

Additional Views on H.R. 1227, "Gulf Coast Hurricane Housing Recovery Act of 2007"

By all accounts, the 2005 Hurricane season included arguably the most destructive and costly natural disasters in United States history. Hurricanes Katrina and Rita caused \$67 billion in damage to housing in the Gulf region, including major or severe damage to 265,000 homes and apartments in Louisiana and Mississippi. Families with very low incomes occupied 44 percent of the damaged housing, and many of these families are still waiting to rebuild or return to permanent housing.

The devastation caused by these catastrophic events has presented the nation and those directly affected with unique challenges. Hurricane Katrina devastated 90,000 square miles, left 770,000 people homeless, and caused a death toll of 1,464 in Louisiana alone. The recovery process has seemed slow and uneven to many of those affected. Rebuilding has been hindered by the severity of the damage, the need to limit future flood damage, and the need to coordinate the recovery among many levels of government and the private sector. Lawmakers, former residents, and others are looking forward to a long-term solution for sustainable rebuilding.

In response to the disasters, the Federal Government has committed more than \$110 billion to help the Gulf Coast, including \$16.7 billion for the CDBG program. When it passed the supplemental appropriations including the CDBG funds, Congress included provisions dictating that the Federal Government would prescribe how local communities were to use the money in their recovery efforts. Furthermore, the states were asked to submit to the Department of Housing and Urban Development (HUD) detailed state plans outlining how they intended to use the funds. To date, HUD has received and approved \$10.5 billion worth of recovery plans from the affected States.

Rebuilding New Orleans Public Housing

Many discussions in the aftermath of Hurricane Katrina have centered on the appropriate plan for rebuilding, the reconstruction of affordable housing, and the issue of one-for-one replacement of public housing. There is general consensus that those who wish to return to New Orleans who lived there when Katrina hit should be allowed to do so. In fact, in August of 2006, Secretary Jackson said when he visited New Orleans, 'every family who wants to come home should have the opportunity to come back. . . .' With that goal in mind, last summer, HUD, the Housing Authority of New Orleans (HANO), the Enterprise Foundation, and Catholic Charities announced plans to create a mixed-use development on the site of the Lafitte public housing project. Not only could this project serve as a model for the future of rebuilding in New Orleans, if successful, it could also prove to be a useful example for new Hope VI mixed-use projects in other cities.

In testimony before the Committee on February 6, 2007, Assistant Secretary Bernardi stated the following:

HUD is working with the local community to redevelop New Orleans public housing so families will have the opportunity to return to better, safer neighborhoods. The C.J. Peete, B.W. Cooper, Lafitte, and St. Bernard public housing

developments are being redeveloped to make way for a mixture of public housing, affordable rental housing and single-family homes. HUD has also announced plans for mixed-income affordable housing, homeownership opportunities and services for the former families of Lafitte. Of the approximately 5,100 units of public housing that were occupied and affected by the disaster, nearly 2,000 units have been repaired and are habitable. Over 1,200 families have already come back to New Orleans~ or will be coming back within the next 90 days to occupy these units.~

Yet, progress on the rebuilding of decent, affordable housing for public housing residents has been delayed for a variety of reasons. A long-standing feeling of mistrust of HUD and HANO among public housing tenants in New Orleans has helped to significantly hamper the progress on rebuilding public housing. In the past, mixed-use development in New Orleans has been badly managed and has in some cases taken years to complete resulting in only a handful of former residents returning to their neighborhood.

An advocacy group, arguing that it would be more cost-effective to rehabilitate the existing public housing units and that the project would displace public housing tenants who could not afford the mixed-use rents, has filed a federal lawsuit seeking to block the redevelopment plan. Interestingly, the cost to the Federal government is nearly the same to implement phased-in, mixed-use redevelopment as to repair existing units, because the redevelopment plan would benefit from leveraged outside funding. The hope is, however, that a redeveloped property would have more to offer residents, such as, green spaces, larger units, a better quality of life, and a more seamless integration into the community. In an effort to address the fears of public housing residents who are concerned that mixed development will mean fewer units available for previous residents, HUD has committed to a one-for-one replacement for those residents wishing to return.

Ability of Homeowners to Rebuild

While much of the Committee's focus has rested on the state of New Orleans' public housing and other government-subsidized multifamily housing, it is crucial to also look at the difficulties homeowners in the Gulf Region face while trying to rebuild. Such hurdles standing in the way of rebuilding include a lack of information about how to rebuild, an inability to obtain homeowners insurance, gaps between insurance funds and the cost of rebuilding, and the lack of services and commerce that round out the community. These are the problems many middle-class families in Mississippi and Louisiana are grappling with, as they struggle to rebuild modest homes in a region that no longer seems fertile for affordable housing. Both Louisiana and Mississippi have formed corporations to monetarily assist homeowners during the rebuilding process.

According to the Democratic Majority, 'some 18 months after these storms, the pace of recovery of housing repair and reconstruction is not as robust in many areas as many had hoped. The pace of home repair, particularly in areas within Louisiana, has been slow.' While the Republican Minority agrees with this sentiment, it also believes that inherent differences in the rebuilding plans that Louisiana and Mississippi have adopted contribute to this uneven recovery. Through the testimony of several witnesses, the Committee has repeatedly been told that the Mississippi plan generally results in homeowners receiving rebuilding funds more quickly than their Louisiana counterparts. ~~~

KATRINA FIELD HEARINGS (FEBRUARY 22 AND 23, 2007)

On February 22 and 23, the Subcommittee on Housing and Community Opportunity held two days of field hearings in New Orleans and Mississippi. In the hearings' discussion of public housing in the Gulf Region, the Committee examined complicated questions surrounding the fate of public housing in New Orleans, the ability of former residents to return, if they choose, and barriers at the local and Federal levels of government to rebuilding. Additionally, the Subcommittee discussed the benefits and importance of rebuilding neighborhoods conducive to homeownership, as well as affordable

housing for low-income renters. The general consensus is that such a result can be accomplished by mixed-use redevelopment that supports affordable housing as part of a broader community, as opposed to traditional public housing that often isolates residents in severe economic distress. While recognizing that former public housing residents are eager to return home, any plan focused on these tenants should acknowledge that safer, more sustainable housing must be the ultimate goal.

CONCERNS REGARDING H.R. 1227

On March 6, 2007, the Committee on Financial Services approved H.R. 1227, the Gulf Coast Hurricane Housing Recovery Act of 2007, legislation that would make changes to several Federal housing programs, including temporary programs created to assist the housing needs of families affected by Hurricanes Katrina and Rita. While Committee Republicans share the goal of supplying displaced families with stability and ensuring their access to safe, affordable housing, a number of provisions in H.R. 1227 are troubling. Generally, we are concerned that the legislation addresses issues far beyond the scope of the bill's stated intent. For example, the legislation turns what is currently a temporary disaster voucher into a permanent voucher which disappears when the recipient no longer meets the eligibility requirements. In addition, the bill requires HUD to provide tenant replacement vouchers for all public housing units not brought back on line, including those slated for demolition prior to the storms. Further, in the 109th Congress, the Republican Majority committed more than \$110 billion to assist the hurricane-devastated Gulf Coast; yet to date, only a small portion has been committed and or distributed to those in need.

To help ameliorate these concerns, the Committee Republicans offered a total of 21 amendments to H.R. 1227 at markup. Ten of these amendments were accepted by the Committee by voice vote, resulting in an improved bill. A summary of the accepted amendments follows:

Eliminate duplication of benefits restriction for Louisiana Road Home program. This amendment, offered by Mr. Baker (LA), would remove the duplication of benefits restriction for homeowners in Louisiana, so that homeowners who have been proactive and have maintained adequate homeowners and flood insurance are still allowed to collect up to \$150,000 for rebuilding, under the Road Home program.

Require that Section 306, which transfers the Disaster Voucher Program (DVP) to a permanent voucher program, be subject to appropriations. This amendment, offered by Ranking Member Bachus (AL) on behalf of Mr. Feeney (FL), will give Congress a chance to further assess the need of such a permanent extension, instead of treating this as a mandatory spending entitlement.

Establish a New Orleans Redevelopment Authority pilot program. This amendment, offered by Mr. Baker (LA), will direct \$15 million out of the \$1.2 billion in FEMA Hazard Mitigation Grant Program funding available (but not yet distributed) for Louisiana, towards a pilot program that would acquire and redevelop distressed properties throughout New Orleans.

Remove the CDBG match prohibition for Hurricane Dennis. This amendment, offered by Mrs. Brown-Waite (FL), equitably amends Section 102 of H.R. 1227 by allowing the use of CDBG funds for matching purposes for activities in areas affected by Hurricane Dennis, which struck Florida in July 2005.

Add a `sense of the Congress' applauding private rebuilding efforts. This amendment, offered by Mr. Garrett (NJ), inserts a Sense of the Congress Resolution into the bill, commending the actions of private individuals and organizations that have assisted in the rebuilding of the Gulf Coast.

Require the GAO to report on CDBG funds made available through H.R. 1227. Two amendments offered by Mr. Garrett (NJ), require the Government Accountability Office to provide an audit/report each quarter on the amount of CDBG funds dispersed and whether these funds contribute to Waste, Fraud, and Abuse. The GAO will also be required to certify when the amount of Waste, Fraud, and Abuse represents at least 10 percent or more of the expended funds. These amendments are designed to provide oversight of taxpayer dollars and to ensure the money is going towards the intended recipients.

Require public housing construction workers to be documented and legally able to work in the U.S., offered by Mr. Garrett (NJ).

Require scientifically-sound research methods for survey. This amendment, offered by Mr. Gary G. Miller (CA), would require the survey under Section 201 to be completed using `appropriate scientific research methods.' It would also afford Congress a 10-day review of the survey.

Efficient environmental review in disaster areas. This amendment, offered by Mr. Gary G. Miller (CA), would streamline pre-building review by terminating the current practice of having two sets of environmental reviews performed--one by FEMA and one by the local government. Instead, only one Federal environmental compliance review will be performed.

In addition to the preceding amendments that were agreed to, the Republican Minority offered several other amendments that would have substantially improved the legislation's ability to meet its stated remedial purposes and ensure stronger taxpayer protection. Amendments offered, but not accepted, include the following: ~~~

Strike provision making the Disaster Voucher Program permanent. This amendment, offered by Mr. Neugebauer (TX), would strike Section 306, which turns the DVP, at its termination, into a permanent voucher program. The Minority views Section 306 as problematic because it takes a program which is designed to be temporary and makes it permanent, thereby increasing the pool of section 8 vouchers without any legislative hearings or oversight. Further, Section 306 of the bill does not take into account the number of residents, currently using a voucher, who will return to New Orleans

public housing.

While the Minority sought to strike section 306 in its entirety, the Committee agreed to an amendment to limit the voucher pool created by mandating the vouchers `disappear' when the individual currently holding the voucher is no longer eligible to receive this assistance.

Require \$1.2 billion in funding for Louisiana, `unlocked' by Section 101, to be used for hazard mitigation, the original, intended purpose. This amendment, offered by Mrs. Brown-Waite (FL), Mr. Hensarling, (TX), and Mr. Pearce (NM), would restrict the \$1.2 billion to its previously authorized use--open space and hazard mitigation--even if moved from FEMA to the CDBG program. This would `unlock' the funding and enable it to be utilized by Road Home, while keeping the money's original purpose intact: to reduce the loss of life and property due to future natural disasters and to enable mitigation measures to be implemented.

Limit the number of HANO units to be repaired based on the survey required by Section 201. This amendment, offered by Mr. Garrett (NJ), would amend Section 202 by setting a ceiling on the number of units that must be repaired by August 1, 2007. This ceiling would depend on the survey required by Section 201. Under this amendment, HUD would have to make available the lesser of 3,000 units or the number of units needed to house families who wish to return. According to HUD, the cost of repairing units to pre-Katrina conditions is projected to cost on average \$34,000. The Minority believes we should repair only the number of units needed to accommodate those wishing to return home rather than some arbitrary number. Instead of spending money to repair dysfunctional, dilapidated, aging public housing units, the money would be better spent on efforts to rebuild safe, decent, affordable neighborhoods. ~

Strike provision requiring tenant replacement vouchers for all lost units, regardless of whether the unit was occupied pre-Katrina. This amendment, offered by Mr. McHenry (NC), would eliminate Section 304 of the bill, which requires HUD to provide tenant replacement vouchers for all units not brought back on line. Section 304 is overly broad; it goes beyond addressing the needs of people who were living in public housing pre-Katrina and aims to create an unnecessary, expensive voucher program in the name of `tenant' protection.

Fix the Section 8 funding formula for all regions affected by the Continuing Resolution passed by the House on January 31, 2007. The CR changed the voucher funding formula to base FY 2007 PHA funding on prior year's voucher leasing and cost data which resulted in several PHAs losing significant amounts of funding. The Gulf Coast PHAs were among those slated to lose under the CR. H.R. 1227 includes language that provides HUD with authority to make adjustments for Gulf state PHAs to ensure full voucher funding for those agencies. The amendment offered by Mrs. Biggert (IL) would readjust the Section 8 funding formula back to its pre-CR levels for all areas, not just the Gulf Coast. This change was made midstream in the CR and many PHAs were taken off-guard by the sudden reduction in funding. This amendment would restore the funding for FY 2007. ~

Require `PAYGO' to apply to any new spending authorized by H.R. 1227. This fiscally responsible amendment, offered by Mr. Price (GA), would require the application of `Pay As You Go' for any new spending authorized by this bill, necessitating a specific offset for this spending.

Substitute `such sums' with a fixed dollar amount for repair and rehabilitation of public housing units. This amendment, offered by Mr. Hensarling (TX), would fix Section 205 by striking `such sums' and inserting `\$755 million' so that a specific dollar amount is provided, instead of an open-ended authorization. ~

Judy Biggert.

Randy Neugebauer.

Spencer Bachus III.