel, and Ms. Mingo does not feel, that you have the kind of working relationship that is respectful. So you all need to work that out.

Let me ask Mr. Grauley, do you have any minority joint venture partners in your development? Minority partners in your development.

Mr. GRAULEY. Well, we have—

Chairwoman WATERS. Minority partners.

Mr. CAO. As part of the development team?

Chairwoman WATERS. Yes.

Mr. GRAULEY. Columbia Residential is—

Chairwoman WATERS. I beg your pardon?

Mr. GRAULEY. Columbia Residential is a minority-owned business, we have numerous contractors—

Chairwoman WATERS. No, no, I am not asking about the contractors now, those are the people that you employ. I am asking about your development company, do you have minority partners?

Mr. GRAULEY. Yes, Columbia Residential is a—

Chairwoman WATERS. I beg your pardon?

Mr. GRAULEY. Columbia Residential is a minority-owned business enterprise.

Chairwoman WATERS. Oh, it is?

Mr. GRAULEY. Yes, it is, ma'am.

Chairwoman WATERS. And who are the minorities?

Mr. CAO. Noel Khalil is the founder and chairman.

Chairwoman WATERS. Who is?

Mr. GRAULEY. Noel Khalil is the founder and chairman and built the company over the past 17 years. He does not wear his minority status on his sleeve at all, but it is the truth about our company.

Chairwoman WATERS. We will check it out.

What about Enterprise, do you have minority partners? Everybody at Enterprise is minority, right?

Ms. WHETTEN. Well, obviously, that is not the case. No, if you are asking just the members of the development team, the co-developers, we do not.

Chairwoman WATERS. You do not. Mr. Key, obviously you are the CEO of the company. Did you joint venture with any other minorities?

Mr. KEY. No. We partnered with the BWCRMC, they are our partners.

Chairwoman WATERS. Okay, Mr. Freeman, what about you guys, McCormack Baron Salazar, do you have minority partners?

Mr. FREEMAN. Tony Salazar is the minority partner in the firm and we partnered with KAI Design and Build.

Chairwoman WATERS. What is your partner?

Mr. FREEMAN. KAI Design and Build.

Chairwoman WATERS. In St. Louis?

Mr. FREEMAN. Yes, ma'am.

Chairwoman WATERS. Okay, we will check it all out and see what is happening with these developers.

You have something you are just dying to say, Mr. Grauley. What is that?

Mr. GRAULEY. I would just like to respond to Ms. Mingo. I appreciate the anger that she has, but the fact is that we do meet regularly, we do review with the resident council, who are the resident leaders, not represented right here. On a regular basis, we have met over the past 2 years as part of the design. There are a lot of questions that come up, and we try to respond to those. I have met Ms. Mingo, I met her first in July of last year at a meeting. We also have responded to her letter of June to the housing authority. And so I just wanted to set that straight. We take it very seriously and we are trying to work with the residents.

There are concerns that are raised, there is not always agreement and obviously we would like to do better with that, but to state that we do not hear and to state that our staff is not trying to hear the concerns of residents, I just wanted to put that straight.

Chairwoman WATERS. As I said, you obviously need to develop a better working relationship. Ms. Mingo would not be here in a public meeting with these complaints and this kind of anger if she was happy, or if she was satisfied, or if she thought you had done your best. So it is on you to do what you can to develop a better relationship and have the people who work for you treat people respectfully and answer their questions and who do not snub or turn up their noses at them. That is just not acceptable and it leads to problems.

So I hope you take her concerns seriously.

Thank you all for being here today. You have helped me so much.

And I guess I have some things I have to do here.

Some members who have participated here with me 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.

And before we adjourn, the written statement of Mr. Sam Jackson will be made a part of the record of this hearing.

With that, I think I have complied with all that I must comply with. And this hearing is adjourned. Thank you so very, very much. Thank you for your participation.

[Whereupon, at 2:25 p.m., the hearing was adjourned.]

A P P E N D I X

August 21, 2009

Subcommittee on Housing and Community Opportunity Field Hearing Testimony for Yusef Freeman, scheduled for August 21, 2009 in New Orleans, LA

My name is Yusef Freeman and I am an employee of McCormack Baron Salazar and the project manager of the redevelopment of Harmony Oaks, formerly known as the C.J. Peete and Magnolia public housing development. In partnership with the New Orleans Neighborhood Development Collaborative, a local nonprofit organization, and KAI Design and Build, an MBE architecture firm, we were selected by the Housing Authority of New Orleans (HANO) through a response for qualifications procurement as Central City Partners (CCP) with Urban Strategies, to redevelop the former public housing site, provide community supportive services to the former residents of the site, improve educational opportunities in the neighborhood, develop sports and recreation facilities, and develop quality commercial services for the community.

The mission of McCormack Baron Salazar is to rebuild neighborhoods in central cities across the United States that have deteriorated through decades of neglect and disinvestment. In partnership with communities, we bring vision, experience, and commitment to the challenge of community revitalization.

In the past thirty-five years, the company has closed one hundred thirty-six (136) projects with development costs in excess of $2.1 billion. It has developed 15,143 housing units and one million square feet of retail/commercial space.

MBS has been extensively involved with HUD's public housing "mixed-finance" program dating back to early 1994 when it proposed the idea to then HUD Secretary Henry Cisneros. The first two demonstration projects closed in the spring of 1996, and were both McCormack Baron Salazar developments, Centennial Place in Atlanta and Murphy Park in St. Louis. Both Centennial Place and Murphy Park are mixed-income developments requiring the physical transformation of two severely distressed public housing sites, including two significant educational initiatives with adjoining schools, welfare-to-work programs with returning residents, and a variety of new social service providers serving the new communities. The two developments offer excellent examples of public housing transformation. Since 1996, McCormack Baron Salazar has closed forty-nine (49) phases of HOPE VI developments in fifteen cities involving 6,419 units and $1 billion in total development costs. To date more than 5,100 units have been completed and another 1,228 units are under construction.

Harmony Oaks

Originally constructed as 1,403 public housing units on 41.5 acres, C.J. Peete was considered obsolete long before Hurricane Katrina. Demolition approval for more than half of the site dates back to 1997, with only 723 of the original 1,403 units standing in 2005. By the time Katrina struck on August 29, 2005, only 144 families were still living at the site. These families were displaced, many out of state, by the Hurricane Katrina emergency. The buildings remained vacant until they were demolished in the spring of 2008.

The new Harmony Oaks mixed-income community will include 460 mixed income rental units: 193 public housing units, 144 Low Income Housing Tax Credit units, and 123 market-rate rental units. Three on-site historic buildings are being rehabilitated, including one residential building, the administration building and the community center. In addition to the community center, which houses the computer lab, the site will include a swimming pool, fitness room, community space, an on-site management building, and each cluster of buildings will have tot lots and secured parking.

Harmony Oaks was designed in partnership with the C.J. Peete Resident Council, HANO, and community stakeholders. A project steering committee that includes representatives from the resident council, HANO, state and local government, the school district, neighborhood faith community and other community stakeholders continue to meet on a quarterly basis to contribute to the development of the site.

The for-lease apartments and townhouses are all designed with market-rate features. There are no amenity distinctions between public housing, market rate and tax credit units. Each unit will feature high quality flooring, window treatments, central heating and cooling, wood kitchen cabinets, refrigerators, ceiling fans, microwaves, dishwashers, clothes washers and dryers, and security systems.

Construction of the 460 rental unit phase began in February of this year and is approximately 22% complete. 57 slabs have been poured, 27 buildings are framed, 95% of the drainage and sewerage are constructed and 50% of the water lines are complete.

The cornerstone of the new community will be a Campus of Learners comprised of a new state-of-the-art elementary school, recreation center, and health clinic. McCormack Baron Salazar has committed $20 million of our allocation of New Markets Tax Credits to the Recovery School District for the redevelopment of the Woodson School that is located across the street from the Harmony Oaks site.

50 homeownership units are being developed by NONDC in the community surrounding the Harmony Oaks site. Eight of these homes are currently under construction. NONDC is working with HANO and Urban Strategies to qualify low-income homebuyers to participate in the homeownership program.

Community Supportive Services

The development team procured Urban Strategies to coordinate community and supportive services for households who lived at the former C.J. Peete development. Urban Strategies is a not-for profit corporation that works to help communities build safe neighborhoods, good schools, and a range of comprehensive human service supports.

Urban Strategies is coordinating all of the support programs that assist former C.J. Peete residents achieve self-sufficiency, including intensive case management, job training and placement, quality child care and schools, access to physical and mental health services, senior programs, and enrichment activities for children and youth. Urban Strategies case managers are working closely with the residents to access needed services, regardless of where they are currently residing in the country.

CSS activities currently operating out of the C.J. Peete Community Center include case management, technology programs, social activities, tutoring, construction job training, health programs, and community based programs built on local partnerships. Urban Strategies case workers are currently providing community supportive services to 485 former C.J. Peete residents.

Re-occupancy

When complete, 193 of the 460 mixed-income rental units at Harmony Oaks will be public housing units. Public housing residents will also be eligible to use vouchers to rent market rate and tax credit units. All former residents interested in returning to the site will complete an application to the management company, McCormack Baron Ragan (MBR). To be admitted to a public housing unit, the applicant must meet all eligibility requirements for admission to public housing as established by HUD and HANO. In addition, all public housing, market rate, and affordable unit applicants must go through a screening process. The process and re-occupancy plan was established in consultation with the resident council and HANO. This includes an evaluation of all applicants' past performance in meeting financial obligations, especially rent, to consider if there is a substantial risk that such applicant will not fulfill its rent obligations. In addition, a criminal record check, as allowable by law is completed for all applicants for occupancy in the residential community that shows no record of past criminal activity by a household member as follows:

(A) No record of conviction for manufacturing drugs;

(B) No record of conviction for distributing drugs;

(C) No record of conviction for drug possession within the last seven years;

(D) No record of a conviction for a crime against a person within the last seven years;

(E) No record of a conviction for a crime against property, or for concealed weapons possession, within the last seven years; and

(F) No record of conviction for murder, attempted murder, rape or attempted rape.

Again, this criterion was established in consultation with the resident council and HANO.

Before an applicant is denied admission to the development on the basis of a criminal record, McCormack Baron Ragan will notify the head of household of the proposed denial and shall provide the subject of the record and the head of household with a copy of the record and an opportunity to contest the accuracy and relevance of the record.

HANO adopted the re-occupancy policy under which residents of the former C.J. Peete public housing development, and of other HANO-owned public housing developments, will have priority rights to admission to the public housing units in Harmony Oaks, subject to the previously-mentioned eligibility requirements and screening criteria.

HANO has defined and prioritized the categories of persons having priority rights to admission to public housing units as follows:

(a) "Tier One ": Families resident at the C.J. Peete Site at the time of Hurricane Katrina and thereupon evacuated. HANO has indicated that there were 144 such families.

(b) "Tier Two": Families who were relocated from the C.J. Peete Site as a consequence of the HUD demolition approvals granted in 1997 and who elected, prior to their relocation and pursuant to HANO's Relocation Plan adopted in connection therewith, to have the right to return to the redeveloped C.J. Peete community.

(c) "Tier Three ": "Priority One" families on HANO's "Disaster Re-occupancy Priority List."

(d) "Tier Four ": Families on HANO's Disaster Re-occupancy Priority List who resided at the time of Hurricane Katrina in HANO units that will not be reopened.

In July, McCormack Baron Ragan and Urban Strategies held workshops for returning residents to assist with the application process. Case managers continue to work directly with the residents to prepare them for the application process and re-occupancy.

Closing

In partnership with the C.J. Peete Resident Council, HANO, HUD, the Louisiana Housing Finance Agency, the Louisiana Office of Community Development, the Industrial Development Board of New Orleans, the City of New Orleans, Councilmember Stacy Head's office, the Ford Foundation, the Annie E. Casey Foundation, LISC, Living Cities, the Greater New Orleans Foundation and others; the development and community supportive services team have been successful in commencing construction and connecting residents to needed services.

To continue this success, further investment is needed to provide additional community supportive services. While Katrina was four years ago, the traumatic impact on residents is still at the forefront. More funds are needed to provide mental health services to families impacted by the storm. In addition, more resources are needed to sustain case management services, literacy classes and job training. We appeal to the government and philanthropic community to help address these funding gaps.

In addition, we appreciate the support of the Federal Government to continue the demolition process of the Thomy Lafon School that is centrally located in the Harmony Oaks site and provide opportunities for the revitalization of the Claiborne Commercial corridor that is located at the northern end of the development.

Thank you for providing the opportunity to testify before you today.

ORAL TESTIMONY

Sandra B. Henriquez, Assistant Secretary
Office of Public and Indian Housing
U.S. Department of Housing and Urban Development
Congresswoman Maxine Waters' Congressional Field Hearing
"Status of the Big Four"

New Orleans, Louisiana
August 21, 2009

Chairwoman Waters, Ranking Member Capito, distinguished Members of the Subcommittee on Housing and Community Opportunity. I am honored to be here today on behalf of the Department of Housing and Urban Development.

On the eve of the fourth anniversary of Katrina, I want to discuss the progress we have made over the last six months and share HUD's vision for creating sustainable, inclusive, and prosperous communities – that will not only provide affordable housing choices for New Orleans' low-income residents, but also offer greater economic and educational opportunities – and help New Orleans move from recovery to revitalization.

Pre-Katrina

Prior to Hurricane Katrina, the Housing Authority of New Orleans, which has been under HUD Administrative Receivership since 2002, was transitioning from conventional public housing to

mixed-income redevelopment. At the time Katrina struck, there were 7,379 public housing units, of which 5,146 were occupied.

Present Day

Since the hurricane, HUD and HANO have committed to provide housing for all public housing residents and Housing Choice Voucher holders wanting to return to New Orleans, and we have prepared a redevelopment plan for the four public housing sites known as the Big Four to facilitate their return.

The redeveloped Big Four will encompass over 4,000 mixed-income units. The initial phases will result in 2,170 new units including: 634 public housing, 882 affordable rental, 266 affordable homeownership, and 388 market rate rental units.

These initial phases utilize $246 million in tax credit equity, $108 million in CDBG funds, $20 million in bonds, $21 million in HOPE VI funds, and $100 million in HANO Capital and other funds. HUD also obtained $71.8 million in additional funding from FEMA, and HANO contributed an additional $132 million as a result of the Section 901 extension.

ORAL TESTIMONY

Phase I construction is now underway at both St. Bernard and C. J. Peete. By December 2010, Phase 1 construction will be complete, along with the homeownership units, and a total of 948 new units available for occupancy. The full 1,326 units at St. Bernard will be complete in 2012. The full 510 units at C. J. Peete will be complete by the end of 2011.

Both Lafitte and B.W. Cooper have experienced delays, primarily because of the equity market downturn in fall 2008. Construction on the first sub-phase of Lafitte—134 units— will begin immediately following next week's closing. Phase I infrastructure work began at B. W. Cooper in January 2009, which is projected to close in late 2009, and consists of 410 units. And at all Big Four sites, former public housing residents of both complexes will receive first preference for the public housing units.

Due to the delays caused by the downturn in the financial markets

that have affected Lafitte and BW Cooper, the current Placed-In-Service (PIS) date of December 31, 2010 poses a significant challenge. The administration supports a legislative change to extend the Placed-In-Service deadline to December 31, 2012 and find an appropriate budget offset. We will work with Congress to

ensure that these projects can be completed as planned.

**(Talk to Fred re including or deleting this statement.) I would also like to add that next week HANO is planning a ground breaking at

Lafitte which, once completed, will provide a richer community experience for former residents and will begin to address the social problems that existed at the former Lafitte development.

Looking Beyond the Big Four

HANO has worked diligently to leverage resources through the Louisiana Housing Tax Credit Program and the Louisiana Recovery Plan's "Piggyback" Program to develop the maximum number of affordable housing units.

HUD's recovery strategy represents a $1.2 billion total investment, including over $246 million in tax credit equity and $108 million in CDBG funds for the initial phases of the Big Four redevelopment.

Beyond the Big Four, HANO, in partnership with HUD and the State of Louisiana, will produce more than 7,600 hard housing units, There will be a total of 6,320 hard affordable units serving more than

1,174 more low-income families at the end of the redevelopment period than were served prior to Katrina.

We've also worked to address the housing needs of all 5,126 pre-Katrina public housing families – returning a total of 2,818 of them to public and assisted housing across the city.

Commitment to Fair, Affordable Housing Opportunities for Low-Income Families

Chairwoman Waters, I want to make clear HUD's commitment to creating affordable housing opportunities for low-income families. HUD is equally committed to ensuring that these initiatives, and all federal housing programs, are administered in a way that affirmatively furthers fair housing and equal housing opportunity in New Orleans and across the nation.

Within days of the President's inauguration, the Administration along with HUD acted quickly to ensure that families receiving assistance under the Disaster Housing Assistance Program (DHAP) would be given addition time to transition to permanent housing solutions before DHAP came to an end.

So with our Administration partners we announced the Transitional Closeout Plan for DHAP families. This program

provided rental assistance and additional time to transition families off temporary housing and into permanent housing. Altogether, nearly 350 public housing agencies across the country assisted in serving over 31,000 displaced families.

As part of this effort, public housing agencies have issued over 11,000 vouchers under an $80 million special appropriation from Congress. Over 4,200 have been issued by HANO to DHAP families in New Orleans. HUD and FEMA have also agreed to provide two months of additional transitional rental assistance to families in HCV pipeline. This assistance ends on October 31, 2009.

When Katrina struck, HANO had 8,981 Housing Choice Vouchers under lease. By the end of October 2009, HANO will have issued 13,500 vouchers to eligible families.

And by the end of December 2009, we expect this number to climb to 15,000. This includes 4,400 vouchers to replace units demolished as part of the Big Four redevelopment. In summary, there are now significantly more assisted housing opportunities for low-income families in New Orleans than existed pre-Katrina.

Vision for a Revitalized New Orleans

ORAL TESTIMONY

Secretary Donovan likes to say that when you choose a home, you don't *just* choose a home – you also choose the schools your child attends, you choose transportation to work. You choose a community.

This is the idea behind the HOPE VI program, which started the pre-Katrina revitalization of New Orleans and has redeveloped some of the most distressed public housing projects in this country – and revitalized entire communities.

I want to be clear: public housing transformation is still a top priority for HUD. But housing surrounded by disinvestment and failing schools has virtually no chance of success.

Choice Neighborhoods, which more than doubles this year's funding under HOPE VI to $250 million, will expand on the legacy of HOPE VI built by leaders like you, Congresswoman Waters, by broadening the range of activities eligible for funding and fostering better coordination between housing, schools and other supportive services.

In addition, we are investing $150 million in our **Sustainable Communities Initiative** that will bring together transportation and housing planning at the local level to reduce costs and increase

opportunities for working families who spend nearly 60 percent of their budget on housing and transportation costs.

We are incredibly excited to start this work and New Orleans would certainly benefit from such a program.

I hope it is clear to every single person in this room today that HUD is committed to working with you to make this community whole again – to changing the game on the ground by cutting through bureaucratic red tape and by making a strong, inclusive community the foundation of our revitalization efforts.

Thank you for the opportunity to speak with you today. I look forward to your questions.

August 18, 2009

ATTN: Julie Harris / Charla Quertatani
City Hall 1300 Perdido St.
New Orleans, La. 70112

RE: U.S. House Of Representatives' Field Hearing On The Status Of The 'Big Four', four years after Hurricane Katrina and other various questions as it relates to the status of housing within the City Of New Orleans.

- **What is the current status of public housing in New Orleans, including the Big Four public housing developments?**

The status of Public Housing including the 'Big Four' is bleak. The supply does not meet the demand. Hurricane Katrina wiped out a number of available public housing and market rate apartments in New Orleans.

The families who were typically middle class before Katrina have fallen into a lower tax bracket because of their inability to find livable wage jobs and meet the high cost of rent in the current housing market. With the state of the economy and the housing market , it leaves all New Orleans residents with little hope that things will improve.

- **As a former resident of CJ Peete, what is your view of the development of that project?**

As a former resident and resident leader of C.J. Peete, initially there was much apprehension on whether or not to stall redevelopment at Peete. That apprehension was based upon what the demolition of public housing would mean to the state of affordable housing throughout New Orleans. However, as it related specifically to C.J. Peete, we knew that demolition was inevitable, but we didn't agree to how HUD proceeded with their plans.

With such a limited number of families residing at Peete when Katrina hit, the current units could have been renovated and the vacant lot which sat on Peete for years, units could have been rebuilt. And those tenants could have been transitioned to the redeveloped side while demolition was taking place on the units they exited to create a totally redeveloped site.

Therefore, because of the urgent need for decent , sanitary housing, we proceeded with demolition and began to explore avenues to create opportunities for residents that would alleviate multi-generations of families residing in public housing.

To my surprise, redevelopment at C.J. Peete is proceeding very well. We have a very unique working relationship with the development team, which is typically rare in New Orleans with private developers. The redevelopment team and Central City Partners (CCP), consists of C.J. Peete Resident Council, McCormack Baron Salazar (the developer), KAI Design and Build, (NONDC) New Orleans Neighborhood Development Collaborative, and Urban Strategies Inc., our Community and Social Services Contract Administrator.

What's unique about the project is that Urban Strategies Inc. works side-by-side with the CJ Peete Resident Council to provide technical assistance and support for residents and resident leaders. Also, we have Case Managers onsite to address the needs of the families we serve. We were also afforded the opportunity to enter into a contractual agreement between CJ Peete Resident Council and Urban Strategies Inc. which entitles the Resident Council to create and provide community support services to returning families over the long term. This includes the management of the CJ Peete Community Center.

We were fortunate to have a Community Center that withstood Hurricane Katrina that we were ***adamant*** about not parting ways with. We really did not have to push hard to keep the Community Center, which was scheduled for demolition , because many families were going to be in need of services. On August 4, 2008, we opened the doors of the C.J. Peete Community Center to offer the opportunity for Case Management services to the 551 families who are apart of our the C.J. Peete resident body. This includes the 146 families who resided on site during Hurricane Katrina which makes up tier one. We are also providing services to the 405 families who were involuntarily relocated to make way for demolition as far back as 1995. To date, 202 households are currently being served and has stated an interest in returning; 16 have opted out of Case Management , but have not waived their right to return; and to date, 21 of tier one families have not been located. As time goes on, we expect the service numbers to increase and we will continue to work aggressively in locating former residents who have not been reached.

- **What have been your experiences with the Section 8 program?**

I have experienced that the Section 8 program basically creates disparities between low- to moderate-income families and market rate tenants. You are either too rich for public housing or too poor for market rate units. There has to be a balance across the board.

- **What housing challenges face other former C.J. Peete Residents? How should these challenges be addressed?**

There are several challenges that face former C.J. Peete Residents; however, I believe some must take preference over others based on their immediacy and I have provided recommendations on how each of these challenges can be addressed. **NOTE:** ALL RESIDENTS AT VARIOUS SITES FACE SIMILAR CHALLENGES, WHETHER THEY ARE PUBLIC HOUSING OR VOUCHER RECIPIENTS.

Current Challenges

The social element needs to be addressed. Each of the sites are in need of a Community Center or a place within their immediate environment that offers services to address the social needs of everyone in the home, not just the head of household. Key issues that need to be addressed include:

- Employment
- Literacy
- Transportation
- Affordable, quality early childhood education
- Locating social services in cities where residents have been displaced
- Lack of Community Schools
- Limited Healthcare Services

All these elements need to be addressed to assist residents in gaining housing, as well as, sustaining it.

Recommendation:

1. Each redeveloped site in conjunction with a Community Center, needs a community social service component to address the needs of residents. Consequently, if we do not address the social element of everyone in the household, and provide services at every site, we will be back where we were ten years ago. As a result of being awarded the HOPE VI grant, C.J. Peete is fortunate to have a great team of Case Managers who have been hired by Urban Strategies to assist residents in overcoming barriers.

2. Since the lack of employment opportunities is a real challenge, the enforcement and oversight of the Sec.3 hiring process is critical in assisting qualified low-to-moderate income individuals in gaining employment. We recognize the challenges each site faces in addressing the pressing needs of the many families we serve; therefore, we have formed a collaboration with the other sites beginning with a Construction Training Program coordinated by the C.J. Peete Team and community partners to proactively address the Sec.3 hiring process at each site.

3. We have plans to open an Early Childhood Education Facility on site because of limited childcare throughout the city and the central city community. As well as, providing resources through the developer to rebuild a state of the art school adjacent to C.J. Peete at Carter G. Woodson which will include a health program; redevelopment plans also include modernizing A.L. Davis park for youth recreation activities. I recommend that all sites address redevelopment from a holistic approach by doing our part in addressing all issues to the greatest extent possible.

Challenges Returning Home

- Getting out of their current leases with landlords to return to New Orleans, or their pre-Katrina residence
- Relocation expenses
- Paying deposits

Recommendations:

1. Currently HANO will approve a family / individual getting out a lease to return to public housing, but does not typically approve it if you are a voucher recipient. I recommend that HUD, HANO or the developer pay an early termination fee to the landlord. That way, no one loses out. In turn, the two government entities and the developer fulfill their obligation of returning families back to the site, the tenant gets their deposit which can assist them with paying upcoming deposits and related moving expenses, and the landlord gets paid – making it a win, win situation for all concerned.
2. Relocation expenses are only offered to residents returning to public housing sites. Therefore, I recommend that the fees be offered to anyone deemed having a right to return to the site if in fact they are returning to their site. The rationale is that each resident was involuntarily moved out, so each should be assisted in returning.

Challenges When Residing In Redeveloped Sites

- No group to advocate on resident's behalf
- Outdated HUD regulations
- Lack of male involvement in the family

Recommendation

1. Each site needs a Resident Council or advisory group made up of a diversified group of residents who reside in the community to advocate on their behalf. There should be a set criteria that is developed with the current leadership, Legal Aide, HANO and the developer approved by HUD.
2. HUD regulations should be revised to address the transitioning of public housing.
3. The father being present in the home should be viewed as a means to self-sufficiency for the entire family, not a penalty or a loss of benefits. The reason being is that two incomes in the current housing market cannot financially sustain the household in today's economy.

Conclusion

Overall, these are several problems in which I have proposed recommendations that can take place in the interim. However, to truly address the housing and unemployment crisis in New Orleans, incentives should be provided to insurance companies to lower their rates (housing and commercial). In turn, we need landlords to lower rents back to pre-Katrina status. Additionally, employers can begin hiring again to increase the employment rate. As far as, the demand for housing goes, blighted property throughout

New Orleans needs to be rehabbed, demolished and rebuilt – including HANO property. Ultimately, families can regain stability and move on with their lives. It will be then, we can say that the City of New Orleans has truly recovered.

Thank you for this opportunity to share our experiences, challenges and most of all recommendations on the status of the "Big Four" and the state of housing four years after Hurricane Katrina.

Respectfully,

Jocquelyn Marshall

Jocquelyn Marshall
President, C.J. Peete Resident Council

Prepared Testimony of Ms. Stephanie Mingo before the Subcommittee on Housing and Community Opportunity: "Status of the Big Four, Four Years After Hurricane Katrina."

Friday, August 21, 2009
Lawless Memorial Chapel, Dillard University, New Orleans, Louisiana

My name is Stephanie Mingo. I was born in New Orleans at Charity Hospital and raised in the St. Bernard public housing development. My mother was raised in St. Bernard and lived there with my father until Katrina. My grandmother lived in the St. Bernard, and one was one its first tenants when it opened. I am the face of public housing, as well as public health care, and public schooling, and I am proud to be a citizen of New Orleans. I work for the Orleans Parish School Board. I have four kids, and a grand baby. I have been an organizer for the rights of working class New Orleanians since long before the storm. I am not an employee of any nonprofit organization. I do not get paid for any of my efforts to improve public and low-income housing. I do it because I am of the community, and I want to pass on a better city to my children and grandchildren. I currently reside in the Iberville housing development with my family. Iberville is the only whole-standing public housing site in New Orleans. What I will address here today are the major issues facing public housing residents as we see them from the community's standpoint.

First let me clarify some major issues. Your committee is inquiring on the "current status of the Big Four developments." The main issue is not the developments, if by that you mean the buildings, the land, or the plans. The main issue since Katrina has been *the people*. The status of our people, those of us who used to live in the St. Bernard, BW Cooper, Lafitte, and CJ Peete is damaged. The closure of public housing and its demolition dealt a catastrophic blow to us. Let me be clear; the hurricane was a disaster, from which recovery was possible. Closing down and demolishing the Big Four was a catastrophe, and it's hard to tell if our communities will ever recover. We are trying to.

Public housing residents have been chronically displaced since Katrina, due entirely to political decisions made by HUD and the Housing Authority. Displacement has involved not just a geographic distance from our home town, but isolation from one another. Our bonds have been shattered and we have struggled enormously to repair them. Whereas once we supported one another through daily interactions and relationships bound to the places we lived, we have now had to struggle on our own. Displacement produced serious trauma for all of us. For our elders this has proven deadly. Each of the Big Four developments has lost an entire generation of our elders - our grandparents and great grandparents. Our children have been traumatized by this chronic displacement also. I should not have to describe any of this in detail for you to understand what it means to have your community destroyed.

Keeping this larger picture in mind I will address some of your specific questions.

What is the current status of the Big Four developments? - Currently it appears that some of the housing at St. Bernard will be opened up for habitation by the end of this year (2009). However, the developers are building a mere 466 units. Only one-third of these (155?) is being set aside as public housing. The rest will be effectively privatized, one-third as "workforce," and one-third as "market-rate." So-called "workforce" housing is not truly affordable for many New Orleanians. The term "workforce" itself is a misnomer because it implies these homes will be set aside for working-class residents when in fact the income-requirements appear to be in excess of what many New Orleanians actually earn. Market-rate housing isn't even an option for residents of public housing. Post-Katrina property prices and rents have increased dramatically. Wages in most sectors have only modestly gained. Buying market-rate housing, or renting an apartment at these levels is entirely unreasonable. Columbia is marketing two-thirds of the new St. Bernard to outsiders who did not liver there before Katrina. The number of public housing units they are building into the redeveloped St. Bernard is short by a factor of ten in my opinion. In all, Columbia's blueprints for St. Bernard are woefully inadequate

to address the housing needs of the neighborhood and do not reflect the economic realities facing most New Orleanians. They do not fit into a larger strategy of producing low-income housing for the city as a whole. I believe that any and all housing development using federal, state, or city dollars should primarily be geared toward building the numbers of affordable units we need in order to reduce rents and put roofs over our heads.

How many former public housing residents will reoccupy the units? - As I noted above, only 144 units of the redeveloped St. Bernard's first phase will be set aside as public housing. It is not clear that Columbia has the finances to move beyond this first phase in the time frame they have stated. Furthermore, Columbia claims to have conducted a major outreach effort to former residents, but even accepting these claims, the fact of the matter is that their plans virtually guarantee the exclusion of the vast majority of former residents. In their own literature Columbia claims that 400 former residents (out of the 900 they say they have contacted) have "expressed interest in returning." The problem here is that Columbia Corp. acts as though residents actually have a choice, or feel that they have a choice. The fact of the matter is that most former residents have been struggling through chronic displacement, fighting irresponsible bureaucracies like FEMA, HUD, and HANO, and trying to piece their lives back together, everything from work, and health, to family, school and beyond. Many residents understood the demolition of the St. Bernard to mean that their homes were permanently gone. Based on experiences in other public housing neighrborhoods that were redeveloped prior to Katrina (St. Thomas, Desire, Florida, Fisher) they have every reason to think so. To say that 400 expressed interest in returning, and to imply that 500 have "chosen" not to return, is an example of how out of touch Columbia and the Housing Authority are with the problems that former residents have faced since Katrina. This is an example of irresponsible stewardship of our public housing resources.

What opportunities, including job opportunities under Section 3, are being provided to these residents? - From conversations I am privy to around the Iberville and around the former St. Bernard community (those of us who have managed to make it back to New Orleans), I would say that Columbia has so far failed to ensure that redevelopment of the St. Bernard benefits those of us who formerly lived there. I have attempted to communicate my concerns with the chair of HANO and Section 3 compliance officers at HUD and HANO, but have not received a response from them (copies of my June 14 letter regarding Sec. 3 are available upon request). Through my organizing of public housing residents I hear daily complains against HANO, Columbia, and subcontractors with respect to not hiring former residents and low-income employees. I understand that Columbia has provided some figures claiming that 27% of new hires at St. Bernard are public housing residents, and that 65% are Sec. 3 qualified. I also understand that they claim 21% of subcontracting has gone to "minority owned businesses." There are several problems here that Columbia and HANO need to come clean on. The first is the opacity of Columbia's claims. They say they have reported raw data through payrolls to HANO, but HANO has not, to my knowledge, provided this data to public housing residents or the general public. Instead we hear vague statistics not backed up with concrete evidence. If HANO will not do it, I urge this committee to acquire all data (payroll and otherwise) relevant to Section 3 provided by Columbia and other developers to HANO. Another problem with Columbia's claims are that they say that by simply hiring a "minority owned business" they are fulfilling the letter and spirit of Section 3 guidelines. Need I remind Columbia Corp. that New Orleans is a black majority city? Simply hiring African American-owned businesses (or Latino, etc.) does not fulfill the spirit and intention of Section 3. Section 3 was implemented so that the communities feeling the impact of redevelopment, or communities in which significant work is being done, are given a stake in that work and allowed to share in the wealth generated by that work. Hiring a black-owned firm from Atlanta, Houston, or even the New Orleans metro region, to demolish and redevelop public housing, is not much different from hiring a white-owned firm to do the same work. The profits and wages leak out of the community being affected.

Where have residents of the Big Four relocated? What fair housing challenges face displaced

residents? - Many of our people remain in Houston, San Antonio, Atlanta, Memphis, and other big cities that sheltered us in the aftermath of Katrina. Those who have made it back home mostly live in rental housing scattered about the city. Most utilized DHAP vouchers and have been transferred to Section 8 vouchers. (Some have not able to transfer due to HANO's mismanagement of Section 8 vouchers.) Demolition of our former homes was part of a larger strategy to voucherize public housing in New Orleans. This is part of an even bigger national strategy. It should be noted that these vouchers haven't "de-concentrated" poverty, as proponents of demolition and vouchers often tout. We are still concentrated in specific black-majority, low-income neighborhoods, often in environmentally risky areas near industrial infrastructure, canals, or below sea level. Additionally, now our housing expenses are greater, and our community support networks have been disrupted. The biggest fair housing challenge we face is that we have had no ability to self-determine our future. HUD and HANO and the city's politicians imposed upon us by demolishing our homes and planning new developments that numerically exclude us as part of a purposeful strategy of "de-concentration." The biggest fair housing challenge we face is this viciously paternalistic ideology of "mixed-income" redevelopment and "poverty de-concentration," both of which amount to attacks on our communities in the name of some imaginary form of progress that has no empirical basis.

What re-occupancy, or occupancy, criteria, if any, will be imposed upon returning residents or new residents? - It is my understanding from speaking with Columbia representatives that returning and new public housing residents will have to undergo a credit check as well as a criminal background check. Several weeks ago when the United Nations Advisory Group on Forced Evictions was visiting, a Columbia residential representative came out of the St. Bernard worksite and spoke with those of us who had gathered there. He emphasized that Columbia and HANO don't want many former St. Bernard residents back because, according to him, they were "criminals." Our community certainly did have problems stemming from poverty, lack of education, drug abuse and drug dealing, and other ills related to socio-economic inequality and racism, but this callous way in which public housing residents are criminalized as a class has been used by HANO, the developers, and city politicians to take our homes away from us. I feel that these and most other re-occupancy criteria are not legitimate and are instead being used to whittle away at the numbers of former residents who will both qualify for and be able to endure the process. I believe that all residents of public housing, regardless of their credit or whether they have a criminal record (with perhaps a few exceptions), have a right to come back.

In conclusion I would like to emphasize a very important point; unless there is 1-for-1 replacement of public housing demolished since Katrina, the housing crisis in New Orleans will not abate. Replacing the units destroyed by the previous HUD administration, and perhaps even re-expanding the stock of project based public housing would serve several goals. First, it would provide homes for thousand of New Orleanians who would like to come home but have not been able to. Second, it would provide these folks with housing they can afford. Third, if enough units were built, at least ~5000, we could possibly see a reduction in rents across the city, in all types of housing, from market-rate to so called "workforce." Tax credits to build affordable housing have failed to spur private investors and replace what we have lost. Rebuilding public housing is the only way to create just and dignified housing in New Orleans, but it must be rebuilt and supported with the full resources of federal and local governments. For too long our leaders have divested resources from public housing other public sectors. It's time that they reinvested in our communities. More than anywhere in the US, a direct state intervention on behalf of working class families is needed in New Orleans. The federal government owes this to us. What we saw after Katrina was just the opposite: a state intervention on behalf of land-owners, corporations, and affluent homeowners. It's time for a change.

United States House of Representatives
Committee on Financial Services
Subcommittee on Housing and Community Opportunity
New Orleans, Louisiana
Field Hearing
"Status of the 'Big Four' Four Years After Hurricane Katrina"
Friday, August 21, 2009

To the Honorable Chairwoman Maxine Waters, members of the House Financial Services Subcommittee on Housing and Community Opportunity, and Congressman Anh "Joseph" Cao, thank you for the opportunity to address you regarding the status of our recovery from Hurricane Katrina, and the redevelopment of the "Big Four" public housing developments in New Orleans.

I am pleased to report on our progress in rebuilding since Hurricane Katrina and the flooding from the failed levees devastated New Orleans, one of the world's most historic and beautiful cities. We not only survived, but we are rebuilding our community better and stronger than ever before.

Our recovery strategy of focusing on 17 target areas across the city is working. Public investment is leveraging significant private returns that are inspiring further residential and commercial development.

As I have said before, the return of our population is one of the most important measures of our recovery. Today, we are at nearly 80 percent of our pre-Katrina population, and we know that many other citizens are actively working to come home.

We are undertaking more than $1.2 billion in recovery projects throughout the city. We are restoring public buildings, parks, playgrounds and public safety facilities. We have begun street repairs that will total more than $640 million. The renovated Mahalia Jackson Theater for the Performing Arts is a state-of-the-art facility and through public-private partnerships, we are restoring other theaters.

In addition, the State has announced plans for a major renovation of the Superdome and the adjacent New Orleans Center. And earlier this week, Nickelodeon and Southern Star announced plans to open a Nickelodeon themed water and amusement park at the site of the former Six Flags in New Orleans East.

This year, we hosted another successful Sugar Bowl, Essence Festival, Mardi Gras, French Quarter Festival, and Jazz and Heritage Festival with numbers equal to or exceeding pre-Katrina. Our tax base continues to exceed 2008, although tax collections this year are below projections. Job growth numbers are above national averages. Our city's unemployment rate is among the lowest in the country and New Orleans has been named the fifth best city to get a job.

The nation has noticed our post Katrina accomplishments. Business Week ranks us as one of the best cities to ride out the national recession. Money Magazine says we are the sixth fastest growing real estate market in America. Outside Magazine told the world we are one of the 20 best towns in America to live in. And all three bond rating agencies now have us rated above investment grade.

What is the current status of the Big Four public housing developments?

Since the hurricane, our goal for the Big Four public housing developments has been to rebuild them better than they were before and to create healthier communities for returning residents. We did not want to continue to use a failed model for public housing that concentrated poverty, allowed large numbers of empty, abandoned units, was poorly maintained, was isolated by unnatural street grids and was plagued by crime. We asked that the redevelopment follow a mixed income model, with affordable rentals, market rate rentals and homeownership opportunities.

As conditions for approving the demolition of existing public housing facilities, the Administration and the City Council required that the Housing Authority of New Orleans (HANO) provide verification of full funding for the Tenant Protection Program and evidence of 4,534 actual units made available through either public housing units, affordable units consistent with the mixed-income model or home ownership vouchers. We also required documentation of redevelopment financing plans, executed development contracts and signed Memoranda of Understanding with resident councils.

We also wanted to make certain that some units would be available while the new facilities were under construction, so we required evidence of phased redevelopment for St. Bernard and Lafitte. Based on the information we have received, HANO has followed through with these pledges.

Though representatives of HANO can give a much more detailed current status of the Big Four developments, we know that construction has begun at C.J. Peete and St. Bernard. Both developments expect to have some units complete and occupied by the end of this year. Progress at Lafitte and B.W. Cooper has been delayed by the national financial crisis and the reduced value of low income housing tax credits. Financing is set to close at Lafitte this month with construction to begin immediately. B.W. Cooper has a funding gap and the City has offered to partner with HUD financially to help fill this gap. Despite the delays in the schedule and the financial challenges that still exist, we believe that taking this opportunity to transform the quality of life for public housing residents was the right strategy for our city.

What is the City's vision for the future of public housing in New Orleans? What challenges or obstacles will the City face in implementing this vision?

We have a lofty vision for the future of public housing in New Orleans. We feel confident that the Department of Housing and Urban Development (HUD) of today, lead by Secretary Shaun Donovan and working in conjunction with other federal departments under the Administration of President Barack Obama, is the right partner to bring this vision to reality. We also believe that the hard work of this subcommittee under your leadership, Madame Chairwoman, forms the other important piece of this collaboration to bring about a new era.

In our vision, HANO would be a "High Performer" agency that successfully manages and operates its developments and programs. It would be known for healthy, mixed income developments that are fully integrated into the surrounding communities. The headlines would tout HANO developments as the anchors that helped to spur revitalization and reinvestment in distressed neighborhoods, not depict them as islands of poverty, crime and hopelessness.

In addition to the redevelopment of the Big Four, units would be successfully repaired or rehabilitated at Iberville, Guste, Fischer, Florida, and scattered sites across the city. Iberville is of particular importance as it is the last of the big developments to be renovated and because of its proximity to job opportunities in the French Quarter, Central Business District and the developing medical district. In our vision for the future, HANO would operate with low vacancy rates, maintain up-to-date waiting lists and manage maintenance requests with timely response. Crime rates would be lower than in the surrounding community. Public housing would be seen as a viable home, both for those who will later transition to market rate housing and for those who will be longer term residents.

This vision will have been accomplished when HANO has completed its reconstruction and renovation projects, has established a reasonable budget sufficient for appropriate maintenance and, finally, has been returned to local control. The City of New Orleans is committed to working with Secretary Donovan and the team he puts in place to make this vision a reality.

In your opinion, what effect is the redevelopment of the Big Four having on the City's recovery?

The redevelopment of the Big Four is critical to the overall recovery of our city for several reasons. First of all, it represents a major financial investment of hundreds of millions of dollars in the local economy over several years. It also is bringing back on line substantial numbers of housing units for low and very low income residents, integrated with market rate units. Lastly, it provides an opportunity to offer safer, more modern housing for thousands of New Orleanians.

What statutory or regulatory changes or flexibility does the City need in order to increase the supply of affordable housing?

Tax credits have been and continue to be important in the development of affordable housing. The ability to benefit from Gulf Opportunity Zone (GO Zone) and disaster tax credits issued from 2006 to 2008, Historic Tax Credits (HTC) and Bonus Depreciation Provisions is in jeopardy because of the short window that remains for their use. We have asked for extensions of all GO Zone financial incentives until 2015 to give us more time to time to take advantage of these valuable tools as we develop a sustainable recovery.

The American Recovery and Reinvestment Tax Act of 2009 did not specifically mention GO Zone tax credits as part of the Low Income Housing Tax Credit Exchange Program under Section 1602. Earlier this year, U.S. Department of Treasury Secretary Timothy Geithner ruled against the monetization of GO Zone Tax Credits under Section 1602.

Here in New Orleans, approximately 5,634 units or $72,725,764 in GO Zone tax credit projects that are not yet placed-in-service are at risk. If the Treasury Department's ruling remains unchanged, it will add a roadblock to recovery efforts and potentially prevent thousands of families from finding an affordable, safe place to live.

House Bill (HB 2995), Davis-Boustany Disaster State Economic Recovery Act of 2009 will amend the American Recovery and Reinvestment Tax Act of 2009 to clarify that GO Zone and disaster low-income housing credits are eligible for the low-income housing grant election. The Senate version of the bill (S 1326) is the Bayh-Shelby Disaster State Housing Recovery Act of 2009.

The 26 percent Historic Tax Credit (HTC) in the GO Zone is due to expire at the end of this year unless legislation is passed to extend it. The additional 6 percent HTC credit often makes the difference in whether or not a GO Zone renovation project moves forward given the financing gaps created by dramatically increased construction and insurance costs. In addition, the current economic crisis has affected the ability to proceed with historic rebuilding projects without the additional HTC incentive. We are seeking legislation to extend this incentive for at least two years, and to allow carryover HTC allocation provided that 10 percent of the Qualified Rehabilitation Expenditures (QREs) are incurred prior to the revised sunset date.

The recovery in general would benefit from flexibility in the use of unspent recovery dollars and waivers for some of the provisions of the Disaster CDBG program. This funding should be made available to the most damaged parishes to bridge financial gaps that prevent some homeowners from rebuilding and to assist new home buyers in investing in the rebirth of our city and other devastated areas in the region. It should also be used for critical infrastructure improvements and strategic investments that would ensure a successful recovery. Hazard Mitigation, funding which is critical to protecting communities against future disasters, is very difficult to use. Changing some requirements such as allowing streamlined environmental review criteria, would permit quicker, more effective use of the funding.

Please share any insights you may have regarding the City's progress in addressing affordable housing needs arising from Hurricane Katrina.

Hurricane Katrina and the flooding that followed had a devastating effect on the City's affordable housing supply. It caused major damage to or destroyed more than 51,000 rental units. Nearly 38,000 or 75 percent of those were affordable to citizens earning less than 80 percent of the Area Median Income.

Shortly after the storm, the federal government increased the amount it would pay to property owners renting their units to residents with housing vouchers. This, combined with the critical shortage of properties, led to a dramatic 46 percent increase in rents between 2005 and 2008. The percent of renters who spent more than 30 percent of their income on housing costs increased significantly.

Given this situation, the City of New Orleans has placed major focus on providing affordable rental units and home ownership opportunities. Since Hurricane Katrina, the City has invested $26.5 million of its regular allocation of CDBG, HOME and Neighborhood Housing Improvement Funds (NHIF) to leverage a total investment of $217 million. This is leading to the development of nearly 1,700 affordable units.

The availability of Low-Income Housing Tax Credits has been critical to increasing the number of affordable units, and the State's Small Rental Program will add several thousand additional units. Housing vouchers also play a significant role in addressing the affordable housing need. They help those who qualify to be able to afford decent, safe and sanitary housing in the private market.

The reality of the construction process means that there is a time lag between the beginning of these projects and when they become available for rent. More than 30,000 affordable units will be on line by the end of 2011 or early 2012. By the end of 2012, nearly 36,000 affordable units are expected to be available. With an unflagging effort to keep all projects and programs moving forward, we are on track to fulfill our affordable housing need for the future.

Many rental housing units in our area are occupied by people who have not been able to repair their homes since the storm because they did not receive enough money from the Road Home to truly make them whole. Since the Road Home formulas were not favorable to areas where the land itself had lower appraised value, this led to grants that did not provide enough to rebuild. The elderly and disabled were particularly hampered by these formulas. In an effort to help address this need, the City launched a program to provide forgivable loans of $35,000 to bridge the repair funding gap. Program participants were chosen through a lottery; more than 6,000 people applied. The City's funds could serve only 300 people – a significant number but far lower than the need. We have committed to investing another $10 million in this program, and are seeking other ways to help other home owners bridge their funding gaps.

In addition to supporting legislation and programs that are addressing affordable rental needs, the City must also focus on expanding homeownership. In the post-Katrina environment, home ownership in New Orleans has already increased to approximately 52 percent and city government is playing a part in this transition. Our goal is to achieve a home ownership rate of 60 percent. Home ownership has a stabilizing affect on neighborhoods and helps families, particularly those of modest means, build and pass on wealth. We have worked with the Louisiana Recovery Authority to develop programs that provide soft second loans to homebuyers, some of whom earn up to 120 percent of the Area Median Income. With down payment assistance, this program helps many people who otherwise would have had few home ownership options to purchase houses and rebuild our neighborhoods. The recently announced opening of the new applicant admission process for Housing Choice Vouchers will also open up opportunities for homeownership in our city.

Chairwoman Waters, thank you for bringing your committee to New Orleans and for supporting our recovery. Public and affordable housing are key to our continued progress. The Big Four are a part of the history and fabric of our community and we are excited that they are being rebuilt to be safer, more modern, more comfortable and more integrated into our neighborhoods.

We thank you for the work that you are doing to help our citizens recover. We look forward to working further with you in the future as you seek to eliminate existing barriers and create new opportunities to provide safe, attractive, affordable housing for all.

UNITY
of Greater New Orleans

A Collaborative of 60 Agencies
Working to End Homelessness
Bringing New Orleans Home

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Director of Homeless Outreach
UNITY of Greater New Orleans

Before the Sub-Committee on Housing and Community Opportunity
U.S. House of Representatives

Hearing on "The Status of the 'Big Four' Four Years After Hurricane Katrina"
August 21, 2009

TESTIMONY

Thank you for inviting me to testify today on behalf of UNITY of Greater New Orleans. UNITY is a nonprofit organization and the HUD-designated lead agency for an award-winning collaborative of 60 non-profit and governmental agencies providing housing and services for the homeless. Our mission is to coordinate community partnerships to prevent, reduce, and end homelessness in New Orleans and neighboring Jefferson Parish. In addition to raising and distributing funds to support our member organizations' work, UNITY conducts homeless outreach on the streets and in abandoned buildings, rehabs supportive housing apartment buildings in partnership with the New York-based organization Common Ground Institute, helps the public locate affordable housing, and advocates for public policy to prevent and reduce homelessness.

Current state of homelessness in New Orleans

While thousands of homes in the New Orleans area have been repaired since the levees broke, often with the help of caring volunteers across the nation, the extent of the devastation here remains overwhelming. There is still much to be done to rebuild our community.

Four years later, the effects of the levee failures are most keenly felt by New Orleans' most vulnerable residents. For many New Orleanians with limited means, especially those who

are elderly, have physical or mental disabilities, or are struggling to raise a family on the minimum wage, the struggle for a decent place to live continues.

Although New Orleans currently stands at only 74 percent of its pre-Katrina population, homelessness has nearly doubled since Katrina – from 6,300 on any given day before the hurricane to a current estimate of 11,500 people meeting the HUD definition of homelessness: those who are living in abandoned buildings, cars or on the street; those living in homeless facilities; and those being evicted or being discharged from institutions with nowhere to go. Six thousand people are currently estimated to be living in New Orleans' more than 65,000 abandoned buildings, while about 5,500 others are living in other homeless situations. During the course of 2008, the UNITY network of organizations provided services and/or housing to 18,875 unduplicated homeless people, including 4,667 homeless children.

Last year, UNITY and its member organizations and government partners successfully re-housed into permanent housing 457 people who were living in two large squalid homeless camps in the middle of downtown New Orleans – an accomplishment unprecedented anywhere in the nation. At that time, I could not imagine that we would ever see anything worse than those hundreds of people, most of them disabled, huddled together in tents among piles of feces, pools of urine, with rats scurrying about.

But it turned out that the people we re-housed from those camps were just the tip of the homeless iceberg. Sixty-four percent of the camp dwellers had reported to us that they had come to the camp after living in an abandoned building. As a result of Katrina, New Orleans now has the largest number of abandoned residential buildings of any American city – 65,888 buildings, or 31 percent of our residential buildings, are abandoned.

So in December 2008, our outreach team of nine people began a block-by-block systematic search of New Orleans' 65,888 abandoned residential buildings as well as abandoned commercial buildings. Two outreach workers are able to work full-time on the abandoned building work. To date we have surveyed 1330 abandoned buildings. Of those, 564 buildings were unsecured. In those unsecured buildings, we found 270 bedrolls or mattresses and evidence of current occupation – or about 1 bedroll for every five abandoned buildings. Based on these preliminary findings, we estimate that 6,000 squatters are living in abandoned buildings in New Orleans.

The work of rescuing the people living in abandoned buildings in New Orleans is very difficult and dangerous. I believe the work we are doing to rescue people from abandoned buildings is unprecedented anywhere in America. Since the vast majority of abandoned-building dwellers are squatters, they try to hide themselves during the day. Therefore, when we find bedrolls, we go back to the abandoned building after 10 o'clock at night to actually find the individuals living there, assess their needs and disabilities, and engage them in accepting housing and services. We keep doing this work despite the obvious danger because the people we are finding are extremely ill and frequently they are elderly. In one building, we found 8 men over the age of 60 living together – the oldest one was 90 years old.

Abandoned building dwellers tend to be sicker than other homeless people, we have found. A survey of abandoned building dwellers which UNITY conducted earlier this year found that 73% of abandoned building dwellers showed signs of psychiatric disorders, and 41% report or show signs of disabling physical disorders. In abandoned buildings residents must deal with crumbling ceilings and walls; rodents and insects; the stench of feces, urine and moldy walls; and no electricity, sewage system or running water. I sometimes cannot believe that people are having to live like this in the United States of America, the richest country on earth.

Our outreach team also has been surprised to find that not all people dwelling in abandoned buildings are squatters. In the past three months alone, we have encountered nine people living in buildings we had identified as abandoned and not fit for human habitation. These nine people are extremely low income and living in hurricane-devastated homes that are either gutted or completely untouched since the storm – homes that they themselves or extended family members own. Unfortunately the various sources of hurricane recovery aid have failed to return their homes to habitable status; they had been prematurely ejected from FEMA trailers or disaster rental assistance with no ability to afford the inflated post-Katrina rents on their own. Thus, as a result of this disaster, they are now homeless in their own homes.

Impact of public housing demolition on homelessness

While some of the people we have found living on the street or in abandoned buildings were residents of public housing before the storm, most were not. Logically, however, when deeply affordable housing is demolished and there is no plan for one-for-one replacement of it, the loss of that housing worsens the existing affordable housing shortage caused by Katrina and has an impact on homelessness levels.

Challenges facing homeless families in obtaining affordable housing

After hurricane Katrina, the New Orleans area suffered the worst housing disaster in history. The largest challenge is the devastation of affordable housing stock coupled with rents that skyrocketed as a result of the extreme housing shortage in a community whose economy relies heavily on people who earn only the federal minimum wage. In addition, post-Katrina NIMBYism has presented a terrible barrier to construction of affordable housing.

One way these challenges can be addressed is through the affordable housing data base and landlord partnership program that UNITY instituted after the storm. Called UNITY HousingLink, rents are listed on this on-line database for free for apartments that rent at 80% or below the "Fair Market" rent level. Staff also works with landlords, educating them on the rights of tenants, and how landlords can participate in our housing voucher programs that place homeless persons in safe and decent housing. Like several other innovative programs UNITY instituted after the storm, funding to continue this program is ending, and new funding is needed to keep this valuable tool in preventing homelessness available to the public.

Programs and policies needed to reduce the levels of homelessness in New Orleans

We are very grateful to Congress for granting last year the request of UNITY, the Louisiana Supportive Housing Coalition and the Louisiana Recovery Authority for 3000

hurricane recovery Permanent Supportive Housing vouchers for people with disabilities in hurricane-devastated areas of Louisiana, and we are especially grateful to Congresswoman Waters for the important role she played in that effort, as well as to Senator Mary Landrieu, the House leadership, the Louisiana delegation, and the Mayor and City Council of New Orleans. Of the 3000 PSH vouchers, 752 are being targeted to the New Orleans homeless, which is a tremendous boost to our work and will save many lives. However, it is obvious that given the magnitude of the abandoned building homeless crisis in New Orleans, even more resources targeted to the abandoned building homeless crisis are still desperately needed:

1) $5 million is needed to implement a robust citywide campaign to search for and rescue the thousands of vulnerable people living in the city's 65,000 abandoned buildings. These funds would allow the UNITY collaborative to beef up the size and strength of its abandoned building outreach and housing search and placement staff.

2) $35 million is needed for 700 additional Shelter Plus Care vouchers designated for the New Orleans disabled and elderly homeless, especially those living in abandoned buildings. These vouchers would be set aside for the supportive housing buildings we are renovating in partnership with the New York-based organization Common Ground Institute, a nationally recognized leader in developing supportive housing.

3) To create housing stock for the poorest and most vulnerable, $100 million is needed to fill the anticipated gaps in financing the goal of the New Orleans/Jefferson homeless Continuum of Care to build or rehab a total of 1000 Permanent Supportive Housing apartments and 1000 affordable workforce apartments in small to mid-size buildings integrating the two types of units. Of this total amount, $35 million is needed immediately in gap financing for projects already in development. Now is the time to provide the funding to get nonprofit-led housing needed for the most vulnerable residents of New Orleans.

In addition to the funding needed for the people with disabilities living in the worst imaginable conditions of abandoned buildings and the streets, because of its loss of so much affordable housing and dramatic surges in rents, New Orleans clearly needs additional Housing Choice Vouchers for other extremely low-income residents and additional short-term or shallow rent subsidies to end and prevent homelessness.

Finally, we request that the Disaster Housing Assistance Program be extended beyond the current deadline of August 31, 2009. DHAP should not be ended until the Stimulus Act's Homelessness Prevention and Rapid Rehousing program has had a chance to get off the ground in New Orleans later this fall. We are very grateful for HUD's provision of permanent rent vouchers for many of the most vulnerable DHAP recipients. However, it must be acknowledged that many vulnerable people have fallen or are likely to fall through the cracks of the conversion process.

First, many disabled or elderly or extremely low income DHAP recipients have been found ineligible for permanent rent vouchers because 1) they missed internal deadlines or failed to provide documents or their documents were lost, probably in great part because the case

management available to them did not match the intensity of the clients' needs; 2) they need help that was not available to document their disabilities; or 3) they have criminal records, which, as detailed below, are often a result of the unusual prosecution priorities of the New Orleans criminal justice system. Many of these persons are very vulnerable and at great risk of squatting in abandoned buildings if their DHAP assistance is eliminated before the stimulus act's homelessness prevention program is up and running. Since both the DHAP and the homelessness prevention stimulus act programs are run by different divisions of HUD, and since the most vulnerable DHAP recipients rejected for permanent vouchers are likely to become clients of the special needs assistance office of HUD, it makes sense for these two programs to be better synchronized.

In addition, homeowners are obviously ineligible for permanent vouchers but many modest-income families still need rent assistance while they struggle to complete the rebuilding of their homes despite inadequate funding and frequent encounters with incompetent or dishonest contractors. The state is launching important rent assistance and rebuilding assistance programs for this population but these programs have not had time to be fully operational before DHAP ends.

The stark reality is that a few more months of DHAP are needed to ensure that those being terminated from that assistance are not left in dire straits and that they receive assistance to negotiate with their landlords to lower rents or to find less expensive apartments.

How re-occupancy criteria establishing admission for the Big Four may prevent homeless persons from occupying units in the new developments

A major problem is the denial of housing to persons with criminal records. As has been documented by the Vera Institute, the New Orleans criminal justice system has long focused on prosecuting and jailing people for minor crimes such as possession of marijuana. There has also been a long history of criminalization of homelessness, so that most street homeless people have criminal records merely for obstructing the sidewalk, trespass, and public intoxication. Most troubling is the relatively low percentage of units being redeveloped for persons with extremely low incomes.

Other information regarding housing challenges facing homeless persons and low-income families in New Orleans

The explosion in homelessness in New Orleans is due largely to (1) the decimation of 51,681units of rental housing; (2) soaring rents that are now 40 percent higher than before the storm for those rental units left habitable or since rehabilitated; (3) the increase in mental illness, physical illness and substance abuse as a result of trauma and stress; (4) lack of sufficient medical and psychiatric treatment and facilities, especially for the poor, due to infrastructure damage; and (5) the destruction of the extended-family and neighborhood support networks on which so many vulnerable people relied before Katrina.

When a great city falls, as New Orleans did during Katrina, those at the bottom fall the farthest. The suffering and the human deterioration that was experienced by the 975 persons we intaked in the two homeless camps, Duncan Plaza and Canal/Claiborne Avenue, seemed to be

the absolute worst that homeless outreach could encounter. This has not proven to be the case. Situation upon situation of persons fearful and disabled -- the sickest of the sick hiding in abandoned buildings, seriously mentally ill persons living in side alleyways and sheds, and families with small children and infants living in cars -- have continued to confront our small outreach team of nine workers.

Just in the course of this past week, the outreach team has seen 195 new clients who are living on the streets or in abandoned buildings. As soon as outreach workers think that they have "seen it all" in terms of human suffering, there's always more. This week, which can be easily called typical, we encountered three elderly persons living on the streets with colostomy bags, two persons totally confined to wheelchairs, one lady who was also battling shingles and who is incontinent, and one person who was so mentally ill, cutting herself, and so disorganized mentally that we needed to call for an emergency psychiatric commitment for her own protection.

Thank you very much for inviting me to testify about the housing needs of the most vulnerable survivors of Hurricane Katrina.

House Committee on Financial Services
Subcommittee on Housing and Community Opportunity
Field Hearing on the Status of the 'Big Four' Four Years After Hurricane Katrina

Prepared Statement of
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August 21, 2009

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Introduction

Chairwoman Waters and members of the Subcommittee on Housing and Community Opportunity, thank you for holding this important hearing and giving me the opportunity to testify on the state of public housing in New Orleans, Louisiana, and specifically on the "Big Four" public housing developments: C.J. Peete, B.W. Copper, St. Bernard, and Lafitte.

My name is Anita Sinha and I am a Senior Attorney at Advancement Project, a racial justice legal action organization that works with grassroots groups to achieve a just democracy. I am the director of Advancement Project's Post-Katrina project, which since August 29, 2005, has been committed to helping residents fight for just reconstruction in New Orleans. During the months following the storm, we filed lawsuits that halted evictions from rental properties and the demolition of homes without due process. In the spring of 2006, we filed a lawsuit seeking to establish satellite voting for displaced voters. We have fought for the fair treatment of FEMA trailer residents, including successfully stopping the *en masse* eviction of residents from their trailers this summer.

Beyond the housing context, we have exposed the exploitation of immigrant workers and exclusion of African American workers from reconstruction jobs in post-Katrina New Orleans by publishing *And Injustice for All: Workers' Lives in the Reconstruction of New Orleans* in July 2006. In the wake of this report, we founded, along with the National Immigration Law Center, the New Orleans Workers' Center for Racial Justice. We also provide technical assistance to several grassroots groups in New Orleans, including Safe Streets/Strong Communities and Voices of the Ex-Offender (VOTE). Nationally, we have raised public awareness to the detrimental impact of post-Katrina reconstruction policies on communities of color, including through previous Congressional testimony and a short film, *This is My Home,* which documents the post-Katrina fight for New Orleans public housing.

On June 27, 2006, we filed *Anderson v. Jackson*, a class-action lawsuit on behalf of displaced New Orleans public housing residents, all of whom were African American, who wanted to return to their homes and New Orleans. Co-counsel in the case are: the law firm of Jenner & Block; Bill Quigley, Center for Constitutional Rights; Tracie Washington, Louisiana Justice Institute; and Davida Finger and Judson Mitchell, Loyola Law School. The action was filed against the U.S. Department of Housing and Urban Development (HUD), the Housing Authority of New Orleans (HANO), the Secretary of HUD, the HUD appointee of the HANO Board of Commissioners, and the HUD appointee of the HANO Executive Administrator. The case is currently before the U.S. District Court for the Eastern District of Louisiana.

As originally filed, *Anderson v. Jackson* alleged that, by failing to re-open public housing and subsequently proceeding to destroy residents' homes, HUD and the other defendants have violated federal and state laws. First, we argued that defendants' refusal to permit the return

of these 4,000 families has an adverse impact on African Americans and thus was unlawful under the Fair Housing Act (Title VIII of the Civil Rights Act of 1968). Statements of officials such as former Secretary Jackson and actions they took also violated the Fair Housing Act by denying housing on the basis of race. Second, plaintiffs claimed that defendants' actions and inaction constituted violations of the U.S. Housing Act of 1937. By failing to repair units leaving them to further deterioration, defendants effected a *de facto* demolition in violation of this Act. Defendants also failed to consult with residents about the demolition as legally required. Third, plaintiffs asserted that by denying them their homes without notice or an opportunity to be heard, defendants' actions violated the Due Process Clause of the U.S. Constitution. Fourth, plaintiffs made various state claims derived from their rights under their valid leases. Lastly, we argued that by not permitting displaced residents to return, and by not making special efforts to ensure their full participation in the planning and management of their return or reintegration, HUD was violating international law by not following the United Nations' resolution that adopted the "Guiding Principles on Internal Displacement," of which the U.S. was a co-sponsor.

While the lawsuit ultimately was not successful in halting the demolition of the Big Four, we continue to pursue justice for displaced residents through the *Anderson* litigation. The District Court in 2007 ruled that a class action of public housing residents, who have been on vouchers since Katrina and have incurred expenses they otherwise should not have paid for, may proceed with their claims.

Through our continued litigation in *Anderson v. Jackson* and the other support we provide to grassroots organizations, we know firsthand the dire situation facing both public housing residents displaced from the Big Four and others in need of stable, deeply affordable housing in New Orleans. The effects of prolonged displacement and living in flux have taken their toll on residents' personal health and the well-being of their communities. I am here to testify on behalf of our public housing clients who have been displaced and who continue to face barriers to returning to New Orleans and securing stable, affordable housing.

The Time is Now

While the dire situation in post-Katrina New Orleans has warranted attention since that fateful day in August 2005, the current economic downturn requires that particular attention be paid to the assistance needed by these vulnerable communities. According to the Louisiana Workforce Commission, the number of unemployed in Louisiana skyrocketed in one month, from 130,216 in May 2009 to 163,468 in June 2009.[1] In New Orleans, the unemployment rate in June 2009 was up more than two percent from one year ago.[2]

While the housing crisis across the country is significant, it is particularly acute in New Orleans, which continues to suffer from a dearth of housing opportunities. Nationally, 1.5 million properties in the first six months of 2009 have undergone some level of foreclosure

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[1] Louisiana Workforce Commission. (2009, July 24). *Louisiana private sector jobs increase in June.* [Press Release]. Retrieved August 18, 2009, from http://www.laworks.net/Downloads/LMI/lmipressrelease.pdf

[2] United States Department of Labor. (2009, July 29).*Metropolitan area employment and unemployment.* Retrieved August 17, 2009, from http://www.bls.gov/news.release/pdf/metro.pdf (Note: this is not seasonally adjusted).

filing.[3] Orleans Parish has experienced the highest foreclosure rate in Louisiana, with one in every 460 housing units receiving a filing.[4]

Even by conservative estimates,[5] close to a million people across the country are homeless.[6] The number homeless is projected to double this year if the government does not take significant action to ameliorate the affordable housing crisis.[7] In New Orleans, the homeless rate has more than doubled since Katrina, and according to a March 2009 report, Louisiana has the highest rate of homeless children in the country.[8]

While the homeless population surges, the rate of rebuilding housing in post-Katrina New Orleans is staggeringly slow. Nearly a third of properties in New Orleans are considered "empty or blighted."[9] The actual number of unoccupied residential addresses is nearly the same as in Detroit, a much bigger city, and the percent of blighted properties is greater than that in Washington, DC; Baltimore; Pittsburgh; and multiple cities in Ohio.[10] These are stark indicators that there continues to be a severe shortfall of affordable housing in New Orleans. A permanent housing plan for the most vulnerable survivors of Hurricane Katrina, including displaced residents of the Big Four, is only possible if the federal government acknowledges and addresses significant problems immediately.

Problem Number 1: Limited Options for Public Housing Residents

On September 21, 2007, HUD approved the demolition of most of New Orleans' public housing and a replacement of far fewer public housing units. Thereafter, 4,000 public housing units in New Orleans—more than 70 percent of the city's public housing stock—were demolished. The disposition plans we are aware of for the Big Four show the following:

- At St. Bernard, 1,400 public housing units will be replaced with 595 total units, of which only 160, or 11 percent of the original number of units, will be public housing units;
- At C.J. Peete, 723 public housing units will be replaced with 410 total units, of which 154, or 21 percent of the original number of units, will be public housing units;

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[3] RealtyTrac. (2009, July 16). *1.9 million foreclosure filings reported on more than 1.5 million U.S. properties in first half of 2009.* Retrieved August 16, 2009, from http://www.realtytrac.com/ContentManagement/PressRelease.aspx?channelid=9&ItemID=6802#statetable.

[4] Data collection change behind foreclosure surge in N.O. (2009, July 16). *New Orleans City Business.* Retrieved August 18, 2009, from http://www.neworleanscitybusiness.com/UpToTheMinute.cfm?recID=25772

[5] "Conservative" because these estimates use the technical definition of homeless, which includes individuals on the street or in shelters but does not account for people who are forced to live with family and friends.

[6] National Low Income Housing Coalition. (2009, February 6). *What we mean by housing: An open letter to Congress and the Administration on the Economic Recovery Bill.* Retrieved August 15, 2009, from https://www2398.ssldomain.com/nlihc/detail/article.cfm?article_id=5793&id=28

[7] *Id.*

[8] The National Center on Family Homelessness. (2009, March). *America's youngest outcasts: State report card on child homelessness.* (Retrieved August 18, 2009, from http://www.homelesschildrenamerica.org/pdf/rc_full_report.pdf

[9] High foreclosure rates post new problems for hurricane season. (2009, June 3). *The Online Magazine of the Institute for Southern Studies.* Retrieved August 18, 2009, from http://www.southernstudies.org/2009/06/post-11.html

[10] Greater New Orleans Community Data Center. (2009, July 20). *National benchmarks for blight.* Retrieved August 15, 2009, from http://www.gnocdc.org/BenchmarksforBlight/

- At B.W. Cooper, 1,546 public housing units will be replaced by 410 total units, of which only 154, or 10 percent of the original number of units, will be public housing units; and
- At Lafitte, 896 public housing units will be replaced by 1,500 units, of which only 264, or 17 percent, will be public housing units.[11]

We are unsure as to whether these plans represent the most current redevelopment plans for the Big Four, especially in light of the present economic climate. There are currently 2,474 public housing units in New Orleans.[12] This is not nearly enough housing to meet the need. We have cause for concern that even the fraction of public housing units promised will not be built. For example, C.J. Peete developer's website states that only *seven* public housing units are going to be built on the redeveloped site.[13] In addition to the number of public housing units being built, we are concerned about the timing of their construction. Specifically, we are concerned that phased construction may not include public housing units in the initial phase. Thus, the neediest families may be the last to get homes.

Without the construction of stable, deeply affordable housing, there are few other options for displaced public housing families in New Orleans. The most recent data available shows that in Orleans Parish, 38,000 affordable housing units sustained severe or major damage from Hurricane Katrina, and as of August 2008, only 37 percent of this stock had been replaced.[14] As of 2009, rents for apartments in New Orleans are 40 percent higher than pre-Katrina rates.[15] The findings of a 2009 report are sobering:

- The annual median family income in Orleans Parish is $59,800. The monthly median family income is $4,950. In Orleans Parish, an extremely low-income family earns $17,940 annually. For an extremely low income family, monthly rent of $449 or less is affordable.
- The Fair Market Rent for a two-bedroom rental unit in Orleans Parish is $1,030. HUD estimates that the 2009 Fair Market Rent for a two-bedroom unit in Orleans Parish has increased 89 percent since the 2000 census.
- A renter household needs an annual income of $41,200 in order for a two-bedroom rental unit at Fair Market Rent to be affordable.
- The minimum wage in Orleans Parish in 2009 is $6.55. A renter earning the minimum wage must work 121 hours per week to afford a two-bedroom rental unit at Fair Market Rent. A household needs three full-time jobs paying the minimum wage in order to afford a two-bedroom rental unit at Fair Market Rent.[16]

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[11] Quigley, B. (2006, December 29). Why is HUD using tens of millions in Katrina money to bulldoze 4,534 public housing apartments in New Orleans when it costs less to repair and open them up?: A Tale of Two Sisters. *Counterpunch.* Retrieved August 15, 2009, from http://www.counterpunch.org/quigley12292006.html.
[12] Bureau of Governmental Research. (2009, May). *The house that Uncle Sam built.* Retrieved August 19, 2009, from http://www.bgr.org/pdf/reports/BGR-09_Housing.pdf
[13] McCormack Baron Salazar Website, Development Map, New Orleans. Retrieved August 18, 2009, from http://www.mccormackbaron.com/HTML/map/MBSdevelopmentmap.html
[14] PolicyLink. (2008). *A long way home: The state of housing recovery in Louisiana 2008.* Retrieved August 14, 2009, from http://www.policylink.org/threeyearslater/equityatlas.pdf
[15] *Supra* note 10.
[16] National Low Income Housing Coalition. (2009, April). *Out of reach 2009: Persistent problems, new challenges for renters.* Retrieved August 18, 2009, from http://www.nlihc.org/oor/oor2009/data.cfm?getcounty=on&county=10698&state=LA

Vouchers Alone are an Inadequate Response

In February 2009, the Ad Hoc Subcommittee on Disaster Recovery of the Committee on Homeland Security and Governmental Affairs of the U.S. Senate released a report stating that HUD's three main voucher programs created to provide relief in areas impacted by Hurricane Katrina only provided actual relief to a small percentage of the total displaced population.[17] The report found that creating thousands of additional vouchers did not create one unit of additional housing.[18] FEMA Acting Assistant Administrator for Disaster Assistance Directorate, David Garratt, testified before the Ad Hoc Subcommittee stating, "If there is no public housing, if there are no other forms of housing available at or near the fair market rent, then having a voucher in your hand is not worth a lot."[19] Even those who administer vouchers agree: the need for brick and mortar solutions in New Orleans must take precedence and vouchers do not fill that void.

Vouchers are also unfit substitutes for public housing because they impose additional financial and administrative burdens on vulnerable families. Across the county, residents identify numerous barriers to successful use of vouchers, including: costly credit checks and security deposits; limited search time due to voucher expiration dates and employment; denial of housing due to relatives with criminal backgrounds; discrimination based on status as a public housing resident or voucher user; and competition for units in better neighborhoods. Many residents report that relocation counselors pressure them to move to undesirable neighborhoods.[20] These same barriers and dynamics exist for residents in New Orleans.

Additionally, opportunities to use the vouchers for housing are curtailed by discrimination against renters of color. The 2000 Housing Discrimination Study showed "continuing, substantial discrimination" against Blacks and Latinos in the rental of housing.[21] In rental tests conducted by HUD in 2000, Whites were favored over Blacks 21.6 percent of the time and over Latinos 25.7 percent of the time.[22] HUD's own studies show that "the rate of illegal race and national origin discrimination in housing rental has remained virtually constant over the past three decades."[23]

In New Orleans, a study entitled *No Home for the Holidays* showed that Black displaced residents seeking housing encountered discrimination in 66 percent of their attempts to

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[17] Ad Hoc Subcommittee on Disaster Recovery of the Committee on Homeland Security and Governmental Affairs United States Senate. (2009, February). *Far from home: Deficiencies in federal disaster housing assistance after Hurricanes Katrina and Rita and recommendations for improvement.* Retrieved August 18, 2009, from http://landrieu.senate.gov/news/Disaster_Housing_Investigation.pdf

[18] *Id.*

[19] *Id.*

[20] Note, When hope falls short: HOPE VI, accountability, and the privatization of public housing. (2003). [Electronic Version]. *Harvard Law Review, 116,* 1490-91.

[21] Roisman, F. (2005). Keeping the promise: Ending racial discrimination and segregation in federally funded housing. [Electronic Version]. *Howard Law Journal, 48,* 916.

[22] Schwemm, R. G. (2007). Housing rights article: Why do landlords still discriminate (and what can be done about it?). [Electronic Version]. *Thurgood Marshall Law Review, 40,* 456-57.

[23] *Id.*

locate housing.[24] An audit of the New Orleans metro area rental market for housing discrimination based on race found discrimination against African Americans in 57.5 percent of transactions.[25] Such stark data means that racial discrimination, combined with other barriers to housing in the New Orleans Metro area for residents in need of subsidized housing, creates "barriers to housing" that are "nearly insurmountable."[26] Moreover, discrimination against African Americans in the parishes surrounding New Orleans is significant, rendering their housing choices in the neighborhoods just outside New Orleans similarly restrictive. Jefferson Parish has been described as "Louisiana's most notoriously racist parish."[27] After Hurricane Katrina, St. Bernard Parish passed an ordinance requiring property owners to rent only to blood relatives, and because parish property is overwhelmingly owned by Whites, the law effectively prohibited African Americans from renting property.[28]

Problem Number 2: The Lost Road Home—Resident Relocation and Return

The current location of many residents displaced from the Big Four is simply not known.[29] This is because HANO officials admitted that after Hurricane Katrina, they did not systematically keep track of the location of public housing residents. For example, HANO admitted that they did not have a formal system to get updated addresses from residents when residents called disaster hotlines.[30] Moreover, it is also unlikely that residents were asked in a broad or systematic way about their intent to return to the Big Four.[31]

In light of HANO's poor tracking system, and because public housing residents have been forced into unstable living conditions since the storm, we are concerned that housing opportunities at the Big Four redeveloped sites will pass by displaced residents. For example, the waiting list for public housing on the redeveloped St. Bernard site was only open for 23 days.[32] We do not think that was a reasonable time for residents to receive the pertinent information and submit their applications. Tactics such as keeping waiting lists open for an unreasonably short period of time will only lead to misleading information about how many families do in fact want and need to return to the Big Four redeveloped sites.

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[24] James Perry, Executive Director, Greater New Orleans Fair Housing Action Center and President, Louisiana Housing Alliance on behalf of The National Low Income Housing Coalition. (2007, September 25). [Testimony before the United States Senate Committee on Banking, Housing, and Urban Affairs]. Retrieved August 17, 2009, from http://banking.senate.gov/public/_files/perry.pdf

[25] *Id.*

[26] Beveridge, A. (2007, June 13). The impact on low-income African Americans of the planned demolition of public housing in New Orleans, Louisiana and the redevelopment of the sites. (p. 12). (on file with author).

[27] Eaton, R. (2006). Escape denied: The Gretna Bridge and the Government's armed blockade in the wake of Katrina. [Electronic Version]. *Texas Wesleyan Law Review, 13*, 134.

[28] Lawyer's Committee for Civil Rights Under Law. (2006, November 2). Fair housing advocates seek to halt discriminatory zoning rule. [Press Release]. Retrieved August 15, 2009, from http://www.lawyerscomm.org/2005website/publications/press/press110206.html

[29] *Supra* note 17.

[30] Dorian Rawles, Deputy Executive Director, HANO. (2007, June 28). [Testimony]. (on file with author).

[31] *Id.*

[32] *See* Exhibit A, Columbia Parc Development Update (2009, July).

Problem Number 3: Obstacles to Reoccupying Public Housing and Other Stable Affordable Housing

Disinvesting in and Keeping Vacant Existing Public Housing in New Orleans

Iberville, one of the public housing developments that residents saved from destruction, now appears slated for demolition. The telltale signs are present: disinvestment and rumors of redevelopment. Iberville residents have urged HANO, with only minor success, to perform essential repairs and maintenance to the complex and within units.[33] And while no details have been agreed upon yet, Mayor Ray Nagin in May announced plans for a mixed-income development.[34] HANO officials have said that an advisory committee regarding Iberville would start meeting in the summer of 2009.[35]

At Lafitte, 94 units were repaired for reoccupancy in 2007 and 2008. HUD and HANO spent $2.7 million dollars ($28,723 per unit) to renovate these units. In March, residents who were able to reoccupy the units were afraid of being arrested and losing their belongings if they did not leave their homes by a certain date–a date prior to the expiration of their leases.[36] In fact, we had heard numerous reports prior to this incident that residents were discouraged from reoccupying these units, and that those who did move back were subject to constant harassment. Their leases ultimately expired, and now the 94 units sit unoccupied.

Illegal Work Requirements

HUD regulations allow a PHA to use admission preferences for "working families." A working family, as defined by federal law, is where the head, spouse, or sole member is employed.[37] The preference therefore is available to a family as long as one member—the head, spouse, or sole member—is working. The work preference is also available for families where the head, spouse, or sole member is elderly or a person with disabilities.[38]

There is no legal authority supporting a work requirement as a condition of admission or continued occupancy of public housing.[39] The U.S. Housing Act establishes eligibility requirements for residents of federal assisted housing.[40] Residents must be "low-income families" as defined by federal law. There is no mention of any requirement that the head of

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[33] Reckdahl, K. (2009, July 25). Infusion of federal money brings hope to some in Iberville complex. [Electronic Version]. *The Times Picayune.* Retrieved August 19, 2009, from http://www.nola.com/news/index.ssf/2009/07/infusion_of_federal_money_brin.html.

[34] Reckdahl, K. (2009, May 26). Rumblings of change echo through Iberville. *The Times Picayune,* p. 1.

[35] *Id.*

[36] Reckdahl, K. (2009, March 28). Lafitte public housing residents ordered to leave at once. *The Times Picayune.* Retrieved August 18, 2009, from http://www.nola.com/news/index.ssf/2009/03/lafitte_public_housing_residen.html

[37] 24 C.F.R. § 960.206 (2009).

[38] *Id.*

[39] The Moving to Work (MTW) demonstration program allows a waiver of these provisions. HANO is not one of the participating PHAs in MTW. Thus, there is no legal authority that allows HANO or any of its agents to implement work requirements. Additionally, HANO is currently under a receivership and troubled PHAs are not eligible for MTW status.

[40] 42 U.S.C. § 1437n (2009).

the family or any other member of the family must be working.[41] Each adult member of a household must perform eight hours of community service or self-sufficiency activities each month, but is exempt if working, elderly, disabled, or exempt from work under state welfare laws.[42] Importantly, however, the statute stops short of any work requirement.

It is our understanding that all of the Big Four sites are considering implementing work preferences. At this point, at least two redeveloped sites with HANO public housing units have already adopted a likely illegal work requirement instead of a true work preference, even though HANO's work preference policy appears to be consistent with federal law.[43] For example, Columbia Residential, the developer of the St. Bernard site, is requiring that *all* adult applicants, not just the head or co-head of the household, be employed unless "handicapped, disabled, or elderly."[44] In addition, residents have been informed by developers that they must work at least 30 hours per week and have been employed for at least 6 months prior to applying for admission in order to be eligible. Lastly, in a newsletter dated June 25, 2009 sent to former residents, Columbia Residential states that HUD "granted waivers so that each individual property could maintain its own lists and establish priorities for accepting residents."

Again, there is no legal authority for HANO or private developers of mixed-income housing to impose work requirements for admission or as a condition for continued occupancy, nor is it a fair policy for involuntarily displaced families. The right to return and remain in New Orleans should not be further diluted by readmission policies that are overly restrictive, inconsistent at different properties, and likely illegal. Additionally, in the context of the economic crisis and the swelling joblessness, we must do all we can to ensure housing for impacted families. Work requirements masked as work preferences are likely to exacerbate the economic and housing crisis in New Orleans, pushing more people onto the streets. Now is not the time to enact more stringent barriers to accessing stable housing.

Credit and Extensive Background Checks

Insisting on credit checks and scouring a family's record for criminal activity is a common way for both HANO and developers to deny vulnerable families housing. The families of the Big Four have been dealing with displacement for four years, and now have to contend with a bad economy while they strive to get back into a stable situation. In this context, linking affordable housing opportunities to whether they can pass a credit check presents an unfair obstacle to returning to public housing.

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[41] 42 U.S.C. § 1437a(b) (2009).
[42] 42 U.S.C § 1437j(c) (2009).
[43] We have been informed that River Garden, not one of the Big Four but formerly known as St. Thomas, already has a work requirement for admission which is often and incorrectly described as a "work preference." The work requirement mandates that the head of household must have verifiable employment with the head working at least 20 hours per week. It extends to elderly and/or disabled families and to families where the head of household is enrolled in a job training program. Once admitted, River Garden management tells families that they must retain employment as a condition of continued occupancy. If a head of household loses or quits a job, and cannot quickly regain employment, the only housing the family can afford is in jeopardy.
[44] Columbia Residential (2009, May). *Frequently asked questions for former residents of St. Bernard projects.* Retrieved August 14, 2009, from https://www.stbernardnow.com/questions.php

Criminal background checks affect even those residents who are involved in minor incidents of wrongdoing. Moreover, the background checks have been conducted not only on the head of household, but on the entire family—including children. This has in some cases forced residents to kick a child off their leases and thus out on the streets so that they can ensure housing for themselves and remaining family members. Additionally, the results of background checks can become irrational. In fact, we know of one resident whose son had mental disabilities and had been arrested for a criminal activity; the charges were subsequently dropped, and yet, this family was still denied housing.

Problem Number 4: Confusion and Chaos

While there are a number of increasingly significant barriers to public housing residents getting into the redevelopment sites of the Big Four, a lack of understanding of the rules, regulations, and various steps by residents, due to complexly disorganized, constantly changing, and confusing policies and practices, has also emerged as a major barrier for residents. Efficiency and clarity of the HANO administration and case management are essential to vulnerable families' ability to return and access affordable housing. However, HANO appears to be providing inadequate information to residents about existing rules and new changes. Residents claim that HANO does not provide them with concrete information or respond to their questions or concerns. Whether in person or on the telephone, residents leave messages, anxious to hear from case managers, but these messages seem to be ignored, unread, or disregarded. Some residents complain that they never hear about different housing options or potential changes in policy before they occur. For example, residents of B.W. Cooper have said that there have not been any public meetings regarding the redevelopment of their homes.

Furthermore, because of the constant addition of new requirements, preferences, and rules regarding access to public housing, many residents simply cannot keep up with the myriad of policies and thus may be unknowingly violating a policy. Even more significantly, because of the extensive leases and requirements being used for the redevelopment sites, many residents do not understand what is required of them. Navigating through the intricacies of such leases is daunting and could even deter some residents from seeking the housing.

Problem Number 5: Job Opportunities are Not Going to Public Housing Residents

The Section 3 Job Training and Employment program of the Housing and Urban Development Act of 1968 (Section 3) was created to ensure that redevelopment, maintenance, and other work opportunities relating to public housing went to public housing and other low-income residents. In light of the severe economic crisis and rate of unemployment both across the country and in New Orleans, Section 3 represents an important mechanism for resident job training and employment.

Section 3 provides that the training, employment, contracting, and other economic opportunities generated from federal financial assistance for housing and community development programs be offered to low-income workers, particularly public housing residents. Importantly, the obligation to comply with Section 3 applies to the entire project–

a project may receive funds from many sources, public and private, but if there are any public housing funds used, then Section 3 governs the entire project.[45] Additionally, other entities that receive HUD or other federal assistance are encouraged to provide the same opportunities to public housing and other low-income residents.[46]

Each recipient covered by Section 3 must submit to the HUD Assistant Secretary an annual report demonstrating its efforts related to the statute.[47] HUD also has access to all recipients' records related to Section 3, and therefore may affirmatively examine for compliance.[48] Section 3 regulations also urge the Assistant Secretary to conduct periodic reviews of selected recipients and contractors.[49]

Each of the Big Four redevelopment sites are subject to Section 3 requirements. We have heard concerns from public housing residents from each site that job training and employment opportunities have not been made widely available to public housing residents. Additionally, B.W. Cooper residents in particular have raised concerns about clear accounting of Section 3 compliance. Ensuring Section 3 compliance represents a significant way the government can ensure that low-income families, from a still-recovering region and despite these bad economic times, can improve their lives.

Unanswered Questions that Merit Investigation

Again, we commend the Subcommittee on Housing and Community Opportunity for holding this vital hearing. We were not able to stop the demolition of the Big Four. But we do still have the opportunity to ensure that public housing residents displaced from these sites do not get left out of housing and employment opportunities. To achieve this goal, we submit that the following questions merit further investigation by the Subcommittee:

Questions Concerning Redevelopment Plans for the Big Four

- What are the current, actual finances secured by each of the Big Four developers? Do they have the finances secured to build the number of public housing units presented in their demolition and disposition plans?
- Is the building of public housing units included in the initial phase of construction on each of the Big Four sites?
- Do the developers of the Lafitte public housing site still plan on one-for-one replacement of public housing units? If so, do they presently have the finances to build 900 homes affordable to extremely low-income families? What is their timeline for the construction of these specific units?
- Has the current economic market in any way altered the redevelopment plans or timeline of the Big Four?

[45] 24 C.F.R. §135.3(a)(3) (2009).
[46] 24 C.F.R. §135.3(3)(d) (2009).
[47] 24 C.F.R. §135.90 (2009).
[48] 24 C.F.R. §135.92 (2009).
[49] 24 C.F.R. §135.74(a) (2009).

Additional Questions Concerning Job and Housing Opportunities for the Big Four Public Housing Residents

- Has HUD, as Columbia Residential states, granted waivers to the Big Four developers as to establishing priorities for accepting residents?
- Are the 94 units repaired at Lafitte going to be demolished before new public housing is made available? If so, what is the justification for this decision?
- Does HUD plan to move forward with demolishing units at Iberville before the rebuilding of public housing units? If so, what is the justification for this decision?
- What is HUD's system to ensure that the developers fully comply with the mandates of Section 3 and actively engage in sufficient oversight of HANO and the developers?

Society, let alone this Subcommittee, will never be able to reverse the lack of response and appropriate reaction by the government to Hurricane Katrina, particularly its lack of immediate action to assist the most vulnerable displaced communities. In this severe economic downturn, these vulnerable communities continue to bear the brunt of crisis. New obstacles have arisen that jeopardize their well-being and potential for securing stable housing. We cannot allow these communities to suffer any longer. We implore you to listen to the voices of the residents we represent and the residents who are present in this room. Now is the time to move obstacles out of the way, not impose more hurdles in their path. We have a window of opportunity now to improve the lives of low-income families from New Orleans by creating housing and job opportunities. We ask the government to help us seize it. Thank you.

EXHIBIT A

DEVELOPMENT UPDATE | *July 2009*

GENERAL OVERVIEW OF THE PROJECT

Columbia Parc at the Bayou District is being built on the site of the former public housing development known as St. Bernard. The development is the first component of a comprehensive redevelopment of the area known as The Bayou District. Developed by **Columbia Residential and the Bayou District Foundation**, the redevelopment will include new city blocks, high quality mixed-income rental housing, single-family housing for purchase, new school and educational facilities, commercial development, a community center, management offices and other amenities for the entire neighborhood.

CONSTRUCTION STATUS

Phase One construction includes ten (10) new city blocks containing 466 units of high quality mixed-income rental housing, one-third for former public housing eligible residents, one third for workforce housing, and one third for market-rate housing.

Construction was approximately 20 percent complete as of June 30, 2009. Occupancy of first units is planned for the end of 2009, and all construction is scheduled to be completed by end of 2010.

GOALS AND COMPLIANCE FOR CONTRACTING AND EMPLOYMENT

In addition to meeting its primary mission of creating quality affordable housing in New Orleans, Columbia Residential and the Bayou District Foundation are committed to working with local companies, specifically firms owned by minorities, women and disabled people. In addition, the development team is committed to providing employment opportunities for low income and public housing residents.

Section 3: Section 3 of US Department of Housing and Urban Development regulations provide reporting requirements and set goals for hiring as a part of the redevelopment of a former public housing site. When new jobs are created by contractors, subcontractors and vendors, employment opportunities are provided to low-income and former public housing residents. Results are tracked through regular reporting of payrolls and hires to Housing Authority of New Orleans (HANO). (See below table).

Section 3 Goals	Current Status	Public Housing Residents
30% of all new hires	**65%** of new hires are Sect 3 qualified (total of 36 persons to date)	**27%** of new hires are public housing residents (10 persons to date)

Additional hiring opportunities remain as the redevelopment continues through 2010 and as more trades begin hiring for the project.

Disadvantaged Business Enterprise Hiring (DBE): The development team has committed to specific hiring goals for Disadvantaged Business Enterprises (DBEs), which include minority (MBE) and women-owned (WBE) businesses.

Type Business Enterprise	Goal	Current Status
Minority-owned	20%	21%
Women-owned	5%	6%

More than $20 million of new construction has been contracted with DBE firms and additional contracting opportunities remain.

Local contractors and suppliers: The development team has committed to hiring contractors and suppliers who are based in Orleans Parish. Results are tracked and reported regularly to the New Orleans Industrial Development Board

Goal	Vertical Const.	Infrastructure.
25%	32%	90%

To date over $32 million in contracts for the new construction and infrastructure are with firms located in Orleans Parish

RESIDENT RELOCATION AND RETURN

Pre-leasing began in July 2009 for occupancy in late 2009. Applications are currently being taken. Potential residents are encouraged to visit our Lifestyle Center at 6600 Franklin Avenue, New Orleans, LA 70122, or visit our website at www.columbiaparc.com for more information on living opportunities at Columbia Parc.

Site-based Waiting List: The ranking and placement of pre-applications will be determined by the original date of occupancy in the former St. Bernard community. Applications for the public housing units on the site will be prioritized according to the following criteria:

- Individuals must have been residents of the former St. Bernard community at August 29, 2005.
- First priority for public housing units will be reserved for elderly and/or disabled former residents.
- Next priority for public housing units will be extended to families whose head of household is employed and has been employed for minimum of 6 consecutive months.

Returning Residents: Broad outreach t has been initiated through various outlets, including monthly community meetings, mailers, collateral materials, advertisements. A website specifically for former residents interested in return has been launched: www.stbernardnow.com.

- Families in residence at the former St. Bernard community at the time of Hurricane Katrina, over 900 families, have been located, contacted, and surveyed. More than 400 families (44%) responded, requesting information and expressing interest in returning.
- After extensive outreach and advertising, the site-based waiting list establishing eligibility and qualification priority for returning residents opened on July 1, 2009, and will close on July 24, 2009. To date, nearly 300 qualified former residents have made application for this list.
- New Orleans based Kingsley House is providing community and supportive services for returning residents.

Contact: 404-577-8900 ext. 241

ATTACHMENT A

Testimony of Laura Tuggle
Managing Attorney-Housing Unit
Southeast Louisiana Legal Services

Presented To The United States House of Representatives
Financial Services Subcommittee on Housing and Community Opportunity

August 21, 2009, Field Hearings in New Orleans

INTRODUCTION

Thank you Congresswoman Waters, Ranking Member Capito, and members of the Committee for the opportunity to testify regarding "The Status of the Big 4 Public Housing Developments", housing challenges facing low income families in New Orleans, and additional affordable housing needs. I also want to especially thank this committee for its leadership in bringing recovery funds to our region in the wake of the most catastrophic disaster in United States history. As an affordable housing attorney working in the legal services office that covers 5 parishes in Southeast Louisiana, it is easy to get disheartened by the incredible housing challenges still facing our elderly, disabled, and low-income families. It is truly an honor to be allowed to keep on struggling with and for our clients on a daily basis. The continued interest and support of this committee almost four years after Katrina is definitely a bright spot along the road to recovery.

Tremendous resources have been allocated for housing recovery under both the Road Home Homeowners assistance program and numerous temporary disaster rental and permanent affordable housing programs. Unfortunately, we still have a very long way to go, particularly in the arena of unmet affordable housing needs. A Housing Needs Assessment done for the Louisiana Housing Finance Agency released on February 20, 2009, estimates there will still be a huge affordable housing gap even after recovery financed housing is completed. That assessment projects an unmet housing need in New Orleans by 2013 of 18,454 units for low-income families.

A report by Policy Link released in August of 2008 titled "A Long Way Home" estimates that in New Orleans, only 33% of the 51,681 pre-Katrina, damaged rental properties are slated to be rebuilt using hurricane recovery funds. The same report projects that only 2 in 5 units of affordable housing stock may be repaired or replaced with recovery assistance. Due to the current economic crisis, financing difficulties, and the prior ineffectiveness of the Road Home Small Rental Repair Program, it is highly doubtful that even the planned affordable rental stock will come to fruition. With a looming August 31, 2009 end to temporary disaster housing programs such as the Disaster Housing Assistance Program (DHAP) for most families, the lack of affordable rental units available **now** is particularly troubling.

Even more troubling is the continued lack of deeply affordable housing, those units affordable to families with incomes at or below 30% of area median income. Almost four years after Katrina, not a single unit of public housing has been rebuilt in the

Big 4. Thousands of deeply affordable units in the HUD Multifamily assisted stock remain offline. The number of homeless families in our region has doubled from pre-Katrina estimates of 6,000 to 12,000 now. We thank the committee for the opportunity to answer its questions, provide information, and make recommendations about how to meet the needs of low income citizens still trying to recover from Hurricanes Katrina and Rita.

1) WHAT IS THE CURRENT STATUS OF THE BIG FOUR PUBLIC HOUSING DEVELOPMENTS?

There are currently no redeveloped units open in any of the Big 4 sites. While C.J. Peete, St. Bernard, and B.W. Cooper have closed on their financing, it is our understanding that Lafitte has not. Some public housing units are expected to reopen at C.J. Peete and St. Bernard by the fall of 2009. In September of 2008, the Housing Authority of New Orleans (HANO) anticipated 1,246 units being open by December of 2009 of which 589 were expected to be public housing or public housing/ low income housing tax credit units.(Exhibit 1) The timetable for delivery of public housing and affordable units at the Big 4 will obviously not be meet. Though HANO and the developer could not make significant headway on rebuilding at Lafitte, families, many of whom were elderly or disabled, were forced out of the 94 units at Lafitte. Those units now sit vacant.

Continued delays in the delivery of the Big 4 public housing developments exacerbate our affordable housing crisis. Only about 14% of pre-Katrina public housing units in New Orleans are even being planned to be rebuilt. (See HANO chart from September of 2008, attached as Exhibit 2).

Big 4 Public Housing

	Public Housing Units "available" at the time of Katrina	Public Housing Units and Public Housing/Tax Credit Units	Percentage of public housing to be rebuilt
Lafitte	896	Claims 1 for 1. HANO Chart shows only 141	16%
BW Cooper	1474	143 (Phase I)	10%
St. Bernard	1436	160 (Phase I)	11%
CJ Peete	723	193 (Only 154 units per the developer)	26%
Total	4,529	637	14%

Even if only 35% of pre-Katrina public housing residents want to return to public housing units in the Big 4, as a March 6, 2008 University of Houston survey suggests, there will still not be enough units to honor the right to return. It is interesting to note that the developer for C.J. Peete reports that of the 377 pre-Katrina families from Peete that can be located, 203 have expressed an interest in returning. That equates to 54% of the families that can be found wanting to return to the site. Given the current economic crisis, it is doubtful that the previously planned number of public housing units will materialize, thus further eroding reoccupancy rights.

Former public housing residents from the Big 4 are still scattered across the country. Of the 2,987 public housing units approved for tenant protection vouchers (TPV), HANO is serving about 1,700 families in New Orleans under the TPV program. As described below in response to the question about challenges facing voucher families, many former public housing residents encounter great difficulty while under the voucher program. Some former residents of the Big 4 now live in public housing units such as Iberville, River Garden, or Scattered Sites. Since Katrina, HANO only rented public housing units to its displaced former HANO residents. Hundreds of units have been vacant for almost four years. Just this summer HANO began updating its public housing waiting list which pre-Katrina had 6,572 families according to HANO's 2009 PHA Plan.

Developers continue to meet monthly with residents. Representatives from our office regularly attend meetings for C.J. Peete, St. Bernard, and Lafitte. Different return policies and operating procedures are being developed at different sites. As rebuilding is delayed and displacement prolonged, we notice many residents losing faith in the promises made. Additionally, many residents are beginning to feel that they are not welcome to return to the redeveloped sites. This "unwelcome feeling" stems from new rules and community policies under consideration by developers to prepare for reoccupancy. Many residents feel that there will be different standards for market rate tenants, voucher holders living in tax credit units, and public housing tenants. A strong resident council or other resident tenant association is critical during both redevelopment phase and for several years after the site reopens to protect the rights of former residents.

Given the status of the Big 4 and our current affordable housing challenges, we offer the following recommendations:

- **Provide additional financing that may be needed to close the deal on Lafitte.**
- **Provide Resident Council Leadership at all Big 4 sites with copies of all leases and lease addenda that will be used for market rate, tax credit, subsidized, or public housing units.**
- **Hold a monthly, or at a minimum, a quarterly meeting of all the Big 4 resident leaders, developers, and HANO to set consistent policies for all sites and to share lessons learned.**

- **Prevent any further reduction in the amount of previously promised public housing units.**

- **Provide relocation assistance to Big 4 families returning to New Orleans from out of the area regardless of the type of unit they return to.**

- **Revise resident participation regulations for mixed income public housing sites to include all residents of the redeveloped sites on the resident council.**

- **Provide support services to residents of the Big 4 sites for at least three years after the site is reopened.**

2) WHAT REOCCUPANCY OR OCCUPANCY CRITERIA, IF ANY, WILL BE IMPOSED UPON RETURNING RESIDENTS OR NEW RESIDENTS? IN YOUR OPINION, WHAT IS THE LEGALITY OF SUCH REQUIREMENTS?

It is our understanding that all of the Big 4 developers are considering adopting work preferences as part of the admission criteria for public housing units. We support HANO's attempt to encourage work and self sufficiency through a **true work preference** as defined under federal law. But we have serious concerns, especially in the current economic climate, with the implementation of work preferences in New Orleans. There is no legal authority for HANO or private developers of mixed income housing to impose work requirements, nor is it a fair policy to impose on involuntarily displaced families. If HANO adopts work preferences for admission and/or readmission to public housing units then there should be a consistent definition of work preference for all sites.

HUD regulations allow a public housing authority (PHA) to provide admission preferences for working families. To avoid discriminating against the elderly and disabled, the working preference is also provided if the head, spouse, or sole member of the family is elderly or a person with disabilities. With the exception of PHA's with "Moving to Work" status, there is no legal authority supporting a work requirement as a condition of admission or continued occupancy of public housing. In addition, work requirements may lead to violations of the Fair Housing Act. PHA residents are disproportionately minorities and disproportionately female headed households with children. As a result, a work preference/work requirement policy will have a disparate impact upon on at least three protected classes under the Fair Housing Act.

In our legal opinion, work preferences operate as illegal work requirements at some sites in New Orleans. Since the site reopened in 2004, River Garden, the former St. Thomas public housing site, requires all heads of household work at least 20 hours unless they are elderly, disabled, or in a job training program. While this criteria is commonly referred to as a "work preference", it is actually a requirement for admission and continued occupancy. Columbia Residential, the developer of the St. Bernard site requires that all adult applicants, not just the head or co-head, be employed unless handicapped, disabled or elderly. It is our understanding that if families are not

continuously employed once admitted they will have a certain period of time to regain employment or else face a forced transfer off of the property.

In addition to the lack of legal authority for work requirements, this is the wrong policy at the wrong time. The current economic downturn requires that particular attention be paid to vulnerable populations. Low income families and minority families already face great difficulties in obtaining and retaining employment due to lower educational levels, the challenges in obtaining affordable childcare, and inadequate transportation. In Louisiana, the unemployment and foreclosure numbers continue to rise.

If residents pay their rent and abide by the terms of their leases, then HANO and developers should not penalize families for being unemployed. If a market rate family in a mixed income site loses employment yet continues to pay their rent, they are not threatened with eviction because they do not have a job.

Congress mandated that all public housing residents displaced by Katrina have the right to reoccupy their homes, if and when available. Pub. L. No. 109-148, 119 Stat. 2680, 2779 (2005). Most pre-Katrina public housing families will not be able to return because far fewer units will be rebuilt. Displaced residents have a right to return to public housing without any additional admission or continued occupancy criteria.

For the above reasons, we recommend the following in regard to readmission policies for the Big 4:

- **For the Big 4 only consider and implement a true work preference for admission, not a work requirement.**
- **Conduct a public hearing (as required by the PHA plan process) on the proposed work preferences before adoption.**
- **If adopted, work preferences should not jeopardize a family's housing assistance if the family loses a job. As an alternative, enforce family compliance with the Community Service requirements.**
- **Adopt a consistent policy regarding work preferences at all HANO public housing units including those managed by private developers at mixed income sites.**
- **Provide copies of the management plans and readmission policies for the Big 4 to this Committee.**

3) WHAT HOUSING CHALLENGES, INCLUDING FAIR HOUSING, FACE LOW-INCOME FAMILIES IN NEW ORLEANS? HOW SHOULD THESE CHALLENGES BE ADDRESSED?

Excluding the loss of Big 4 public housing units, we think there are 3 major housing challenges currently facing low-income families in New Orleans. Of most pressing concern is the imminent end of disaster housing programs including DHAP and FEMA temporary housing units. The loss of thousands of pre-Katrina HUD Multifamily assisted stock continues to be overlooked in the overall housing picture. Finally, there is a real threat of previously promised affordable units not being delivered or additional losses of public housing at non Big 4 sites.

DHAP and FEMA trailers

The New Orleans area is bracing for the end of DHAP. At its height, HANO administered the largest DHAP program in the country servicing about 12,500 families. Thankfully, Congress provided voucher funding for eligible families on DHAP. The original end date for DHAP was Feb. 28, 2009. Due to administrative difficulties in smoothly transitioning families, the new Administration agreed to extend DHAP under a Transitional Closeout Program until August 31, 2009. This extension provided additional time to process families for vouchers and allowed ineligible families time to make other permanent housing arrangements. On August 13, 2009, HUD announced that it will grant an additional 2 month limited extension of DHAP for certain voucher eligible families. This was necessary due to the slower than expected conversion process.

As of August 3, 2009, HANO scheduled 9,098 intake appointments for DHAP families in Orleans Parish. Of this amount, 4,455 families were determined eligible for vouchers. Another 660 families did not need additional housing assistance. This leaves 3,983 families with possible remaining unmet housing needs. Of most concern are the elderly and disabled, referred to as Priority 1 families. The August 3, 2009 report shows that 307 priority 1 families were ineligible for a voucher. It is unclear whether these families were denied based on income, criminal background, or some other reason. Another 558 families have a withdrawn priority status. It is our understanding that HANO withdrew priority status when a family failed to complete the voucher application by a certain date, but that a voucher would still offered to that family subject to funding.

We are particularly concerned about elderly and disabled families inadvertently falling through the cracks. The end of the FEMA temporary rental assistance programs before it transitioned to DHAP resulted in an increase in homelessness in New Orleans. In a February 2008 Unity of Greater New Orleans survey, 31% of homeless persons living under a bridge in downtown New Orleans reported that they became homeless as a result of losing FEMA rental assistance.

Another at risk population is those families that left FEMA trailers, or other FEMA funded temporary housing units such as hotels, prior to June 24, 2009. FEMA had a March 1, 2009 deadline for families to be out of FEMA temporary housing units.

FEMA extended that deadline to May 1, 2009. Hundreds of families left or were pressured out of FEMA trailers. "Unofficially" the May 1 deadline has been extended further as there are 546 families still in FEMA trailers in Orleans Parish. Many families and agencies were under the impression that vouchers would be made available to them. HUD made available additional voucher funding for up to 500 vouchers per PHA. To get the additional vouchers, PHAs agreed to prioritize voucher assistance to certain Katrina impacted families including those still in FEMA trailers as of June 24, 2009. There is some leeway under the notice for a PHA to cover other displaced families impacted by Katrina. To the maximum extent possible HANO should extend vouchers to families who moved out of FEMA trailers during the time period of March 1, 2009 to June 23, 2009.

Despite additional voucher funding for DHAP families and the extensions, significant housing needs still exist for low-income families who fall between 51% to 80% of area median income (AMI). Unlike the HUD CDBG or HOME program which can provide assistance to families with incomes up to 80% of AMI, the maximum income for voucher eligibility is 50% of AMI. Because of the high rents in New Orleans, many of our working families on DHAP with incomes between 51% to 80% still face affordability gaps.

The situation is even bleaker for homeowners now on DHAP with incomes between 51% to 80% of AMI. Take Clarence W., a homeless outreach worker who toils every day to help our most vulnerable citizens get off the streets. Clarence is worried that when DHAP ends for him on August 31, 2009, that he may have to join his clients. His rent is $995 per month. His mortgage on his Katrina damaged home, which will hopefully be ready for occupancy soon, is $935 per month. Yet his income is only about $1800 per month. His income precludes him from qualifying for a voucher. He is not eligible for the 2 month limited DHAP extension. Unfortunately, Clarence's predicament is not unique. It is unclear how many voucher ineligible homeowners are in the same boat as Clarence, saddled with paying rent and a mortgage. These families cannot afford these double housing costs.

There is a possible safety net for families on DHAP with income between 51% and 80% of AMI who are income ineligible for a voucher. The Louisiana Recovery Authority and the Department of Social Services allocated $5 million in CDBG funds for a Rapid Rehousing temporary rent assistance program to provide housing aid for up to one year. Another possible option is the Small Rental Repair Program which should produce hundreds of units affordable to families with incomes at 50%, 65%, and 80% of AMI over the next 12 to 18 months. Unfortunately, the service delivery system to administer the $5 million in CDBG funded Rapid Rehousing assistance is not ready.

If DHAP were extended for an additional 2 months for all families currently receiving housing assistance payments under DHAP, it should allow sufficient time for a smooth landing for more families. An extension through October 31, 2009 would allow HUD housing assistance under the Homeless Prevention and Rapid Rehousing program funded with economic stimulus funds to provide a bridge to DHAP families not eligible

for vouchers. New Orleans stands to receive an infusion of $7.5 million in Homeless Prevention and Rapid Rehousing funds which should "hit the streets" in October 2009.

RECOMMENDATIONS FOR DHAP END AND FEMA TEMPORARY HOUSING

- **Review denials and withdrawn priority status of all elderly and disabled DHAP families for possible voucher eligibility and/or referral to other housing resources before August 31, 2009.**

- **Prioritize vouchers for families who moved out of FEMA trailers between March 1, 2009 to June 23, 2009.**

- **Extend DHAP for all families until October 31, 2009 to ensure a smooth transition to the new resources that will be available by then.**

- **Provide additional funding (beyond the $5 million) for the Rapid Rehousing program, if necessary to assist for homeowners on DHAP who are paying a mortgage and rent.**

HUD Multifamily Assisted Stock

The current status of the HUD multifamily/assisted stock remains uncertain. HUD multi-family stock is typically large, privately owned apartment buildings that receive a mortgage subsidy from HUD. Before Katrina, this inventory provided deeply affordable housing to families with similar incomes as those in public housing. Since Katrina, HUD has made insufficient progress in reopening this inventory. Yet little attention is paid to this desperately needed stock, with insufficient focus on the families who used to live there.

In July of 2007, HUD advised our office that 5,861 units were offline. In a letter dated September 26, 2008, HUD reported to Senator Landrieu that 3,314 units of HUD multifamily stock were still not open. (Exhibit 3) Of the 3,314 shuttered units, 96% (3,174 units) had Section 8 project based assistance. HUD suspended the Section 8 project based contracts for the unopened assisted stock. Hopefully the contracts will remain available for our community. It is doubtful that all of these affordable units will ever come back online. Many of these complexes were awarded Gulf Opportunity Zone low income housing tax credits but still have been unable to rebuild due to financing problems. Our community could permanently lose not only thousands of public housing units, but thousands of HUD assisted multifamily units.

In addition to the 3,314 unopened units mentioned above, 13 different properties in the Gulf region (most are in New Orleans), pre-paid their HUD mortgages. (Exhibit 4) When this happens, HUD must offer tenant protection vouchers (TPVs) to the pre-Katrina residents of those sites. Unfortunately, Public Housing Authorities only began offering TPVs to impacted families near May of 2009. Hundreds of TPV eligible families were lost during the past three years. Some of these families wound up in other programs

such as DHAP or the Disaster Voucher Program (DVP). Our experience working with families from the covered prepaid HUD Multifamily sites indicates that about 1/3 were on DHAP, 1/3 were on DVP, and another 1/3 were totally unassisted facing homelessness and/or high rent burdens. The deadline for families to notify HUD that they wanted a TPV has long past, even though many former residents never knew that they were eligible for a voucher.

RECOMMENDATIONS

- **Transfer suspended project based Section 8 contracts to other properties in the New Orleans area needing deeply affordable subsidies if possible.**
- **HUD should provide a report to this committee within the next 60 days on the current status of HUD multifamily housing in the New Orleans with detailed information as to which properties will likely not reopen.**
- **The Louisiana Housing Finance Agency (LHFA) should create a special pool for all pre-Katrina HUD Multifamily sites, not just elderly sites, for additional financing for any returned or recaptured GO zone tax credits.**
- **In the event that pre-Katrina HUD Multifamily properties will not reopen with project based subsidy, HUD should provide tenant protection vouchers to the jurisdiction where deeply affordable housing has been lost.**
- **HUD should provide a report on the TPVs issued families who lived at the prepaid mortgage sites. (Exhibit 4) This report should detail: located families, TPVs issued, date of issuance, reasons for denials, and additional corrective action as needed.**
- **Extend the deadline for families, and make TPVs available for all pre-Katrina residents of HUD multifamily and assisted housing stock until February 28, 2010.**

Possible Loss of Non-Big 4 Public Housing Units and Loss of Previously Promised Redevelopment

Another major housing challenge that faces low income residents is the current economic crisis. Thousands of low income housing tax credit units are in jeopardy. Many of those units are combined with CDBG piggyback funds or Permanent Supportive Housing project-based vouchers. There are currently 2 bills in Congress (SB 1326 and HR 2995) to allow Gulf Opportunity Zone tax credits to be treated the same as other tax credits. These bills will allow GO Zone credits to be eligible for the exchange program in the stimulus which would likely save at risk affordable housing deals.

Local government resistance to affordable housing development, usually through prohibitions against issuance of multifamily building permits, is also stalling recovery in several jurisdictions. NIMBYISM threatens the viability of many housing projects that are able to secure financing.

The future of several non Big 4 sites is also uncertain. The Iberville development has 821 authorized public housing units of which only about 615 are occupied. While there are currently no firm plans for redevelopment at the Iberville site, HANO has created an Iberville Advisory Council to work with community stakeholders and Iberville residents to envision the future of the site. There is no redevelopment activity currently underway at the Florida public housing site which has remained vacant since Katrina. At the former St. Thomas site which is now River Garden, 100 offsite units were promised back in 2001 as part of the overall redevelopment plan. While HANO had purchased 90 vacant lots for these offsite units before Katrina, no offsite units have reopened yet.

- **Any future loss of public housing units should be replaced on a 1 for 1 basis so there is no net loss of deeply affordable units.**
- **1 for 1 replacement can be either onsite or offsite.**
- **All offsite redevelopment of public housing must be adequately financed and prioritized as replacement housing.**

4) IN YOUR OPINION, TO WHAT EXTENT HAS THE SECTION 8 PROGRAM BEEN EFFECTIVE IN PROVIDING HOUSING OPPORTUNITIES FOR LOW-INCOME RESIDENTS?

For many low income residents, the Section 8 program is the difference between housing and homelessness. For these families, the program works well. It provides housing stability, choice where a resident can live, and potential homeownership options. While Section 8 helps meet the housing needs of a significant portion of our low income community, it is not equivalent to deeply affordable units. For differing reasons, the Section 8 program is ineffective at housing families above 50% of AMI or below 30%. While project based housing creates long term affordability for community, vouchers can be lost when ported out to other jurisdictions.

Some HUD programs, such as HOME or CDBG, define low income families as those with incomes at or below 80% of Area Median Income (AMI). Most public housing authorities, including the Housing Authority of New Orleans, in general only admit clients at 50% of AMI or below into the voucher program. Therefore, the voucher program provides **no assistance** to those families with incomes between 51%-80% of AMI, even though HUD still considers them as low income. As previously discussed in the prior question, these working families are faced with possible homelessness due to the imminent end of DHAP. There are service delivery challenges to having an agency to

implement the CDBG funded Rapid Rehousing Program before the end of DHAP in time to assist voucher ineligibles families who still have housing needs.

Families below 30% of AMI are considered by HUD to be extremely low income. In the Orleans Metro Area, a three person family at 30% of AMI makes at most $16,150 a year. It is our experience that families with incomes at 30% of AMI or below are frequently elderly, disabled, or both and subsisting on a disability check of only $674 per month, or single mothers working a minimum wage job. For these families, the voucher program remains unaffordable in large part due to the extremely high cost of utilities, security deposits, and rent burdens over 30% of their adjusted monthly.

Housing authorities must include a reasonable utility allowance in the rent calculation formula for voucher holders. Housing authorities are required to review their allowances annually and to make adjustments if there has been an increase in utility rates of at least 10% since the last adjustment. To our knowledge, HANO has not raised its utility allowances since October of 2003 despite increasing energy costs. Many extremely low-income families report utility bills that are easily 1/3 to 1/2 of their monthly income exclusive of their tenant share of rent. Current HANO utility allowances remain significantly lower than actual utility costs. This puts a family in a Catch 22. If a family falls behind on their utility bills and the utilities are disconnected, the family is at risk of losing their voucher. If a family does not pay their tenant share of rent because they paid a high utility bill, they risk being evicted for nonpayment of rent by their landlord and a possible subsidy termination by the Housing Authority.

Families on the voucher program are usually required to pay the full security deposit on a unit prior to move in. Security deposits usually equal a full month's rent which is often nearly twice as much as an extremely low income family's entire monthly income. For example, the 3 bedroom payment standard in New Orleans is currently $1323. It would not be uncommon for a landlord to charge a $1323 security deposit for a three bedroom unit. If a family on the program wants to move, and their previous landlord refuses to return their security deposit, as is common in New Orleans, the family must come up with an entirely new security deposit. This is a major problem for voucher families, particularly those with incomes at or below 30% of AMI.

Recently, our office has noticed that many voucher families are paying more than 30% of their incomes as a tenant share of rent. Unlike the public housing program where a family's share of rent is usually capped at 30% of their income, the voucher program allows a tenant share of rent to go up to 40% of their income during the first year of occupancy. The Housing Authority will do an affordability assessment for the family in the first year. But after the first year of occupancy, there is **no limit other than a rent reasonableness determination** to ensure that a unit remains affordable to voucher holders. If a Housing Authority payment standard is lowered without a landlord lowering the rent, it will result in a rent burden to the voucher holder. HANO raised its payment standards post Katrina to 120% of Fair Market Rent and has gradually lowered it payment standard to 100% of Fair Market Rent. Yet many landlords did not lower their rents. Some voucher holders are shouldering this rent burden, which for extremely low

income families often results in payment of as much as 50% to 60% of their limited income for rent and utilities.

The Section 8 program also does not address our community's need for stable and permanent affordable housing stock. In Louisiana landlords do not have to participate on the voucher program. Many families with vouchers experience difficulties finding landlords willing to accept their voucher. Consequently, some families are only able to find landlords willing to take the voucher in high poverty neighborhoods. The ability of a family on the voucher program to port the voucher out of the city or out of the state is a great opportunity for the voucher family, but often a permanent loss for the area. PHA's around the country regularly experience shortfalls in voucher funding, where they are required to terminate families from the program due to insufficient funding.

The Section 8 program depends on the private market; it offers no guarantees of affordable, handicap accessible housing. In New Orleans today, there is almost no affordable, handicap accessible housing for our large, disabled population. Many landlords cannot absorb the costly modifications to their housing to make it accessible for disabled clients.

Finally, some of the protections offered to public housing tenants do not apply to voucher residents. Under traditional public housing, residents can only be evicted for good cause. In the voucher program, the good cause protection only extends to the first year. After the first year, the landlord can refuse to renew a lease for any reason which is consistent with state law provided that proper notice is given. This means that a tenant – through no fault of her own - may have to absorb the expense of moving costs, a new deposit, and the uncertainty of finding a new unit.

RECOMMENDATIONS

- **Monitor rent burdens and the adequacy of current payment standards in New Orleans. (HUD)** Under 24 C.F.R. 982.503(g) HUD can monitor the rent burdens of families assisted in a PHA's voucher program and require an increase in the payment standard if more than 40% of families pay more than 30% of their income for their tenant rent share.

- **Review the adequacy of current utility allowances and raise them as appropriate (HANO and HUD)**

- **Aggressively enforce rent reasonableness when conducting annual recertifications after the first year of occupancy. (HANO)**

- **Do an affordability assessment at annual recertifications for voucher holders. Let families know if they will be paying more than 30% of their income towards rent. (HANO)**

- **Negotiate a lower rent for the family if the family share of rent will be more than 30% of their income. If such negotiation is not successful, offer a family the option to move to another unit. Put this notice on letter sent to every voucher holder once their annual recertification is completed. (HANO)**

- **Inform landlords that HANO may approve a payment standard up to 120% of fair market rents as a reasonable accommodation for a disabled family to encourage landlords to make units accessible for the disabled. (HANO)**

- **Consider reinstituting a pre-Katrina program which could pay a landlord up to $2,000 from Section 8 administrative fees to make a unit accessible to a disabled family. (HANO)**

5) PLEASE SHARE ANY OTHER INFORMATION REGARDING ISSUES FACING RESIDENTS OF PUBLIC AND SUBSIDIZED HOUSING IN NEW ORLEANS.

Other Recommendations

- **No raids of unallocated Road Home housing funds for non-housing purposes such as financing gaps for the LSU hospital.**

Over the coming months our community is poised to receive a lot of resources. And we thank you for these resources. The challenge now will be to get the dollars to our people. 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.

Housing Authority of New Orleans
Big 4 Housing Units

Housing Site	December 2008 Units											
	Affordable								Market			Total
	Public Housing Only	Public Housing/ LIHTC	Project Based Section 8	PBS8/ LIHTC	LIHTC Only	Home - Owner	Lease to Purchase	Subtotal Affordable	Market Rental	Home - Owner	Subtotal Market	
Lafitte												
Lafitte I On Site		75		96	60	20		251		63	63	314
Lafitte I Off-Site								0			0	0
Lafitte II								0			0	0
Lafitte Temp								0			0	0
Total Lafitte	0	75	0	96	60	20	0	251	0	63	63	314
B.W Cooper												
Cooper I		16			18			34	14		14	48
Cooper II								0			0	0
Off-Site						10		10		10	10	20
Cooper Temp	303							303			0	303
Total Cooper	303	16	0	0	18	10	0	347	14	10	24	371
St. Bernard												
Phase I - Onsite		99			96			195	87		87	282
Phase II - Offsite						10		10		15	15	25
Phase III - Offsite								0			0	0
Phase IV - Elderly (Onsite)								0			0	0
Phase V - Onsite								0			0	0
Phase VI - Onsite								0			0	0
Total St. Bernard	0	99	0	0	96	10	0	205	87	15	102	307
C.J Peete												
C J Peete On Site Rental		96			72			168	61		61	229
C J Peete Homeownership						25		25			0	25
Total Peete	0	96	0	0	72	25	0	193	61	0	61	254
Total Units Available	303	286	0	96	246	65	0	996	162	88	250	1,246

EXHIBIT
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September 12, 2008

Housing Authority of New Orleans
Big 4 Housing Units

Housing Site	Public Housing Only	Public Housing/ LIHTC	Project Based Section 8	PBS8/ LIHTC	LIHTC Only	Home - Owner	Lease to Purchase	Subtotal Affordable	Market Rental	Home - Owner	Subtotal Market	Total
	Affordable								Market			
Lafitte												
Lafitte I On-Site		141	135		100			376		141	141	517
Lafitte I Off-Site			192					192		103	103	295
Lafitte II								0			0	0
Lafitte Temp								0			0	0
Total Lafitte	0	141	327	0	100	0	0	568	0	244	244	812
B.W. Cooper												
Cooper I	7	136			151			294	116		116	410
Cooper II								0			0	0
Off-Site								0			0	0
Cooper Temp								0			0	0
Total Cooper	7	136	0	0	151	0	0	294	116	0	116	410
St. Bernard												
Phase I - Onsite	7	153			160			320	145		145	465
Phase II - Offsite								0			0	0
Phase III - Offsite								0			0	0
Phase IV - Elderly (Onsite)								0			0	0
Phase V - Onsite								0			0	0
Phase VI - Onsite								0			0	0
Total St. Bernard	7	153	0	0	160	0	0	320	145	0	145	465
C.J. Peete												
C.J. Peete On Site Rental	7	186			144			337	123		123	460
C.J. Peete Homeownership						30		30			0	30
Total Peete	7	186	0	0	144	30	0	367	123	0	123	490
Total Units Available	21	616	327	0	555	30	0	1,549	384	244	628	2,177

EXHIBIT
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September 12 2008

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-1000

ASSISTANT SECRETARY FOR CONGRESSIONAL
AND INTERGOVERNMENTAL RELATIONS

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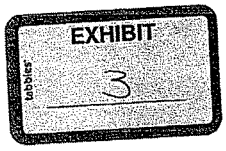


The Honorable Mary L. Landrieu
United States Senate
Washington, DC 20510-1804

Dear Senator Landrieu:

This is in further response to your letter of August 27, 2008. You wrote regarding the on-going efforts to rebuild affordable housing on the Gulf Coast. You also expressed concern about the impact of the shortage of affordable housing on those families still remaining in the Disaster Housing Assistance Program (DHAP) when that program sunsets on March 1, 2009.

You requested information concerning the number of HUD multifamily property units currently off-line or not occupied and the number of those units that are planned to be available for occupancy by March 1, 2009. Enclosed is a chart of the impacted projects that provides the location, number of units, redevelopment plan status, and projected reopening date. Currently, the number of HUD multifamily units that are off-line as a result of Hurricanes Katrina and Rita is 3,314 units. The number of those units expected to be available for occupancy by March 1, 2009, is 940. Of the 3,314 units that are off-line, 3,174 are Section 8 project-based units. Of the 940 units projected to be back on-line by March 1, 2009, 933 are Section 8 project-based units.

You also requested an updated redevelopment schedule for the "Big Four" public housing developments in New Orleans. Enclosed are charts prepared by the Housing Authority of New Orleans (HANO) that provide the latest redevelopment time-table for the Lafitte, B.W. Cooper, St. Bernard, and C. J. Peete by calendar years 2008, 2009, and 2010. HANO has also provided information on all planned housing units that are expected to come on-line by the end of calendar years 2008 and 2009, and that information is enclosed as well.

With respect to DHAP, rental assistance payments under this program commenced on December 1, 2007. From its inception, the purpose of the DHAP was to provide temporary rental assistance and case management assistance to previously non-assisted families displaced by Hurricanes Katrina and Rita. The program sunsets on March 1, 2009, and case managers have been working with participating families to prepare for this eventuality. This includes assisting participating families in identifying permanent affordable housing solutions that are available in their communities. To fulfill the Administration's commitment to protect our most vulnerable population, the elderly and disabled, HUD has requested $39 million in permanent voucher assistance in its 2009 Budget Request to transition low-income elderly and disabled DHAP families to the voucher program when DHAP ends.

HUD operates and administers DHAP on behalf of the Federal Emergency Management Agency (FEMA) under the terms of an Inter-Agency Agreement, and the determination as to whether administrative authority exists to extend the program beyond the current sunset date rests

with FEMA. However, HUD does not believe that simply extending DHAP as it is currently structured is the best approach for addressing the continued housing need after March 1, 2009. For example, under the current DHAP, there are no income eligibility requirements. With almost 70 percent of DHAP participating families reporting employment, HUD believes that eligibility for any additional rental assistance after March 1, 2009, should be income-means tested.

HUD is presently engaged in on-going discussions with FEMA with respect to the appropriate approach and level of housing resources for other families that still may need housing assistance when the DHAP ends. Should additional legislative authority or funding be necessary as part of that effort, please be assured that the Administration will let Congress know at the earliest possible time.

Thank you for your interest in the Department's program. If I can be of further assistance, please let me know.

Sincerely,

Sheila M. Greenwood
Assistant Secretary for Congressional
and Intergovernmental Relations

Enclosures

- Information on total HUD multifamily property inventory in Gulf Coast states and properties/units currently offline or not occupied.

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	New construction in process	October-08
ANNUNCIATION INN	NEW ORLEANS	ORLEANS	106	106	Rebuild with continuation of Project-Based Section 8	Rehabilitation in process	December-08
NAZARETH II	NEW ORLEANS	ORLEANS	120	120	Rebuild with continuation of Project-Based Section 8	Rehabilitation in process	December-08
NAZARETH INN	NEW ORLEANS	ORLEANS	150	149	Rebuild with continuation of Project-Based Section 8	Rehabilitation in process.	December-08
DELILLE INN	NEW ORLEANS	ORLEANS	51	51	Rebuild with continuation of Project-Based Section 8	Rehabilitation in process	March-09
NAPFE TOWERS	NEW ORLEANS	ORLEANS	98	98	Rebuild with continuation of Project-Based Section 8	Financing package under review.	2009
PEACE LAKE TOWERS	NEW ORLEANS	ORLEANS	131	130	Rebuild with continuation of Project-Based Section 8	Foreclosed/new owner Financing & 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
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.	Section 8 contract transferred to new location Construction underway at new location.	2010

JEFFERSON PLACE	Marrero	Jefferson	112	77	Rebuild in process with continuation of Project-Based Section 8	Rehabilitation in process	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
FORTNER MANOR	NEW ORLEANS	ORLEANS	24	24	Plan to rebuild	Foreclosure in process	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
RAPHAEL MANOR	NEW ORLEANS	ORLEANS	35	35	Rebuild with continuation of Project-Based Section 8	Foreclosure in process	Unknown
EDGEWOOD MANOR	GULFPORT		120	120	Rebuild with continuation of Project-Based Section 8	Rehabilitation in process	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			*3,314*	*3,264*			

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

JUL 02 2009

Clarification on Income Eligibility Guidelines for Pre-disaster Multifamily Residents to Tenant Protection Vouchers (TPV)

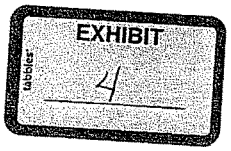
Dear Executive Director:

The purpose of this letter is to clarify the income eligibility determination guidelines used for families that resided in certain Office of Multifamily Housing (OMH) properties at the time of Hurricane Katrina or Rita and have been referred to public housing agencies (PHAs) to be issued tenant protection vouchers. Please be aware that this process is separate and distinct from the DHAP-to-HCV conversion process currently taking place. This process is only for pre-disaster multifamily residents who resided at multifamily properties listed below at the time of Hurricane Katrina or Rita.

As stated in the Tenant Protection Voucher Process guidance (attached), PHAs are responsible for determining families' income eligibility under the applicable income limits for the areas in which families will receive the tenant protection vouchers. Different income limits are applicable, depending on the type of Housing Conversion Action. For Section 8 project-based opt-outs and contract terminations, the family must qualify as a low-income family. However in the case of a prepayment, the family must be 1) a low-income family; 2) a moderate-income elderly or disabled family; or 3) a moderate-income family in a low vacancy area (the area under consideration is the area where the family has indicated it wishes to receive the voucher, i.e., the PHA's jurisdiction). PHAs determine income eligibility using the definitions for low-income and moderate-income families found in PIH Notice 2001-41, Part II, Section A(2)(b)(1). For your convenience, the definitions are below.

Low-income Family: A low-income family is a family whose annual income does not exceed 80 percent of the median income for the area as determined by HUD.

Moderate-income Family: A moderate-income family is a family whose annual income is above 80 percent but does not exceed 95 percent of the area median income as determined by HUD.



The PHA will use the family's present income to determine income eligibility. If the family is over-income, the PHA must ask the family if they have experienced an increase in income since the time of the eligibility event (i.e., prepayment, opt-out, Section 8 project-based contract termination). If the answer is yes and the family is able to document their income at the time of the eligibility event, the PHA will re-determine the family's income eligibility based on the income at the time of the eligibility event.

If a PHA has determined a family ineligible based on income using the incorrect area median income (AMI) limits, the PHA must contact the family and re-determine its income eligibility for a TPV as soon as possible. In the event the family is determined eligible for a TPV, the PHA must follow the same process as detailed in the letter and Tenant Protection Voucher Process guidance you received from the HUD Field Offices for submitting a form HUD-52515 for all eligible families. In the event that a family is not income eligible based on the correct AMI , the PHA must give the family an opportunity for an informal review in accordance with 24 CFR 982.554 and the PHA's Administrative Plan.

Hurricane Katrina/Rita TPV Multifamily Properties

1.	Curran Place	Termination
2.	Frenchman's Wharf I	Termination
3.	Frenchman's Wharf II	Termination
4.	Forest Park	Prepayment
5.	Dauphine Apartments	Opt-out
6.	Haydel Heights	Opt-out
7.	Josephine Apartments	Opt-out
8.	Tanglewood I	Prepayment
9.	Tanglewood II	Prepayment
10.	Walnut Square	Prepayment
11.	Gulf Oaks	Prepayment
12.	Redwood Park I	Prepayment
13.	Redwood Park II	Prepayment

HUD appreciates your diligence as we work to transition all eligible families to the HCV program.

Sincerely,

Danielle L. Bastarache
Director
Office of Housing Voucher Programs

Attachment

LAURA A. TUGGLE

2011 Pine Street
New Orleans, LA. 70118
(504) 529-1000 Ext. 233 (504) 377-9295 cell (504) 314-6247 home

EDUCATION

Tulane Law School, Juris Doctorate 1984 - 1987
Louisiana State University, B.S. in Political Science 1981 - 1984
Graduated Summa Cum Laude

AWARDS AND HONORS

Lindy Boggs Hunger Awareness Award, Bread for the World December 2008
Reginald Heber Smith Award, National Legal Aid and Defender Ass. November 2005
Outstanding Advocacy Award, Unity for the Homeless October 2004
Career Public Interest Award, La. State Bar Association June 2001

RELEVANT EXPERIENCE

Managing Attorney, New Orleans Legal Assistance Housing Law Unit 2006- Present

Supervise 5-6 attorneys, 2 support staff, and manage dozens of volunteers. Develop and implement post-Katrina housing policy and litigation agenda at the local, state, and federal level for 5 parish service area in Southeast Louisiana. Collaborated with other national, regional, and local nonprofits, resident leaders, agency administration including HUD, FEMA, Housing Authorities, City, Louisiana Recovery Authority, Louisiana Housing Finance Agency, and other key players involved in recovery efforts. Doubled funding for agency's housing related work through grants from new funders and increased post Katrina fundraising. Increased agency community presence by starting 3 new weekly outreach sites in addition to main office location and development of new materials for agency's website. In addition to supervision, policy advocacy, and impact work for client groups, maintained active caseload of about 100 cases with approximately 70% of cases being extensive services.

Staff Attorney, New Orleans Legal Assistance Housing Law Unit Sept.1994- Dec. 2005

Worked under Homeless Prevention project primarily focusing on eviction defense for tenants in various affordable housing programs, representing voucher holders in termination proceedings or other voucher disputes, advocated with local housing authority's regarding Public Housing Agency Plans and Voucher Administrative Plans for more equitable policies for participants, represented hundreds of tenants on federal relocation issues surrounding the demolition of 5 large public housing complexes, assisted hundreds of residents of private housing with various landlord- tenant disputes, and advocated for housing policy changes through the media, agency reforms, and legislative changes. Became premier affordable housing expert in the State of Louisiana within public interest legal community.

Staff Attorney, Pro Bono Project, Homeless Advocacy Project Jan. 1993- Aug. 1994

Supervised a new program initiative at the Pro Bono Project to focus on the Legal needs of the homeless population using volunteer attorneys, law students, and staff attorney. Served clients on location at 5 different homeless service providers on a variety of legal problems.

SELECTED SIGNIFICANT ACCOMPLISHMENTS

March 2009 Met with HUD Secretary Shaun Donovan on affordable housing needs, effective use of housing resources already committed to the Gulf and removing barriers to recovery, and additional resources during HUD Secretary's first field visit to Gulf Coast

February 2009 Successfully advocated to HUD along with many other entities for a 6 month extension of the Disaster Housing Assistance Program (DHAP) which would have put 31,000 Katrina/Rita impacted families at risk of homelessness.

February 2009 Advocated with FEMA for an extension of the Relocation Assistance Policy which provides up to $4,000 for disaster impacted families to return to their home communities. Extension granted to May 1, 2009.

January 2009 Successfully advocated with local Housing Authority to approve voucher set asides for special populations including 100 vouchers for homeless, 100 for disabled, and 100 for domestic violence victims

June 2008 Testified at Joint Congressional Hearing on Remaining Unmet Post-Katrina Housing Needs including looming homeless crisis due to end of DHAP and Loss of HUD Multifamily Stock

June 2007 Successfully advocated with HUD for approval of 1,500 vouchers for Pre-Katrina residents of now closed HUD assisted sites, for changes in HUD Multifamily Disaster Guidance, and outreach plan for residents

June 2006 Advocated with the Louisiana Recovery Authority (LRA) for free legal services low income homeowners with title issues and other barriers preventing families from getting Road Home rebuilding awards

January 2006 Victory of first impression in federal court granting voucher holders a private right of action to sue housing authorities for inadequate utility allowances in voucher program. Effected all U.S. voucher holders.

June 2005 Worked on state legislation which was passed to prevent housing authorities from evicting domestic violence victims from public housing based upon criminal activity

April 2004 Spearheaded efforts to establish and draft Louisiana Affordable Housing Trust fund legislation along with other housing advocates

March 2004 Successful Media Advocacy on illegal use of confidential juvenile court records in eviction proceedings which led to cessation of the practice by the police and the housing authority

2001 to 2003 Impact litigation involving about 1,500 public housing residents from several sites being demolished and redeveloped for inadequate benefits under the Uniform Relocation Act which settled for $3.3 million and raises in utility allowances for over 10,000 subsidized residents

2001 and 2005 Author of Federally Subsidized Housing Portion of Louisiana Legal Services Desk Manual

SELECTED HOUSING RELATED COALITION WORK

City of New Orleans Master Plan Working Group	Oct. 2008 to Present
Joint House and Senate Municipal Affairs Housing Task Force	April 2008 to Present
Permanent Supportive Housing Taskforce	2007 to Present
Supportive Housing Coalition	2007 to Present
Louisiana Housing Alliance Member	2006 to Present
National Low Income Housing Coalition Katrina Group	2005 to Present
Unity for Homeless Affordable Housing Chair	2002 to Present
Housing Authority of New Orleans Self Sufficiency Comm.	2000 to Present
Housing Justice National Network	1998 to Present
Louisiana Access to Justice Committee	1996 to 1998

SPEAKING ENGAGEMENTS

Key trainer and/or speaker at national, state, and local conferences including disaster housing issues at National Low Income Housing Coalition Conferences, Housing Justice Network Conferences on voucher policy issues, Louisiana Housing Finance Agency on tax credit and fair housing issues, HUD Fair Housing Conferences, Access to Justice Conferences, Management and Information Conferences, Statewide Homeless Conferences, Statewide HUD Housing Counseling Conferences.

Testimony of Michelle Whetten
Vice President and Gulf Coast Director
Enterprise Community Partners, Inc.
Before the House Financial Services Committee
Subcommittee on Housing and Community Opportunity
House of Representatives
August 21, 2009

Chairwoman Waters, Ranking Member Capito and members of the Committee, thank you for inviting me to testify at this important hearing regarding the rebuilding of the Gulf Coast. My name is Michelle Whetten, and I am a Vice President and Gulf Coast director for Enterprise Community Partners.

As I begin my statement, let me tell you a little about our organization. In 1982, Jim Rouse and his wife, Patty, founded The Enterprise Foundation with the ambitious goal of making sure that every American lives in a decent, affordable home.

Today, Enterprise Community Partners is a leading provider of capital and expertise for affordable housing and community development. Enterprise works with local partners – developers, investors, government, community-based nonprofits and others – to reach our goal of affordable housing in sustainable, diverse and thriving communities.

In the more than 25 years since our founding, Enterprise has worked with thousands of nonprofit partners, local governments, philanthropy, financial institutions and private corporations to develop over 250,000 homes across the nation, bringing $10 billion in grants, loans and equity investment to the poorest of our urban and rural communities, including tribal lands.

Our founder Jim Rouse was a visionary who thought that affordable, decent housing was a platform to help people move up and out of poverty. At Enterprise, we frequently look to his legacy in our work. At a time when neighborhoods were decaying across the country, Jim Rouse created new financing tools and inspired new policies that helped change this negative spiraling course.

It was Jim Rouse's vision that brought us to the Gulf Coast. In 2005, the destruction caused by Hurricanes Katrina, Rita and Wilma and the resulting devastating flooding highlighted the social inequity that had characterized the region prior to the storm. The rebuilding of the physical landscape of the Gulf Coast provides an opportunity to also rebuild the social and human capital of this region to create vibrant, equitable and healthy mixed-income communities.

Since Hurricane Katrina, Enterprise Community Partners has been working with nonprofits and other developers in this community and throughout the Gulf Coast to restore, revitalize and rebuild affordable housing, with the long-term goal of investing $200 million towards the development of 10,000 affordable, healthy homes.

To date, Enterprise has invested nearly $100 million in grants, loans and equity, with 1,450 homes completed and another 3,000 in some stage of development in Louisiana and Mississippi.

Our housing includes both new construction and renovation of storm-damaged buildings, and ranges from large-scale rental housing to single-family homes for property owners whose homes were destroyed by the hurricanes. In a region that has for years suffered from concentrated poverty and poorly-designed, unhealthy housing for low income families, Enterprise is helping to raise the standard for affordable housing by demonstrating that housing can be built affordably while also being well-designed, energy-efficient and sustainable.

What is the status of the redevelopment of the Lafitte housing development?
Our most ambitious project in this effort has been the redevelopment and revitalization of the historic Treme/Lafitte neighborhood on and around the site of the Lafitte public housing development. With the Housing Authority of New Orleans and our local partner Providence Community Housing, next week we will break ground on the new 1500-unit mixed-income, green community in the heart of New Orleans, providing a range of rental and for-sale housing options and access to better schools and services for both former Lafitte residents and new families with a broad range of incomes.

Before developing this plan, Providence and Enterprise engaged a local community organizing group to help us locate nearly 600 of the 865 Lafitte households that had evacuated to cities across the country. With a team of architects and planners, we held a week-long series of charrettes in both New Orleans and Houston, where a large concentration of former Lafitte residents temporarily relocated. In these charrettes, residents had the opportunity to describe their vision for the new community and provide on the spot feedback to architects as potential designs were proposed. The residents emphasized that they wanted to live in a community with a variety of low-density housing types that matched the surrounding Treme and Tulane-Gravier neighborhoods. They wanted a safe place to raise their children and for seniors to live comfortably and peacefully that provided access to quality services, job opportunities and good schools. The current plans for the new development include the same house designs and other key elements that residents envisioned and selected during the charrette process.

The 27.5-acre parcel of the Lafitte site, along with scattered site properties surrounding the site, including adjudicated properties awarded to Providence by the City of New Orleans in 2006, allow us to accomplish two important goals: to honor our commitment to provide a one for one replacement standard and to deconcentrate an area of concentrated poverty. And because of the additional scattered site properties, we are able to use Low Income Housing Tax Credits, capital grants and CDBG funds awarded by the State of Louisiana and the federal government to build 900 subsidized rental homes and an additional 600 for-sale homes so that all 865 families who previously lived at Lafitte have an absolute opportunity to return to this new community.

What obstacles or challenges are hampering the redevelopment of the site? How can these obstacles or challenges be addressed?
Although the Lafitte redevelopment was awarded CDBG funds and Low Income Housing Tax Credits in December 2006, demolition was not completed until October 2008. By the time the site was ready for building, the financial markets were in crisis. Within a very short period of time, a large percentage of the investors who typically purchase low income housing tax credits had dropped out of the market. The few remaining investors had their choice of housing

developments in other parts of the country that were perceived to be less risky. When coupled with the looming December 31, 2010 "placed in service" deadline for GO Zone Low Income Housing Tax Credit developments, along with concerns about future flood risk and unknowns about the long-term market for rental housing, many investors opted to pass over deals in the GO Zone.

While the Economic Stimulus Act provided several additional important and helpful programs to address the challenges in the Low Income Housing Tax Credit program, GO Zone Low Income Housing Tax Credit projects were not eligible for some of these incentives, including the tax credit exchange program.

Our development team, working with HANO and HUD, has taken a number of steps to increase the desirability of these credits to investors. We divided our one large project into several sub-phases to reduce the risk to any one investor and to allow us to close on the financing and begin construction on individual sub-phases prior to a placed-in-service extension. We also secured additional project-based Section 8 vouchers to provide more stable cash flow and offset the deep subsidy needs of these rental units.

We will be breaking ground next week on the redevelopment and are hopeful that Congress will soon act on an extension of the 'placed in service date' until 2012 to help ensure the completion of all 1500 homes.

What additional statutory or regulatory flexibility is needed to ensure that the site can be redeveloped?

The Gulf Opportunity (GO) Zone Act of 2005 provided the five states directly impacted by the hurricanes with a valuable resource for rebuilding affordable and workforce housing: increased allocation of Low-Income Housing Tax Credit (LIHTC) authority. To date, Enterprise has worked with partners to secure these credits for the development or rehabilitation of over 2,000 affordable homes. However, a unique set of circumstances in the region coupled with the current national housing and credit crisis threatens further progress. For those reasons, it is essential that the "placed in service" deadline be extended until December 2012.

If the GO Zone "placed in service" deadline were to be extended to December 2012, Low Income Housing Tax Credit investors would be more likely to invest in these vitally needed developments creating more opportunities for the thousands of residents displaced by the hurricanes of 2005 to return home. This additional investment in credits could help create approximately **6,800** units of affordable housing in Louisiana and Mississippi, resulting in a positive economic impact to the region and critically needed homes for its residents. The estimated one-year local impacts of building **5,000** multifamily units in Louisiana include: **$350 million** in local income, **$36 million** in taxes and other local government revenue, and greater than **6,500** local jobs. The estimated one-year local impacts of building **1,800** multifamily units in the affected areas of Mississippi include: **$126 million** in local income, **$13 million** in taxes and other local government revenue, and another **2,300** plus local jobs.

How many former public housing residents will reoccupy the redeveloped units? What is the process for former residents to return to the development?
Since the beginning of our involvement in this project, our development team has committed to providing an opportunity for all 865 former Lafitte families to return to newly built housing that they are able to afford. Occupancy will be subject to the following order of priority:

1. Prior Lafitte residents

2. Families on the HANO Pre-Disaster HUD Assisted and Special Families displaced by Hurricanes Katrina and Rita lists. Until rescinded or amended, HUD notice HUD PIH 2007-3 guides HUD's reoccupancy policies for pre-disaster public housing, tenant-based voucher, project-based voucher, Section 8 moderate rehabilitation, Section 8 project-based certificate, and Special Needs Families displaced by Hurricanes Katrina and Rita.

3. Any public housing applicant on the residential community site-based waiting list.

4. Residents requiring permanent supportive housing will be prioritized for occupancy in the designated permanent supportive housing units as required by the Low Income Housing Tax Credit Qualified Allocation Plan.

It's important to note that we maintain a database of former residents that is regularly updated and verified through letters, surveys, phone calls and monthly meetings. Of the 900+ households in the database, approximately 250 have indicated that they plan to return to newly-built housing at Lafitte. Residents in the database receive regular newsletters that provide an update on the status of the development and updates are provided at monthly resident meetings. As construction gets underway we will provide clear instructions to residents on the process for applying to live in the new community, consistent with HANO's policies.

What re-occupancy, or occupancy, criteria, if any, will be imposed upon returning residents or new residents? By what process are such criteria established?
The Housing Authority of New Orleans Admissions and Continuing Occupancy Policies (ACOP), based on HUD guidelines, require that:

- The household include a citizen or eligible immigrant
- the household demonstrate the ability to pay the required rent according to the lease
- the household demonstrate the ability to use, care for, and avoid damaging the apartment and associated facilities in the manner required by the lease
- the household demonstrates that they are unlikely to engage in criminal behavior or substance abuse in a manner that poses a risk to the health, safety and welfare of other community tenants or employees
- the household not have outstanding debts to HANO, another PHA or a private landlord in association with a federally funded assistance program. Households with debts associated with Hurricane's Katrina and Rita may be considered as an exception to this policy on a case by case basis

Similarly, the Housing Authority of New Orleans has a "One Strike" policy based on a federal statute and HUD regulations that dictates that:

- Households with a member subject to a lifetime registration requirement under a state sex offender program and households with a member that has been convicted of the manufacture or distribution of methamphetamine will be permanently banned from these units
- Applicants may be denied for:
  - Having a history of disturbances of neighbors or destruction of property in a manner that is determined to pose a risk to the health, safety and welfare of other community tenants or employees
  - Being currently engaged in illegal drug use
  - Having a history of violent crime
  - Having a drug-related eviction from federally assisted housing within the past 5 years

All applicants denied admission will be able to appeal.

Please describe any other insights you may have on the redevelopment of Lafitte.
When we first approached this project and looked broadly beyond the bricks and mortar portion of the effort, we asked ourselves two important questions: 'who are we serving' and 'how well will they be served'? The creation of a new 1500 mixed-income community, serving public housing residents, low and moderate income and workforce housing with rental and for-sale options presents a broad demographic spectrum.

To serve them well, it is important that we look at policies that will help shape the prosperity, equity and sustainability of the neighborhood. We must try to coordinate human and capital resources of the public, private and not for profit sectors to build a sense of community among the residents while ensuring that all resources are leveraged appropriately to more effectively guarantee the long-term success of the Treme renaissance.

With a $2.5 million in in-kind services provided by Catholic Charities to former Lafitte residents in New Orleans, Houston and Baton Rouge, and a grant of $900,000 from the Freddie Mac Foundation, over 450 former Lafitte resident families have been assisted with finding stable housing and addressing basic needs after being displaced by Hurricane Katrina. Additional intensive case management services are available to former residents who choose to participate.

Catholic Charities re-opened the Sojourner Truth Community Center adjacent to the Lafitte site in January of this year, where former Lafitte families and other community residents can access a variety of programs for children and seniors, as well as job training and placement activities. Through a network of well-established service providers in the neighborhood, residents are connected with high quality programs including after school, health care and small business development. The Lafitte resident leadership and council has offices in the community center and works closely with our development team to identify needs of residents and advise on decisions related to the development and management of the new housing.

The development team is committed to providing training and opportunities for former Lafitte residents and others in the community to access career-path employment in the redevelopment and management of the new Lafitte. We have hired a full-time Section 3 coordinator who works out of the Sojourner Truth Community Center. In March 2009, we held an opportunities and

resource fair to provide information to the public about subcontracting and employment opportunities related to the redevelopment. Through the fair and mailings to our resident database, 109 former Lafitte residents and 105 additional residents from the community have indicated an interest in employment opportunities.

Pre-employment orientation for these 200+ individuals will be held next week to provide an overview of employment and training opportunities. The orientation will also include screening and literacy testing to identify candidates for our first pre-employment classes. Those classes will include literacy and other soft-skills training and support. After four weeks of Pre-Employment Training, participants will be encouraged to transition to technical training programs available in the Greater New Orleans area. Our Section 3 coordinator has identified three construction training programs which will begin in late September and will facilitate participant transition. Once engaged in external training programs, Section 3 staff will continue to track and support participants to completion of the project.

Another important area we're focused on is education since Treme is surrounded by failing schools. "School-centered community revitalization" is a term Enterprise uses for a new model of community development that combines the improvement of at least one elementary school in the neighborhood with housing, health, and economic development strategies that help children succeed in school. The rebuilt community in Lafitte is an obvious example of the need to coordinate the development of affordable housing with school improvement.

Last fall, due to the efforts of HANO, public housing residents and developers, the state-run Recovery School District announced that all of the sites with rebuilt public housing in New Orleans will have new schools as part of Phase One of the school facilities master plan. The vacant Phillis Wheatley elementary school just blocks from Lafitte will be rebuilt in phase one, which complements the schedule for the redevelopment of Lafitte. Securing funding for rebuilding the school building is only the first step. Enterprise and Providence will work with the Recovery School District to secure a high quality charter school operator to use the new school on the Wheatley site.

The historic Treme neighborhood is on the rebound with not only new housing, but economic and community development including thriving restaurants, a new Tulane health clinic, the revitalization of Carver Theater and the planned new Lafitte Greenway.

A neighborhood is more than just buildings, it's schools, it's jobs, it's health care, it's small businesses and more. Treme needs more than just new housing to be successful. That's why we strongly support Secretary Donovan's Choice Neighborhoods initiative. It is the precise policy prescription to continue the recovery of Treme and will be a valuable addition to HUD's tools for community revitalization around the country. Bringing these disparate government agencies together to bring their specific areas of expertise to solving the problems of Treme is critical for long lasting success.

We are grateful for the leadership of Chairwoman Waters and others in Congress for keeping a spotlight on the ongoing recovery needs of the Gulf Coast. Four years following the most devastating disaster in our country's history, the long-term recovery of the region, particularly for the region's lowest-income and most vulnerable residents, is far from complete.

While progress has been made, critical issues remain. Of those, the most important related to the creation of affordable housing in the region is an extension of the GO Zone Low Income Housing Tax Credit "placed in service" deadline. An extension to December 31, 2012 would lead to the development of thousands of additional affordable homes.

Thank you for the opportunity to appear before this Subcommittee. This completes my testimony and I look forward to answering your questions.

About Cynthia Ann Wiggins

President/Chief Executive Office
Guste Homes Resident Management Corporation

Cynthia A. Wiggins serves as the President/CEO of the Guste Homes Resident Management Corporation, She was born and raised in New Orleans, Louisiana and is the mother of one. For the past twenty years she has developed a wide range of experience working and volunteering in public and private housing as well as serving on various committees to address the issues of affordable housing, social justice for the poor and public improvement policies.

In December of 2000, the National Association of Resident Management Corporations appointed her as the President of its National Association which advocates legislation for urban communities. She was unanimously approved by her peer's and took the oath of office January 3, 2001.

As the President and Chief Executive Officer of Guste Homes Resident Management Corporation, Wiggins manage the day-to-day operations of the 4 million dollar non-profit organization with a core mission to provide excellence in service, economic development and improved housing for the residents of Guste Homes and public housing communities across the nation.

Wiggins has served as the Vice President of the Housing Authority of New Orleans Board of Commissioner, a 200 million dollar operation.

From 1994 until 1999, Wiggins served on the Lindy Boggs Literacy Center Board of Directors, Urban League of Greater New Orleans, Mayors Work Force Investment Board, Educational Governance Stakeholder Board, New Orleans Job Initiative Board and other local and national boards. Wiggins was the first public housing leader to serve as a Co-Chair person for a Mayoral Election under Former Mayor Marc H. Morial. It was because of her involvement and her quest to ensure the election of Mayor Marc H. Morial, former Mayor Morial was announced Mayor fifteen minutes after the poles closed in 1996. The news media stated "never in the history of this city have public housing had a 98% turn out in any election." The fifteen minute pole closing announcement sent shock waves through the city. It was also during this particular election that Ms. Wiggins register five thousand public housing residents within a month.

Wiggins graduated from L. E. Rabouin high school. She a certified Property Manager has received training and certification by Nan McKay in the property management managing, Nuts and Bolts of Accounting, from Bruno & Trevalon, and Tax Credit training. She's a Certified Child Care Instructor and has received training as Drug Prevention and Intervention counselor.

February 15, 2004, Wiggins received an invitation to serve on an advisory board to the Secretary of Department of Housing and Urban Development. Ms. Wiggins has served as a consultant to Tulane University under a contract with the Housing Authority of New Orleans. Since her tenure and involvement in public and subsized housing she has worked closely with Mayors of the City of New Orleans and her Congressional and Senatorial elected representatives.

She recently through her effective management of the Guste Homes Public Housing Development was able to negotiate a 15 year contract with MMA Investors for the management of the Guste Homes Public Housing Property, Under her leadership two of her staff person is certified as Housing Credit Certified Professional which now makes the Guste Homes Resident Management Corporation the first Resident Management Corporation in the country to manage a tax credit property with HCCP certification.

Wiggins continues to volunteer with various local organizations as the City of New Orleans and the Housing Authority of New Orleans move forward in the post Katrina era.

William J. Guste Redevelopment

Background

The William J. Guste Homes public housing development is located in New Orleans' Central City, between the central business district and the renowned historic Garden District. Built in 1964, the original 21-acre site consisted of one 12-story high-rise building with 528 housing units for the elderly and six (6) low-rise buildings with 465 housing units for families (993 total units). In 2003 HANO submitted, and HUD approved, a Conversion Plan to demolish all six (6) low-rise buildings and replace them with new housing. HANO received a 2001 HOPE VI Demolition Grant for the demolition and relocation required to redevelop the Guste site.

In 2002, the Guste High-Rise underwent comprehensive modernization that included upgrading and making code compliant building services such as elevators, security, and fire alarm systems; providing each unit with individual heating, ventilation and air conditioning; and providing service areas tailored to the elderly such as meeting and laundry facilities, a community center, and improved landscaping.

The Guste site received minor damages from Hurricane Katrina. Units occupied at the time of the storm were quickly cleaned and repairs were made to provide immediate housing for families wanting to return. By November 2006, 366 residents had returned to the Guste site. An additional 94 long term vacant and otherwise damaged units were repaired for occupancy.

Demolition

In July 2004, HANO demolished three of the six low-rise buildings, leaving only 228 units in the remaining three buildings. These units were to be demolished in subsequent phases of the Guste redevelopment project.

Redevelopment Program

In January 2005, HANO closed on the first phase of the Guste mixed-financed redevelopment, for the development of 82 low-income housing tax credit units, including 67 ACC and 15 Section 8 project-based units. This phase of construction was interrupted by Hurricane Katrina but was completed in February 2008. Guste I is being managed by the Guste Homes Resident Management Corporation (GHRMC), and is credited with being the first tax credit development to be managed by a public housing resident management corporation.

HANO planned to redevelop the balance of the Guste site in two additional phases immediately following the completion of Phase I. Due to the critical need to provide uninterrupted housing to residents post-Katrina, plans for further demolition of the Guste site have been delayed until adequate housing is available for the relocation of the families living in the existing units.

Capital improvements are planned for the existing units. A Physical Needs Assessment will be completed in the spring of 2009 to determine the needs of the elderly and low-rise units. Site improvements such as energy and electrical upgrades, safety enhancements, exterior painting and interior improvements to the elderly building and as well as exterior and interior unit repairs have been planned for the immediate future. Other improvements will be planned following unit assessments.

The original revitalization plan will be considered again in the spring of 2009. The plan contemplated constructing 167 additional onsite rental units of public housing, Section 8 Project Based and tax credit units. In addition, the plan included the acquisition of property in the surrounding area for the construction of 50 homes for purchase by low-income households and 50 Project Based Section 8 rental units. Plans also included the demolition of an existing Day Care Center and the development of a new one complete with community facilities.

Unit Summary

Phase	Affordable							Market			Total
	ACC Only	ACC/ LIHTC	PB S8	PBS8/ LIHTC	LIHTC Only	Home-Owner	Sub-total	Rental	Home-Owner	Sub-total	
On-Site											
High Rise	385	0	0	0	0	0	385	0	0	0	385
Guste I	0	67	0	15	0	0	82	0	0	0	82
Guste II	0	107	0	60	0	0	167	0	0	0	167
Subtotal On-Site	**385**	**174**	**0**	**75**	**0**	**0**	**634**	**0**	**0**	**0**	**634**
Off-Site											
Home-Ownership	0	0	0	0	0	50	50	0	0	0	**50**
Rental	0	0	50	0	0		50	0	0	0	**50**
Subtotal Off-Site	0	0	50	0	0	50	100	0	0	0	**100**
Total	**385**	**174**	**50**	**75**	**0**	**50**	**734**	**0**	**0**	**0**	**734**

Construction and Amenities

The Phase I design includes 2 and 3-bedroom duplex units. Each unit has a washer and dryer hookup. Utilities for the units include electrical heating, appliances and air conditioning.

Funding

The total cost for Guste I was $22.7 million. Sources included $4.8 million in tax credit equity, $8.3 million in capital fund bond proceeds, $1.9 million in HOPE VI Demolition Grant; $3.8 million in City funding for infrastructure, $315, 000 from AHP and other funding.

CITYWIDE TENANT ASSOCIATION
RESPONSE TO THE SUBCOMMITTEE ON HOUSING AND URBAN DEVELOPMENT QUESTIONAIRE

Before we began our response to the questions outline in the Committee correspondent to Ms. Cynthia Wiggins, we want to acknowledge that Ms. Lillie W. Woolfolk serve as the President of the Citywide Tenant Association.

Response to the outlined questions:

- **What is the current status of public housing in New Orleans, including the Big Four public housing developments?**

In response to this question this information is based on the information we have received and what we know to have taken place at the various complexes.

Fischer Housing Development: HANO have begun moving forward with the implementation of the second phase of the redevelopment. The housing authority has held one meeting with the residents to discuss the design phase of the complex. HANO is proposing to allocate approximately $18 million dollars on the second phase of the redevelopment.

Guste Homes Development: HANO is currently working with the Guste Homes Resident Management Corporation to begin the implementation of the second phase of redevelopment. HANO has allocated $34.2 million dollars to Guste. The funding will address $ 21 million for the construction of 18 new units, $14.4 million to demolish an existing building and upgrading of the elderly complex and the renovation of 64 family units.

CJ Peete Development: HANO and its developer have completed the infrastructure at CJ. Peete. They have begun building units. The residents in conjunction with Urban Strategy have begun the process for social services that will be offered to the previous residents.

BW Cooper Development: In conjunction with the Resident Management Corporation the Developer has begun the infrastructure work at the site. The Citywide Tenant Association does have concern that closing has not taken place and concerns on the commitment of reasonable funding to the developer.

Iberville Development: We have great concerns regarding the current conditions at Iberville. At a meeting held with the agency HANO agreed and has established a committee consisting of residents from the development to develop a plan for the conversion of and upgrading of units. The agency has also allocated ORA funds for this site in the amount of $27 million dollars. The committee meets on monthly bases to discuss the progress on the renovation, social services and management of the complex.

Lafitte Development: The Citywide Tenant Association have petition the National HUD office and ask that HUD not allow HANO to demolish the current units at the Lafitte complex. HANO invested $4 million dollars to bring back on line the remaining 94 units. We have received no information on the redevelopment of the Lafitte development, nor have we been privilege to any funding information of the developer or seen a definitive plan for this property.

St. Bernard Development: This development redevelopment is moving forward. The infrastructure has been completed, buildings are being constructed. The developer has hired a social service agency to

begin the social service component for this property. The residents from the St. Bernard development have asked that we put in the record that they have some concerns on the eligibility criteria of the developer.

Florida Development: The housing authority has not provided any definitive plans for the opening of the Florida Development. HANO has not allocated any funding for the redevelopment of Florida. The residents at Florida have asked that HANO not demolish the current buildings (50 units) at the site. We believe that the current building are viable and can be gutted and reopen.

Desire Development: The second phase of the Desire development has begun with the building of 318 affordable units. HANO has informed us that the cost for the redevelopment is at $44 million. The residents have asked that during this second phase of redevelopment that the building of the community center is built at a cost of $4.5 million and the implementation of the supportive services begin.

- **In your opinion to what extent has the Section 8 program been effective in providing housing opportunities for low income residents?**

It is our opinion that the section eight program has been very effective in assisting families in getting affordable housing and has impacted what could have been an increase in homelessness. We further believe that because of the section eight program there has been a large increase in new development of affordable housing that accepts the section 8 certificate.

- **What housing challenges face low income families in New Orleans? How should these challenges be addressed?**

We believe the challenges facing low income families in New Orleans are their inability to pay the enormous utility and water bills. We also believe that the amount requested for security deposit will also be a major problem for families. The solution to this problem is to increase and provide utility allowance to these families. We also believe that HUD should establish a limit by unit size for security deposit. HUD should require a PHA to establish a lease agreement for this program that not only protect both the landlord and family. The lease should be a mandate agreement and can be modified according to program changes. To date residents have been evicted because of the landlord dislike for a tenant or for reasons that place the resident in a position of compromise. We believe if HUD mandate PHA's to establish a lease that must be used by all landlord, the resident and the landlord is than force to have an agreement of fairness.

- **What re-occupancy, or occupancy, criteria if any will be imposed upon returning residents or new residents? In your opinion what is the legality of such requirement?**

While the Housing Authority of New Orleans has its own re-occupancy/occupancy criteria, based on the HUD mandate, we believe that HANO at each of its redevelopment properties should require that there is consistency at each of the redeveloped sites with regards to returning residents or new residents. For instance each developer has established its own occupancy requirement. We believe that because the PHA has put public dollars into the redevelopment of these properties, the PHA should mandate that the developer's criteria conform to the PHA "Admission and Continual Occupancy Policy". We believe what some of the developers have proposed at the new properties is discriminatory. At one property it's mandatory that everyone in the household 18 and over work, at another property there is a work

requirement and at another property it's something different. We believe there must be a level of consistency especially the HUD ACC units.

- **Please share any other information regarding issues facing residents of public and subsidized housing in New Orleans.**

It is the opinion of the Citywide Tenant Association that the residents of public and subsidized housing will face and enormous amount of challenges as the City of New Orleans continue to go through its redevelopment. Most of the families coming out of public housing is the working poor and is paid a salary slightly above minimum wage. These families will now be faced with paying utilities and because of the enormous cost there challenge will be to not lose their housing assistance.

The other challenge is discrimination. The discrimination will be based on the fact that they lived in a public housing complex. We believe that because of the constant negative media coverage surrounding public housing many landlord and apartment complexes will reject individuals coming from these communities out of fear. Good families who need subsidized assistance will not be able to move into communities that offer them decent, safe and sanitary housing not because of who they are but because of where they came from.

Testimony of
Samuel L. Jackson of Mayday New Orleans
House Financial Services Subcommittee on
Housing and Community Opportunity
United States House of Representatives
New Orleans Field Hearings

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I would like to thank Chairwoman Waters and remaining members of the Housing and Community Opportunity Subcommittee for holding this important hearing on "The Status of the 'Big Four' Four Years After Hurricane Katrina". I wholeheartedly welcome this important conversation.

I, Samuel L. Jackson, have lived in B.W. Copper Housing Development in New Orleans, Louisiana for over 29 years. My wife and I raised our five children in the development and have created life-long friendships. As a result of the demolition of the majority stock of New Orleans' public housing, I founded Mayday New Orleans in 2008. The organization seeks to ensure an equitable rebuilding process where all stakeholders, including community members, can freely and actively participate in the city's rebuilding and decision-making process.

As a resident of public housing, these hearings today are particularly important to me and Mayday's work. There are five specific points I'd like to address with you: (i) denial of public housing residents' right to return; (ii) reopening the Lafitte; (iii) the future of the Iberville; (iv) greater participation on behalf of residents in the redevelopment process; and (v) the importance of Section 3 job opportunities for residents.

I. Denial of Residents' Right to Return

Soon after Hurricane Katrina city officials encouraged residents to return to New Orleans. As the city sought to rebuild after the storm public housing residents rightfully expected to be able to return home. Yet, government policies – from the demolition of public housing to the lack of affordable housing in redevelopment plans – have made returning home virtually impossible for many low income residents. The demolition of the "Big Four" has displaced approximately 20,000 individuals. New Orleans' current housing crisis, including a doubling of our homelessness rate to 12,000 persons, reflects the disastrous impact of the demolition policy. Additionally, little has been reported of New Orleans' former public housing residents facing grave housing challenges in other cities. I've been around the country and have met Katrina survivors who are homeless or close to homeless in other cities. This by and large is the legacy of the demolition policy.

As the city seeks to move forward with the redevelopment of the "Big Four" serious questions need to be answered including: *Are private developers doing their best to contact former*

residents and inform them of their right to return? Are these developers using restrictive requirements to assure that former residents won't be allowed in the redeveloped units?

From my conversations with both resident leaders and developers such abuses are occurring. With respect to the redevelopment of the St. Bernard, for instance, we have been told by Columbia Residential that only 280 of the former 900 residents wish to return. Knowing the strong community and familial ties in the St. Bernard this number seems way too low. In my own community, B.W. Cooper, I have no idea how many former residents who haven't returned have been contacted by the developers. This is the same for C.J. Peete and the Lafitte. We, as public housing residents, feel that these developers are purposefully not contacting our family, friends and former neighbors to make sure that those who are displaced do not return.

- ***Therefore, Mayday requests the Subcommittee to conduct a full investigation into the outreach process being used by all the developers of the "Big Four" that includes specific information on the names and current locations of residents that have been contacted and the strategy to contact those who have yet to be contacted.***

With respect to screening guidelines and residency requirements in the redeveloped units, we've been informed that residents will be subject to strict requirements – some of which are harsher than HUD's own requirements. For instance, residents wishing to return to the redeveloped St. Bernard will be subject to credit checks and criminal background checks. They can be denied admission, for example, if they've received one past-due notice from the electric company or if someone if their household (including a minor) is arrested, not even convicted. If they are able to secure housing in the redeveloped units (under these harsh guidelines many will not) they are then subject to eviction for (i) violating curfew (which will be at 10PM), (ii) having gatherings in their homes rather than a public space they will have to pre-register to use, (iii) having someone visit for more than four times out of the month without putting their name on the lease, among other violations. Given the draconian nature of these requirements and the fact that they surpass HUD's own requirements, they too appear to be designed to keep former residents from returning to the redeveloped St. Bernard.

- ***Therefore, Mayday requests the Subcommittee to conduct a full investigation into the redevelopment process for all developments in the "Big Four" with particular emphasis on the screening process and residency requirements.***

II. Reopening the Lafitte

There are currently 94 units at the Lafitte that have been renovated and are in great condition. Residents were living in those units up to several months ago when they were evicted. We were told that they had to move in order for redevelopment to begin. Yet, there has been no rebuilding on the site.

- ***Given the current housing crisis facing the city and the fact that Lafitte was supposed to be a phased redevelopment, Mayday requests that the Subcommittee orders the 94 units reopened in accordance with the promised phased redevelopment plans.***

III. Future of the Iberville

As the Iberville is our last large-scale public housing development in New Orleans, its future is of vital concern to all of us. Residents in the Iberville and former residents of the "Big Four" are very concerned with reports that the Iberville too may be demolished. This is unacceptable in a city that has already demolished the bulk of its public housing stock, is facing a severe affordable housing storage and has a Diaspora of residents living across the country that want to return home but can't because of increased housing costs. Residents in the Iberville repeatedly complain about lack of repairs and lack of information from HANO and HUD. As public housing was and continues to be housing of last resort for individuals in dire need, the fate of the Iberville of is of outmost importance.

- ***Mayday requests the Subcommittee to secure a commitment from HUD that the Iberville will not be demolished and that needed repairs, the majority of which do not require extensive work, be immediately made to residents' apartments.***

IV. Greater Participation from Residents

Since returning to New Orleans after Hurricane Katrina, we feel like our voices and concerns are not being heard by our local government, HANO or HUD. As residents of public housing – the very ones directly experiencing the impact of HUD's decision-making – we have yet to meet with HUD federal officials. Secretary Donovan and others have travelled to New Orleans to meet with city officials and even developers, yet they have thus far refused to meet with us, despite repeated requests.

- ***As important decisions are being made daily around the fate of our housing and communities, we request that the Subcommittee facilitate an in-person meeting between Secretary Donovan and residents to discuss his vision for the future of public housing in New Orleans and determine ways that the federal government and local communities can work together towards a common goal.***

V. Section 3 Job Opportunities

As a community leader in New Orleans, I can attest to the importance and dire need of Section 3 job opportunities here. There are many jobs around the redevelopment of the "Big Four" but

public housing residents are not getting these jobs. Honestly, this is shameful. They have destroyed our homes, and will not even allow us to work on the jobs to rebuild our communities, despite legislative requirements that they do so. I have attended numerous protests and actions where residents are pleading with city officials, HANO and HUD to require that residents obtain jobs and needed skills in the redevelopment process. Our voice is not being heard. In fact, we even have contractors and subcontractors joining our protest that have been to City Hall requesting lists of residents to hire as workers who have been turned away by city officials.

- ***As many in the public housing community are desperately trying to provide basic life needs for their families, Mayday requests that the Subcommittee create mechanisms that ensure that jobs on the redeveloped sites include a workforce that is significantly represented by public housing residents. Additionally, although temporary employment is an important stop-gap measure, we strongly recommend that the program be geared towards teaching skills for long-term, professional development.***

Everywhere we look around it seems that Hurricane Katrina has been used as an opportunity to rid the city of its low income residents, many of whom have lived in New Orleans for generations and provide the spirit of this great city that tourists enjoy. Many of us are tired of fighting. We've been fighting since August 29, 2005 and are getting restless. We appreciate the continued support demonstrated by Congresswoman Waters and her office. Yet, we can't help feeling that Congresswoman Waters can't be the only one in Washington, DC that understands just how bad things are here – not just for public housing residents but for all the survivors of Hurricanes Katrina and Rita. So I hope that this hearing and my written testimony will help in guiding national policy around these issues so that my community, all of New Orleans and the Greater Gulf Coast region begin to see the change that is so needed.

Finally, as Mayday is a member of the Campaign to Restore National Housing Rights, a coalition of national and local housing rights groups, I view this hearing as an important component to a larger conversation that needs to take place around reshaping our current approach to national housing policy. In particular, we believe that the human rights framework provides both theoretical and practical examples in how to address many of the difficult decisions facing our nation's housing policy. The Campaign looks forward to working with the Subcommittee on organizing such a national dialogue.

Thank you for the opportunity to present my views to you.

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